Saudi Research and Marketing Group
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2017

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2017

INDEX	**PAGE**

Building a better working world

Ernst & Young & Co. (Public Accountants)
Al Faisaliah Office Tower
PO Box 2732
King Fahad Road
Riyadh 11461
Saudi Arabia
Registration Number: 45

Tel: +966 11 273 4740
Fax: +966 11 273 4730

www.ey.com

Independent auditors' review report on the interim condensed consolidated financial statements to the shareholders of Saudi Research and Marketing Group (A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Research and Marketing Group (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 March 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standard 1, "First-time adoption of International Financial Reporting Standards" ("IFRS 1") that are endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

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

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and IFRS 1 that are endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Waleed G. Tawfiq
Certified Public Accountant
Registration No. (437)

ERNST & YOUNG
PROFESSIONAL LICENCE No. 45

Riyadh: 14 Sha`aban 1438H
(10 May 2017)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the three month period ended 31 March 2017

	Notes	31 March 2017 SR	31 March 2016 (note 5) SR
Continuing operations			
Sale of goods		**229,351,936**	237,610,479
Rendering of services		**163,350,097**	90,388,383
Revenue		**392,702,033**	327,998,862
Cost of sales		**(279,924,731)**	(261,970,232)
Gross profit		**112,777,302**	66,028,630
Selling and marketing expenses		**(24,171,717)**	(28,620,334)
General and administrative expenses		**(62,211,590)**	(73,019,593)
Operating profit (loss)		**26,393,995**	(35,611,297)
Finance costs		**(12,814,444)**	(12,650,923)
Gain from disposal of building	6	**-**	94,876,877
Reversal of building sale cancelation provision	6	**-**	67,605,475
Other income, net		**1,870,801**	6,802,140
Income before zakat and income tax from continuing operations		**15,450,352**	121,022,272
Zakat and income tax	7	**(3,878,997)**	(8,607,462)
Income for the period from continuing operations		**11,571,355**	112,414,810
Discontinued operations			
Income (loss) from investment in discontinued subsidiaries	8	**1,719,359**	(89,554,563)
Income for the period		**13,290,714**	22,860,247
Attributable to:			
Equity holders of the parent		**18,041,691**	21,722,462
Non-controlling interests		**(4,750,977)**	1,137,785
		13,290,714	22,860,247
Earnings per ordinary share			
Basic and diluted, earnings for the period attributable to ordinary equity holders of the parent	9	**0.23**	0.27
Earnings per ordinary share for continuing operations			
Basic and diluted, earnings for the period attributable to ordinary equity holders of the parent	9	**0.20**	1.40

The attached notes 1 to 25 form part an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three month period ended 31 March 2017

	31 March 2017 SR	31 March 2016 (note 5) SR
Income for the period	**13,290,714**	22,860,247
Other comprehensive income		
Other comprehensive income to be reclassified to income in subsequent periods:		
Exchange differences on translation of foreign operations	**496,943**	4,437,935
Net changes in fair value of cash flow hedges	**124,377**	577,338
Net other comprehensive income to be reclassified to income in subsequent periods	**621,320**	5,015,273
Other comprehensive loss not to be reclassified to income in subsequent periods:		
Re-measurement loss on employees' defined benefit obligations	**(1,837,847)**	(2,724,102)
Net other comprehensive loss not to be reclassified to income in subsequent periods	**(1,837,847)**	(2,724,102)
Other comprehensive (loss) income for the period	**(1,216,527)**	2,291,171
Total comprehensive income for the period	**12,074,187**	25,151,418
Attributable to:		
Equity holders of the parent	**16,994,769**	23,874,395
Non-controlling interests	**(4,920,582)**	1,277,023
	12,074,187	25,151,418

The attached notes 1 to 25 form part an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	31 March 2017 SR	31 December 2016 (note 5) SR	1 January 2016 (note 5) SR
Assets				
Non-current assets				
Property, machinery and equipment	11	**1,073,353,471**	1,082,866,796	1,112,365,387
Investment properties	12	**31,579,708**	32,420,436	13,030,238
Intangible assets	13	**715,506,786**	716,023,547	799,467,904
Available for sale financial assets		**1,000,000**	1,000,000	-
		1,821,439,965	1,832,310,779	1,924,863,529
Current assets				
Inventories	15	**188,185,381**	200,994,465	244,453,241
Trade receivables		**443,123,992**	380,560,290	472,818,637
Prepayments and other receivables		**114,547,684**	126,246,213	67,079,284
Cash and cash equivalents	16	**277,802,053**	369,728,617	347,575,413
		1,023,659,110	1,077,529,585	1,131,926,575
Assets from discontinued operations	8	**17,692,277**	19,809,029	-
		1,041,351,387	1,097,338,614	1,131,926,575
Total assets		**2,862,791,352**	2,929,649,393	3,056,790,104
Equity and Liabilities				
Equity				
Share capital	17	**800,000,000**	800,000,000	800,000,000
Statutory reserve	18	**203,777,609**	203,777,609	203,777,609
Contractual reserve	19	**67,547,177**	67,547,177	67,547,177
Accumulated losses		**(143,509,927)**	(159,905,126)	(96,209,157)
Other components of equity		**(20,248,054)**	(20,847,624)	(14,193,983)
Equity attributable to equity holders of the parent		**907,566,805**	890,572,036	960,921,646
Non-controlling interests		**262,270,460**	267,191,042	276,598,862
Total equity		**1,169,837,265**	1,157,763,078	1,237,520,508
Non-current liabilities				
Murabaha financing and term loans		**475,929,847**	499,624,720	613,627,352
Customers' deposits		**16,333,871**	16,454,579	16,670,031
Deferred government grant	20	**8,361,425**	8,361,425	8,361,425
Net employees' defined benefit obligations	21	**123,920,581**	127,515,999	117,741,522
		624,545,724	651,956,723	756,400,330
Current liabilities				
Trade and notes payables		**179,605,812**	163,403,113	193,879,774
Accrued expenses and other liabilities		**230,333,438**	267,699,371	329,075,138
Murabaha financing and short term loans		**439,049,262**	480,621,767	379,551,434
Current portion of Murabaha financing and term loans		**155,135,577**	147,311,298	126,405,640
Dividends payable		**2,113,542**	2,113,542	2,115,310
Zakat and income tax provision	7	**33,958,185**	30,585,047	31,841,970
		1,040,195,816	1,091,734,138	1,062,869,266
Liabilities from discontinued operations	8	**28,212,547**	28,195,454	-
		1,068,408,363	1,119,929,592	1,062,869,266
Total liabilities		**1,692,954,087**	1,771,886,315	1,819,269,596
Total equity and liabilities		**2,862,791,352**	2,929,649,393	3,056,790,104

The attached notes 1 to 25 form part an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three month period ended 31 March 2017

	Attributable to equity holders of the parent								
					Other components of equity				
	Share capital SR	Statutory reserve SR	Contractual reserve SR	Accumulated losses SR	Foreign currency translation reserve SR	Cash flow hedges reserve SR	Total SR	Non-controlling interests SR	Total equity SR
As at 1 January 2017	800,000,000	203,777,609	67,547,177	(159,905,126)	(20,412,286)	(435,338)	890,572,036	267,191,042	1,157,763,078
Income (loss) for the period	-	-	-	18,041,691	-	-	18,041,691	(4,750,977)	13,290,714
Other comprehensive income (loss)	-	-	-	(1,646,492)	512,506	87,064	(1,046,922)	(169,605)	(1,216,527)
Total comprehensive income (loss)	-	-	-	16,395,199	512,506	87,064	16,994,769	(4,920,582)	12,074,187
At 31 March 2017	**800,000,000**	**203,777,609**	**67,547,177**	**(143,509,927)**	**(19,899,780)**	**(348,274)**	**907,566,805**	**262,270,460**	**1,169,837,265**

	Attributable to equity holders of the parent								
					Other components of equity				
	Share capital SR	Statutory reserve SR	Contractual reserve SR	Accumulated losses SR	Foreign currency translation reserve SR	Cash flow hedges reserve SR	Total SR	Non-controlling interests SR	Total equity SR
As at 1 January 2016	800,000,000	203,777,609	67,547,177	(96,209,157)	(9,576,341)	(4,617,642)	960,921,646	276,598,862	1,237,520,508
Income for the period	-	-	-	21,722,462	-	-	21,722,462	1,137,785	22,860,247
Other comprehensive income (loss)	-	-	-	(2,858,145)	4,470,205	539,873	2,151,933	139,238	2,291,171
Total comprehensive income	-	-	-	18,864,317	4,470,205	539,873	23,874,395	1,277,023	25,151,418
At 31 March 2016	800,000,000	203,777,609	67,547,177	(77,344,840)	(5,106,136)	(4,077,769)	984,796,041	277,875,885	1,262,671,926

The attached notes 1 to 25 form part an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2017

	Notes	31 March 2017 SR	31 March 2016 SR
OPERATING ACTIVITIES			
Income before zakat and income tax from continuing operations		**15,450,352**	121,022,272
Income (loss) before zakat and income tax for the period from discontinued operations		**1,719,359**	(89,554,563)
Income before zakat and income tax		**17,169,711**	31,467,709
Adjustments to reconcile income before zakat and income tax to net cash flows :			
Depreciation and amortization		**22,190,200**	22,233,760
Gains on disposal of property, machinery and equipment		**-**	(94,876,877)
Allowance for doubtful debts		**5,195,094**	7,175,226
Provision (reversal) for slow moving inventories		**602,217**	(363,955)
Reversal of provision on building sale cancelation	6	**-**	(67,605,475)
Employees' defined benefit obligations		**3,714,612**	7,102,450
		48,871,834	(94,867,162)
Working capital adjustments:			
Trade receivables		**(67,758,796)**	13,042,359
Inventories		**12,206,867**	22,519,039
Prepayments and other receivables		**11,698,529**	(17,257,570)
Change in net assets of discontinued subsidiaries	8	**2,133,845**	89,554,563
Trade and notes payable		**16,202,699**	(8,382,373)
Accrued expenses and other liabilities		**(37,262,332)**	18,349,748
Customers' deposits		**(120,708)**	(25,016)
		(14,028,062)	22,933,588
Zakat and income tax paid	7	**(505,859)**	(399,811)
Employees' defined benefit obligations paid		**(9,147,877)**	(4,298,181)
Net cash flows (used in) from operating activities		**(23,681,798)**	18,235,596
INVESTING ACTIVITIES			
Purchase of property, machinery and equipment		**(11,639,295)**	(19,532,779)
Disposal (addition) of intangible assets		**340,685**	(57,493)
Net cash flows used in investing activities		**(11,298,610)**	(19,590,272)
FINANCING ACTIVITIES			
Murabaha financing and term loans		**(57,443,099)**	(71,884,167)
Net cash flows used in financing activities		**(57,443,099)**	(71,884,167)
Net decrease in cash and cash equivalents		**(92,423,507)**	(73,238,843)
Net foreign exchange difference		**496,943**	4,437,935
Cash and cash equivalents balances at the beginning of the period		**346,703,072**	320,635,056
Change in restricted cash		**(373,559)**	(13,024)
Cash and cash equivalents at the end of the period	16	**254,402,949**	251,821,124
Significant non-cash transactions:			
Transferred from property, machinery and equipment to investment properties		**299,472**	(17,359,761)
Net changes in fair value of cash flow hedges		**124,377**	577,338
Re-measurement loss on employees' defined benefit obligations		**(1,837,847)**	(2,724,102)

The attached notes 1 to 25 form part an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Saudi Research and Marketing Group (the "Company", or "Parent Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010087772 dated 29 Rabi Al-Awal 1421H (corresponding to 1 July 2000), and it has a branch in Jeddah registered under sub Commercial Registration number 1010087772/001. The Company's head office address is Al-Moutamarat District, Makkah Road, P.O. Box 53108, Riyadh 11583, Kingdom of Saudi Arabia.

The Company and its subsidiaries (collectively the "Group") are engaged in trading, marketing, advertising, promotions, distribution, printing and publishing, public relations and operates mainly in the Middle East, Europe and North Africa. Please refer to note 10 for principal activities of the Group.

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2017 (corresponding to 14 Sha'aban 1438H).

The interim condensed consolidated financial statements reflect the financial position and results of operations of the Company and its subsidiaries as listed below:

		Direct and indirect ownership (%)		
Subsidiaries	*Country of incorporation*	31 March 2017	31 December 2016	1 January 2016
Intellectual Holding Company for Advertisement and Publicity- LLC (a)	Kingdom Saudi Arabia	**100**	100	100
Scientific Works Holding Company- LLC (a)	Kingdom Saudi Arabia	**100**	100	100
Numu Media Holding Company and its subsidiaries (c)	Kingdom Saudi Arabia	**100**	100	100
Saudi Printing & Packaging Company- Joint Stock and its subsidiaries (d)	Kingdom Saudi Arabia	**70**	70	70

(a) The below listed subsidiaries are wholly owned by Intellectual Holding Company for advertisement and publicity and Scientific Works Holding Company:

Subsidiary	Country of incorporation
Saudi Research & Publishing Company and its subsidiaries (b)	Kingdom of Saudi Arabia
Saudi Distribution Company and its subsidiaries (e) *	Kingdom of Saudi Arabia
Arab Media Company	Kingdom of Saudi Arabia
Al-Khaleejiah Advertisement and Public Relations Company	Kingdom of Saudi Arabia
Al-Ofoq Management Information System and Communication Company	Kingdom of Saudi Arabia
Seen Visual media Company (formerly known as "Numu Multimedia Company")	Kingdom of Saudi Arabia
Tawq Researching Company (formerly known as "Numu Researching Company")	Kingdom of Saudi Arabia
Nasheron InternationalCompany for Publishing and Distribution (formerly known as "Numu Nashr Publishing Company")	Kingdom of Saudi Arabia
Tawq Public Relations Company Limited (f)	Kingdom of Saudi Arabia
Tkanh Public Relations Company Limited (f)	Kingdom of Saudi Arabia

(*) Saudi Distribution Company owns 90% in the share capital of Emirates' Printing and Publishing Company LTD, which is registered in United Arab Emirates.

1 CORPORATE INFORMATION (continued)

(b) Saudi Research and Publishing Company owns 100% shares in foreign subsidiaries located in the United Kingdom and Morocco.

(c) Effective from the first quarter of 2016, the Company has discontinued the consolidation of the financial statements of a subsidiary of Numu Media Holding Company as disclosed in (note 8) to these interim condensed consolidated financial statements.

(d) Saudi Printing and Packaging Company owns Hala Printing Company, Al Madina Al Munawara Printing & Publishing Company, Future Industrial Investment Company, and Emirates National Factory for Plastic Industries LLC (ENPI) and its subsidiaries.

(e) Saudi Distribution Company owns 100% of the share capital of Kuwait Group for Distribution and Publishing Company, a company registered in Kuwait. The company treated as available-for-sale investment at cost rather than a subsidiary due to an administrative dispute that resulted in lack of necessary financial information. During the last quarter of 2010, the Group settled this dispute and has appointed a financial consultant to review the financial operations during the period of the administrative dispute, and at the preparation date of these consolidated financial statements, the review has not yet been completed. Accordingly, the results of Kuwait Group for Distribution and Publishing Company have not been recorded. Management has provided a full provision for the investment value and any balances with the Group during prior years. The management doesn't believe that this investment would have any significant financial impact on the interim condensed consolidated financial statements.

(f) Intellectual Holding Company for Advertisement and Publicity and Scientific Works Holding Company, have equally established during 2016 Tawq Public Relations Company Limited and Tkanh Public Relations Company Limited which are engaged in providing international and local public relation services, studies, research and marketing. Tawq Public Relations Company Limited has commenced its operations during the year 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. These are also the Group's first interim condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for part of the period covered by the first annual financial statements prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), and accordingly International Financial Reporting Standard, "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") as endorsed in KSA has been applied. Refer to note 5 for information on the first time adoption of IFRS as endorsed in the Kingdom of Saudi Arabia, by the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements to be prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the SOCPA, which would be produced for the year ending 31 December 2017.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for assets and liabilities from discontinued operations, derivatives financial instruments and available-for-sale (AFS) financial assets that have been measured at fair value.

The interim condensed consolidated financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Group, and all values are stated in full, except when otherwise indicated.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries set out in note 1, for the three months period ended 31 March 2017.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the investee.

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

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Income and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction, if the Group losses control over a subsidiary.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, if applicable, are expensed as incurred and included in the general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 (Financial Instruments: Recognition and Measurement), is measured at fair value with the changes in fair value recognised in the interim condensed consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Current versus non-current classification

The Group presents assets and liabilities in the interim condensed consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures financial instruments such as derivatives (Cash flow hedges) at fair value at each balance sheet date.

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 principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when all the following conditions are met:

- the significant risks and rewards of ownership of goods have been transferred to the buyer
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the sale will flow to the Group and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Revenues is shown net of all discounts and rebates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rendering of services

Revenue from subscriptions services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the interim condensed consolidated statement of income due to its operating nature.

Government grant

Government grants are recognised at fair value when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

Government grants relating to income are deferred and recognised in the interim condensed consolidated statement of income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred government grants and are credited to the interim condensed consolidated statement of income on a straight– line basis over the expected useful lives of the related assets.

Cost of sales

Cost of sales represents the expenses directly related to the manufacture, production and generation of products resulting in revenue flowing into the Group, including but not limited to materials and supplies, utilities and other associated direct costs.

Operating income

Operating income is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating income excludes net finance costs, share of profit of equity accounted investees and zakat and income tax.

Selling and marketing expenses

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Group's products and include other sales related overheads. All other expenses are classified as general and administrative expenses.

General and administrative expenses

General and administrative expenses comprise of direct and indirect costs not attributable to cost of revenue. Allocation between general and administrative expenses and cost of revenue, when required, must be performed on a consistent basis. These expenses mainly include employees' costs and other benefits, remuneration and allowances of the board's members, maintenance fees, rent and travel expenses, insurance, professional fees and others.

Zakat and income tax

The Company and its subsidiaries are subject to the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat provision is calculated based on the consolidated zakat base of Saudi Research and Marketing Group and its directly or indirectly fully owned subsidiaries. The estimated zakat provision is allocated between the Company and its subsidiaries. Any differences between the provision and the final assessment is recorded when the final assessment is approved. For foreign subsidiaries, a provision is made for tax liabilities, if any, in accordance with the tax regulations applicable in the countries in which such companies operate. The provision for zakat and income tax is charged to the interim condensed consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Withholding Tax

The Group withholds tax on certain transactions with non- resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Arabian Tax Law.

Earnings per share

Basic and diluted earnings per share is calculated by dividing:

- the profit attributable to the shareholders' of the Group, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial period.

The Group has not issued any potential ordinary shares; therefore, the basic and diluted earnings per share are the same.

Foreign currencies

The Group's interim condensed consolidated financial statements are presented in Saudi Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is re-classified to income reflects the amount that arises from using this method.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in income. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(ii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and
- all resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Discontinued operations

A disposal group qualifies as discontinued operation, if it is a component of an entity that either has been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as income after zakat and income tax from discontinued operations in the interim condensed consolidated statement of statement of income as per IFRS 5. Additional disclosures are provided in note 8.

Dividends

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group.

As per the companies' laws of Saudi Arabia, final dividends are recognised as a liability at the time of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors. A corresponding amount is recognised directly in equity.

Property, machinery and equipment

Property, machinery and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the machinery and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, machinery or equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the machinery and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the interim condensed consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Freehold land is not depreciated.

Depreciation is charged to the interim condensed consolidated statement of income, using the straight-line method over the following estimated economic useful lives:

Machinery and printing equipment	10 to 20 years	Vehicles	2 to 6.67 years
Buildings	20 to 50 years	Leasehold improvements	4 to 10 years or period of lease which is shorter
Furniture and fixtures	4 to 13.3 years	Computers	4 to 10 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to income during the reporting period in which they are incurred. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or production output are charged to income as and when incurred.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. 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.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, machinery and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income. Borrowing costs related to qualifying assets are capitalised as part of the cost of the qualified assets until the assets are ready for its intended use by management.

Assets constructed on leased land

Properties constructed on leased land, are carried at the historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to construction of the property. Depreciation is charged to the interim condensed consolidated statement of income, and is calculated using on a straight-line basis using the shorter of the useful life of the assets or the lease term, whichever is lower. The lease term is “the non-cancellable period” for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option”.

Critical Spare parts

Spare parts and stand-by equipment qualify as property, machinery and equipment when an entity expects to use them during more than one accounting period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, machinery and equipment, they are accounted for as property, machinery and equipment. Depreciation of such spare parts should commence immediately on date of purchase using the straight-line method to allocate the costs less their residual values over the lesser of its useful life, and the remaining expected useful life of the ‘mother’ equipment to which it is associated.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Group as a lessee

Leases are classified as finance leases whenever the lease transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee.

Finance leases are capitalised on the lease’s commencement date at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

All other leases are classified as operating leases. Payments made under operating leases are charged to f income on a straight-line basis over the term of the operating lease.

A property interest that is held by the Group under an operating lease may be classified and accounted for as an investment property when the property otherwise meets the definition of an investment property, evaluated property by property, and based on management’s intention. The initial cost of a property interest held under a lease and classified as an investment properties is determined at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties comprise completed property and property under construction or re-development held to earn rentals or for capital appreciation or both rather than for use or sale in the ordinary course of business, and/or for undetermined use. Property held under a lease is classified as investment properties when the definition of investment properties is met and it is accounted for as a finance lease.

Investment properties are measured initially at cost including transaction costs. Transaction costs include professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. The cost of other properties is depreciated using the straight-line method to allocate the costs less their residual values over the estimated economic useful lives and charged to the interim condensed consolidated statement of income.

Investment properties are derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in the interim condensed consolidated statement of incoem in the period of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, machinery and equipment up to the date of change in use.

Expenditure for repair and maintenance are charged to income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Intangible assets

Mastheads

Mastheads represent the recorded value of the mastheads of the newspapers and magazines published by the Group. The Group, has assessed it’s mastheads as having an indefinite useful life and they are therefore not amortised.

The Group reviews the useful life of the mastheads annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from “indefinite” to “finite” is made on a prospective basis. Further, the Group assesses on an annual basis the recorded value of the mastheads to determine whether there is objective evidence that they have suffered any impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine that the book value of the mastheads is recoverable. Impairment loss is recognised in the interim condensed consolidated statement of income when the carrying value of the mastheads exceeds its recoverable amount.

Publishing rights and books development project

Publishing rights include all necessary costs incurred in acquiring the publishing rights, and are amortised over the contractual life using the straight-line method or the contracted number of books to be published. Amortisation is calculated upon release of the first edition of the book.

Media content project, websites and computer programs

Websites and computer programs are amortised on a straight-line method over a period of two to five years. For the media content projects, the amortisation is calculated and recognised effectively from the start of the project.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, at fair value plus, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost less impairment. The losses arising from impairment are recognised in the interim condensed consolidated statement of income in cost of sales or other operating expenses for receivables.

Available for Sale ("AFS") financial assets

AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the interim condensed consolidated statement of income in finance costs.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to income over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the interim condensed statement of income.

AFS financial assets whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's interim condensed consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and default or delinquency in payments.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings and Murabaha financing

Borrowings and Murabaha financing are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings and Murabaha financing are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in income over the period of the borrowings using the Effective Interest Rate ("EIR") method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings and Murabaha financing are removed from the interim statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the interim condensed consolidated statement of income as other income or finance costs.

Borrowings and Murabaha financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General, specific borrowing and murabaha financing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred in the interim condensed consolidated statement of income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Borrowings and Murabaha financing (continued)
Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the interim condensed consolidated statement of income.

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the interim condensed consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in income within other income or other expenses.

Amounts accumulated in equity are reclassified to income in the periods when the hedged item affects income. The gain or loss relating to the effective portion is recognised in income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in income as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to income.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on the weighted average basis. Net realisable value is based on estimated selling price in the ordinary course of the business, less any further costs expected to be incurred on completion and disposal. An appropriate provision is made for obsolete and slow moving inventories, if required.

Finished goods

Finished goods are measured at the lower of cost and net realisable value. Cost of finished goods is determined by using the weighted-average method.
Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

Work-in-process

Work in progress is measured at the lower of cost and net realisable value. The cost of work-in-process is determined using unit cost of production for the period based on percentage of completion at the applicable stage and includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale.

Spare parts

Spare parts inventory are valued at lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

Spare parts inventories represent spare parts that do not qualify to be critical spare parts.

Raw materials and books

Raw materials and books are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make sale. An appropriate provision is made for obsolete and slow moving inventories, if required.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets(continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Impairment losses of continuing operations are recognised in the interim condensed consolidated statement of income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the interim condensed consolidated statement of income.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Trade receivables

Trade receivables are stated at the original invoice amount less allowance for any uncollectible amounts. An estimate for impairment is made when the collection of the full amount is no longer probable. Bad debts are written off as incurred.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets.

The carrying amount of trade receivables is tested for impairment in accordance with the policy described in note 3.

Cash and cash equivalents

Cash and cash equivalents in the interim condensed consolidated statement of financial position comprise cash at banks and on hand and short-term deposits as highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' defined benefit obligations

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at 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.

Post-employment obligation

Defined benefit plans

The Group primarily has end of service benefits which qualify as defined benefit plans.

Defined benefit obligation ("DBO") is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of income.

DBO costs for interim periods are calculated on a year-to-date basis using the actuarially determined pension cost rate at the end of the prior year, adjusted for significant market fluctuations and for any significant one-off events, such as plan amendments, curtailments and settlements. In the absence of such significant market fluctuations and one-off events, the actuarial liabilities are rolled forward based on the assumptions as at the beginning of the year. If there are significant changes to the assumptions or arrangements during the interim period, consideration is given to re-measure such liabilities.

In certain countries, the post-employment benefits plans may be unfunded. Valuations of the obligations under these plans are carried out by independent actuaries based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the consolidated statement of income 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 OCI.

In the Kingdom of Saudi Arabia, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Group policy. In other countries, the respective labor laws are taken into consideration.

Trade, notes payables and accruals

These amounts represent liabilities for goods and services provided by the Group prior to the end of the financial period which are unpaid. The amounts are unsecured. Trade and notes payable are presented as current liabilities unless payments is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has:

- a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation in the future; and
- the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

Contingencies

Contingent liabilities are not recognised in the interim condensed consolidated financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the interim condensed consolidated financial statements, but are disclosed when an inflow of economic benefits is probable.

3 SIGNIFICANT ACCOUNGTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgements:

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the interim condensed consolidated financial statements:

Discontinued operations

During the year ended 31 December 2016, management decided to discontinue the operations of Numu Elmiah Company (a subsidiary company) and has been in the process of studying available alternatives for the subsidiary's future. Accordingly, the operations of the subsidiary have been classified as a disposal assets/liabilities from discontinued operations.

Estimation uncertainty and assumptions

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 adjustment to the carrying amounts of assets and liabilities within the financial year include:

3 SIGNIFICANT ACCOUNGTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Useful life of mastheads
The Group reviews the useful life of the mastheads annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from "indefinite" to "finite" is made on a prospective basis. Management determined that the useful life of mastheads to continue being indefinite.

Impairment of trade receivables
The Group reviews its trade receivables at each reporting date to assess whether an allowance for doubtful debts should be recorded in the interim condensed consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Critical estimates are made by the management in determining the recoverable amount of impaired receivables.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Revenue recognition
The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or rendering of services, in order to determine if it is acting as a principal or as an agent.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the group's role in a transaction is that of a principal, revenue comprises amount billed to the customer/agent, after trade discounts.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit 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 of the asset. The value in use calculation is based on Discounted Cash flow model (DCF). 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 asset's 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 cash-inflows and the growth rate used for extrapolation purposes.

These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Fair values of assets and liabilities, including intangibles
Considerable judgement by management is required in the estimation of the fair value of the assets including intangibles with definite and indefinite useful life, liabilities and contingent liabilities acquired as a result of business combination.

3 SIGNIFICANT ACCOUNGTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value measurement of financial instruments

Where the fair value of financial assets recorded in the interim condensed consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Employees' defined benefit obligations

The cost of end of service benefit plans and the present value of end of service benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

Further details about pension obligations are provided in note 21.

Contingent liabilities

As disclosed in note 22 to these interim condensed consolidated financial statements, the Group is exposed to various contingent liabilities in the normal course of business. Management evaluates the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the managements' evaluation, a present obligation has been established.

Economic useful lives of property, machinery, equipment and intangibles

The Group periodically reviews estimated useful lives and the depreciation/amortisation method to ensure that the method and period of depreciation/amortisation are consistent with the expected pattern of economic benefits from these assets.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. In 2017, the Group plans to perform an impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement

The Group does not expect a significant impact on its consolidated statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on its equity due to unsecured nature receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

The Group is not able to estimate the effect of the new standard on the Group’s interim condensed consolidated financial statements. The Group will make more detailed assessments of the effect during 2017.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

The Group plans to adopt the new standard on the required effective date. The Group is currently assessing the impact of the application of this standard on the consolidated financial statements.

5 FIRST TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 December 2016, the Group prepared and published its audited consolidated financial statements only in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia ("SOCPA GAAP"). These are the Group's first interim condensed consolidated financial statements in accordance with IAS 34, "Interim Financial Reporting" and IFRS 1, "First-time Adoption of International Financial Reporting Standards" that are endorsed in the Kingdom of Saudi Arabia.

Accordingly, the Group has prepared consolidated financial statements, which comply with IFRS as endorsed in the Kingdom of Saudi Arabia applicable for periods beginning on or before 1 January 2017, together with the comparative period data. In preparing the accompanying interim condensed consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2016 after incorporating certain adjustments made as required due to the first time adoption of IFRS as endorsed in the Kingdom of Saudi Arabia. In preparing its opening statement of financial position as at 1 January 2016 in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia, the consolidated financial statements for the year ended 31 December 2016 and the interim consolidated financial statements for the three month period ended 31 March 2016, the Group has analysed the impact and noted following adjustments are required to the amounts reported previously in the consolidated financial statements prepared in accordance with SOCPA GAAP.

Exemptions applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

a) IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS that occurred before 1 January 2016. Use of this exemption means that SOCPA GAAP carrying amounts of assets and liabilities, which are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

b) Freehold land and buildings, other than investment property, were carried in the consolidated statement of financial position prepared in accordance with SOCPA on the basis of their carrying value as at 1 January 2016. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

c) IFRS 1 also requires that the SOCPA carrying amount of goodwill must be used in the opening IFRS consolidated statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2016.

d) The Group has applied the transitional provisions in IFRIC 4 -"Determining whether an Arrangement Contains a Lease "and has assessed all arrangements based upon the conditions in place as at the date of transition to determine if they contain lease.

Estimates

The estimates at 1 January 2016, at 31 March 2016 and 31 December 2016 are consistent with those made for the same dates in accordance with SOCPA GAAP (after adjustments to reflect any differences in accounting policies) apart from employees' defined benefit obligations, where application of SOCPA GAAP did not require actuarial estimation. The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2016, the date of transition to IFRS and as at 31 December 2016.

5 FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of interim condensed consolidated statement of income for the three month period ended 31 March 2016

	Notes	SOCPA GAAP for the three month period ended 31 March 2016 SR	Adjustments SR	IFRS for the three month period ended 31 March 2016 SR
Continuing operations				
Sale of goods		237,610,479	-	237,610,479
Rendering of services		90,388,383	-	90,388,383
Revenue		327,998,862	-	327,998,862
Cost of sales	**A,B**	(261,917,096)	(53,136)	(261,970,232)
Gross profit		66,081,766	(53,136)	66,028,630
Selling and marketing expenses		(28,620,334)	-	(28,620,334)
General and administrative expenses		(73,019,593)	-	(73,019,593)
Operating loss		(35,558,161)	(53,136)	(35,611,297)
Finance costs		(12,650,923)	-	(12,650,923)
Gain from disposal of building		94,876,877	-	94,876,877
Reversal of building sale cancelation provision		67,605,475	-	67,605,475
Other income, net		6,802,140	-	6,802,140
Income before zakat and income tax from continuing operations		121,075,408	(53,136)	121,022,272
Zakat and income tax		(8,607,462)	-	(8,607,462)
Income for the period from continuing operations		112,467,946	(53,136)	112,414,810
Discontinued operation				
Loss from investment in discontinued subsidiaries		(89,554,563)	-	(89,554,563)
Income for the period		22,913,383	(53,136)	22,860,247
Attributable to:				
Equity holders of the parent		21,757,960	(35,498)	21,722,462
Non-controlling interest		1,155,423	(17,638)	1,137,785
Other comprehensive income				
Other comprehensive income to be reclassified to income in subsequent periods:				
Exchange differences on translation of foreign operations		4,437,935	-	4,437,935
Net changes in fair value of cash flow hedges		577,338	-	577,338
Net other comprehensive income to be reclassified to income in subsequent periods		5,015,273	-	5,015,273
Other comprehensive loss not to be reclassified to income in subsequent period:				
Re-measurement loss on employees' defined benefit obligations	**D**	-	(2,724,102)	(2,724,102)
Other comprehensive income for the period		5,015,273	(2,724,102)	2,291,171
Total comprehensive income for the period		27,928,656	(2,777,238)	25,151,418
Attributable to:				
Equity holders of the parent company		26,785,676	(2,911,281)	23,874,395
Non-controlling interest		1,142,980	134,043	1,277,023

5 FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of interim condensed consolidated statement of income for the year ended 31 December 2016

	Notes	SOCPA GAAP for the year ended 31 December 2016 SR	Adjustments SR	IFRS for the year ended 31 December 2016 SR
Continuing operations				
Sale of goods		1,005,393,823	-	1,005,393,823
Rendering of services		441,067,348	-	441,067,348
Revenue		1,446,461,171	-	1,446,461,171
Cost of sales	A,B	(1,086,579,769)	1,433,487	(1,085,146,282)
Gross profit		359,881,402	1,433,487	361,314,889
Selling and marketing expenses		(105,226,006)	-	(105,226,006)
General and administrative expenses		(323,188,754)	-	(323,188,754)
Impairment of property, machinery, and equipment		1,348,144	-	1,348,144
Impairment losses of intangible assets		(30,573,650)	-	(30,573,650)
Operating loss		(97,758,864)	1,433,487	(96,325,377)
Finance costs		(50,260,809)	-	(50,260,809)
Gain from disposal of building		94,876,877	-	94,876,877
Reversal of building sale cancelation provision		67,605,475	-	67,605,475
Other income, net		17,481,439	-	17,481,439
Income before zakat and income tax from continuing operations		31,944,118	1,433,487	33,377,605
Zakat and income tax		(10,097,279)	-	(10,097,279)
Income for the period from continuing operations		21,846,839	1,433,487	23,280,326
Discontinued operation				
Loss from investment in discontinued subsidiaries		(90,598,809)	-	(90,598,809)
Loss for the period		(68,751,970)	1,433,487	(67,318,483)
Attributable to:				
Equity holders of the parent		(58,284,212)	1,003,441	(57,280,771)
Non-controlling interest		(10,507,758)	430,046	(10,077,712)
Other comprehensive income				
Other comprehensive (loss) income to be reclassified to income in subsequent periods:				
Exchange differences on translation of foreign operations		(10,702,228)	-	(10,702,228)
Net changes in fair value of cash flow hedges		4,182,304	-	4,182,304
Net other comprehensive loss to be reclassified to income in subsequent periods		(6,519,924)	-	(6,519,924)
Other comprehensive loss not to be reclassified to income in subsequent period:				
Re-measurement loss on employees' defined benefit obligations	D	-	(5,919,023)	(5,919,023)
Other comprehensive loss for the period		(6,519,924)	(5,919,023)	(12,438,947)
Total comprehensive loss for the period		(75,271,894)	(4,485,536)	(79,757,430)
Attributable to:				
Equity holders of the parent company		(64,897,855)	(5,451,755)	(70,349,610)
Non-controlling interest		(10,374,039)	966,219	(9,407,820)

5 FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of interim condensed consolidated statement of financial position SOCPA GAAP to IFRS as at 1 January 2016 (date of transition to IFRS)

	Notes	SOCPA GAAP as at 1 January 2016 SR	Adjustments SR	IFRS as at 1 January 2016 SR
Assets				
Non-current assets				
Property, machinery and equipment	**A,B,E**	1,118,053,123	(5,687,736)	1,112,365,387
Investment properties		13,030,238	-	13,030,238
Intangible assets	**E**	792,897,040	6,570,864	799,467,904
		1,923,980,401	883,128	1,924,863,529
Current assets				
Inventories	**A,B**	247,980,003	(3,526,762)	244,453,241
Trade receivables		472,818,637	-	472,818,637
Prepayments and other receivables		67,079,284	-	67,079,284
Cash and cash equivalents		347,575,413	-	347,575,413
		1,135,453,337	(3,526,762)	1,131,926,575
Total assets		3,059,433,738	(2,643,634)	3,056,790,104
Equity and liabilities				
Equity				
Share capital		800,000,000	-	800,000,000
Statutory reserve		203,777,609	-	203,777,609
Contractual reserve		67,547,177	-	67,547,177
Accumulated losses	**A,B,D**	(98,978,499)	2,769,342	(96,209,157)
Other components of equity		(14,193,983)	-	(14,193,983)
Deferred governmental grant	**C**	8,361,425	(8,361,425)	-
Equity attributable to equity holders of the parent		966,513,729	(5,592,083)	960,921,646
Non-controlling interest		279,195,513	(2,596,651)	276,598,862
Total equity		1,245,709,242	(8,188,734)	1,237,520,508
Non-current liabilities				
Murabaha financing and term loans		613,627,352	-	613,627,352
Customers' deposits		16,670,031	-	16,670,031
Deferred government grant	**C**	-	8,361,425	8,361,425
Net employees' defined benefit obligations	**D**	120,557,847	(2,816,325)	117,741,522
		750,855,230	5,545,100	756,400,330
Current liabilities				
Trade and notes payables		193,879,774	-	193,879,774
Accrued expenses and other liabilities		329,075,138	-	329,075,138
Murabha financing and short term loans		379,551,434	-	379,551,434
Current portion of Murabaha financing and term loans		126,405,640	-	126,405,640
Dividends payable		2,115,310	-	2,115,310
Zakat and income tax provision		31,841,970	-	31,841,970
		1,062,869,266	-	1,062,869,266
Total liabilities		1,813,724,496	5,545,100	1,819,269,596
Total equity and liabilities		3,059,433,738	(2,643,634)	3,056,790,104

5 FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of interim condensed consolidated statement of financial position SOCPA GAAP to IFRS as at 31 March 2016

	Notes	SOCPA GAAP as at 31 March 2016 SR	Adjustments SR	IFRS as at 31 March 2016 SR
Assets				
Non-current assets				
Property, machinery and equipment	**A,B,E**	1,119,491,564	(10,104,378)	1,109,387,186
Investment properties	**E**	8,701,116	4,325,114	13,026,230
Intangible assets	**E**	741,735,622	6,456,124	748,191,746
		1,869,928,302	676,860	1,870,605,162
Current assets				
Inventories	**A,B**	204,666,150	(3,378,825)	201,287,325
Trade receivables		415,042,127	-	415,042,127
Prepayments and other receivables		81,059,306	-	81,059,306
Cash and cash equivalents		270,631,237	-	270,631,237
		971,398,820	(3,378,825)	968,019,995
Assets from discontinued operations	**E**	-	27,392,838	27,392,838
		971,398,820	24,014,013	995,412,833
Total assets		2,841,327,122	24,690,873	2,866,017,995
Equity and liabilities				
Equity				
Share capital		800,000,000	-	800,000,000
Statutory reserve		203,777,609	-	203,777,609
Contractual reserve		67,547,177	-	67,547,177
Accumulated losses	**A,B,D**	(77,220,400)	(124,440)	(77,344,840)
Other components of equity		(9,178,710)	(5,195)	(9,183,905)
Deferred governmental grant	**C**	8,361,425	(8,361,425)	-
Equity attributable to equity holders of the parent		993,287,101	(8,491,060)	984,796,041
Non-controlling interest		280,355,992	(2,480,107)	277,875,885
Total equity		1,273,643,093	(10,971,167)	1,262,671,926
Non-current liabilities				
Murabaha financing and term loans		596,447,272	-	596,447,272
Customers' deposits		16,645,015	-	16,645,015
Deferred government grant	**C**	-	8,361,425	8,361,425
Net employees' defined benefit obligations	**D**	122,092,637	(92,223)	122,000,414
		735,184,924	8,269,202	743,454,126
Current liabilities				
Trade and notes payables		154,828,351	-	154,828,351
Accrued expenses and other liabilities		184,154,512	-	184,154,512
Murabha financing and short term loans		319,223,361	-	319,223,361
Current portion of Murabaha financing and term loans		129,337,149	-	129,337,149
Deficit of investment in discontinued operations	**E**	3,464,621	(3,464,621)	-
Dividends payable		2,115,310	-	2,115,310
Zakat and income tax provision		39,375,801	-	39,375,801
		832,499,105	(3,464,621)	829,034,484
Liabilities from discontinued operation	**E**	-	30,857,459	30,857,459
		832,499,105	27,392,838	859,891,943
Total liabilities		1,567,684,029	35,662,040	1,603,346,069
Total equity and liabilities		2,841,327,122	24,690,873	2,866,017,995

5 FIRST TIME ADOPTION OF IFRS (continued)

Group reconciliation of interim condensed consolidated statement of financial position SOCPA GAAP to IFRS as at 31 December 2016

	Notes	SOCPA GAAP as at 31 December 2016 SR	Adjustments SR	IFRS as at 31 December 2016 SR
Assets				
Non-current assets				
Property, machinery and equipment	**A,B,E**	1,087,341,952	(4,475,156)	1,082,866,796
Investment properties		32,420,436	-	32,420,436
Intangible assets	**E**	711,212,389	4,811,158	716,023,547
Available for sale financial assets		1,000,000	-	1,000,000
		1,831,974,777	336,002	1,832,310,779
Current assets				
Inventories	**A,B**	202,540,616	(1,546,151)	200,994,465
Trade receivables		380,560,290	-	380,560,290
Prepayments and other receivables		126,246,213	-	126,246,213
Cash and cash equivalents		369,728,617	-	369,728,617
		1,079,075,736	(1,546,151)	1,077,529,585
Assets from discontinued operations	**E**	-	19,809,029	19,809,029
		1,079,075,736	18,262,878	1,097,338,614
Total assets		2,911,050,513	18,598,880	2,929,649,393
Equity and liabilities				
Equity				
Share capital		800,000,000	-	800,000,000
Statutory reserve		203,777,609	-	203,777,609
Contractual reserve		67,547,177	-	67,547,177
Accumulated losses	**A,B,D**	(157,222,711)	(2,682,415)	(159,905,126)
Other components of equity		(20,847,624)	-	(20,847,624)
Governmental grant	**C**	8,361,425	(8,361,425)	-
Equity attributable to equity holders of the parent		901,615,876	(11,043,840)	890,572,036
Non-controlling interest		268,821,474	(1,630,432)	267,191,042
Total equity		1,170,437,350	(12,674,272)	1,157,763,078
Non-current liabilities				
Murabaha financing and term loans		499,624,720	-	499,624,720
Customers' deposits		16,454,579	-	16,454,579
Deferred government grant	**C**	-	8,361,425	8,361,425
Net employees' defined benefit obligations	**D**	124,413,301	3,102,698	127,515,999
		640,492,600	11,464,123	651,956,723
Current liabilities				
Trade and notes payables		163,403,113	-	163,403,113
Accrued expenses and other liabilities		267,699,371	-	267,699,371
Murabha financing and short term loans		480,621,767	-	480,621,767
Current portion of Murabaha financing and term loans		147,311,298	-	147,311,298
Deficit of investment in discontinued operations		8,386,425	(8,386,425)	-
Dividends payable		2,113,542	-	2,113,542
Zakat and income tax provision		30,585,047	-	30,585,047
		1,100,120,563	(8,386,425)	1,091,734,138
Liabilities from discontinued operation	**E**	-	28,195,454	28,195,454
		1,100,120,563	19,809,029	1,119,929,592
Total liabilities		1,740,613,163	31,273,152	1,771,886,315
Total equity and liabilities		2,911,050,513	18,598,880	2,929,649,393

5 FIRST TIME ADOPTION OF IFRS (continued)

Notes to the reconciliation of interim condensed consolidated financial position as at 1 January 2016, 31 March and 31 December 2016 and interim condensed consolidated statement of income for the three month period ended 31 March 2016 and year ended 31 December 2016.

A. Property, machinery and equipment

IAS 16 requires that critical spare parts to be treated as part of property, machinery and equipment when they are expected to be used over a period of more than one year. The cost of those critical spare parts should be depreciated over their expected useful life. At the transition to IFRS, an increase of SR 883,128 (31 December 2016: SR 336,002 and 31 March 2016: SR 676,860) was recognised in property, machinery and equipment, net of accumulated depreciation. This amount has been recognised against accumulated losses.

B. Inventories

As required by IAS 16, critical spare parts have been transferred to property, machinery and equipment. This resulted in a decrease at the date of transition to IFRS by SR 3,526,762 (31 December 2016: SR 1,546,151 and 31 March 2016: SR 3,378,825) which was recognised in inventory net of reversed provision due to the transfer. This amount has been recognised against retained earnings.

C. Deferred government grant

Under SOCPA GAAP, the Group has been recognising the deferred governmental grant of SR 8,361,425 as a separate line item in equity while the asset subject to the grant has been recognised in property, machinery and equipment. In line with IFRS, the Group has reclassedified the grant from equity to non-current liabilities.

D. Employees' defined benefit obligations

Under IFRS as endorsed in the Kingdom of Saudi Arabia, end of service benefits are required to be calculated using actuarial valuations. Historically, the Group has, calculated these obligations based on the local regulations at the reporting date without considering expected future service periods of employees, salary increments and discount rates. This change resulted in an increase in the employee benefits liability balances and a decrease in retained earnings in the consolidated statement of financial position.

E. Others

In addition to the above IFRS adoption adjustments, certain items in the interim condensed consolidated statement of financial position have been reclassified to meet the presentation and disclosure requirements in accordance with IFRS as endorsed by in the Kingdom of Saudi Arabia, which has not resulted in any additional impact on equity or net income for comparative figures. Mainly certain items within property, machinery and equipment have been reclassified as investment properties and intangible assets. Additionally, assets and liabilities attributable to discontinued operations have been presented separately in the interim condensed consolidated financial position, which have been previously presented as "deficit of investment in discontinued operations".

6 GAIN FROM DISPOSAL OF BUILDING

During the quarter ended March 2016, the Group completed the sale of a building owned by one of its subsidiaries in the United Kingdom. Consequently, the Group recognised a gain arising from the sale and reversed a previously recognised provision for the additional costs that were expected to be incurred from cancellation of the sale as had been earlier decided by management.

The gain amounted to SR 94.8 million (equivalent to GBP 25.75 million) while the provision reversal was SR 67.6 million (equivalent to GBP 12.75 million).

7 ZAKAT AND INCOME TAX

The major components of zakat and income tax expense in the interim condensed consolidated statement of statement of income are:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Zakat	**3,626,972**	8,119,653
Income tax	**252,025**	487,809
	3,878,997	8,607,462

The movement in Group's zakat payable is as follows:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
At beginning of the period/year	**30,202,185**	31,761,627	30,563,129
Provided during the period/year	**3,626,972**	8,473,407	9,539,860
Paid during the period/year	-	(9,359,029)	(8,341,362)
Transferred to discontinued operations	-	(673,820)	-
At end of the period/year	**33,829,157**	30,202,185	31,761,627

The movement in Group's income tax payable is as follows:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
At beginning of the period/year	**382,862**	80,343	490,370
Provided during the period/year	**252,025**	1,623,872	1,500,421
Paid during the period/year	**(505,859)**	(1,321,353)	(1,910,448)
At end of the period/year	**129,028**	382,862	80,343

Status of zakat and income tax assessments

Zakat returns of the Company and wholly owned subsidiaries are submitted to the General Authority of Zakat and Tax ("GAZT") based on separate financial statements prepared for zakat purposes only. Other non-wholly owned subsidiaries file their zakat returns separately.

7 ZAKAT AND INCOME TAX (continued)

Status of zakat and income tax assessments (continued)

The Company and its subsidiaries have filed their zakat returns individually up to 2006. The Company has finalised its individual zakat status for the years from 2001 up to 2006.

During 2007, the Company had obtained the approval of GAZT on filing a consolidated zakat return for the Group. The Group has filed its zakat returns to GAZT for the years from 2007 to 2015 and received zakat assessments for the years 2005 and 2006, which resulted in differences of SR 2.7 million, and the Company appealed against them. The zakat assessments have been received for the years from 2007 to 2010 and resulted in differences of SR 23 million, which the Company has also appealed against. The Group's management and its zakat advisor believe that the final outcome of the appeals will be in its favor. According to management estimates, an adequate provision has been provided against such appealed items.

For Saudi Printing and Packaging Company:

(a) Saudi Printing and Packaging Company filed its zakat returns for the years ended 31 December 2005 to 2008 and obtained zakat certificates for these years. GAZT issued zakat assessments for these years and claiming Saudi Printing and Packaging Company to settle zakat differences of SR 6,6 million, the appeal against this assessment is in process. Saudi Printing and Packaging Company management believes that the final outcome of the appeal will be in its favor.

(b) Saudi Printing and Packaging Company filed its zakat returns for the years ended 31 December 2009 to 2015 and obtained restricted zakat certificates till 2013, also obtained unrestricted zakat certificates for the years 2014 and 2015. The final assessments for these years have not been raised yet by GAZT.

8 DISCONTINUED OPERATIONS

During the first quarter of 2016, the Group’s management has decided to discontinue the operation of Numu Elmiah Company, a wholly owned subsidiary, and it is in process of studying the available alternatives to the Numu Elmiah Company’s future. Accordingly, the Group has not included this subsidiary company within its consolidated financial statements. Numu Elmiah Company was thus classified as a discontinued operation in the prior period. The results of the Numu Elmiah Company’s operations for the current and prior period have been presented in the interim condensed consolidated statement of income and are as shown below:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Revenue	**7,653,155**	9,767,610
Expenses	**(5,933,796)**	(10,948,480)
Operating income (loss)	**1,719,359**	(1,180,870)
Provisions	-	(40,353,514)
Impairment of goodwill (note 13)	-	(48,020,179)
Income (loss) for the three month period from discontinued operation	**1,719,359**	(89,554,563)

8 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities of Numu Elmiah Company classified as discontinued operation are as follows:

	31 March 2017 SR	31 December 2016 SR
Assets		
Property and equipment	**601,278**	1,047,706
Inventories	**8,680,567**	7,313,433
Prepayments and other current assets	**2,189,834**	1,705,759
Trade receivables	**3,183,954**	3,839,952
Cash and cash equivalents	**3,036,644**	5,902,179
Assets from discontinued operations	**17,692,277**	19,809,029
Liabilities		
Net employees' defined benefit obligations	**982,224**	1,206,395
Accrued expenses	**1,436,867**	1,324,430
Provision for zakat	**628,435**	628,435
Accounts Payable	**25,165,021**	25,036,194
Liabilities from discontinued operations	**28,212,547**	28,195,454
Net assets directly associated with discontinued operations	**(10,520,270)**	(8,386,425)

The net cash flows incurred by Numu Elmiah Company are as follows:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Operating	**(2,865,535)**	(3,716,910)
Net cash (outflow)	**(2,865,535)**	(3,716,910)

Earnings per share:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Basic and diluted, earnings (loss) for the quarter from discontinued operations	**0.02**	(1.12)

Impairment of the carrying value

Management determined that the carrying value of Numu Elmiah Company was higher than the recoverable value by SR 48 million. Following the assessment, an impairment loss of SR 48 million was recognised during 2016 to reduce the carrying amount of the assets from discontinued operations to the fair value less costs to sell. This was disclosed in the interim condensed consolidated statement of income in the line item, 'Loss from investment in discontinued subsidiaries'.

As at 31 March 2017, there was no further write-down to the carrying amount of the assets directly associated with discontinued operations.

9 EARNINGS PER SHARE

Basic earnings per share (EPS) for income attributable to ordinary shares are computed by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are the same as the regular or basic earnings per share as the Group does not have any convertible securities nor diluted instruments to exercise.

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Income attributable to ordinary equity holders from continuing operations	**16,322,332**	111,277,025
Income (loss) attributable to ordinary equity holders from discontinuing operations	**1,719,359**	(89,554,563)
Income attributable to ordinary equity holders for basic earnings	**18,041,691**	21,722,462
Weighted average number of ordinary shares for basic EPS	**80,000,000**	80,000,000
Earnings per ordinary share		
Basic and diluted, earnings for the period attributable to ordinary equity holders of the parent	**0.23**	0.27
Earnings per ordinary share for continuing operations		
Basic and diluted, earnings for the period attributable to ordinary equity holders of the parent	**0.20**	1.40

10 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable segments, as follows:

1. Publishing: comprises the local and international publishing works, researches and marketing the products of the group and third parties. The segment is also involved in the publishing of specialised publications for third parties, issuance of licensed international publications, translation services and selling electronic and visual content.
2. Advertising: comprises the local and international advertising, production, representation and marketing audio visual and readable advertising media, and advertising panels.
3. Printing and packaging: comprises printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
4. Public relations: comprises the local and international public relation services, studies, research, marketing, and media events.
5. Education: comprises the wholesale and retail trading of school supplies, office furniture, installation and maintenance of laboratories, and providing technical, training and educational courses and services.
6. All other segments: comprises the local and international distribution of newspapers, magazines, publications, books and the publications of the Group and other related activities.

The following segments have been aggregated in these interim condensed consolidated financial statements, as follows:

Publishing: This segment comprises the publishing and specialized publishing segments. The two have been aggregated based on the criteria of having similar nature of services and similar type or class of customer for their products.

All other segments: This segment is an aggregation of all other business activities and operating segments that do not individually meet the quantitative thresholds required under IFRS 8, but which management considers reportable.

10 SEGMENT INFORMATION (continued)

The Chief Executive Officer and the Chief Operating Officer, both monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently with income in the interim condensed consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following table present revenue and profit information for the Group's operating segments for the three month period ended 31 March 2017:

	Publishing SR	Advertisement SR	Printing and packaging SR	Public relations SR	Education SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Revenues									
External customers	52,060,123	331,549	229,351,936	108,488,637	-	2,469,788	392,702,033	-	**392,702,033**
Inter-segment	93,077,595	36,948,717	12,956,388	-	-	3,515,627	146,498,327	(146,498,327)	-
Total revenue	145,137,718	37,280,266	242,308,324	108,488,637	-	5,985,415	539,200,360	(146,498,327)	**392,702,033**
Gross profit	54,941,145	6,310,376	40,333,112	14,431,128	-	1,350,363	117,366,124	(4,588,822)	**112,777,302**
Segment profit (loss)	30,506,756	(4,849,186)	(11,048,683)	9,367,305	1,719,359	(3,996,964)	21,698,587	(3,656,896)	**18,041,691**

The following table present revenue and profit information for the Group's operating segments for the three month period ended 31 March 2016:

	Publishing SR	Advertisement SR	Printing and packaging SR	Public relations SR	Education SR	All other segments SR	Total SR	Adjustments and eliminations SR	Total SR
Revenues									
External customers	85,226,945	628,564	237,610,478	-	-	4,532,875	327,998,862	-	327,998,862
Inter-segment	16,805,142	63,060,519	16,786,675	-	-	6,291,287	102,943,623	(102,943,623)	-
Total revenue	102,032,087	63,689,083	254,397,153	-	-	10,824,162	430,942,485	(102,943,623)	327,998,862
Gross profit	3,862,622	5,415,671	55,466,257	-	-	1,753,301	66,497,851	(469,221)	66,028,630
Segment profit (loss)	138,616,635	(1,848,974)	3,919,603	-	(89,554,563)	(24,782,942)	26,349,759	(4,627,297)	21,722,462

10 SEGMENT INFORMATION (continued)

The following table presents total assets and total liabilities information for the Group's operating segments as at 31 March 2017:

	Publishing SR	Advertisement SR	Printing and packaging SR	Public relations SR	Education SR	All other Segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	562,168,793	66,706,466	2,029,295,184	275,387,973	-	98,559,962	3,032,118,378	(169,327,026)	**2,862,791,352**
Total liabilities	184,433,751	78,747,139	1,151,588,094	283,549,972	-	296,748,274	1,995,067,230	(302,113,143)	**1,692,954,087**

The following table presents total assets and total liabilities information for the Group's operating segments as at 31 December 2016:

	Publishing SR	Advertisement SR	Printing and packaging SR	Public relations SR	Education SR	All other Segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	536,337,316	96,406,572	2,064,602,607	297,652,225	-	101,463,616	3,096,462,336	(166,812,943)	2,929,649,393
Total liabilities	167,369,118	93,371,406	1,179,251,032	318,624,243	-	282,929,088	2,041,544,887	(269,658,572)	1,771,886,315

The following table presents total assets and total liabilities information for the Group's operating segments as at 1 January 2016:

	Publishing SR	Advertisement SR	Printing and packaging SR	Public relations SR	Education SR	All other Segments SR	Total SR	Adjustments and eliminations SR	Total SR
Total assets	522,151,179	112,685,441	2,183,650,407	-	-	223,501,342	3,041,988,369	14,801,735	3,056,790,104
Total liabilities	313,057,964	85,521,713	1,258,711,950	-	-	278,763,742	1,936,055,369	(116,785,773)	1,819,269,596

Inter-segment revenues and share in results are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

Adjustments and eliminations

Finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.
Zakat and income taxes, certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

10 SEGMENT INFORMATION (continued)

Reconciliation of profit:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Segment profit	**21,698,587**	26,349,759
Inter-segment sales (elimination)	**(3,656,896)**	(4,627,297)
Group profit	**18,041,691**	21,722,462

Reconciliation of assets:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Segment operating assets	**3,032,118,378**	3,096,462,336	3,041,988,369
Inter-segment accounts elimination	**(606,943,349)**	(581,052,405)	(445,592,847)
Property, machinery and equipment	**17,542,619**	17,703,397	17,550,375
Intangible assets	**319,426,350**	319,426,350	350,000,000
Amounts due from related parties	**157,388,800**	150,147,871	125,691,369
Prepayments and other current assets	**13,550,858**	15,151,503	76,899,227
Share in results elimination	**(70,292,304)**	(88,189,659)	(109,746,389)
Total assets	**2,862,791,352**	2,929,649,393	3,056,790,104

Reconciliation of liabilities:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Segment operating liabilities	**1,995,067,230**	2,041,544,887	1,936,055,369
Inter- segment balances elimination	**(606,943,349)**	(581,052,405)	(445,592,847)
Murabaha financing and short term loans	**179,000,000**	205,500,000	112,500,000
Amounts due to related parties	**82,590,673**	57,627,737	187,052,298
Accrued expenses and other liabilities	**43,239,533**	48,266,096	29,254,776
Total liabilities	**1,692,954,087**	1,771,886,315	1,819,269,596

10 SEGMENT INFORMATION (continued)

Geographical information

Revenues from external customers

	For the three month period ended 31 March 2017 SR	31 March 2016 SR
Kingdom of Saudi Arabia	**224,435,655**	144,979,615
United Arab Emirates	**93,937,420**	101,515,493
Other countries	**74,328,958**	81,503,754
Total revenue per interim condensed consolidated statement of income	**392,702,033**	327,998,862

The revenue information above is based on the location of the customers.

Non-current operating assets

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Kingdom of Saudi Arabia	**933,081,988**	940,457,628	1,048,017,776
United Arab Emirates	**865,139,161**	868,349,908	864,633,321
Other countries	**23,218,816**	23,503,243	12,212,432
Total	**1,821,439,965**	1,832,310,779	1,924,863,529

Non-current assets for this purpose consist of property, machinery and equipment, investment properties intangible assets and available for sale financial assets.

11 PROPERTY, MACHINERY AND EQUIPMENT

	Lands SR	Buildings SR	Leasehold improvement SR	Machinery and printing equipment SR	Computers SR	Furniture and fixtures SR	Vehicles SR	Work in progress SR	Total SR
Cost									
At 1 January 2016	203,819,402	374,305,325	39,719,867	903,321,037	70,686,739	80,207,590	51,441,259	37,930,424	1,761,431,643
Additions during the year	-	98,725	10,301,242	1,186,350	6,610,937	1,517,997	67,079	59,890,799	79,673,129
Disposals	-	(365,597)	(15,688,925)	(8,235,252)	(3,007,692)	(514,040)	(3,749,648)	(36,964)	(31,598,118)
Transfer to investment property	(17,359,761)	-	-	-	-	-	-	(2,565,365)	(19,925,126)
Transfer to discontinued operation	-	-	(1,518,688)	-	(1,832,290)	(1,595,525)	(1,345,181)	-	(6,291,684)
Transfers	(19,774)	8,368,317	(1,448,874)	66,749,412	3,315,129	2,729,195	1,467,787	(81,161,192)	-
Reversal of impairment (*)	-	-	-	1,944,426	-	-	-	-	1,944,426
Foreign currency translation adjustment	(37,459)	(58,231)	(4,036,722)	(170,505)	(1,090,163)	(98,418)	(81,388)	(17,838)	(5,590,724)
At 31 December 2016	186,402,408	382,348,539	27,327,900	964,795,468	74,682,660	82,246,799	47,799,908	14,039,864	1,779,643,546
Additions during the period	-	-	288,922	45,817	549,911	1,339,355	154,000	9,014,547	11,392,552
Disposals	-	-	-	(4,683,706)	(4,999)	(8,352)	(85,400)	-	(4,782,457)
Transfers	-	3,304,326	-	4,300,280	551,044	(147,624)	96,199	(8,104,225)	-
Transfer to investment property	-	300,000	-	-	-	-	-	-	300,000
Foreign currency translation adjustment	1,041	2,272	159,263	5,270	95,823	47,631	6,606	400	318,306
At 31 March 2017	**186,403,449**	**385,955,137**	**27,776,085**	**964,463,129**	**75,874,439**	**83,477,809**	**47,971,313**	**14,950,586**	**1,786,871,947**

11 PROPERTY, MACHINERY AND EQUIPMENT (continued)

	Lands SR	Buildings SR	Leasehold improvement SR	Machinery and printing equipment SR	Computers SR	Furniture and fixtures SR	Vehicles SR	Work in progress SR	Total SR
Depreciation and Impairment (*)									
At 1 January 2016	-	88,634,342	37,441,916	354,896,763	60,991,285	64,698,366	42,403,584	-	649,066,256
Charge for the year	-	13,620,459	1,662,012	57,937,389	5,745,698	4,004,807	3,646,119	-	86,616,484
Disposals	-	(365,597)	(15,688,925)	(4,985,805)	(2,735,033)	(430,371)	(3,724,053)	-	(27,929,784)
Transfer to intangible assets	-	-	-	-	(2,231,557)	-	-	-	(2,231,557)
Transfer to discontinued operation	-	-	(1,132,687)	-	(1,531,867)	(1,076,440)	(1,333,861)	-	(5,074,855)
Transfers	-	-	(1,252,987)	-	-	1,170,657	82,330	-	-
Impairment reversed	-	-	-	596,282	-	-	-	-	596,282
Foreign currency translation adjustment	-	(19,127)	(3,235,408)	(59,071)	(901,995)	(40,346)	(10,129)	-	(4,266,076)
At 31 December 2016	-	101,870,077	17,793,921	408,385,558	59,336,531	68,326,673	41,063,990	-	696,776,750
Charge for the period	-	3,740,378	249,360	14,814,923	1,450,395	492,826	704,210	-	21,452,092
Disposals	-	-	-	(4,683,706)	(916)	(8,352)	(85,398)	-	(4,778,372)
Transfer to investment properties	-	528	-	-	-	-	-	-	528
Foreign currency translation adjustment	-	827	2,915	4,505	38,462	19,433	1,336	-	67,478
At 31 March 2017	**-**	**105,611,810**	**18,046,196**	**418,521,280**	**60,824,472**	**68,830,580**	**41,684,138**	**-**	**713,518,476**
Net book value									
At 31 March 2017	**186,403,449**	**280,343,327**	**9,729,889**	**545,941,849**	**15,049,967**	**14,647,229**	**6,287,175**	**14,950,586**	**1,073,353,471**
At 31 December 2016	186,402,408	280,478,462	9,533,979	556,409,910	15,346,129	13,920,126	6,735,918	14,039,864	1,082,866,796
At 1 January 2016	203,819,402	285,670,983	2,277,951	548,424,274	9,695,454	15,509,224	9,037,675	37,930,424	1,112,365,387

(*) The Group's management found an indication of impairment, other than temporarily, in the recoverable value of certain assets, and has recorded impairment loss in previous years. During 2016, the Group reversed impairment in value due to the excess of the recoverable amount over the carrying value.

(**)Certain property, machinery and equipment with a carrying value amounting to SR 336.7 million at 31 March 2017 (31 December 2016: SR 336.7 million and 1 January 2016: SR 341.8 million) are mortgaged against long-term loans.

12 INVESTMENT PROPERTIES

The Group's investment properties consist of two commercial properties in the Kingdom of Saudi Arabia and United Arab Emirates.

Movement in investment properties is summarised as follows:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Opening balance	**32,420,436**	13,030,238	17,565,782
Transferred (to) from property, machinery and equipment (*)	**(299,472)**	19,925,126	(5,218,062)
Impairment reversal	-	-	858,018
Depreciation	**(562,032)**	(531,858)	(169,613)
Foreign currency translation adjustment	**20,776**	(3,070)	(5,887)
Ending balance	**31,579,708**	32,420,436	13,030,238

(*) The amount transferred during the year ended 31 December 2016 represents land value and buildings owned by Al-Madinah Al-Munawwarah for Printing and Publishing Company, (a "subsidiary company to Saudi Printing and Packaging Company"), which was transferred from property, machinery and equipment to investment properties due to the change in purpose as the land and buildings are currently held for lease.

13 INTANGIBLE ASSETS

Intangible assets comprise of the following as at:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Goodwill – Saudi Printing and Packaging Company (a)	**390,230,436**	390,230,436	390,230,436
Mastheads (b)	**319,426,350**	319,426,350	350,000,000
Goodwill – Numu Holding Group (c)	-	-	48,020,179
Other	**5,850,000**	6,366,761	11,217,289
	715,506,786	716,023,547	799,467,904

(a) Goodwill – Saudi Printing and Packaging Company:

During the year ended 31 December, 2012, Saudi Printing and Packaging Company ("SPPC") (a subsidiary company) acquired 100% equity interest in Emirates National Factory for Plastic Industries LLC ("Emirates Factory"), a limited liability company registered in the Emirate of Sharjah, United Arab Emirates, for a net consideration amounted to approximately SR 642 million, including a deferred consideration estimated to approximately SR 172 million to be paid to one of the previous owners. Pursuant to sale and purchase of shares agreement (the "agreement") , all parties agreed to transfer all rights and obligations associated with the ownership on 1 July 2012 as it is considered the effective date is the date in which SPPC obtained control over the Emirates Factory, ("the acquisition date"). The acquisition transaction resulted in a goodwill amounted to approximately SR 353.8 million representing the excess of the consideration paid over the fair value of net assets acquired at the acquisition date amounting to approximately SR 288.2 million.

The Emirates Factory is engaged in manufacturing and distribution of packaging and plastic products. Also has various companies in UAE and three companies in the Kingdom of Saudi Arabia. The financial statements of the Emirates Factory have been consolidated starting 1 July 2012.

13 INTANGIBLE ASSETS (continued)

(a) Goodwill – Saudi Printing and Packaging Company (continued):

Impairment testing

Management assesses goodwill for impairment in the fourth quarter of the financial period. Management has determined that the carrying amount of the goodwill was less than its recoverable on annual basis for both years ended 31 December 2016 and 1 January 2016. The recoverable amount has been determined on the basis of the information used to calculate the present value of the expected cash flows for five years based on the financial budget approved by management. The estimated growth rate of Emirates National Factory, Flexible Packaging Company Ltd, Hala Printing Company and Future Plus for Plastic Company of 8.5%, 6.8%, 7.2% and 6.1%, respectively, on cash flows exceeding the budget period.

The management is of the opinion that estimated growth rates do not exceed the average long-term growth rates for the activities of the companies.

The following are the underlying assumptions used to calculate the current value-in-use:

	Emirates Factory Company %	Flexible Packaging Company %	Hala Printing Company %	Future Plus Plastic Company %
Discount rate	11.5	11.5	11.5	11.5
Budgeted gross margin	26.1	19.2	29.2	26.1
Average annual growth rate for sales	8.5	6.8	7.2	6.1
Terminal growth rate	3.2	3.2	3.2	3.2

(b) Mastheads

During the year ended 31 December 2016, management tested the mastheads to determine whether impairment exists or not. The management determined that the carrying value of the mastheads was higher than its recoverable amount by SR 30.6 million for the year ended 31 December 2016. The recoverable value was 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. In management's opinion, the growth rate assumption does not exceed the long-term average growth rate for the mastheads' activity.

Key assumptions for the value-in-use calculation are set out below:

	Percentage %
Discount rate	13.8
Budgeted gross margin	7.5
Average annual growth rate for sales	0.4
Terminal growth rate	2.67

(c) Goodwill – Numu Holding Group:

During first quarter of the year ended 31 December 2016, management decided to stop operations of Numu Elmiah Company, a subsidiary company (Note 8). Hence, investment values are on the basis of value-in-use calculation. Investment balance, as of 31 December 2015, included goodwill amounting to SR 48 million, which has since been impaired since this amount is uncollectable with the company's operations being discontinued.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, any adverse changes in a key assumption would result in further impairment loss. The key assumptions, where reasonably possible changes could result in further impairment, are the terminal growth rate and the discount rate used.

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

14.1 FINANCIAL ASSETS

Set out below is an overview of financial assets other than cash and cash equivalents, held by the Group.

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
AFS financial assets:			
Unquoted equity shares	**1,000,000**	1,000,000	-
Financial assets at amortised cost:			
Trade receivables	**443,123,992**	380,560,290	472,818,637
Prepayments and other receivables	**114,547,684**	126,246,213	67,079,284
Total financial assets	**558,671,676**	507,806,503	539,897,921
Total current	**557,671,676**	506,806,503	539,897,921
Total non-current	**1,000,000**	1,000,000	-

AFS financial assets — unquoted equity shares
The AFS financial assets consist of an investment in non-controlling equity shares (7%) of a non-listed company, which are valued based on cost.

AFS financial assets are unquoted financial assets that are carried at cost, less impairment, if any, due to the unpredictable nature of their future cash flows and the lack of other suitable methods for arriving at a reliable fair value for these financial assets. There is no active market for these financial assets and the Group intends to hold them for the long term.
Management has performed a review of its financial assets available for sale to assess whether impairment has occurred in the value of these investments and no impairment loss has been recognised in the interim condinced consolidated statement of income.

Trade receivables are non-interest bearing. The average credit period for trade receivables is 30 to 60 days. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The carrying value may be affected by changes in the credit risk of the counterparties. The requirement for impairment in relation to key customers analysed on an individual basis.

14.2 FINANCIAL LIABILITIES

Set out below is an overview of financial liabilities, held by the Group.

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Financial liabilities at amortised cost			
Trade and notes payables	**179,605,812**	163,403,113	193,879,774
Accrued expenses and other liabilities	**230,333,438**	267,699,371	329,075,138
Customers' deposits	**16,333,871**	16,454,579	16,670,031
Murabaha financing and term loans	**631,065,424**	646,936,018	740,032,992
Total	**1,057,338,545**	1,094,493,081	1,279,657,935
Total current	**565,074,827**	578,413,782	649,360,552
Total non-current	**492,263,718**	516,079,299	630,297,383

The average credit period on purchases is 60-90 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

14 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

14.2 FINANCIAL LIABILITIES (continued)

Interest-bearing loans and borrowings

The Group has banking facilities agreements with several local and foreign banks in the form of borrowings, Murabaha financing, letters of credits and guarantee letter with a total ceiling of approximately as at 31 March 2017 amounted to SR 1,684 million (31 December 2016: 1,772 million and 1 January 2016: SR 2,269 million). The utilised balance of the borrowings and Murabaha financing as at 31 March 2017 amounted to SR 1,070 million (31 December 2016: SR 1,128 million and 1 January 2016: SR 1,120 million) The purpose of these facilities is to finance the working capital, the investments and import of raw materials and equipment relating to the Group's activities and capital expenditures. These facilities bear financial charges as per the relevant agreements.

The table below summarises the maturity profile of the Group's borrowings based on contractual undiscounted payments:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Syndicated loan	**404,563,250**	423,126,169	458,866,691
Short-term borrowings	**450,279,379**	468,097,149	377,206,994
Other long-term borrowings	**210,268,413**	223,809,848	281,166,303
Accrued finance cost	**5,003,644**	2,442,644	2,344,438
Bank overdrafts	**-**	10,081,975	-
Total bank borrowings	**1,070,114,686**	1,127,557,785	1,119,584,426
Less: current portion	**594,184,839**	627,933,065	505,957,074
Non-current portion	**475,929,847**	499,624,720	613,627,352

14.3 FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group's financial assets consist of cash and cash equivalents, trade receivables and prepayments and other receivables, its financial liabilities consist of trade and notes payable, accrued expenses and others, Murabaha financing and term loans and dividends payables.

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount			Fair value		
	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Investment properties	**31,579,708**	32,420,436	13,030,238	**58,229,672**	58,229,510	23,585,328

These represents investment in properties within Kingdom of Saudi Arabia which are categorised within Level 3 of the fair value hierarchy.

The derivative financial instrument is carried at fair value using valuation techniques, which employ the use of market observable inputs.

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, employee's benefits bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying value of fixed and variable rate Murabaha financing and term loans approximates their fair values due to the fact that they bear interest rates that reflect current market interest rates for similar financing and loans. As a result, the values of the future discounted cash flows on those financing and loans are not significantly different from their current carrying values.

15 INVENTORIES

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Raw materials	**140,248,977**	142,112,143	172,572,248
Books	-	-	69,731,366
Work in progress and finish goods	**43,441,018**	53,278,799	47,536,376
Spare parts, not held for sale	**20,397,120**	19,703,254	19,535,977
Goods in transit	**3,211,568**	4,455,864	3,243,513
	207,298,683	219,550,060	312,619,480
Less: Provision for slow-moving inventories	**(19,113,302)**	(18,555,595)	(68,166,239)
	188,185,381	200,994,465	244,453,241

Movements in the provision for slow-moving inventories were as follows:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
At the beginning of the period/year	**18,555,595**	68,166,239	65,157,700
Provided during the period/year	**602,217**	1,724,370	7,344,637
Reversed during the period/year	**(44,510)**	(2,762,417)	(4,336,098)
Transfer of provision to discontinued operations	-	(48,572,597)	-
At the end of the period/year	**19,113,302**	18,555,595	68,166,239

16 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents for the three month period ended are comprised of the following:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Cash at banks and in hand	**251,366,305**	340,800,893	284,865,171
Cash at banks – short term deposits (*)	**-**	-	35,769,885
Cash at banks – restricted accounts (**)	**23,399,104**	23,025,545	18,797,089
Cash at bank attributable to discontinued operations	**3,036,644**	5,902,179	8,143,268
Total cash and cash equivalents	**277,802,053**	369,728,617	347,575,413

For the purposes of consolidated statement of cash flows, the gross cash and bank balances consist of the following:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Total cash and cash equivalents	**277,802,053**	369,728,617	347,575,413
Less: restricted accounts (**)	**(23,399,104)**	(23,025,545)	(18,797,089)
	254,402,949	346,703,072	328,778,324

(*) Short-term deposit has an original maturity of less than 3 months and earns interest at commercial rates.

(**) Restricted bank accounts represent deposit in lien against a syndicated loan obtained by the Group's subsidiary, Saudi Printing and Packaging Company.

17 SHARE CAPITAL

The Company's share capital amounting to SR 800 million as at 31 March 2017, 31 December 2016 and 1 January 2016 is divided into 80 million shares of SR 10 each.

18 STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company must transfer 10% of its net income in each year (after covering accumulated losses) to the statutory reserve. The Company may resolve to discontinue such transfers when it builds up a reserve equals one half of the capital. This reserve is not available for distribution.

19 CONTRACTUAL RESERVE

According to the Company's By-laws, the Company should transfer 5% of the net income for the year (after covering the accumulated loss) to the contractual reserve until it equals 25% of the share capital. Such reserve may be used for the purposes which determined by the board of directors.

20 DEFERRED GOVERNMENT GRANTS

During 2008, the Dubai Government granted Saudi Research and Publishing Company (a subsidiary of the Group) land in Dubai with an area of 29,809 square feet as a restricted grant. The land had been valued at SR 8,361,425 and has been included separately in non-current liabilities while the asset has been included within property, machinery and equipment. The conditions of the grant stipulated that the company should have started construction of buildings on the land within 3 years effective from the grant date. The initial grace period expired before the company had complied with this condition however; the government granted an extension for another 3 years, which also expired. Accordingly, the Group has applied for a further extension and the legal formalities in respect of the extension have not been completed as of this interim condensed consolidated financial statements date.

21 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The amounts recognised in the interim condensed consolidated statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation SR
Opening employees' defined benefit obligations as at 1 January 2016	**117,741,522**
Current service cost	**22,585,992**
Transferred to discontinued operations	**(1,554,959)**
Total amount recognised in income	**21,031,033**
Remeasurements	**5,919,023**
Total amount recognised in other comprehensive income	**5,919,023**
Benefits Paid	**(17,175,579)**
Employees' defined benefit obligations as at 31 December 2016	**127,515,999**
Provided during the period	**3,714,612**
Remeasurements	**1,837,847**
Paid during the period	**(9,147,877)**
Closing employees' defined benefit obligations as at 31 March 2017	**123,920,581**

21 EMPLOYEES' DEFINED BENEFIT OBLIGATIONS (continued)

Significant actuarial assumption

The significant actuarial assumptions were as follows:

	Valuation at 31 December 2016 %	Valuation at 1 January 2016 %
Saudi Arabia:		
Discount rate	2.80 - 3.00	3.30 – 3.50
Inflation	2.00	2.90
Expected rate of salary increase	2.00	2.00
Assumed retirement age	60 years	60 years
United Arab Emirates :		
Discount rate	4.20 – 4.40	3.90 – 4.10
Inflation	3.60	3.40
Expected rate of salary increase	2.00	2.00
Assumed retirement age	60 years	60 years
Exchange rate (AED to SR)	1.0204	1.0206
United Kingdom :		
Discount rate	1.50	2.50
Expected rate of salary increase	2.00	2.00
Assumed retirement age	60 years	60 years
Exchange rate (GBP to SR)	4.6252	5.5418

Sensitivity analysis

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

	Discount rate			Salary inflation		
	1% decrease SR	Base SR	1% increase SR	Base SR	1% increase SR	2% increase SR
31 December 2016	(135,871,602)	(127,515,999)	(120,126,467)	(127,744,298)	(136,062,968)	(143,471,864)
1 January 2016	(125,797,525)	(117,741,522)	(111,144,707)	(117,801,521)	(126,007,226)	(134,896,555)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligations recognised in the consolidated statement of financial position.

22 COMMITMENTS AND CONTINGENCIES

Legal claims contingency

Certain Subsidiaries of the Group are involved in Legal litigation matters in the ordinary course of its business, which are being defended. The ultimate results of these matters cannot be determined with certainty. The management believe that the results of these matters will not have a significant impact on the Group's consolidated financial statements as at 31 March 2017.

Lawsuit

During the year ended 31 December 2016, Emirates National Plastic Industries Company (a wholly-owned subsidiary of Saudi Printing and Packaging Company) is the defendant in a lawsuit filed by a foreign supplier claiming for an amount of Euro 700,000 (equivalent to SR 2,817,297 at 31 March 2017 and SR 2,764,790 at 31 December 2016) for cancellation of an agreement to purchase machinery from the supplier. Considering the fact that the Group's legal counsel is not able to make a reasonable estimate of a probable liability that may result from the case, management has not taken any provision against this claim as they believe that the outcome will be in their favor.

22 COMMITMENTS AND CONTINGENCIES (continued)

Claim contingencies

During the year ended 31 December 2015, Emirates National Plastic Industries Company has received an electricity bill from Al-Sharja Electricity and Water Authority ("SEWA") amounted to SR 11.7 million, that represents claims against differences in invoiced amounts related to prior years and which have not been included in the previously issued paid bills.

The management has appointed an independent consultant to evaluate the accuracy of the invoiced amounts. Furthermore, the management has requested the details of the calculations from the Authority. According to the legal consultant opinion and management estimates, a provision of SR 9.12 million has been provided against such invoice during 2015.

During the year 2016, it has been agreed with SEWA to settle these bills and no additional losses incurred from these settlements.

Contingent liabilities

The Group has the following contingent liabilities:

	31 March 2017 SR	31 December 2016 SR	1 January 2016 SR
Letters of credit	**36,750,756**	25,577,933	31,379,989
Letters of guarantee	**19,935,532**	16,015,103	8,220,172
Capital commitments	**6,711,316**	7,989,103	2,182,188
Operating lease commitments	**9,730,649**	10,103,060	10,345,955
Trade commitments	**14,570,416**	6,692,355	10,248,198
Lawsuit	**2,817,297**	2,764,790	-

23 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders of the Company and entities controlled or significantly influenced by such parties. Following table shows the key management personnel compensation of the Company:

	For the three month period ended	
	31 March 2017 SR	31 March 2016 SR
Short-term employee benefits	**2,210,801**	3,261,027
Post-employment benefits	**610,348**	576,956
Total compensation paid to key management personnel	**2,821,149**	3,837,983

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

24 INTERIM RESULTS

The results of operations for the interim periods may not be an accurate indication of the actual results for the full year's operations.

25 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the three month period ended 31 March 2017, Tawq Public Relations Company Limited, a wholly owned subsidiary of the Group, has signed an agreement with one of its customers amounted to SR 182 million for providing advertising and digital expansion services for a period of three years commencing from the second quarter of the year 2017.