Fawaz Abdulaziz Al Hokair & Company

(A Saudi Joint Stock Company)

Consolidated financial statements
For the year ended 31 March 2022

together with the **Independent Auditor's Report**

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Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Fawaz Abdulaziz AlHokair & Co.

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** (collectively referred to as **"the Group"**), which comprise the consolidated statement of financial position as at **31 March 2022**, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, 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 Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

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Independent Auditor's Report

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

Valuation of Inventories

Refer to Note 6G to the consolidated financial statements for the accounting policy relating to inventories and Note 12 to the consolidated financial statements for the inventories disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2022, the Group's inventories balance was SR 1,700 million (31 March 2021: SR 1,152 million) which are carried at lower of cost and net realizable value. The Company operates in the fashion retail sector and inventories comprise of fashion apparels and accessories. The seasonal nature of the business, changes in customer preferences and spending patterns, and need for markdowns, primarily driven by the wider fashion industry, introduces uncertainty over the realisibility of inventories at their carrying value. We considered this as a key audit matter as the management applies significant judgment in determining an appropriate inventory provision The factors considered in determining this provision includes; • Assessment of the level of slow-moving inventories using the age analysis and historical sales experience in each age bracket; • Estimation of net realizable value based on future expectations; and • Consideration of the results of physical inventory count to determine expected level of shrinkage.	Our audit procedures in relation to valuation of inventories, included among others: • Assessing the design and implementation, and testing the operating effectiveness of the key controls relating to Group's processes over establishing and monitoring the inventory provision; • Analysing the inventory ageing and movement data to identify brands with low turnover or significant levels of aged inventory and assessing the realisability with respect to inventory of these brands; • Evaluating the inventory provision by considering management's view of current inventory items and their ageing profile, sales forecasts and historical sales trends; • Using our IT specialist to test the integrity of the inventories' ageing report used by management in its determination of inventory provision; • Considering the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of stores and comparing this NRV with the carrying value of inventories to check appropriateness of the associated provision; and • Obtaining inventory count results from management to evaluate the inventory provision based on actual shrinkage identified during the count. Further, to assess 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 ; and • Evaluating the adequacy of the disclosures, in accordance with the requirements of the relevant financial reporting standards.

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Independent Auditor's Report

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

Impairment review of fixtures, fittings and other leasehold improvements at stores ("Store Assets")	
Refer to Note 6D and 6K to the consolidated financial statements for the accounting policy relating to property and equipment and impairment on non-financial assts and Note 7 to the consolidated financial statements for the property and equipment disclosures	
The key audit matter	**How the matter was addressed in our audit**
As at 31 March 2022, the total value of fixtures, fittings and other leasehold improvements at stores (Store Assets) included in the property and equipment amounted to SR 1,088 million (31 March 2021: SR 1,063 million). While the Company continues to generate positive cash flows from operating activities, the currently prevalent economic scenario and retail sector trends may adversely impact the profitability of stores and hence the recoverable amount of the related store assets may be impacted. Further, as these Store Assets are widely dispersed over various geographical locations and in certain cases are specific to brands, their alternative use may be limited in case a particular store or a brand is discontinued. Management performs an impairment assessment of each store, that constitutes a CGU and is either showing deterioration in trading results or are to be closed down. This assessment determines the recoverable amount of related store assets and where recoverable amount is lower than book value of store assets an impairment charge is recognized, after considering alternative use of these 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 expected usage of the store assets.	The audit procedures in relation to impairment of Store Assets, included among others: • Evaluating the management's process for identifying impairment of Store Assets" and assessed the design and implementation of controls over identification, recognition and measurement of such impairment; • Examining the trading results by stores to check whether all loss-making and closed stores have been identified by management for assessing impairment in related Store Assets; • Assessing the need for impairment in Store Assets relating to loss making and closed stores through evaluating the management's assessment of; a) future profitability of loss-making stores by considering management's trading plans, recent performance of the store and historical accuracy of management's forecast b) usefulness of related Store Assets 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, we assessed managements' plans for using these assets at stores of other brands and considered the viability of such plans. • Evaluating the adequacy of the disclosures, in accordance with the requirements of the relevant financial reporting standards.

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Independent Auditor's Report

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

Goodwill impairment

Refer to Note 6F and 6K to the consolidated financial statements for the accounting policy relating to goodwill and Note 8 for the goodwill disclosures

The key audit matter	How the matter was addressed in our audit
As at 31 March 2022, the carrying value of goodwill amounted to SR 936 million (31 March 2021: SR 1,007 million). The goodwill arose on the acquisition of Innovative Union Company, Wahba Trading Company Limited, Nesk Trading Projects Company and Mango brand, each identified as a separate Cash Generating Unit (CGU). Goodwill is subject to an annual impairment test. For the purpose of the Group's impairment assessment of goodwill, management used the value in use model under which the future cash flows relating to each CGU were discounted and compared to their respective recoverable amounts. In carrying out impairment assessment, significant judgment and assumptions are required in determining the future cash flows, discount rate, growth rate and terminal value. We considered goodwill impairment as a key audit matter due to the significant judgment and assumptions involved in the impairment assessment process.	Our audit procedures in relation to goodwill impairment, among others included: • Assessing the design and implementation relating to Group's processes over recognition and measurement of goodwill impairment, including the assumptions used; • Considering management's identification of CGUs and the appropriateness of allocation of goodwill; • Involving our valuation specialist to test the key assumptions used in management's value-in-use calculation. Further, we assessed the appropriateness of key management assumptions in respect of estimated future cash flows, growth and discount rates and also performed a sensitivity analysis on these key assumptions; • Checking the accuracy and completeness of the underlying information produced by management which was used in the impairment assessment; and • Considering the adequacy of the Group's financial statement goodwill disclosure in accordance with applicable financial reporting standards.

Other Information

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

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

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

When we read the annual report, when made available to us, 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, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

Independent Auditor's Report

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Fawaz Abdulaziz AlHokair & Co. 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

The Company has not complied with the requirements prescribed by the applicable requirements of the Regulations for Companies, as the Company has an outstanding receivable balance of SR 267.7 million from a shareholder as at 31 March 2022.

KPMG Professional Services

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1.
KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, Date: 06 July 2022
Corresponding to: 07 Dhu'l-Hijjah 1443H

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2022

	Notes	31 March 2022	31 March 2021
Assets			
Property and equipment	7	**1,358,326,395**	1,327,471,618
Right-of-use assets	28A	**3,275,783,678**	3,401,916,309
Goodwill and intangible assets	8A	**1,083,033,024**	1,111,255,263
Investment property	9	**1,509,600**	1,632,000
Investment in associates and joint venture	10	**62,024,793**	2,699,577
Other investments	11	**299,690,686**	300,292,122
Derivative asset	29	**29,616,914**	--
Non-current assets		**6,109,985,090**	6,145,266,889
Inventories	12	**1,700,475,574**	1,152,442,371
Advances, deposits and other receivables	13	**474,615,226**	470,570,204
Prepayments	14	**63,637,597**	47,855,658
Receivable from disposal of subsidiaries	16	--	75,000,000
Cash and cash equivalents	15	**197,887,745**	467,591,552
Current assets		**2,436,616,142**	2,213,459,785
Total assets		**8,546,601,232**	8,358,726,674
Equity			
Share capital	21A	**2,100,000,000**	2,100,000,000
Statutory reserve	21B	--	--
Foreign currency translation reserve		**(519,515,816)**	(510,642,899)
Fair value reserve		**12,949,544**	--
Accumulated losses		**(982,305,851)**	(1,037,812,790)
Equity attributable to the shareholders of the Company		**611,127,877**	551,544,311
Non-controlling interest	27	**(107,079,020)**	(99,970,100)
Total equity		**504,048,857**	451,574,211
Liabilities			
Loans and borrowings	17	--	2,304,450,432
Lease liabilities	28B	**2,845,746,744**	2,837,596,213
Employee benefits	19A	**102,988,787**	110,468,288
Non-Current liabilities		**2,948,735,531**	5,252,514,933
Loans and borrowings	17	**2,877,891,969**	819,584,379
Lease liabilities – current portion	28B	**632,273,878**	802,856,040
Trade and other payables	18	**1,496,457,932**	1,016,348,835
Bank overdraft	15	**50,119,035**	--
Zakat and tax liabilities	20B&C	**37,074,030**	15,848,276
Current liabilities		**5,093,816,844**	2,654,637,530
Total liabilities		**8,042,552,375**	7,907,152,463
Total equity and liabilities		**8,546,601,232**	8,358,726,674

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.
These consolidated financial statements were authorized for issue by the Board of Directors on 30 Dhul Qadah 1443H (29 June 2022) and signed on its behalf by:

Ahmed Albelbesy	**Mohamad Rafic Mourad**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 March 2022

	Notes	**31 March 2022**	31 March 2021
Revenue	*23*	**5,915,094,932**	4,232,513,102
Cost of revenue	*24A*	**(4,924,299,108)**	(4,320,813,982)
Gross profit/(loss)		**990,795,824**	(88,300,880)
Other operating income	*24E*	**158,286,602**	270,891,859
Selling and distribution expenses	*24B*	**(169,737,599)**	(146,331,211)
General and administrative expenses	*24C*	**(320,610,496)**	(294,593,135)
Depreciation on property and equipment	*7A*	**(167,205,908)**	(285,964,325)
Depreciation on investment properties	*9*	**(122,400)**	(351,692)
Impairment on investment properties	*9*	**--**	(1,533,236)
Amortization on intangible assets		**(11,968,092)**	(12,377,495)
Impairment loss on goodwill	*8*	**(70,533,770)**	--
Other operating expense	*24D*	**(37,480,063)**	(128,813,762)
Operating profit / (loss)		**371,424,098**	(687,373,877)
Finance income	*29*	**29,616,914**	--
Finance costs over loans and borrowings	*24F*	**(121,631,865)**	(145,994,237)
Finance costs over lease liabilities	*28B*	**(158,842,830)**	(208,962,148)
Net finance costs		**(250,857,781)**	(354,956,385)
Share of loss of associates and joint venture	*10*	**(15,787,571)**	(20,212,598)
Profit / (loss) before zakat and income tax		**104,778,746**	(1,062,542,860)
Zakat and Income tax expense	*20A*	**(66,748,794)**	(46,083,705)
Profit / (loss) for the year		**38,029,952**	(1,108,626,565)
Profit / (loss) for the year is attributable to:			
Shareholders of the Company		**44,691,636**	(1,090,753,102)
Non-controlling interests	*27*	**(6,661,684)**	(17,873,463)
		38,029,952	(1,108,626,565)
Profit / (loss) per share			
Basic and diluted profit/(loss) per share	*25*	**0.39**	(9.50)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelkesy	**Mohamad Rafic Mourad**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Consolidated statement of comprehensive income

For the year ended 31 March 2022

	Notes	**31 March 2022**	31 March 2021
Profit / (loss) for the year		**38,029,952**	(1,108,626,565)
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit liability	*19A*	**10,546,914**	(12,122,041)
Equity investments at FVOCI – net change in fair value	*11*	**13,213,820**	--
		23,760,734	(12,122,041)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		**(9,316,040)**	42,628,733
		(9,316,040)	42,628,733
Other comprehensive income for the year, net of tax		**14,444,694**	30,506,692
Total comprehensive income / (loss) for the year		**52,474,646**	(1,078,119,873)
Total comprehensive income/ (loss) for the year attributable to:			
- Shareholders of the Company		**59,583,566**	(1,062,099,303)
- Non-controlling interests		**(7,108,920)**	(16,020,570)
		52,474,646	(1,078,119,873)

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy	**Mohamad Rafic Mourad**	**Fawaz Abdulaziz Al Hokair**
Chief Financial Officer	*Chief Executive Officer*	*Chairman*

All amounts are presented in Saudi Riyals unless otherwise stated.

Fawaz Abdulaziz Al Hokair & Company (a Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2022

	Notes	**Share capital**	**Statutory reserve**	**Foreign currency translation reserve**	**Fair value reserve**	**Accumulated losses**	**Total shareholders' equity**	**Non-Controlling interest**	**Total equity**
Balance at 1 April 2020		2,100,000,000	205,816,329	(579,002,031)	--	(112,249,813)	1,614,564,485	(84,870,401)	1,529,694,084
Total comprehensive income/(loss) for the year									
Loss for the year		--	--	--	--	(1,090,753,102)	(1,090,753,102)	(17,873,463)	(1,108,626,565)
Other comprehensive income/(loss)		--	--	40,775,840	--	(12,122,041)	28,653,799	1,852,893	30,506,692
Total comprehensive income/(loss) for the year		--	--	40,775,840	--	(1,102,875,143)	(1,062,099,303)	(16,020,570)	(1,078,119,873)
Transfer from statutory reserve (Note 21B)		--	(205,816,329)	--	--	205,816,329	--	--	--
Amount reclassified to retained earnings		--	--	27,583,292	--	(27,583,292)	--	--	--
Changes in ownership interests									
Acquisition of NCI in subsidiary		--	--	--	--	(920,871)	(920,871)	920,871	--
Balance at 31 March 2021		2,100,000,000	--	(510,642,899)	--	(1,037,812,790)	551,544,311	(99,970,100)	451,574,211
Balance at 1 April 2021		**2,100,000,000**	**--**	**(510,642,899)**	**--**	**(1,037,812,790)**	**551,544,311**	**(99,970,100)**	**451,574,211**
Total comprehensive income/(loss) for the year									
Profit/(loss) for the year		**--**	**--**	**--**	**--**	**44,691,636**	**44,691,636**	**(6,661,684)**	**38,029,952**
Other comprehensive (loss) / income		**--**	**--**	**(8,872,917)**	**12,949,544**	**10,815,303**	**14,891,930**	**(447,236)**	**14,444,694**
Total comprehensive (loss) / income for the year		**--**	**--**	**(8,872,917)**	**12,949,544**	**55,506,939**	**59,583,566**	**(7,108,920)**	**52,474,646**
Balance at 31 March 2022		**2,100,000,000**	**--**	**(519,515,816)**	**12,949,544**	**(982,305,851)**	**611,127,877**	**(107,079,020)**	**504,048,857**

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Mohamad Rafic Mourad
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	31 March 2022	31 March 2021
Cash flows from operating activities:			
Profit / (loss) for the year		**38,029,952**	(1,108,626,565)
Adjustments for:			
- Depreciation on property and equipment	7	**167,205,908**	285,964,325
- Depreciation on investment properties	9	**122,400**	351,692
- Amortization on intangible assets	8	**11,968,092**	12,377,495
- Depreciation on right-of-use assets	28A&C	**563,629,591**	592,963,723
- Provision for employees' benefits	19A	**25,160,104**	24,346,841
- Finance income	29	**(29,616,914)**	--
- Provision for inventory shrinkage and slow-moving inventory	12	**33,903,027**	477,280,067
- Gain on lease termination	24E	**(35,646,721)**	(13,267,309)
- Zakat and income tax expense	20A	**66,748,794**	46,083,705
- Finance cost over loans and borrowings	24F	**121,631,865**	145,994,237
- Finance cost over lease liabilities	28B&C	**158,842,830**	208,962,148
- Share of loss from associates and joint ventures	10	**15,787,571**	20,212,598
- Loss on disposal of property and equipment and intangibles		**17,132,216**	6,891,619
- Store closure losses	24D	**37,135,173**	76,007,836
- Impairment loss on goodwill	8A	**70,533,770**	--
- Fair value loss on other investments	11	**2,429,344**	(15,860,000)
- Impairment of investment property	9	--	1,533,236
- Rental concession for leases	24E	**(49,124,068)**	(210,721,557)
		1,215,872,934	550,494,091
Changes in:			
- Inventories		**(581,936,230)**	25,830,804
- Advances, deposits and other receivables		**70,954,978**	90,307,634
- Prepayments, rentals and insurance		**(15,781,939)**	20,614,356
- Trade and other payables		**490,954,826**	83,668,565
Cash generated from operating activities		**1,180,064,569**	770,915,450
Zakat and income tax paid	21B	**(45,523,040)**	(41,037,583)
Employee benefits paid	20A	**(22,092,691)**	(27,618,989)
Net cash from operating activities		**1,112,448,838**	702,258,878
Cash flows from investing activities:			
Purchase of property and equipment	7A	**(248,457,022)**	(182,024,943)
Purchase of investment in joint venture	10	**(75,112,787)**	--
Purchase of intangible assets	8	**(58,150,675)**	(45,867,532)
Proceeds from disposal of intangible assets	8	--	1,770,533
Proceeds from disposal of investment	10	--	9,000,577
Net cash used in investing activities		**(381,720,484)**	(217,121,365)

All amounts are presented in Saudi Riyals unless otherwise stated.

	Notes	31 March 2022	31 March 2021
Cash flows from financing activities:			
Repayments of loans and borrowings		**(248,497,701)**	(71,014,264)
Payments of finance costs over loans and borrowings		**(130,122,735)**	(134,414,814)
Repayments of lease liabilities	28B	**(500,220,972)**	(350,121,627)
Payments of finance costs over lease liabilities	28B	**(158,842,830)**	(208,962,148)
Net cash used in financing activities		**(1,037,684,238)**	(764,512,853)
Net decrease in cash and cash equivalents		**(306,955,884)**	(279,375,340)
Foreign currency exchange translation differences		**(12,866,958)**	60,511,512
Cash and cash equivalents at the beginning of year		**467,591,552**	686,455,380
Cash and cash equivalents at end of year	15	**147,768,710**	467,591,552
Significant non-cash transactions:			
- Receivables transferred to other investments		**--**	(84,432,122)
- Receivable from disposal of subsidiaries transferred to Related parties		**75,000,000**	75,000,000
- Additions to right-of use assets		**638,208,799**	444,009,164
- Termination of right-of use assets		**459,675,007**	340,405,120
- Termination of lease liabilities		**495,321,728**	359,442,630

The attached notes from 1 to 36 are an integral part of these consolidated financial statements.

Ahmed Albelbesy
Chief Financial Officer

Mohamad Rafic Mourad
Chief Executive Officer

Fawaz Abdulaziz Al Hokair
Chairman

All amounts are presented in Saudi Riyals unless otherwise stated.

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 clothes 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.

1. Reporting entity (continued)

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2022 and 31 March 2021:

No	Subsidiaries	Country of incorporation	Business Activity	Ownership interest held by the Group as at: 31 March 2022	31 March 2021
1	Al Waheedah Equipment Co. Ltd.	Kingdom of Saudi Arabia	Retail	**100**	100
2	Haifa B. Al Kalam & Partners Co. for trading	Kingdom of Saudi Arabia	Retail	**100**	100
3	Saudi Retail Co. Ltd	Kingdom of Saudi Arabia	Retail	**100**	100
4	Wahba Trading Company Limited	Kingdom of Saudi Arabia	Retail	**100**	100
5	Unique Technology Trading Company	Kingdom of Saudi Arabia	Retail	**100**	100
6	Nesk Trading Projects Company	Kingdom of Saudi Arabia	Retail	**100**	100
7	Innovative Union Company (IUC)	Kingdom of Saudi Arabia	Food and Beverage	**100**	100
8	Food Gate company	Kingdom of Saudi Arabia	Food and Beverage	**70**	70
9	Azal Restaurants Company	Kingdom of Saudi Arabia	Food and Beverage	**65**	65
10	First Pizza Company	Kingdom of Saudi Arabia	Food and Beverage	**51**	51
11	Logistics Fashion Trading DWC-LLC	United Arab Emirates	Retail	**100**	100
12	Fashion Retail Kazakhstan LLP	Republic of Kazakhstan	Retail	**100**	100
13	Global Apparel Kazakhstan LLP	Republic of Kazakhstan	Retail	**100**	100
14	Retail Group Georgia LLC	Georgia	Retail	**100**	100
15	Master Retail Georgia LLC	Georgia	Retail	**100**	100
16	Spanish Retail Georgia LLC	Georgia	Retail	**100**	100
17	Pro Retail Georgia LLC	Georgia	Retail	**100**	100
18	Best Retail Georgia LLC	Georgia	Retail	**100**	100
19	Mega Store Georgia LLC	Georgia	Retail	**100**	100
20	Fashion Retail Georgia LLC	Georgia	Retail	**100**	100
21	Global Apparel Georgia LLC	Georgia	Retail	**100**	100
22	Retail Group Holding LLC	Georgia	Retail	**100**	100
23	Pro Retail Georgia LLC	Georgia	Retail	**100**	100
24	International Retail of Morocco	Morocco	Retail	**100**	100
25	Multi Trends Co.	Morocco	Retail	**100**	100
26	Retail Group of America LLC	United States of America	Entertainment	**100**	100
27	Billy Beez USA	United States of America	Entertainment	**100**	100
28	Retail Group Balkans doo Beograd	Republic of Serbia	Retail	**100**	100
29	Retail Fashion d.o.o., Belgrade	Republic of Serbia	Retail	**100**	100
30	Retail Group Balkans doo Podgorica	Balkan Peninsula	Retail	**100**	100
31	Retail Group Balkans doo Skopje	Balkan Peninsula	Retail	**100**	100
32	RIGE Co.	Arab Republic of Egypt	Retail	**99**	99
33	Retail Group Egypt Co. S.A.E	Arab Republic of Egypt	Retail	**98**	98
34	Retail Group Armenia CJSC	Armenia	Retail	**96**	96
35	Spanish Retail CJSC	Armenia	Retail	**100**	100
36	ZR Fashion Retail CJSC	Armenia	Retail	**100**	100
37	Global Apparel CJSC	Armenia	Retail	**100**	100
38	BR Fashion Retail CJSC	Armenia	Retail	**100**	100

All amounts are presented in Saudi Riyals unless otherwise stated.

1. Reporting entity (continued)

				Ownership interest held by the Group as at:	
No	Subsidiaries	Country of incorporation	Business Activity	31 March 2022	31 March 2021
39	Master Retail CJSC	Armenia	Retail	100	100
40	Best Retail CJSC	Armenia	Retail	100	100
41	Retail Group CJSC	Armenia	Retail	100	100
42	Pro Retail CJSC	Armenia	Retail	100	100
43	Factory Prices CJSC	Armenia	Retail	100	100
44	Retail Group Jordan Co. LDT	Hashemite Kingdom of Jordan	Retail	100	100
45	Nesk Trading Projects LLC	Hashemite Kingdom of Jordan	Retail	100	100
46	Models Own Holding Limited	United Kingdom	Retail	51	51
47	Models Own Limited	United Kingdom	Retail	51	51
48	Models Own International Ltd.	United Kingdom	Retail	51	51
49	Retail Group Azerbaijan LLC	Azerbaijan	Retail	85	85
50	Fashion Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
51	Spanish Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
52	Global Apparel Azerbaijan LLC	Azerbaijan	Retail	85	85
53	Mega Store Azerbaijan LLC	Azerbaijan	Retail	85	85
54	Master Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
55	Pro Retail Azerbaijan LLC	Azerbaijan	Retail	85	85
56	Retail Group Holding LLC	Azerbaijan	Retail	85	85
57	Best Retail Azerbaijan LLC	Azerbaijan	Retail	85	85

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

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

All amounts are presented in Saudi Riyals unless otherwise stated.

2. Basis of accounting

i. 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 Chartered and Professional Accountants ("SOCPA") (hereinafter refer to as "IFRS as endorsed in KSA").

3. Basis of measurement

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

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

As at 31 March 2022, the Group was in breach of certain financial covenants in relation to its long-term borrowings. Accordingly, the Company did not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting date. As a result, the Group has classified long term borrowings to current liability, refer note 17. This loan classification has resulted in current liabilities exceeding the Company's current assets by SR 2,657 million. Currently, the Group has not received any default notice or intimation from the lenders that requires repayment of the loan before its original contractual maturity. The terms of the loan agreement require certain actions consequent to breach of covenants which includes among other items the injection of equity in the Group. The Board of Directors in their meeting dated 10 November 2021 had resolved that the Company will proceed with the rights issue of SR 1,000 million after initially reducing its share capital to SR 1,131 million by absorbing the accumulated losses. On the Board's recommendation, the shareholders of the Parent Company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million (through cancellation of 95.2 million shares of SAR 10 each) to absorb the accumulated losses as at 31 December 2021 amounting to SAR 952 million. Approval of the rights issue is expected from the Capital Markets Authority in July 2022 after which the shareholders will approve the same to be effected.

Based on the discussions with the lenders, the management is confident that this action will remediate the situation with the lenders and will resolve the position of the Group with respect to the covenants and accordingly, these financial statements are prepared on a going concern basis.

4. Functional and presentation currency

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

5. Use of judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

A. Judgements

The following judgements have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of control over an investee
Management's judgement in assessing control over consolidated subsidiaries:
Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has in relation to the investees.

In certain cases where the Group owns 50% or less of voting rights, it may still be the single largest shareholder with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Based on above considerations, management of the Group believes:
- there is a pattern of past and existing practice of the Group's involvement in the relevant activities of these investees resulting in an impact on their returns and also indicating a more than passive interest of the Group in such investees; and
- the Group has created an environment in which the set-up and function of these investees and their interrelationship with the Group leads towards a judgement of 'control'.

Hence, the Group has consolidated those investees, which meet the above criteria as part of the Group's consolidated financial statements.

Judgement was required, particularly where the Group owns shareholding and voting rights of generally 20% and above but where the management does not believe that it has 'control' or 'joint control' over such investee.

5. Use of judgements and estimates (continued)

A. Judgements (continued)

In case of such investee, the Group's management has concluded it has 'significant influence' in line with the requirements of IFRSs as endorsed in KSA. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not 'control' or 'joint control'. IFRSs as endorsed in KSA provides various indicators of 'significant influence', including representation in the Board of Directors and participation in policymaking process.

Determination of control over an investee (continued)
By virtue of the Group's shareholding rights in the investee's general meetings, as well as the Group's representation on Board of Directors of such investee and the Group's involvement in operating and financial policies and decision making, management believes it has 'significant influence' over such investee ("associate").

The Group is accounting for such investment in an associate and joint venture under the equity method of accounting.

Determination of the reasonable certainty of exercising options of lease term extension
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determination of the incremental borrowing rate of lease liabilities
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when the need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

B. Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment test of non-financial assets
Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5. Use of judgements and estimates (continued)

B. Assumptions and estimation uncertainties (continued)

Impairment test of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and unexpected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Provision for slow moving inventory and shrinkage
Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete or subject to technological/market changes, an estimate is made of their net realizable value. Factors considered in determination of mark downs include current and anticipated demand, customer preferences and age of inventories as well as seasonal trends. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a mark down provision applied accordingly to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Economic useful lives and residual values of property and equipment & intangible assets
The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization, respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear. Residual values are based on experience and observable data where available.

Long-term assumptions for employee benefits
Employees' end-of-service benefits represent obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

6. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. Certain comparative figures have been reclassified to confirm to current period presentation.

A. 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 financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity, 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

6. Summary of significant accounting policies (continued)

A. Basis of consolidation (continued)

i. Subsidiaries

- 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.

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

ii. Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures 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 and joint ventures is recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture 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.

The carrying amount of investment in associates and joint venture 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. Summary of significant accounting policies (continued)

B. Foreign currencies

i. Transactions and balances

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

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

ii. Foreign operations

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

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

6. Summary of significant accounting policies (continued)

C. Revenue recognition

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

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

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

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

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

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

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

D. Property and equipment

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

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

Class of asset	Number of years
Buildings	40 years
Leasehold improvements	15 years
Furniture, fixtures and office equipment	15 years
Motor vehicles	6 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 (please refer Note *6K*).

6. Summary of significant accounting policies (continued)

E. 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.

F. Intangible assets

i. Goodwill

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

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

ii. Other intangible assets

Other intangible assets represent acquired software and related licenses, key money, deferred charges (i.e. trademarks / brand). Intangible assets are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

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

Class of asset	Number of years
Software	4-25 years
Key money	15 years
Deferred charges	15 years

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.

G. Inventories

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

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

6. Summary of significant accounting policies (continued)

H. Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances including overdrafts, 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.

I. Financial instruments

i. Recognition and initial measurement

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

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

ii. Classification and subsequent measurement

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

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

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

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

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

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

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

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

6. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

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

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

6. Summary of significant accounting policies (continued)

I. Financial instruments (continued)

iii. Derecognition

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

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

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

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

iv. Offsetting

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

J. Impairment of financial instruments

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

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

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

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

6. Summary of significant accounting policies (continued)

J. Impairment of financial instruments (continued)

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

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

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

Presentation of allowance for ECL in the consolidated statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

K. Impairment of non-financial asset

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

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

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

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

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

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

6. Summary of significant accounting policies (continued)

L. Finance income and finance cost

Finance income includes interest income which is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in consolidated statement of profit or loss on the date that the Group's right to receive payment is established. Fair value gain on interest rate swaps is recognized when the interest rate swaps are revalued.

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

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

M. Fair value measurement

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

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

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

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

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

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

For assets and liabilities that are 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. Summary of significant accounting policies (continued)

N. 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.

O. Employee benefits and post-employment benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave and air fare that are expected to be settled wholly within twelve months, after the end of the year in which the employees render the related service are 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.

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.

P. Zakat and income tax

i. Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (ZATCA) 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.

6. Summary of significant accounting policies (continued)

P. Zakat and income tax (continued)

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 considers both of the current and deferred income tax of those subsidiaries as immaterial.

iii. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Q. 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.

R. 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.

S. Statutory reserve

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

6. Summary of significant accounting policies (continued)

T. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Group has elected not to sperate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset and restoring the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The Group determines its incremental borrowing rate by obtaining rates from various external financing sources and makes certain adjustments to reflect the terms of the leases and type of the assets leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. The practical expedient applies only to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2022. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

6. Summary of significant accounting policies (continued)

U. Segment reporting

An operating segment is a component of the Company:

- That engages in business activities from which it may earn revenues and incur expenses;
- Results of its operations are continuously analysed by the Chief Operating Decision Maker (CODM) 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.

7. Property and equipment

See accounting policies in Notes *6D* and *6K*.

A. Reconciliation of carrying amount

	Notes	Land	Buildings and leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Capital work under construction	Total
Cost:							
Balance at 1 April 2020		14,920,930	2,934,280,373	743,087,745	18,615,449	245,134,798	3,956,039,295
Additions		--	137,022,759	12,646,941	83,000	32,272,243	182,024,943
Transfers		--	12,312,747	814,291	--	(13,127,038)	--
Disposals / write-off		--	(380,584,838)	(38,209,116)	(676,850)	(17,952,517)	(437,423,321)
Balance at 31 March 2021		**14,920,930**	**2,703,031,041**	**718,339,861**	**18,021,599**	**246,327,486**	**3,700,640,917**
Additions		**--**	**116,834,496**	**66,945,819**	**595,263**	**64,081,444**	**248,457,022**
Transfers		**--**	**46,485,666**	**10,098,977**	**--**	**(56,584,643)**	**--**
Disposals / write-off		**--**	**(140,156,788)**	**(27,143,875)**	**(45,800)**	**(2,309,650)**	**(169,656,113)**
Balance at 31 March 2022		**14,920,930**	**2,726,194,415**	**768,240,782**	**18,571,062**	**251,514,637**	**3,779,441,826**
Accumulated depreciation and impairment losses:							
Balance at 1 April 2020		--	1,941,762,515	485,787,985	14,178,341	--	2,441,728,841
Charge for the year		--	225,292,437	59,772,584	899,304	--	285,964,325
Disposals /write-off *		--	(324,377,821)	(29,469,203)	(676,843)	--	(354,523,867)
Balance at 31 March 2021		**--**	**1,842,677,131**	**516,091,366**	**14,400,802**	**--**	**2,373,169,299**
Charge for the year		**--**	**122,272,657**	**44,131,646**	**801,605**	**--**	**167,205,908**
Disposals /write-off *		**--**	**(94,382,290)**	**(24,831,686)**	**(45,800)**	**--**	**(119,259,776)**
Balance at 31 March 2022		**--**	**1,870,567,498**	**535,391,326**	**15,156,607**	**--**	**2,421,115,431**
Carrying amounts:							
At 1 April 2020		14,920,930	992,517,858	257,299,760	4,437,108	245,134,798	1,514,310,454
At 31 March 2021		14,920,930	860,353,910	202,248,495	3,620,797	246,327,486	1,327,471,618
At 31 March 2022		**14,920,930**	**855,626,917**	**232,849,456**	**3,414,455**	**251,514,637**	**1,358,326,395**

* It includes store closure losses amounting to SR 37 million (2021: 76 million) charged to profit or loss during the year (note 24D).

All amounts are presented in Saudi Riyals unless otherwise stated.

7. Property and equipment (continued)

See accounting policies in Notes *6D* and *6K*.

B. Change in estimates

During the year ended 31 March 2022, the Group conducted an operational efficiency review at all of its assets, which resulted in changes in the expected usage of all assets. The buildings, leasehold improvements, furniture fixtures and office equipment and motor vehicles was intended to be used for 33 years, 8-15 years and 4-10 years respectively. As a result of revision of useful lives, the buildings, leasehold improvements, furniture, fixtures and office equipment and motor vehicles are expected to remain in use for 40 years, 15 years, 15 years, 6 years respectively. Consequently, the expected life of the assets increased. The effect of these changes on actual and expected depreciation expense, included in 'depreciation on property and equipment', was as follows:

SAR in million	**31 March 2022**	**31 March 2023**	**31 March 2024**	**31 March 2025**	**31 March 2026**	**Later**
(Decrease) / increase in depreciation	(53.6)	(22.1)	(20.7)	(16.4)	(15.1)	127.8

8. Goodwill and intangible assets

See accounting policies in Notes *6F* and *6K*.

A. Reconciliation of carrying amount

	Note	Goodwill	Software	Key money	Deferred charges	Total
Cost						
Balance at 1 April 2020		1,012,387,298	75,221,948	154,586,222	12,087,940	1,254,283,408
Additions		--	42,375,908	1,485,200	2,006,424	45,867,532
Disposals		--	(235,035)	(4,892,080)	(680,011)	(5,807,126)
Balance at 31 March 2021		**1,012,387,298**	**117,362,821**	**151,179,342**	**13,414,353**	**1,294,343,814**
Additions		--	**43,233,781**	**8,126,106**	**6,790,788**	**58,150,675**
Disposals / Write-off		--	**(3,809,091)**	**(1,261,890)**	**(79,289)**	**(5,150,270)**
Balance at 31 March 2022		**1,012,387,298**	**156,787,511**	**158,043,558**	**20,125,852**	**1,347,344,219**
Accumulated amortization and impairment						
Balance at 1 April 2020		5,817,109	55,578,525	109,154,991	4,197,024	174,747,649
Charge for the year		--	3,758,335	6,826,079	1,793,081	12,377,495
Disposals			(235,034)	(3,648,550)	(153,009)	(4,036,593)
Balance at 31 March 2021		**5,817,109**	**59,101,826**	**112,332,520**	**5,837,096**	**183,088,551**
Charge for the year		--	**7,100,294**	**3,358,273**	**1,509,525**	**11,968,092**
Impairment charge for the year		**70,533,770**	--	--	--	**70,533,770**
Disposals / Write-off		--	**(68,245)**	**(1,188,894)**	**(22,079)**	**(1,279,218)**
Balance at 31 March 2022		**76,350,879**	**66,133,875**	**114,501,899**	**7,324,542**	**264,311,195**
Carrying amount						
At 1 April 2020		1,006,570,189	19,643,423	45,431,231	7,890,916	1,079,535,759
At 31 March 2021		1,006,570,189	58,260,995	38,846,822	7,577,257	1,111,255,263
At 31 March 2022		**936,036,419**	**90,653,636**	**43,541,659**	**12,801,310**	**1,083,033,024**

B. Goodwill

	Note	Year	31 March 2022	31 March 2021
Nesk Projects Trading Co including Mango brand	*(i)*	2012 & 2014	**666,771,622**	737,305,392
Innovative Union Company (including Azal Restaurants and Food Gate Company)	*(ii)*	2020	**207,827,033**	207,827,033
Wahba Trading Company Ltd	*(iii)*	2009	**61,437,764**	61,437,764
Carrying amount			**936,036,419**	1,006,570,189

All amounts are presented in Saudi Riyals unless otherwise stated.

8. Goodwill and intangible assets (continued)

B. Goodwill (continued)

i. Nesk Trading Projects Company operates fashion retail stores all over the Kingdom with franchise rights of a number of international fashion brands including Stradivarius, Mango, Okaidi, Women' Secret, Gerry Weber and Ikks.

The Group acquired Nesk Trading Projects Company, for cash in an aggregate amount of SR 730 million having net acquisition cost of SR 661.2 million after deducting net cash acquired amounting to SR 68.8 million.

The Group acquired the business of fashion retail and franchise rights of the international fashion brand Mango" in the Kingdom of Saudi Arabia for a consideration of SR 378 million.

ii. The Group acquired Innovative Union Company with its subsidiaries Azal Restaurants Company and Food Gate Company) from a related party. At the date of acquisition, the carrying value of net assets acquired was SR 132.2 million and the cost of acquisition was SR 340 million accordingly, a goodwill amounting to SR 207.8 million arose at the acquisition of this subsidiary.

Innovative Union Company operates food and beverage stores all over the Kingdom with franchise rights of a number of food brands including Cinnabon, Mama roti and Molten chocolates.

iii. The Group acquired Wahba Trading Company Limited at a fair value of 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.

C. Impairment test

Goodwill is tested annually for impairment by management. 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 of the Companies.

In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for fashion retail and food and beverage business in which the companies operate. Key assumptions for the value-in-use calculation are set out below;

	Azal Restaurant Company	Wahba Trading Company Limited	Nesk Projects Trading Company	Food Gate Company	Innovative Union Company
Discount rate	12.8%	11.1%	11.3%	11.4%	12.8%
Budgeted gross margins	69%	59%	42%	76%	79%
Average annual growth rate for sale	3%	5%	4%	3%	3%
Terminal growth rate	2%	2%	2%	2%	2%

The discount rates used are pre-zakat and reflect weighted average cost of capital adjusted for leverage and Company specific risks. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

The estimated recoverable amounts of Nesk Projects Trading Company and other cash generating units were based on their values in use, determined by discounting the future cash flows to be generated from the continuing use of the cash generating units. The carrying amount of the Nesk Projects Trading Company was determined to be higher than its recoverable amount of SR 947 assuming a pre-tax discount rate of 11.3% (2021: 13.3%) and average annual growth rate of 4% (2021: 2.2%) that resulted in an impairment loss of SR 71 million during year ended 31 March 2022. The impairment loss has been fully allocated to goodwill and charged to consolidated statement of profit or loss.

All amounts are presented in Saudi Riyals unless otherwise stated.

D. 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 annual growth rates, terminal growth rates and the discount rates used.

9. Investment property

See accounting policies in Notes *6E* and *6K*.

Reconciliation of carrying amount

	Residential apartment
Cost	
Balance at 1 April 2020	3,516,928
Balance at 31 March 2021	**3,516,928**
Balance at 31 March 2022	**3,516,928**
Accumulated depreciation and impairment	
Balance at 1 April 2020	--
Charge for the year	351,692
Impairment	1,533,236
Balance at 31 March 2021	**1,884,928**
Charge for the year	**122,400**
Balance as at 31 March 2022	**2,007,328**
Carrying amount	
At 1 April 2020	3,516,928
At 31 March 2021	**1,632,000**
At 31 March 2022	**1,509,600**

(i) Investment property represents an apartment located at unit no. 301, The Pad, Business Bay, Dubai, United Arab Emirates. The fair valuation for the apartment has been performed by an external valuer appointed by the management who assessed the fair value of the investment property at SR 1.74 million (2021: SR 1.63 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

10. Investment in associates and joint venture

See accounting policies in Notes *6A* and *6K*.

Associates:	Investate Harbour Land	Burberry Saudi Co. Ltd.	FG 4 Limited	Investate Harbour	FAS LAB *(i)*	Total
Balance at 1 April 2020	16,495,421	12,494,323	2,022,462	900,546	--	31,912,752
Disposal	--	(9,000,577)	--	--	--	(9,000,577)
Share of profit / (loss) and impairment	(16,495,421)	(3,493,746)	677,115	(900,546)	--	(20,212,598)
Balance at 31 March 2021	**--**	**--**	**2,699,577**	**--**	**--**	**2,699,577**
Addition	--	--	--	--	75,112,787	75,112,787
Disposal	--	--	--	--	--	--
Share of profit / (loss)	--	--	(743,169)	--	(15,044,402)	(15,787,571)
Balance at 31 March 2022	**--**	**--**	**1,956,408**	**--**	**60,068,385**	**62,024,793**

Summarized financial information of investees:

Financial Year	31 July 2018	30 Nov 2020	31 March 2022	31 July 2018	31 March 2022	
Assets	182,446,340	65,791,249	18,610,256	50,967,702	267,709,353	585,524,900
Liabilities	4,453,560	27,192,394	14,695,661	4,503	133,385,334	179,731,452
Net Assets	177,992,780	38,598,855	3,914,595	50,963,199	134,324,019	405,793,448
Percentage ownership interest	9.3%	0%	50%	1.7%	50%	
Group's share of net assets	16,495,421	--	1,956,408	900,546	67,162,010	86,514,385
Adjustment	--	--	--	--	(7,093,624)	(7,093,624)
Carrying amount	16,495,421	--	1,956,408	900,546	60,068,386	79,420,761
Revenue	--	14,952,821	20,790,716	--	133,145,330	168,888,867
Profit from continuing operations	--	(11,376,131)	(1,486,339)	--	(30,088,802)	(42,951,272)
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income	--	3,576,690	(1,486,339)	--	(30,088,802)	(27,998,451)
Group's share of total comprehensive income	--	7,153,380	677,115	--	(15,044,401)	(7,213,906)

(i) This represents a 50% equity investment in the share capital of FAS Lab Holding Company, a limited liability company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in leading the digital initiatives of the Group including but not limited to providing the malls' visitors and shoppers with a specialized and advanced loyalty program, simplified and innovative consumer financing solutions and an e-commerce platform.

All amounts are presented in Saudi Riyals unless otherwise stated.

11. Other investments

See accounting policies in Notes *6I* and *6J*.

	Equity securities at FVTPL *(i)*	Equity securities at FVOCI *(ii)*	Total
Balance at 1 April 2020	200,000,000	--	200,000,000
Additions	--	84,432,122	84,432,122
Fair value gain	15,860,000	--	15,860,000
Exchange difference	--	--	--
Balance at 31 March 2021	**215,860,000**	**84,432,122**	**300,292,122**
Additions	**--**	**--**	**--**
Fair value gain	**(2,429,344)**	**13,213,820**	**10,784,476**
Exchange difference	**--**	**(11,385,912)**	**(11,385,912)**
Balance at 31 March 2022	**213,430,656**	**86,260,030**	**299,690,686**

i. This represents investment in 20,000,000 units of Al Mubarak real estate income fund –II (the "fund") with a nominal value of SR 10 each which has been acquired by the Company in exchange of its share of ownership of an investment property. The fund is a private closed ended real estate investment fund and the Group acquired its units on 16 December 2019.

ii. During the year ended 31 March 2021, the Group had acquired 8.9% shares in Egyptian Centers for Real Estate Development (ECRED) in consideration for the settlement of a receivable from Egyptian Centers. The Group has designated the investment at FVOCI at initial recognition. At 31 March 2022, investment in ECRED has been valued at SR 86.3 million using multiple valuation techniques whereas the fair value gain and exchange difference for the year have been recognized in the other comprehensive income.

12. Inventories

See accounting policy in Note *6G*.

	Note	**31 March 2022**	31 March 2021
Finished goods			
- Available for sale		**1,472,930,634**	1,155,674,884
- Goods in transit		**252,428,646**	111,644,820
Consumables and supplies		**21,949,565**	29,141,193
Gross inventories		**1,747,308,845**	1,296,460,897
Provision for inventory	*(i)*	**(46,833,271)**	(144,018,526)
Net inventories		**1,700,475,574**	1,152,442,371

i. Movement in provision for inventory is as follows:

	31 March 2022	31 March 2021
Opening balance	**144,018,526**	259,555,894
Charge for the year	**33,903,027**	107,712,293
Provision written-off during the year	**(131,088,282)**	(223,249,661)
Closing balance	**46,833,271**	144,018,526
Inventories directly written off to profit or loss	**27,250,576**	369,567,774

All amounts are presented in Saudi Riyals unless otherwise stated.

13. Advances, deposits and other receivables

See accounting policies in Notes *6I* and *6J*.

	Note	31 March 2022	31 March 2021
Receivables due from related parties	*32B*	**280,420,302**	192,364,016
Other receivables			
- Advances, deposits and other receivables excluding related party receivables		**48,432,164**	117,556,115
- Margin on letters of credit and guarantee		**49,627,590**	89,194,778
- Security deposits		**31,644,492**	34,664,512
- Receivable from credit card and wholesale		**21,415,915**	13,462,051
- Employee receivables		**14,429,345**	12,780,612
- Custom refund receivable		**11,713,181**	7,571,057
- Margin compensation receivable		**133,069**	133
- Others		**16,799,168**	2,976,930
		194,194,924	278,206,188
Total advances, deposits and other receivables		**474,615,226**	470,570,204

14. Prepayments

See accounting policies in Notes *6I* and *6J*.

	31 March 2022	31 March 2021
Prepaid insurance	**24,531,961**	21,249,972
Others	**39,105,636**	26,605,686
	63,637,597	47,855,658

15. Cash and cash equivalents

See accounting policy in Note *6H*.

	Note	31 March 2022	31 March 2021
Bank balances	*(i)*	**172,616,287**	451,840,180
Cash in hand		**25,271,458**	15,751,372
Cash and cash equivalents in consolidated statement of financial position		**197,887,745**	--
Bank overdraft		**(50,119,035)**	--
Cash and cash equivalents in consolidated statement of cash flows		**147,768,710**	467,591,552

i. Bank balances includes SR 6 million (2021: SR 205 million) which represent placement deposits with financial institution. The deposits are for short term period and carries average profit rate of 1.5% (2021: 0.9%).

All amounts are presented in Saudi Riyals unless otherwise stated.

16. Receivable from disposal of subsidiaries

See accounting policies in Notes *6A*, *6I*, and *6J*.

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

	Note	**2022**	2021
Global Levia and its subsidiaries	*(i)*		
- Non-current portion		--	--
- Current portion		--	75,000,000
		--	75,000,000

i. Pursuant to the decision of the Board of Directors in their meeting held on 29 June 2016, the Group had disposed off Global Levia and its subsidiaries ("the Disposed Entities") for a total consideration of SR 375 million receivable in 5 annual equal installments starting from 29 June 2017 onwards. Management rights had been transferred by the Group and accordingly, the Group had 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 payment, 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.

   During the period, final installment of SR 75 million (31 March 2021: SR 75 million) has been transferred as receivable from Saudi FAS Holding Company (Company jointly owned by the Chairman who had secured the consideration on his personal guarantee) based on mutual agreement.

17. Loans and borrowings

See accounting policies in Note *6I*.

	Note	**31 March 2022**	31 March 2021
Islamic facility with banks (Murabaha)	17A(i)	**2,865,986,750**	2,985,507,515
Short term Islamic banking facilities	17A(ii)	--	3,541,520
Financing against inventory	17A(iii)	--	116,693,493
Banking facilities of GCC subsidiaries	17A(iv)	**11,905,219**	18,292,283
		2,877,891,969	3,124,034,811

Short term borrowings	**11,905,219**	138,527,296
Current portion of long-term borrowings	**2,865,986,750**	681,057,083
Loans and Borrowings - Current liabilities	**2,877,891,969**	819,584,379
Loans and Borrowings - Non-Current liabilities	--	2,304,450,432
	2,877,891,969	3,124,034,811

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note *26*.

All amounts are presented in Saudi Riyals unless otherwise stated.

17. Loans and borrowings (continued)

A. Terms and repayment

i. The Group signed a long-term Murabaha financing agreement with a National Commercial Bank as the Murabaha Investment Agent and Murabaha Participants, amounting to facilities of SR 2,400 million and USD 166,000 on 1 March 2020. As per the terms of the agreement, the term of the Murabaha facility is for a period of seven years. The Murabaha facility is secured by promissory notes issued by the Company. The facility is repayable in six half yearly installments commencing after 12 months from the date of signing the agreement. As at 31 March 2022, the Group has fully utilized this facility. The interest rate on this facility is SIBOR + 2.7% on loan tranche taken in SR and LIBOR + 3% on loan tranche taken in USD.

The loans contain certain financial covenants. A breach of covenants may lead to renegotiation including increase in profit rates, withdrawal of facility or repayment on demand. During the year ended 31 March 2022, there has been non-compliance of certain covenants on the outstanding facility.

**The Murabaha commercial terms agreement between the Company and the lending banks mandates that the existing breach of the financial covenants considered as an event of default which in turns allows the banks to declare the whole loan outstanding balance to be immediately due and accordingly the long-term loan balance of SR 2,253 million has been reclassified to be part of the current liabilities on the consolidated statement of financial position. The Company requested the lenders to waive the breach of loans covenants more than once during the year to which the lenders did not agree. However, the lenders have agreed that any waivers of the breach of loan covenants will only be considered in light of successful implementation of Capital Restructuring Transaction, the prepayment of revolving Murabaha Facilities and the corresponding partial cancellation of commitments under the Revolving Murabaha Facilities. The Board of Directors in their meeting dated 10 November 2021 had resolved that the Company will proceed with the rights issue of SR 1,000 million. On the board's recommendation, the shareholders through an extra-ordinary general meeting held on 29 June 2022 have approved the reduction of the share capital of the parent company to absorb the accumulated losses of SAR 952 million as at 31 December 2021. The rights issue is yet to be approved by the shareholders.

ii. The Group has short-term Murabaha facilities with local and foreign commercial banks amounting to SR 100 million (2021: SR 100 million). The facilities are secured by promissory notes by the Group and utilized for working capital management. During the year ended 31 March 2022, the outstanding loan was fully repaid.

iii. During 2020, the Group had entered into an arrangement with an unrelated counterparty whereby the Group sold certain inventory items for SR 137.3 million and repurchased the same for SR 150 million with a settlement term of 1 year. As the Group continued to retain control over these inventory items the arrangement does not qualify as sale and purchase transaction. Accordingly, this arrangement is not reflected as sale or purchase but as secured short-term financing. The differential between the sale and repurchase price is being amortized over the period of the arrangement. The arrangement is secured by irrevocable standby letters of credit. During the year ended 31 March 2022, the outstanding loan was fully repaid.

iv. The borrowings under GCC subsidiaries are secured by corporate guarantee given by the Parent Company. The facility is for short-term period on prevailing market terms.

18. Trade and other payables

See accounting policy in Note *6I*.

	Note	31 March 2022	31 March 2021
Trade payables			
Trade payables to suppliers		**722,839,180**	532,764,384
Other payables			
Contractors and others		**196,496,463**	135,077,107
Related parties	*32B*	**284,744,413**	136,539,166
Credit cards		**--**	2,894,579
Employees' salaries and benefits		**75,949,859**	82,733,253
VAT payable		**51,502,447**	21,183,359
Accrued finance cost		**5,712,840**	16,558,569
Government duties		**25,999,842**	17,583,469
Royalty		**39,810,649**	14,900,071
Consignment margin		**41,329,218**	5,269,432
Other accrued expenses		**52,073,021**	50,845,446
		773,618,752	483,584,451
Trade and other payables		**1,496,457,932**	1,016,348,835

19. Employee benefits

See accounting policy in Note *6O*.

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

A. Movement in employee benefits liability

	Note	31 March 2022	31 March 2021
Balance at 1 April		**110,468,288**	101,618,395
Included in profit or loss			
Current service cost		**21,888,069**	20,241,565
Interest cost		**3,272,035**	4,105,276
		25,160,104	24,346,841
Included in OCI			
Actuarial (gain) loss arising from			
– financial assumptions		**(10,546,914)**	12,122,041
– other assumptions and experience adjustments		**--**	--
		(10,546,914)	12,122,041
Other			
Benefits paid		**(22,092,691)**	(27,618,989)
Balance at 31 March		**102,988,787**	110,468,288

All amounts are presented in Saudi Riyals unless otherwise stated.

19. Employee benefits (continued)

B. Significant actuarial assumptions

The significant actuarial assumptions used were as follows:

	31 March 2022	31 March 2021
Economic assumptions		
Gross discount rate	**3.30%**	2.8%
Price inflation	**2.0%**	2.0%
Salary growth rate	**3.00%**	3.0%
Demographics assumptions		
Number of employees	**9,903**	7,525
Average age of employees (years)	**30.8**	31.0
Average years of past service	**3.01**	3.5

C. Sensitivity analysis

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

	31 March 2022		31 March 2021	
	Increase	**Decrease**	Increase	Decrease
Salary inflation (1% movement)	**11,648,161**	**(9,800,466)**	9,654,000	(11,640,000)
Discount rate (1% movement)	**(9,677,344)**	**11,720,611**	(11,790,000)	9,586,000

20. Zakat and tax liabilities

See accounting policy in Note *6P*.

A. Amounts recognized in profit or loss

	Note	**2022**	2021
Current year zakat charge	***20B***	**34,895,798**	17,392,802
Changes in estimates of zakat related to prior years	***20B***	**22,395,097**	24,100,628
Current year income tax charge		**9,457,899**	4,590,275
		66,748,794	46,083,705

B. Zakat

i. Movement in zakat liability is as follows:

	Note	**31 March 2022**	31 March 2021
Balance at 1 April		**14,155,045**	4,595,451
Zakat charge			
- Current year		**34,895,798**	17,392,802
- Prior years		**22,395,097**	24,100,628
Payments (a)		**(35,771,654)**	(31,933,836)
Balance at 31 March		**35,674,286**	14,155,045

All amounts are presented in Saudi Riyals unless otherwise stated.

20. Zakat and tax liabilities (continued)

a. Includes SR nil (2021: 24 million) settled through utilization of VAT receivable.

ii. Computation of zakat charge is as follows:

	Note	**31 March 2022**	31 March 2021
Shareholders' equity and other payables		**6,978,970,323**	3,233,453,645
Adjusted net income		**210,323,240**	(832,668,198)
Deductions and other adjustments		**(5,829,189,299)**	(1,705,073,386)
Zakat base		**1,360,104,264**	695,712,061
Zakat at 2.5% (higher of adjusted net income or Zakat base)		**34,895,798**	17,392,802

iii. Status of zakat assessments is as follows:

The Company has filed its zakat returns with ZATCA for all years up to and including the year ended 31 March 2021. The zakat returns from year 31 March 2015 to 31 March 2021 are under review of ZATCA. The Company finalized zakat assessment for the year 31 March 2008 to 2014 in prior year according to decision received by appeal committee which resulted in amount payable of SR 36.2 million.

C. Income tax

i. Movement in income tax liability is as follows:

	Note	**31 March 2022**	31 March 2021
Balance at 1 April		**1,693,231**	6,206,703
Current year income tax charge	*(a)*	**9,457,899**	4,590,275
Payments		**(9,751,386)**	(9,103,747)
Balance at 31 March		**1,399,744**	1,693,231

a. Includes deferred tax (reversal) / charge of SR nil (2021: SR 0.3 million)

i. Status of zakat assessments is as follows:

The income tax returns for subsidiaries in Jordan, Egypt and Morocco and USA have been filed for all years until 31 March 2021. For Georgia, Kazakhstan, Azerbaijan, and Armenia the income tax returns have been filed up to 31 March 2022. For subsidiaries Balkan Countries the income tax returns have been filed up to the year ended 31 December 2021.

The income tax returns for above subsidiaries are under review by the relevant tax authorities. As at 31 March 2022, 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

All amounts are presented in Saudi Riyals unless otherwise stated.

21. Share capital and Reserves

A. Share Capital

The Company's share capital as at 31 March 2022 and 31 March 2021 is as below:

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

B. Statutory reserve

The Board of Directors, in its meeting held on 17 Rajab 1442H (corresponding to March 30, 2021), approved to absorb part of the accumulated losses of the company by transferring amount of SR 205.8 million from the statutory reserve of the company. As at 31 March 2022, the Group has accumulated losses of SAR 982.3 million and therefore no amount from profits has been allocated to statutory reserve.

22. Operating segments

See accounting policy in Note *6U*.

A. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different products and services and are managed separately because they require different marketing strategies.

The Group's Chief Executive Officer (Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis.

Reportable segments

The following table describes the operations of each reportable segments:

Reportable segments	Operations
Fashion retail	Primarily include sales of apparels, footwears & accessories through retail outlets
Indoor entertainment	Kids play centers
Food & beverage	Cafes and restaurants

Geographical information

The Group operates through their various retail outlets, indoor entertainment for kids in the Kingdom of Saudi Arabia (Domestic) and International geography which primarily includes Jordan, Egypt, Republic of Kazakhstan, United States of America, Republic of Azerbaijan, Georgia, Armenia and Morocco.

All amounts are presented in Saudi Riyals unless otherwise stated.

22. Operating segments (continued)

B. Information about reportable segments and geographical information

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

	Reportable segments					Geographical segments			
	Fashion retail	Indoor entertainment	Food and Beverages	Inter-segment elimination	Total	Domestic	International	Inter-segment elimination	Total
	Amount in SR'000					Amount in SR'000			
2022									
Profit or loss									
Revenue	**5,365,467**	**51,834**	**497,794**	**--**	**5,915,095**	**4,916,641**	**998,454**	**--**	**5,915,095**
Depreciation and amortization	**(130,418)**	**(16,792)**	**(31,964)**	**--**	**(179,174)**	**(146,121)**	**(33,053)**	**--**	**(179,174)**
Finance charges	**(260,607)**	**(2,986)**	**(16,882)**	**--**	**(280,475)**	**(251,671)**	**(28,804)**	**--**	**(280,475)**
Net profit / (loss)	**85,255**	**(15,799)**	**(31,426)**	**--**	**38,030**	**(51,074)**	**89,104**	**--**	**38,030**
Statement of financial position									
Non-current assets	**5,548,469**	**117,284**	**444,232**	**--**	**6,109,985**	**6,109,341**	**2,936**	**(2,292)**	**6,109,985**
Current assets	**2,348,925**	**25,321**	**62,370**	**--**	**2,436,616**	**2,436,274**	**342**	**--**	**2,436,616**
Total liabilities	**(7,403,126)**	**(125,808)**	**(513,618)**	**--**	**(8,042,552)**	**(8,041,459)**	**(1,093)**	**--**	**(8,042,552)**
2021									
Profit or loss									
Revenue	3,886,805	5,230	340,478	--	4,232,513	3,681,645	556,817	(5,949)	4,232,513
Depreciation and amortization	(242,893)	(17,863)	(37,586)	--	(298,342)	(243,982)	(54,360)	--	(298,342)
Finance charges	(333,673)	(4,196)	(17,087)	--	(354,956)	(314,284)	(40,672)	--	(354,956)
Net loss	(989,383)	(51,543)	(67,701)	--	(1,108,627)	(907,469)	(189,325)	(11,833)	(1,108,627)
Statement of financial position									
Non-current assets	5,585,904	151,827	407,536	--	6,145,267	7,890,788	669,422	(2,414,942)	6,145,267
Current assets	2,223,881	2,083	(12,504)	--	2,213,460	2,224,259	(133,359)	122,560	2,213,460
Total liabilities	7,426,166	121,313	359,673	--	7,907,152	7,209,746	650,176	47,230	7,907,152

23. Revenue

See accounting policy in Note *6C*.

The Group generates revenue primarily from the sale of goods. Revenue is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. In the following table, revenue from contracts with customers is disaggregated by primary geographical market and major revenue streams:

	31 March 2022		
	Kingdom of Saudi Arabia	**International Countries**	**Total**
Apparels	**3,394,395,120**	**740,633,007**	**4,135,028,127**
Footwear & accessories	**266,491,783**	**93,660,595**	**360,152,378**
Others	**757,959,804**	**112,326,123**	**870,285,927**
Fashion retail	**4,418,846,707**	**946,619,725**	**5,365,466,432**
Food & beverages	**497,794,232**	**--**	**497,794,232**
Indoor entertainment	**--**	**51,834,268**	**51,834,268**
Total revenue	**4,916,640,939**	**998,453,993**	**5,915,094,932**

	31 March 2021		
	Kingdom of Saudi Arabia	**International Countries**	**Total**
Apparels	2,874,470,351	456,571,832	3,331,042,183
Footwear & accessories	200,953,678	78,651,698	279,605,376
Others	265,743,134	10,414,847	276,157,981
Fashion retail	3,341,167,163	545,638,377	3,886,805,540
Food & beverages	340,478,224	--	340,478,224
Indoor entertainment	--	5,229,338	5,229,338
Total revenue	3,681,645,387	550,867,715	4,232,513,102

24. Income and expenses

See accounting policy in Note *6L*.

A. Cost of revenue

	Note	**2022**	2021
Cost of goods	*(i)*	**3,423,478,645**	2,961,505,343
Depreciation on right-of-use asset	*28C*	**563,629,591**	592,963,723
Employees' salaries and benefits		**692,244,495**	581,961,626
Utilities and maintenance		**99,509,644**	57,681,615
Advertisement		**--**	24,253,359
Rent expense	*28C*	**46,903,976**	18,509,635
Travelling		**6,436,502**	3,999,424
Others		**92,096,255**	79,939,257
		4,924,299,108	4,320,813,982

i. Cost of goods include a charge for inventory provision of SAR 33.9 million (2021: SAR 107.7 million). Further, it also includes a charge of SR 27.2 million (2021: SR 369.6 million) relating to write-down of inventories to net realizable value which were recognized directly as an expense and not routed through the inventory provision account.

All amounts are presented in Saudi Riyals unless otherwise stated.

24. Income and expenses (continued)

B. Selling and distribution expenses

	Note	2022	2021
Employees' salaries and benefits		**74,046,403**	82,510,188
Bank charges		**11,815,993**	16,329,609
Advertising and promotions		**54,180,267**	16,308,146
Utilities and maintenance		**3,469,033**	8,924,291
Travel		**4,886,210**	4,012,463
Rent expense	*28C*	**184,530**	2,401,793
Freight and distribution charges		**4,911,675**	571,548
Others		**16,243,488**	15,273,173
		169,737,599	146,331,211

C. General and administrative expenses

	Note	2022	2021
Employees' salaries and benefits		**163,623,775**	124,418,835
Government fees and related charges		**9,909,231**	17,298,930
Utilities and maintenance		**22,338,919**	17,063,059
Travel and communication		**19,895,290**	15,937,748
Bank charges		**10,758,971**	15,803,022
Stationery and supplies		**6,205,388**	11,415,208
Advertising and publishing		**2,461,405**	5,590,845
Insurance		**1,615,499**	3,267,799
Rent expense	*28C*	**3,638,581**	3,187,963
Others		**80,163,437**	80,609,726
		320,610,496	294,593,135

D. Other operating expense

	Note	2022	2021
Store closure losses	*(i)*	**37,135,173**	76,007,836
Foreign exchange loss		**--**	45,914,307
Loss on disposal of property and equipment		**344,890**	6,891,619
		37,480,063	128,813,762

i. Represents write off related to assets for closed stores which were no more usable.

E. Other operating income

	Note	2022	2021
Rental concession for leases	*28B*	**49,124,068**	210,721,557
Gain on lease termination	*28*	**35,646,721**	13,267,309
Foreign exchange gain		**27,312,492**	--
Others		**46,203,321**	46,902,993
		158,286,602	270,891,859

F. Finance costs over loans and borrowings

	Note	2022	2021
Financial charges over loans and borrowings	*17(i)*	**119,277,006**	143,544,803
Amortization of upfront fees		**2,354,859**	2,449,434
		121,631,865	145,994,237

All amounts are presented in Saudi Riyals unless otherwise stated.

25. Profit/(Loss) per share

See accounting policy in Note *6R*.

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

	Note	31 March 2022	31 March 2021 - *restated*
Profit /(Loss) attributable to ordinary shareholders		**44,691,637**	(1,090,753,102)
Weighted average number of ordinary shares	*(a)*	**114,766,448**	114,766,448
Basic and diluted Profit/ (loss) per share		**0.39**	(9.50)

a) The shareholders of the parent company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million through cancellation of 95,233,552 shares of SAR 10 each to absorb the accumulated losses. This resulted in 114,766,448 shares outstanding on 30 June 2022. The current year profit / (loss) per share is based on 114,766,448 shares and comparative figure has been accordingly restated.

26. Financial instruments - fair values and risk management

See accounting policies in Notes *6B, 6I, 6J, 6L, 6M*.

A. Accounting classification and fair values

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

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

	31 March 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak real estate income Fund –II	**213,430,656**	**--**	**213,430,656**	**--**	**213,430,656**
Derivative asset	**29,616,914**	**--**	**29,616,914**	**--**	**29,616,914**
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development (ECRED)	**86,260,030**	**--**	**--**	**86,260,030**	**86,260,030**

	31 March 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
FVTPL					
Al Mubarak real estate income Fund –II	215,860,000	--	215,860,000	--	215,860,000
FVOCI – equity instruments					
Egyptian Centres for Real Estate Development	84,432,122	--	--	84,432,122	84,432,122

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Financial instruments - fair values and risk management (continued)

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques and significant unobservable inputs used in measuring the above investments

Type	Valuation technique and significant unobservable inputs
Equity securities	The valuation model is based on discounted cash flows and considers the present value of the expected future income receivable under lease agreements and forecast take-up of vacant units, discounted using a risk-adjusted discount rate. The estimate is adjusted for the net debt of the investee. Significant unobservable inputs include expected cash flows and risk adjusted discount rate. The estimated fair value would increase (decrease) if: - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).
Derivative asset	The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

C. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Capital management risk

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.

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

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 Company'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 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.

i. Credit risk

Credit risk is the risk that other party will fail to discharge an obligation and will cause the Group to incur a financial loss. The Group has no significant concentration of credit risks. The Group's exposure to credit risk is as follows:

	Note	**31 March 2022**	31 March 2021
Cash at bank	*15*	**172,616,287**	451,840,180
Advances, deposits and other receivables		**306,562,828**	212,715,685
Receivable from disposal of a subsidiary and brands	*16*	**--**	75,000,000
		479,179,115	739,555,865

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+.
- The Group calculates impairment losses on the basis of its estimate of losses incurred in respect of receivables. The main components of this provision are the expected loss element of specific customers as well as the aggregate loss element that is estimated for a group of similar customers.
- Financial position of related parties is stable. There were no past due or impaired receivables from related parties.

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

ii. 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.

Management monitors the liquidity risk on a regular basis and ensures that sufficient funds are available to meet the Group's future commitments.

The table below summarizes the contractual maturities of financial liabilities at the end of the reporting period. These amounts are grossed up and undiscounted and include estimated interest payments.

		Contractual cash flow		
Financial Liabilities	**Carrying amount**	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**
31 March 2022				
Loans and borrowings	**2,877,891,969**	**3,323,406,184**	**--**	**--**
Lease liabilities	**3,478,020,622**	**632,273,878**	**2,208,370,028**	**1,258,450,251**
Trade and other payables	**1,418,955,643**	**1,418,955,643**	**--**	**--**
	7,774,868,234	**5,374,635,705**	**2,208,370,028**	**1,258,450,251**
31 March 2021				
Loans and borrowings	3,124,034,811	856,777,047	2,256,806,016	455,965,963
Lease liabilities	3,640,452,253	750,590,042	2,987,737,087	1,101,656,228
Trade and other payables	1,016,348,835	1,016,348,835	--	--
	7,780,835,899	2,623,715,924	5,244,543,103	1,557,622,191

iii. 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 recognized 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 2022**	31 March 2021
EUR	**(65,790,460)**	(22,499,718)
USD	**(40,016,661)**	(33,478,077)
GBP	**(1,094,479)**	(1,024,965)
UAE Dirham	**109,056**	880,749
EGP	**--**	262,542

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

iii. Market risk (continued)

Currency risk (continued)

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2022	2021	**2022**	2021
EUR	**4.43**	4.37	**4.29**	4.40
USD	**3.76**	3.75	**3.76**	3.75
GBP	**5.19**	4.91	**5.12**	5.16
UAE Dirham	**1.03**	1.02	**1.02**	1.02
EGP	**0.24**	0.24	**0.21**	0.24

Sensitivity analysis
The table below shows the non-pegged currencies to which the Group has a significant exposure on its monetary assets and liabilities. The analysis calculates the effect of reasonable possible movement of the currency rate against SR, with all other variables held constant, on the consolidated statement of profit or loss.

		Currency movement vs. Saudi Riyal (SR)			
		31 March 2022		31 March 2021	
Foreign currency	**Change in currency**	**Strengthening**	**Weakening**	Strengthening	Weakening
EUR	+/- 10%	**(27,439,000)**	**27,439,000**	(9,900,000)	9,900,000
GBP	+/- 10%	**(538,000)**	**538,000**	(529,000)	529,000
UAE Dirham	+/- 10%	**11,118**	**(11,118)**	89,836	(89,836)
EGP	+/- 10%	**--**	**--**	6,000	(6,000)
		(27,965,882)	**27,965,882**	(10,333,164)	10,333,164

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

Commission rate risk
It is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and Sukuk amounting to SR 2,878 million at 31 March 2022 (31 March 2021: SR 3,124 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.

	Currency	**Increase / decrease in basis points of commission rates**	**Effect on income for the year**
31 March 2022	SR	**+30**	**(8,670,089)**
	SR	**-30**	**8,670,089**
31 March 2021	SR	+30	(9,372,104)
	SR	-30	9,372,104

All amounts are presented in Saudi Riyals unless otherwise stated.

26. Financial instruments fair values and risk management (continued)

C. Financial risk management (continued)

iii. Capital management risk

The Board's policy is to maintain an efficient capital base as to maintain investor, creditor and market confidence and to sustain future development of its business. The Board of Directors monitor the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are;

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
ii) to provide an adequate return to shareholders

27. Non-controlling interest (NCI)

See accounting policy in Note *6A*.

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

31 March 2022	**Retail Group Azerbaijan LLC**	**Retail Group Armenia CJSC**	**Models Own Holding Limited**	**Food Gate Company***	**Azal Restaurants Company***	**Other non-material subsidiaries**	**Total**
NCI percentage	**15%**	**4%**	**49%**	**30%**	**35%**		
Non-current assets	**82,279,839**	**51,996,878**		**94,161,287**	**56,678,627**	**251,886,959**	**537,003,590**
Current assets	**43,629,244**	**12,383,319**	**(118,266,348)**	**24,697,765**	**18,269,231**	**66,236,836**	**46,950,047**
Non-current liabilities	**(68,154,788)**	**(42,070,226)**	**--**	**(78,031,807)**	**(44,705,204)**	**(134,930,378)**	**(367,892,404)**
Current liabilities	**(13,257,295)**	**(10,730,919)**	**(17,144,230)**	**(75,369,630)**	**(65,982,342)**	**(33,172,583)**	**(215,656,998)**
Net assets	**44,497,000**	**11,579,052**	**(135,410,578)**	**(34,542,385)**	**(35,739,688)**	**150,020,834**	**404,235**
Net assets attributable to NCI	**(11,878,837)**	**289,061**	**(66,351,183)**	**(10,362,715)**	**(12,508,891)**	**(6,266,455)**	**(107,079,020)**
Revenue	**146,391,835**	**143,770,277**	**--**	**(185,063,216)**	**(56,184,300)**	**159,134,281**	**208,048,877**
Profit / (loss)	**18,436,024**	**19,828,633**	**--**	**(17,044,163)**	**(9,300,092)**	**11,328,383**	**23,248,786**
Profit / (loss) allocated to NCI	**2,765,404**	**793,145**	**--**	**(5,113,248)**	**(3,255,032)**	**(1,851,953)**	**(6,661,684)**

31 March 2021	**Retail Group Azerbaijan LLC**	**Retail Group Armenia CJSC**	**Models Own Holding Limited**	**Food Gate Company***	**Azal Restaurants Company***	**Other non-material subsidiaries**	**Total**
NCI percentage	15%	4%	49%	30%	35%		
Non-current assets	92,412,469	12,074,354	--	127,481,635	57,897,888	227,252,349	517,118,695
Current assets	35,678,015	44,890,967	301,413	24,889,458	18,408,268	94,468,635	218,636,756
Non-current liabilities	(74,133,086)	(6,640,264)	--	(71,330,836)	(33,734,511)	(127,201,852)	(313,040,549)
Current liabilities	(9,686,502)	(62,998,364)	(135,711,991)	(97,901,714)	(68,814,464)	(42,507,450)	(417,620,485)
Net assets	44,270,896	(12,673,307)	(135,410,578)	(16,861,457)	(26,242,819)	152,011,682	5,094,417
Net assets attributable to NCI	(14,648,313)	(506,934)	(66,351,183)	(5,058,437)	(9,184,986)	(4,220,247)	(99,970,100)
Revenue	45,609,355	84,352,925	--	141,759,630	45,512,821	158,694,056	475,928,787
Profit / (loss)	(18,288,259)	(8,320,962)	--	(36,302,380)	(11,747,234)	(9,543,792)	(84,202,627)
Profit / (loss) allocated to NCI	(2,743,239)	(332,838)	--	(10,890,714)	(4,111,532)	204,860	(17,873,463)

*These subsidiaries are owned through a wholly owned subsidiary of the Group, Innovative Union Company.

All amounts are presented in Saudi Riyals unless otherwise stated.

28. Right-of-use assets and lease liabilities

See accounting policy in *Note 6T*.

The Group leases stores and warehouses (property leases). The leases typically run for a period of 5 to 10 years, with an option to renew the lease after that date. Information about leases for which the Group is a lessee is presented below.

A. Right-of-use assets

	Note	**31 March 2022**	31 March 2021
Balance at 1 April		**3,401,916,309**	4,058,005,277
Additions		**638,208,799**	444,009,164
Adjustment for termination		**(459,675,007)**	(340,405,120)
Adjustment for reassessment		**260,805,018**	(166,729,289)
Depreciation charge for the year		**(563,629,591)**	(592,963,723)
Forex gain / (loss)		**(1,841,850)**	--
Balance at 31 March		**3,275,783,678**	3,401,916,309

B. Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	Note	**31 March 2022**	31 March 2021
Non-current portion of lease liabilities		**2,845,746,744**	2,837,596,213
Current portion of lease liabilities		**632,273,878**	802,856,040
Balance at 31 March		**3,478,020,622**	3,640,452,253

	Note	**31 March 2022**	31 March 2021
Balance at 1 April		**3,640,452,253**	4,257,952,319
Interest expense		**158,842,830**	208,962,148
Additions		**638,208,799**	444,009,164
Adjustment for termination		**(495,321,728)**	(359,442,630)
Adjustment for re-assessment		**260,805,018**	(160,959,088)
Rental concession	*24E*	**(49,124,068)**	(210,721,557)
Forex (gain) or loss		**(16,778,680)**	19,735,672
Payment of lease liability		**-**	
– principal		**(500,220,972)**	(350,121,627)
– interest		**(158,842,830)**	(208,962,148)
Balance at 31 March		**3,478,020,622**	3,640,452,253

C. Amounts recognized in profit or loss

	Note	**2022**	2021
Depreciation of right-of-use assets	*28A*	**563,629,591**	592,963,723
Interest on lease liabilities	*28B*	**158,842,830**	208,962,148
Expenses relating to short-term / variable rent leases	*24A, B, C*	**50,727,087**	24,099,391

D. Rent concessions

The Group negotiated rent concessions with its landlords for the majority of its retail store leases as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its retail store leases. The amount recognized in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is SR 49 million (2021: SR 210 million).

All amounts are presented in Saudi Riyals unless otherwise stated.

29. Derivative asset

As at 31 March 2022, the Group held Interest Rate Swaps ("IRS") of a notional value of SR 1.1 billion in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items	Hedging instrument	Fair Value	31 Mar 2022	31 Mar 2021
Commission payments on floating rate loan	IRS	Positive	**29,616,914**	--

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the rate underlying a derivative contract may have a significant impact on the income or equity component of the Group.

The Group hold interest rate swaps to cover the variable interest rate exposures on its loans from financial institutions. The interest rate swap arrangement do not meet the qualifying hedging criteria as per IFRS 9 requirement and have therefore been carried at fair value through profit or loss.

30. Commitments

As at the reporting date, the Group is committed to capital expenditures of SR 187 million (2021: SR 255 million) to purchase property and equipment.

31. Contingencies

As at the reporting date, the Group has outstanding contingencies:

Type	Nature	2022	2021
Letter of credits	Purchase of retail trading inventory	**413,457,212**	468,253,215
Letter of guarantees	Bid bonds, contracts advance payments and performance bonds	**516,595,443**	476,054,026

32. Related parties

Related parties comprise 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.

A. Key management personnel compensation

Key management personnel compensation is comprised as follows:

	31 March 2022	31 March 2021
Salaries and short-term benefits	**10,975,639**	13,403,697
Post-employment benefits	**1,358,219**	1,383,453
Board of Directors and board committees' remuneration and compensation	**3,623,750**	3,808,000
Total key management compensation	**15,957,608**	18,595,150

All amounts are presented in Saudi Riyals unless otherwise stated.

32. Related parties (continued)

B. Other related party transactions

Transactions and balances with related parties, in the normal course of business, are summarized below:

Name of related party	Relationship	Nature of transaction	Notes	Transaction values for the year ended 31 March 2022	2021	Balance outstanding at 31 March 2022	2021
Arabian Centres Company	Affiliate	Prepaid rentals		--	--	--	14,146,401
Saudi FAS Holding Company	Parent Company	Transfer of balance due from disposal subsidiary		75,000,000	75,000,000	267,681,080	183,750,983
		Expenses paid on behalf of Company		8,825,525	(526,132)	--	--
Egyptian Centers for Real Estate Development	Affiliate	Rental		5,984,195	6,378,761	--	--
Al Farida Trading Agencies	Equity accounted investees	Services / payment made on behalf of Company		3,793,249	5,123,771	10,468,017	6,341,828
Amwal Al Khaleeja Al Oula		Management services			--	2,271,205	2,271,205
			13	93,602,969	85,976,400	280,420,302	192,364,016
Due from related parties							
Arabian Centers Company	Affiliate	lease payments / rental expense		424,146,097	303,397,543	(235,624,872)	(90,211,773)
Food and Entertainment Co.	Affiliate	Payments made on behalf of Group/ Other receivables		--	15,490,641	(10,521,700)	(14,131,637)
Wonderful Meals Co. ltd.	Affiliate	Purchase of goods		43,819,015	(6,517,505)	(23,544,221)	(16,671,369)
Noura Bint Mohammed	Affiliate	Other		--	50,000	(14,703,592)	(14,703,592)
Hajen Co. ltd.	Affiliate	Printing and advertisement		4,577,100	1,719,302	(350,028)	(820,795)
Due to related parties				472,542,212	314,139,981	(284,744,413)	(136,539,166)

All amounts are presented in Saudi Riyals unless otherwise stated.

33. Standards issued but not yet effective

There are no new standards issued that were effective from 1 April 2021, however, there are number of amendments to the existing standards but they do not have a material effect on the consolidated financial statements of the Group except as detailed in note 6.

A number of new pronouncements are effective for annual years beginning on or after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37)
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of accounting estimate (Amendments to IAS 8)

These amended standards and interpretations are not expected to have a significant impact on the consolidated financial statements.

34. Impact of covid-19

The COVID-19 pandemic, which commenced at the beginning of 2020, has caused significant disruption in the economic and commercial sectors in general at both the global and local levels. The government of the Kingdom of Saudi Arabia has taken stimulus measures and launched initiatives to support the economy to reduce the adverse effects of this pandemic.

As the situation stabilizes, the Company believes that sales will move to normal levels and the profitability will improve in the future.

35. Subsequent events

a) The shareholders of the parent company in their extra-ordinary general meeting held at 29 June 2022 have approved the reduction in the share capital by SAR 952 million (through cancellation of 95.2 million shares of SAR 10 each) to absorb the accumulated losses as at 31 December 2021 amounting to SAR 952 million.

b) On 15 May 2022, there was partial fire outbreak at the Mall of Dahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and 40 out of 64 stores in the mall reopened and resumed normal operating hours on 8 June 2022. Based on the preliminary assessment, the management estimates that 11 out of 64 stores in the mall have been damaged by the fire. The financial impact of the incident on the Group's consolidated financial statements is immaterial taking into consideration the full insurance coverage policy, where the assessment of damage is under discussion with the insurance company.

36. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors for issuance on 30 Dhul Qadah 1443H (29 June 2022).