

**JARIR MARKETING COMPANY**  
**(A Saudi Joint Stock Company)**

INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS  
ENDED JUNE 30, 2016 AND REVIEW REPORT

JARIR MARKETING COMPANY  
(A Saudi Joint Stock Company)  
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2016

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## **INDEPENDENT AUDITORS' REVIEW REPORT**

July 21, 2016

To the Shareholders of Jarir Marketing Company  
(A Saudi Joint Stock Company)

### **Scope of review**

We have reviewed the accompanying interim consolidated balance sheet of Jarir Marketing Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2016 and the interim consolidated statement of income for the three-month and six-month periods ended June 30, 2016, and the interim consolidated statements of cash flows and changes in shareholders' equity for the six-month period then ended and the related notes from (1) to (8) which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### **Review conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in Saudi Arabia.

**PricewaterhouseCoopers**

A handwritten signature in blue ink, appearing to read 'Omar M. Al Sagga', is written over a horizontal line.

By: \_\_\_\_\_

Omar M. Al Sagga  
License Number 369

**JARIR MARKETING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated balance sheet (unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	As at June 30,	
		2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		112,970	45,459
Accounts receivable		96,441	109,683
Inventories		755,024	920,675
Prepayments and other assets		226,049	201,995
Total current assets		<u>1,190,484</u>	<u>1,277,812</u>
<b>Non-current assets</b>			
Available for sale investment		27,951	27,951
Investment properties		28,276	33,968
Property and equipment		1,168,349	1,063,118
Total non-current assets		<u>1,224,576</u>	<u>1,125,037</u>
<b>Total assets</b>		<u>2,415,060</u>	<u>2,402,849</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current portion of bank borrowings and term loans		-	149,584
Liabilities against capital leases		462	462
Accounts payable		662,526	595,669
Accrued expenses and other liabilities		99,100	88,996
Employees' incentives program		10,800	3,260
Deferred revenues		21,910	20,298
Zakat payable		23,325	20,226
Total current liabilities		<u>818,123</u>	<u>878,495</u>
<b>Non-current liabilities</b>			
Liabilities against capital leases		12,012	12,474
Employees' termination benefits		79,227	67,929
Employees' incentives program		19,590	31,164
Deferred revenues		12,886	19,881
Total non-current liabilities		<u>123,715</u>	<u>131,448</u>
<b>Total liabilities</b>		<u>941,838</u>	<u>1,009,943</u>
<b>Shareholders' equity</b>			
Share capital		900,000	900,000
Statutory reserve	3	222,709	180,050
Retained earnings		350,513	312,856
Total shareholders' equity		<u>1,473,222</u>	<u>1,392,906</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,415,060</u>	<u>2,402,849</u>
<b>Commitments and contingencies</b>	7		

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.

**JARIR MARKETING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated statement of income (unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended June 30,		Six-month period ended June 30,	
		2016	2015	2016	2015
Sales		1,390,739	1,405,758	2,808,172	3,315,269
Cost of sales		(1,227,948)	(1,214,384)	(2,430,673)	(2,840,388)
Gross profit		162,791	191,374	377,499	474,881
<b>Operating expenses</b>					
General and administrative		(23,625)	(23,214)	(48,488)	(44,814)
Selling and marketing		(23,076)	(16,458)	(49,240)	(35,251)
Income from operations		116,090	151,702	279,771	394,816
<b>Other income (expenses)</b>					
Other income		15,242	10,691	29,465	21,963
Financial charges		-	(771)	(48)	(1,378)
Income before zakat		131,332	161,622	309,188	415,401
Zakat		(2,781)	(6,761)	(6,563)	(13,521)
<b>Net income for the period</b>		<b>128,551</b>	<b>154,861</b>	<b>302,625</b>	<b>401,880</b>
<b>Earnings per share (Saudi Riyals):</b>					
• Income from operations	4	1.29	1.69	3.11	4.39
• Non-operating income	4	0.17	0.11	0.33	0.23
• Net income for the period	4	1.43	1.72	3.36	4.47

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**JARIR MARKETING COMPANY**  
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**Interim consolidated statement of cash flows (unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Six-month period ended	
		June 30,	
		2016	2015
<b>Cash flow from operating activities</b>			
Net income for the period		302,625	401,880
<u>Adjustments for non-cash items</u>			
Depreciation		24,774	15,302
Reversal of provision for doubtful debts		(44)	(5)
Reversal of inventory provision		1	-
Amortization of deferred revenue		(3,452)	(3,408)
(Gain) loss on sale of property and equipment		(262)	2
Provision for employees' termination benefits		10,029	6,482
Provision for zakat		6,563	13,521
<u>Changes in working capital</u>			
Accounts receivable		56,341	30,941
Inventories		37,566	(103,555)
Prepayments and other assets		(62,200)	(5,364)
Accounts payable		78,895	(16,971)
Accrued expenses and other liabilities		(13,331)	3,377
Deferred revenues		(708)	(785)
Zakat paid		(13,404)	(18,778)
Employees incentive program paid		(3,030)	-
Employees' termination benefits paid		(2,119)	(1,779)
Net cash generated from operating activities		<u>418,244</u>	<u>320,860</u>
<b>Cash flow from investing activities</b>			
Additions to property and equipment		(57,166)	(59,017)
Proceeds from sale of property and equipment		270	1
Net cash utilized in investing activities		<u>(56,896)</u>	<u>(59,016)</u>
<b>Cash flow from financing activities</b>			
Bank borrowings and term loans, net		(25,000)	24,584
Dividends paid	5	(333,000)	(369,000)
Net cash utilized in financing activities		<u>(358,000)</u>	<u>(344,416)</u>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		<u>109,622</u>	<u>128,031</u>
<b>Cash and cash equivalents at end of period</b>		<u>112,970</u>	<u>45,459</u>

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.

**JARIR MARKETING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated statement of changes in shareholders' equity**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Total
<b>January 1, 2016 (audited)</b>		900,000	222,709	380,888	<b>1,503,597</b>
Net income for the period		-	-	302,625	<b>302,625</b>
Dividends	5	-	-	(333,000)	<b>(333,000)</b>
<b>June 30, 2016 (unaudited)</b>		<b>900,000</b>	<b>222,709</b>	<b>350,513</b>	<b>1,473,222</b>
<b>January 1, 2015 (audited)</b>		900,000	139,862	320,164	1,360,026
Net income for the period		-	-	401,880	401,880
Transfer to statutory reserve	3	-	40,188	(40,188)	-
Dividends	5	-	-	(369,000)	(369,000)
<b>June 30, 2015 (unaudited)</b>		<b>900,000</b>	<b>180,050</b>	<b>312,856</b>	<b>1,392,906</b>

The notes on pages 6 to 12 form an integral part of these interim consolidated financial statements.

**JARIR MARKETING COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the six-month period ended June 30, 2016 (unaudited)**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**1. General information**

Jarir Marketing Company (the "Company") is a Saudi joint stock company formed pursuant to the resolution of the Ministry of Commerce and Industry No. 1193 dated Rajab 11, 1421H (corresponding to October 8, 2000) and registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010032264 dated Shaa'ban 18, 1400H (corresponding to July 1, 1980).

The Company's registered office is based in Riyadh. As at June 30, 2016, the Company had 46 showrooms (2015: 42 showrooms) including wholesale outlets in the Kingdom of Saudi Arabia and the other Gulf countries, in addition to real estate investments in the Arab Republic of Egypt through Jarir Egypt Financial Leasing Company SAE.

The objectives of the Company and its subsidiaries include; retail and wholesale trading in office and school supplies, children toys, books, educational aids, office furniture, engineering equipment, computers and computer systems, maintenance of computers, sports and scout equipment and paper. It also includes, purchase of residential and commercial buildings and the acquisition of land to construct buildings for sale or lease for the interest of the Company.

The accompanying interim consolidated financial statements include the accounts of the Company and its following subsidiaries:

Subsidiaries	Country of incorporation	Direct and indirect ownership as at June 30,	
		2016	2015
		%	%
United Company for Office Supplies and Stationeries WLL	Qatar	100	100
Jarir Trading Company LLC	Abu Dhabi	100	100
United Bookstore	Abu Dhabi	100	100
Jarir Bookstore	Kuwait	100	100
Jarir Egypt Financial Leasing Company SAE	Egypt	100	100

Certain ownership interests in the subsidiaries are registered in the name of trustees who have formally assigned their shares to the Company.

These interim consolidated financial statements were authorized for issue by the Company's Board of Directors on July 21, 2016.

**2. Summary of significant accounting policies**

Significant accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

**2.1 Basis of preparation**

The accompanying interim consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of available-for-sale investments to fair value, on the accrual basis of accounting and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants ("SOCPA").

The interim consolidated financial statements have been prepared in accordance with SOCPA's Standard on Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2015.

The interim consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries (the "Group"). A subsidiary is a company in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts a practical control. A subsidiary company is consolidated from the date on which the Group obtains a practical control until the date such control ceases. Significant balances and transactions, including unrealized gains or losses on transactions, between the Group companies have been eliminated in the interim consolidated financial statements.



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The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2015. In the opinion of management, the interim consolidated financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the period presented.

The Group's interim results may not be indicative of its annual results of operations.

## **2.2 Critical accounting estimates and judgments**

The preparation of interim consolidated financial statements in conformity with generally accepted accounting standards requires the use of estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2015.

## **2.3 Accounts receivable**

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the interim consolidated statement of income and reported under "General and administrative expenses". When an accounts receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the interim consolidated statement of income.

## **2.4 Inventories**

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

## **2.5 Investments**

### **a) Available for sale investments**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity are classified as available for sale. Such investments are included in non-current assets unless management has expressed intention of holding the investment for less than twelve months from the balance sheet date, in which case they are included in current assets. After initial recognition, investments purchased neither with the intention of being held to maturity nor for trading purposes are re-measured at fair value as follows:

- (i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and
- (ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. Where fair values cannot be reliably estimated, the Group records such investments at cost.

Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired.

As at June 30, 2016 and 2015, available for sale investments represent investment in a Saudi entity.

### **b) Investment properties**

Properties held to earn rentals or for capital appreciation or both, which are not occupied by the Group are classified as investment properties. Investment properties are recorded at historical cost, net of accumulated depreciation and impairment losses, if any except land and capital work in progress which are recorded at costs and other directly attributable costs. When ready for use, capital work in progress is transferred to investment properties. Historical costs include expenditure that is directly attributable to the acquisition of the assets.

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Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset's carrying amount will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the interim consolidated statement of income during the financial year in which they are incurred. Land is not depreciated. Investment properties are depreciated on a straight line basis over their estimated useful lives of 25 - 33 years.

**2.6 Property and equipment**

Property and equipment are carried at cost less accumulated depreciation except land and capital work in progress which are recorded at cost and other directly attributable costs. When ready for use, capital work in progress is transferred to the appropriate property and equipment category as applicable. Depreciation on property and equipment, other than land and capital work in progress, is charged to the interim consolidated statement of income, using the straight-line method to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	<u>Number of years</u>
Buildings	25 - 33
Machinery and equipment	5 - 13.33
Furniture and fixtures	5 -10
Motor vehicles	4
Computer hardware	5
Leasehold improvements	3

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the interim consolidated statement of income.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the interim consolidated statement of income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**2.7 Impairment**

a) Tangible and intangible assets

Non-current assets other than goodwill, if any, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, if any, is tested for impairment annually. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than goodwill, if any, that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income. Impairment losses on goodwill, if any, are not reversible.

b) Financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. For available for sale investments, impairment is the difference between the carrying amount and fair value, less any impairment loss previously recognized in the interim consolidated statement of income. Impairment losses recognized on equity investments classified as available for sale are not reversible.

**2.8 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

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## **2.9 Zakat**

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision for zakat for the Company is charged to the interim consolidated statement of income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes with non-residents as required under Saudi Arabian income tax law.

Foreign subsidiaries are subject to zakat and income taxes in their respective countries of domicile. Such zakat and income taxes are charged to the interim consolidated statement of income.

## **2.10 Employees' termination benefits**

Employees' termination benefits required by Saudi Labor and Workman Law are accrued by the Group and charged to the interim consolidated statement of income. The liability is calculated; as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

## **2.11 Employees' incentive program**

The Group has established an employees' incentive program (the Program) whereby the Group grants selected employees the right to receive incentive cash compensation at the end of a vesting period if specified conditions are met. The amount of compensation is dependent on the growth in net income as reported in the interim consolidated financial statements of the Group. Incentive compensation accrued under the Program is classified under current and non-current liability and adjustable against payments which will be made upon vesting takes place. Compensation charges are expensed throughout the vesting period. The amount recognized in the interim consolidated balance sheet as Employee's Incentive Program is the present value of the expected future payments as provided by the Program resulting from employees' service in the current and prior periods.

## **2.12 Deferred revenues**

Revenues that will benefit future periods are deferred, while revenues that are not of benefit beyond the current period are credited to the interim consolidated statement of income.

Deferred revenue on rental income received in advance is recognized in the interim consolidated statement of income over the period of lease term.

Gains on sale and lease back assets are deferred and recognized in proportion to the amortization of the leased property except for land in which case any related deferred gains are amortized using the straight-line method over the lease term for capital lease. However, in case the lease is classified as operating lease such deferred gains are amortized using the ratio of related periodic rental charges to total lease payments during the lease term.

## **2.13 Sales**

Sales are recognized upon delivery of products and customer acceptance, if any. Sales are shown net of discounts, if any.

## **2.14 Costs and expenses**

### **2.14.1 Cost of sales**

Represent the cost of revenues incurred during the period which includes the costs of goods sold, direct labor, other overheads and occupancy related to the revenues recognized.

### **2.14.2 Selling and marketing expenses**

Represent expenses resulting from the Company's management efforts with regard to the marketing function or the selling and distribution function. Selling and marketing expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling and marketing expenses and cost of revenues, when required, are made on a consistent basis.

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### **2.14.3 General and administrative expenses**

Represent expenses relating to the administration and not to the revenue earning function or the selling and distribution functions. General and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

### **2.15 Operating and capital leases**

Lease agreements are classified as capital leases if the lease agreement transfers substantially all the risks and rewards incidental to ownership of an asset. The Group accounts for property and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to income applying the straight-line method at the rates applicable to the related assets. Leases other than capital leases are classified as operating leases whereby the expenses and the revenues associated with the operating leases are recognized in the interim consolidated statement of income on a straight-line basis over the terms of the leases.

### **2.16 Foreign currency translation**

The interim consolidated financial statements are presented in Saudi Riyals, which is the Company's functional and Group's presentation currency. Each subsidiary in the Group determines its own functional currency, and as a result, items included in the financial statements of each subsidiary are measured using that functional currency.

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim consolidated statement of income.

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the interim balance sheet date. All differences are taken to the interim consolidated statement of income.

At the consolidation level, financial statements of foreign subsidiaries are translated into the Group's presentation currency using the exchange rate at each balance sheet date for assets and liabilities, and the average exchange rate for each period for revenues and expenses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments, if material, are recorded as a separate component of equity.

## **3. Statutory reserve**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company sets aside 10% of its net income at each year end to a statutory reserve until such reserve equals to one half of its share capital. This reserve is currently not available for distribution to the shareholders of the Company.

## **4. Earnings per share**

Earnings per share has been calculated by dividing income from operations, non-operating income and net income for the periods ended June 30, 2016 and 2015 by 90 million shares.

## **5. Dividends**

Based on a pre-approval of the General Assembly, the Board of Directors in their meeting held on February 3, 2016, and April 18, 2016, resolved to distribute interim cash dividends amounting to Saudi Riyals 175.5 million and Saudi Riyals 157.5 million respectively, which were paid to the shareholders during the six-month period ended June 30, 2016.

Based on a pre-approval of the General Assembly, the Board of Directors in their meeting held on February 4, 2015 and April 16, 2015, resolved to distribute interim cash dividends amounting to Saudi Riyals 166.5 million and Saudi Riyals 202.5 million respectively, which were paid to the shareholders during the six-month period ended June 30, 2015.

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**6. Segment information**

a) Operating segments

The Group has two major operating segments namely, wholesale and retail. The segmental information as of and for the six-month periods ended June 30, was as follows:

	(Saudi Riyals in millions)		
	Retail	Wholesale	Total
<b>2016</b>			
Sales	2,673	135	2,808
Net income	295	8	303
Depreciation	24	1	25
Property and equipment	1,155	13	1,168
Total assets	2,182	233	2,415
Total liabilities	879	63	942
<b>2015</b>			
Sales	3,128	187	3,315
Net income	381	21	402
Financial charges	1	-	1
Depreciation	14	1	15
Property and equipment	1,049	14	1,063
Total assets	2,138	265	2,403
Total liabilities	910	100	1,010

b) Geographical Segments

The Group has two major geographical segments namely, Saudi Arabia and other Gulf countries and Egypt. The Group's activity in different geographic areas as of and for the six-month periods ended June 30, was as follows:

	(Saudi Riyals in millions)		
	Kingdom of Saudi Arabia	Other Gulf Countries and Egypt	Total
<b>2016</b>			
Sales	2,572	236	2,808
Net income	275	28	303
Depreciation	16	9	25
Property and equipment	1,119	49	1,168
Total assets	2,161	254	2,415
Total liabilities	783	159	942
<b>2015</b>			
Sales	3,085	230	3,315
Net income	370	32	402
Financial charges	1	-	1
Depreciation	12	3	15
Property and equipment	1,037	26	1,063
Total assets	2,170	233	2,403
Total liabilities	877	133	1,010

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**7. Commitments and contingencies**

Commitments and contingencies are as follows:

	<b>(Saudi Riyals in millions)</b>	
	<b>2016</b>	<b>2015</b>
Letters of credit	123.1	122.9
Letters of guarantee	8.9	8.2

**8. Comparative figures**

Certain reclassifications have been made to the 2015 interim consolidated financial statements to conform with the current period presentation.