

JARIR MARKETING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE THREE-MONTH PERIOD AND
YEAR ENDED DECEMBER 31, 2016 AND
INDEPENDENT AUDITORS' REVIEW REPORT

JARIR MARKETING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REVIEW REPORT

January 17, 2017

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

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Jarir Marketing Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2016, the interim consolidated statement of income for the three-month period and the year ended December 31, 2016, the interim consolidated statements of cash flows and changes in shareholders' equity for the year then ended and the related notes from (1) to (8) which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

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

Review conclusion

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

PricewaterhouseCoopers

By: _____
Omar M. Al Sagga
License Number 369

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

	Note	As at December 31,	
		2016 (Unaudited)	2015 (Audited)
Assets			
Current assets			
Cash and cash equivalents		157,794	109,622
Accounts receivable		100,954	152,738
Inventories		882,798	792,591
Prepayments and other assets		198,747	163,849
Total current assets		1,340,293	1,218,800
Non-current assets			
Available for sale investment		27,951	27,951
Investment properties		40,441	33,041
Property and equipment		1,228,255	1,131,200
Total non-current assets		1,296,647	1,192,192
Total assets		2,636,940	2,410,992
Liabilities and shareholders' equity			
Current liabilities			
Current portion of bank borrowings and term loans		-	25,000
Liabilities against capital leases		462	462
Accounts payable		793,902	583,631
Accrued expenses and other liabilities		121,748	112,431
Employees' incentives program		12,622	2,256
Deferred revenues		23,885	22,341
Zakat and tax payable		29,825	30,166
Total current liabilities		982,444	776,287
Non-current liabilities			
Liabilities against capital leases		11,781	12,243
Employees' termination benefits		85,443	71,317
Employees' incentives program		18,272	31,164
Deferred revenues		9,467	16,384
Total non-current liabilities		124,963	131,108
Total liabilities		1,107,407	907,395
Shareholders' equity			
Share capital		900,000	900,000
Statutory reserve	3	296,500	222,709
Foreign currency translation reserve	4	(72,973)	-
Retained earnings		406,006	380,888
Total shareholders' equity		1,529,533	1,503,597
Total liabilities and shareholders' equity		2,636,940	2,410,992
Commitments and contingencies	8		

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

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

	Note	Three-month period ended December 31,		Year ended December 31,	
		2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Audited)
Sales		1,793,462	1,524,054	6,122,559	6,375,378
Cost of sales		(1,548,663)	(1,280,316)	(5,247,518)	(5,403,347)
Gross profit		244,799	243,738	875,041	972,031
Operating expenses					
General and administrative		(22,521)	(20,582)	(93,075)	(87,169)
Selling and marketing		(12,164)	(25,251)	(77,225)	(76,162)
Income from operations		210,114	197,905	704,741	808,700
Other income (expenses)					
Other income		7,961	13,636	50,436	45,519
Financial charges		(2)	(249)	(174)	(2,267)
Income before zakat and tax and extraordinary losses		218,073	211,292	755,003	851,952
Extraordinary losses - fire, net	1	-	-	(4,000)	-
Income before zakat and tax		218,073	211,292	751,003	851,952
Zakat and tax		(2,750)	(3,200)	(13,094)	(23,481)
Net income		215,323	208,092	737,909	828,471
Earnings per share (Saudi Riyals):					
• Income from operations	5	2.33	2.20	7.83	8.99
• Non-operating income	5	0.09	0.15	0.56	0.48
• Net income	5	2.39	2.31	8.20	9.21

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

	Note	Year ended December 31,	
		2016 (Unaudited)	2015 (Audited)
Cash flow from operating activities			
Net income for the year		737,909	828,471
<u>Adjustments for non-cash items</u>			
Depreciation		42,836	32,520
Provision (reversal) for doubtful debts		1,112	(1,985)
Reversal of inventory provision		(9)	(67)
Inventory loss due to fire	1	4,000	-
Amortization of deferred revenue		6,950	(6,860)
Impairment of investment property		5,102	-
Loss on sale of property and equipment		93	63
Provision for employees' incentives program		651	-
Provision for employees' termination benefits		19,188	12,150
Provision for zakat and tax		13,094	23,481
<u>Changes in working capital</u>			
Accounts receivable		50,578	(10,134)
Inventories		(94,198)	24,596
Prepayments and other assets		(34,906)	32,782
Accounts payable		210,374	(29,009)
Accrued expenses and other liabilities		10,493	26,812
Deferred revenues		(12,785)	982
Zakat paid		(13,435)	(18,798)
Employees' incentives program paid		(3,177)	(1,004)
Employees' termination benefits paid		(5,062)	(4,059)
Net cash generated from operating activities		<u>938,808</u>	<u>909,941</u>
Cash flow from investing activities			
Additions to investment properties		(45,658)	(572)
Additions to property and equipment		(126,631)	(142,883)
Proceeds from sale of property and equipment		277	5
Net cash utilized in investing activities		<u>(172,012)</u>	<u>(143,450)</u>
Cash flow from financing activities			
Bank borrowings and term loans		(25,000)	(100,000)
Dividends paid	6	(639,000)	(684,900)
Net cash utilized in financing activities		<u>(664,000)</u>	<u>(784,900)</u>
Net change in cash and cash equivalents		102,796	(18,409)
Effect of exchange rate changes in cash and cash equivalents		(54,624)	-
Cash and cash equivalents at beginning of year		<u>109,622</u>	<u>128,031</u>
Cash and cash equivalents at end of year		<u>157,794</u>	<u>109,622</u>

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

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

	Note	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
January 1, 2016 (audited)		900,000	222,709	-	380,888	1,503,597
Net income for the year		-	-	-	737,909	737,909
Transfer to statutory reserve	3	-	73,791	-	(73,791)	-
Dividends	6	-	-	-	(639,000)	(639,000)
Foreign currency translation adjustments	4	-	-	(72,973)	-	(72,973)
December 31, 2016 (unaudited)		900,000	296,500	(72,973)	406,006	1,529,533
January 1, 2015 (audited)		900,000	139,862	-	320,164	1,360,026
Net income for the year		-	-	-	828,471	828,471
Transfer to statutory reserve	3	-	82,847	-	(82,847)	-
Dividends	6	-	-	-	(684,900)	(684,900)
December 31, 2015 (audited)		900,000	222,709	-	380,888	1,503,597

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

JARIR MARKETING COMPANY
(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month period and year ended December 31, 2016 (Unaudited)

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. General information

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

The Company's registered office is based in Riyadh. As at December 31, 2016, the Company had 49 showrooms (2015: 44 showrooms) including wholesale outlets in the Kingdom of Saudi Arabia and the other Gulf countries, in addition to real estate investments in the Arab Republic of Egypt through Jarir Egypt Financial Leasing Company SAE.

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

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

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Direct and indirect ownership as at December 31,</u>	
		<u>2016</u>	<u>2015</u>
		<u>%</u>	<u>%</u>
United Company for Office Supplies and Stationeries WLL	Qatar	100	100
Jarir Trading Company LLC	Abu Dhabi	100	100
United Bookstore	Abu Dhabi	100	100
Jarir Bookstore	Kuwait	100	100
Jarir Egypt Financial Leasing Company SAE	Egypt	100	100

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

During the year, a fire incident occurred in one of the Company's showrooms in Jeddah, Saudi Arabia which resulted in losses and damages to certain assets. The net amount of such losses was presented under extraordinary losses - fire in the accompanying interim consolidated statement of income.

These interim consolidated financial statements were authorized for issue by the Company's Board of Directors on January 17, 2017.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

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

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gains or losses on transactions, between the Group companies have been eliminated in the interim consolidated financial statements.

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

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

2.2 Critical accounting estimates and judgments

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

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

2.3 Accounts receivable

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

2.4 Inventories

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

2.5 Investments

a) Available for sale investments

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

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

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

As at December 31, 2016 and 2015, available for sale investments represent investment in a Saudi entity.

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(All amounts in Saudi Riyals thousands unless otherwise stated)

b) Investment properties

Properties held to earn rentals or for capital appreciation or both, which are not occupied by the Group are classified as investment properties. Investment properties are recorded at historical cost, net of accumulated depreciation and impairment losses, if any except land and capital work in progress which are recorded at costs and other directly attributable costs. When ready for use, capital work in progress is transferred to investment properties. Historical costs include expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset's carrying amount will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the interim consolidated statement of income during the financial year in which they are incurred. Land is not depreciated. Investment properties are depreciated on a straight-line basis over their estimated useful lives of 25 - 33 years.

2.6 Property and equipment

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

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

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

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

2.7 Impairment

a) Tangible and intangible assets

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

b) Financial assets

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

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2.8 Accounts payable and accruals

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

2.9 Zakat and tax

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

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

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

2.10 Employees' termination benefits

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

2.11 Employees' incentive program

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

2.12 Deferred revenues

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

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

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

2.13 Sales

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

2.14 Costs and expenses

2.14.1 Cost of sales

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

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2.14.2 Selling and marketing expenses

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

2.14.3 General and administrative expenses

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

2.15 Operating and capital leases

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

2.16 Foreign currency translation

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

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

At the subsidiary level, transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the interim balance sheet date. All differences are taken to the interim consolidated statement of income. However, exchange difference arising on monetary items that form part of net investment is recognized in equity in the interim consolidated balance sheet.

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

2.17 Comparative figures

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

3. Statutory reserve

In accordance with the new Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to set aside 10% of its net income at each year-end to a statutory reserve until such reserve equals to 30% of its share capital. This reserve is currently not available for distribution to the shareholders of the Company.

4. Foreign currency translation reserve

Foreign currency translation reserve amounting to Saudi Riyals 73 million resulted from the translation of foreign subsidiaries into the Group's presentation currency. This is mainly attributable to devaluation of Egyptian Pound in the Company's subsidiary in Egypt resulting from floatation of currency by the Egyptian Central Bank during the current quarter.

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5. Earnings per share

Earnings per share has been calculated by dividing income from operations, non-operating income and net income for the periods/years ended December 31, 2016 and 2015 by 90 million shares.

6. Dividends

Based on a pre-approval of the General Assembly, the Board of Directors in their meeting held on February 3, 2016, April 18, 2016, July 24, 2016 and October 17, 2016 resolved to distribute interim cash dividends amounting to Saudi Riyals 175.5 million, Saudi Riyals 157.5 million, Saudi Riyals 112.5 million and Saudi Riyals 193.5 million, respectively, which were paid to the shareholders during the year ended December 31, 2016.

Based on pre-approval of the General Assembly, the Board of Directors, in their meeting held on February 4, 2015, April 16, 2015, August 31, 2015 and October 18, 2015 resolved to distribute interim cash dividends amounting to Saudi Riyals 166.5 million, Saudi Riyals 202.5 million, Saudi Riyals 131.4 million and Saudi Riyals 184.5 million, respectively, which were paid to the shareholders during the year ended December 31, 2015.

7. Segment information

a) Operating segments

The Group has two major operating segments namely, wholesale and retail. The segmental information as of and for the years ended December 31, was as follows:

	Retail	Wholesale	Total
	(Saudi Riyals in millions)		
2016			
Sales	5,767	356	6,123
Net income	695	43	738
Depreciation	41	2	43
Property and equipment	1,216	12	1,228
Total assets	2,446	191	2,637
Total liabilities	1,083	24	1,107
2015			
Sales	5,892	483	6,375
Net income	758	70	828
Financial charges	2	-	2
Depreciation	31	2	33
Property and equipment	1,118	13	1,131
Total assets	2,155	256	2,411
Total liabilities	884	23	907

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b) Geographical Segments

The Group has two major geographical segments namely, Saudi Arabia and other Gulf countries and Egypt. The Group's activity in different geographic areas as of and for the years ended December 31, was as follows:

	Kingdom of Saudi Arabia	Other Gulf Countries and Egypt	Total
	(Saudi Riyals in millions)		
2016			
Sales	5,646	477	6,123
Net income	691	47	738
Depreciation	34	9	43
Property and equipment	1,198	30	1,228
Total assets	2,433	204	2,637
Total liabilities	1,064	43	1,107
2015			
Sales	5,911	464	6,375
Net income	765	63	828
Financial charges	2	-	2
Depreciation	26	7	33
Property and equipment	1,079	52	1,131
Total assets	2,220	191	2,411
Total liabilities	864	43	907

8. Commitments and contingencies

Commitments and contingencies are as follows:

	(Saudi Riyals in millions)	
	2016	2015
Letters of credit	131.65	107.38
Letters of guarantee	10.09	8.50