UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015
WITH INDEPENDENT AUDITORS' REPORT

UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

KPMG

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License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

The Shareholders
United Electronics Company
(A Saudi Joint Stock Company)
Al-Khobar, Kingdom of Saudi Arabia

We have audited the accompanying consolidated financial statements of **United Electronics Company** (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheet as at 31 December 2015 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and the attached notes 1 through 28 which form an integral part of the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with the Article 123 of the Regulations for Companies and the Company's bylaws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Opinion

In our opinion, the consolidated financial statements taken as a whole:

1) present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

2) comply with the requirements of the Regulations for Companies and the Company's bylaws with respect to the preparation and presentation of the financial statements.

For KPMG Al Fozan & Partners

Ebrahim Oboud Baeshen
License No.382

Al Khobar,
Date: 18 February 2016G
Corresponding to: 9 Jumaada Al-awal 1437H

C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015
(Expressed in Saudi Riyals)

	Note	2015	2014
ASSETS			
Current assets			
Cash and cash equivalents	4	**66,222,183**	70,466,488
Accounts receivables, net	5	**13,654,035**	22,097,602
Installment sales receivable, net – Current portion	6	**18,111,592**	1,435,634
Inventories, net	7	**651,792,118**	665,412,952
Prepayments and other current assets	8	**69,085,911**	59,603,829
Total current assets		**818,865,839**	819,016,505
Non-current assets			
Installment sales receivable, net – Non-current portion	6	**6,952,247**	549,748
Property and equipment, net	10	**443,977,105**	470,764,115
Capital work in progress	11	**33,835,390**	27,644,472
Total non-current assets		**484,764,742**	498,958,335
Total assets		**1,303,630,581**	1,317,974,840
LIABILITIES			
Current liabilities			
Accounts payable	9	**557,794,438**	590,796,163
Accrued expenses and other liabilities	12	**94,546,944**	101,851,496
Deferred revenue from additional service program – Current portion	13	**12,022,839**	7,905,675
Deferred revenue from sale and leaseback – current portion	14	**961,548**	-
Current portion of Murabaha finance	15	**20,000,000**	20,000,000
Zakat and income tax provision	16	**3,377,893**	3,130,088
Total current liabilities		**688,703,662**	723,683,422
Non-current liabilities			
Non-current portion of Murabaha Finance	15	**10,000,000**	30,000,000
Deferred revenue from additional service program – Non-current portion	13	**8,936,124**	6,602,723
Deferred revenue from sale and leaseback – non current portion	14	**15,865,676**	-
Deferred tax liability		**32,158**	-
Employees' end of service benefits	17	**48,471,036**	40,431,530
Total non-current liabilities		**83,304,994**	77,034,253
Total liabilities		**772,008,656**	800,717,675
SHAREHOLDERS' EQUITY			
Share capital	1	**360,000,000**	300,000,000
Statutory reserve	18	**66,088,888**	61,170,955
Retained earnings		**105,596,980**	156,135,579
Foreign currency translation reserve		**(65,938)**	(51,539)
Total Shareholders' equity		**531,619,930**	517,254,995
Non- controlling interest		**1,995**	2,170
Total equity		**531,621,925**	517,257,165
Total liabilities and shareholders' equity		**1,303,630,581**	1,317,974,840

The consolidated financial statements appearing on pages (1) to (23) were approved by the Board of Directors on 16 February 2016, corresponding to 7 Jumada Al Awal 1437H and have been signed on its behalf by:

Finance Manager **Chief Executive Officer** **Chairman**

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Saudi Riyals)

	Note	2015	2014
Revenue, net	23	**3,744,789,463**	3,689,360,250
Cost of Revenue	23	**(3,166,924,455)**	(3,068,604,535)
Gross profit	23	**577,865,008**	620,755,715
Selling and marketing expenses	19	**(413,998,967)**	(379,621,619)
General and administrative expenses	20	**(108,727,308)**	(115,348,760)
Operating income		**55,138,733**	125,785,336
Finance expenses		**(2,733,153)**	(3,376,183)
Income from investment held for trading		**1,697,234**	2,524,301
Other losses, net		**(768,696)**	(457,851)
Income before Zakat		**53,334,118**	124,475,603
Zakat	16	**(4,122,801)**	(3,431,740)
Deferred tax expense	3 (k)	**(32,158)**	-
Net income for the year	23	**49,179,159**	121,043,863
Net income attributable to:			
Shareholders	23	**49,179,334**	121,044,693
Non-controlling interest		**(175)**	(830)
Net income for the year	23	**49,179,159**	121,043,863
Earning per share:			
Earnings per share from operating income for the year	21	**1.53**	3.49
Earnings per share from net income for the year	21	**1.37**	3.36

Finance Manager	**Chief Executive Officer**	**Chairman**

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Saudi Riyals)

	Note	2015	2014
Cash flows from operating activities:			
Net income for the year		**49,179,159**	121,043,863
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	10	**46,350,750**	43,946,748
Loss / (gain) from sale of property and equipment		**1,352,106**	(98,078)
Provision for doubtful debts	5	**(26,212)**	576,343
Provision for instalment sales	6	**1,571,997**	13,335
Provision for inventory	7	**(12,832,222)**	13,935,353
Deferred revenue on sale and leaseback transaction		**(480,614)**	-
Finance expense		**2,733,153**	3,376,183
Zakat provision		**4,122,801**	3,431,740
Income from investments held for trading		**(1,697,234)**	(2,524,301)
Employees' end of service benefits	17	**11,673,349**	9,819,788
Deferred tax revenue		**32,158**	-
		101,979,191	193,520,974
Changes in operating assets and liabilities:			
Accounts receivable	5	**8,469,779**	(6,862,517)
Installment sales receivable	6	**(24,650,454)**	(1,998,717)
Inventories	7	**26,453,056**	(199,315,637)
Prepayments and other current assets	8	**(9,482,082)**	3,608,727
Accounts payable and other current liabilities	12	**(40,306,277)**	270,830,844
Deferred revenue	13	**6,450,565**	1,103,772
Employees' end of service benefits paid	17	**(3,633,843)**	(2,433,821)
Board of Directors remuneration paid during the period		**(1,800,000)**	(1,800,000)
Finance expense paid		**(2,733,153)**	(3,376,183)
Zakat paid	16	**(3,874,996)**	(4,696,623)
Net cash provided by operating activities		**56,871,786**	248,580,819
Cash flows from investing activities			
Additions to property and equipment	10	**(29,333,327)**	(64,519,864)
Additions to capital work in progress	11	**(31,106,081)**	(18,871,470)
Proceeds from disposal of property and equipment		**640,482**	182,650
Proceeds from sales and leaseback transaction	14	**50,000,000**	-
Purchase of investment held for trading		**(3,172,600)**	(3,002,396)
Proceeds from disposal of investments		**4,869,834**	5,526,697
Cash and cash equivalent of a subsidiary		-	300,000
Net cash used in investing activities		**(8,101,692)**	(80,384,383)
Cash flows from financing activities:			
Dividends paid		**(33,000,000)**	(142,500,000)
Repayment of medium term Murabaha finance	15	**(20,000,000)**	-
Receipt of medium term Murabaha Finance		-	10,000,000
Net cash used in financing activities		**(53,000,000)**	(132,500,000)
Net change in cash and cash equivalents		**(4,229,906)**	35,696,436
Movement in foreign currency translation		**(14,399)**	(47,887)
Cash and cash equivalent at the beginning of the year		**70,466,488**	34,817,939
Cash and cash equivalents at end of the year	4	**66,222,183**	70,466,488
Non-cash transactions			
Transfer from retained earnings to share capital	22	**60,000,000**	-

Finance Manager **Chief Executive Officer** **Chairman**

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015
(Expressed in Saudi Arabian Riyals)

	Equity attributable to the shareholders of the Company						
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total
Balance as at 1 January 2014	300,000,000	49,066,485	138,995,356	(3,652)	488,058,189	3,000	488,061,189
Net income for the year ended 31 December 2014	-	-	121,044,693	-	121,044,693	(830)	121,043,863
Transfer to statuary reserve	-	12,104,470	(12,104,470)	-	-	-	-
Dividends	-	-	(90,000,000)	-	(90,000,000)	-	(90,000,000)
Board of directors remunerations	-	-	(1,800,000)	-	(1,800,000)	-	(1,800,000)
Foreign currency translation adjustment during the year	-	-	-	(47,887)	(47,887)	-	(47,887)
Balance as at 31 December 2014	**300,000,000**	**61,170,955**	**156,135,579**	**(51,539)**	**517,254,995**	**2,170**	**517,257,165**
Net income for the year ended 31 December 2015	**-**	**-**	**49,179,334**	**-**	**49,179,334**	**(175)**	**49,179,159**
Additional capital contribution	**60,000,000**	**-**	**(60,000,000)**	**-**	**-**	**-**	**-**
Transfer to statuary reserve	**-**	**4,917,933**	**(4,917,933)**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**(33,000,000)**	**-**	**(33,000,000)**	**-**	**(33,000,000)**
Board of directors remuneration	**-**	**-**	**(1,800,000)**	**-**	**(1,800,000)**	**-**	**(1,800,000)**
Foreign currency adjustment during the year	**-**	**-**	**-**	**(14,399)**	**(14,399)**	**-**	**(14,399)**
Balance as at 31 December 2015	**360,000,000**	**66,088,888**	**105,596,980**	**(65,938)**	**531,619,930**	**1,995**	**531,621,925**

Finance Manager **Chief Executive Officer** **Chairman**

The accompanying notes 1 through 28 form an integral of these consolidated financial statements.

(Expressed in Saudi Riyals)

1) ORGANIZATION AND PRINCIPAL ACTIVITIES

UNITED ELECTRONICS COMPANY (the "Company") and its Subsidiaries (referred together as the "Group") is a Saudi Joint stock Company initially registered in Riyadh under commercial registration No, 1010175357 dated 19 Moharram 1423H (corresponding to 1 April 2002). In 2004 the Company's registered office was transferred from Riyadh to Al Khobar and, accordingly, the commercial Registration number was changed to 2051029841 dated 10 Jumada II,1425H (corresponding to 27 July 2004), From 24 December 2011, the shares of the company have been listed on Saudi Stock Exchange "Tadawul".

As at 31 December 2014 the company's share capital was SR 300 million divided into 30 million shares valued SR 10 each, However, on 27 April 2015, the Company increased share capital by SR 60 million from retained earnings to be SR 360 million divided into 36 million shares valued SR 10 each.

The Company's principal business activities represent wholesale and retail trade in foodstuff, electric appliances, electronic gadgets, computers and their spare parts and accessories, furniture, office equipment and tools, car recorder installations, maintenance and repair services, establishment of restaurants and third-party marketing.

The following are the subsidiaries of the Company, the assets and liabilities and result of operations and cash flow of these subsidiaries have been included in the consolidated financial statements of the Group.

Name of consolidated subsidiaries	Effective ownership 2015	Effective ownership 2014
United Electronics Company Extra S.P.C. a company registered in Bahrain	100%	100%
United Electronics Company Extra L.L.C. a company registered in Oman	100%	100%
United Company for Maintenance Services, a company registered in Kingdom of Saudi Arabia	99%	99%

1- United Electronics Company-Extra S.P.C., is registered in Bahrain on 15 Dhul-Qa'da 1432H (corresponding to 13 October 2011). The principal activities of this subsidiary are importing, exporting and trading for electrical and electronics devices and their spare parts, computers and accessories, selling video and audio media materials, importing and exporting computer software and hardware, importing and exporting electronic games, providing maintenance for electric devices in addition to management and development of personal properties.

2- United Electronics Company-Extra L.L.C. is registered in Oman on 15 Jumada I, 1433H (corresponding to 7 April 2012),the principal activities are retail of computer, non-customized software, household appliances (radio, television, refrigerators, crockery etc.,), toys, games, satellites and phones. This subsidiary commenced its operations on 18 January 2013.

3- United Company for Maintenance Services, a Saudi limited liability company incorporated on 10 Rajab 1431H (corresponding to 22 September 2010). The principal activities are maintenance and repair and providing warranty for electronics, digital and electrical devices, home appliances and computers and wholesale trading and spare parts in electrical and digital devices, photocopy and fax machines, telephones, cell phones, video and electric games, digital pocket assistants, printer and computer related devices.

4- As at 31 December 2015, the Group has a total of 41 branches out of which 38 operational branches are in the Kingdom of Saudi Arabia. For the last year ended the Group had a total of 39 branches out of which 37 operational branches were in the Kingdom of Sauid Arabia. These branches are as follows:

(Expressed in Saudi Riyals)

1- ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

Serial number	Store	Place of registration	Commercial registration number	Date of registration
1	Branch of United Electronics Company	Khobar	2051029841	10/06/1425
2	Branch of United Electronics Company	Dammam	2050078151	29/10/1432
3	Branch of United Electronics Company	Sakaka	3400015173	13/08/1433
4	Branch of United Electronics Company	Riyadh	1010175357	19/01/1423
5	Branch of United Electronics Company	Mubriz	2252035727	22/08/1428
6	Branch of United Electronics Company	Al Kharj	1011016109	18/01/1433
7	Branch of United Electronics Company	Onaiza	1128014521	13/08/1433
8	Branch of United Electronics Company	Taif	4032025960	12/06/1427
9	Branch of United Electronics Company	Jizaan	5900016025	10/07/1432
10	Branch of United Electronics Company	Buraida	1131025972	01/04/1429
11	Branch of United Electronics Company	Makkah	4031065733	18/01/1433
12	Branch of United Electronics Company	Jubail	2055014762	25/01/1433
13	Branch of United Electronics Company	Dammam	2050062467	26/01/1429
14	Branch of United Electronics Company	Hafr Al Batin	2511013237	07/11/1432
15	Branch of United Electronics Company	Tabouk	3550026190	12/01/1432
16	Branch of United Electronics Company	Jeddah	4030189019	26/04/1430
17	Branch of United Electronics Company	Najran	5950018934	25/07/1432
18	Branch of United Electronics Company	Hail	3350030191	30/01/1433
19	Branch of United Electronics Company	Madinah	4650038844	13/04/1428
20	Branch of United Electronics Company	Yanbu	4700013718	30/01/1433
21	Branch of United Electronics Company	Abha	5850027004	22/05/1427
22	Branch of United Electronics Company	Jeddah	4030219680	18/01/1433
23	Branch of United Electronics Company	Makkah	4031060798	29/12/1431
24	Branch of United Electronics Company	Jeddah	4030146479	15/11/1424
25	Branch of United Electronics Company	Riyadh	1010204256	13/11/1435
26	Branch of United Electronics Company	Riyadh	1010283056	15/03/1431
27	Branch of United Electronics Company	Riyadh	1010210628	20/05/1426
28	Branch of United Electronics Company	Riyadh	1010300686	07/02/1432
29	Branch of United Electronics Company	Riyadh	1010300685	70/02/1432
30	Branch of United Electronics Company	Riyadh	1010307790	23/05/1432
31	Branch of United Electronics Company	Bisha	5851007470	25/05/1435
32	Branch of United Electronics Company	Hassa	2250057043	25/05/1435
33	Branch of United Electronics Company	Qonfuda	4603006522	12/06/1434
34	Branch of United Electronics Company	Riyadh	1010408910	25/05/1435
35	Branch of United Electronics Company	Baha	5800017654	25/05/1435
36	Branch of United Electronics Company	Khamis	5855068196	12/04/1436
37	Branch of United Electronics Company	Jeddah	4030280277	12/04/1436
38	Branch of United Electronics Company	Madinah	4650079735	20/01/1437

2) BASIS OF PREPARATION

(a) Statement of compliance

These accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) and in the light of the relevant Saudi Laws and Regulations.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting and the going concern concept except for investments held-for-trading.

(c) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the functional currency and presentation currency of the Group.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Although these judgments and estimates of assumptions are prepared in the light of the most recent and relevant information available to management. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected, In particular, information about significant areas of estimated uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in the following notes:

Note 5	- Accounts receivable
Note 7	- Inventories
Note 10	- Property and equipment
Note 16	- Zakat and income tax
Note 3 (m)	- Revenue from sale of gift cards and extended warranty program
Note 25	- Financial instruments

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set below have been applied consistently to all periods presented in the consolidated Financial statements. Certain comparative figures have been reclassified to conform with current period / year's presentation.

a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries set forth in Note (1) above. Subsidiaries are entities controlled by the Holding company. Control is presumed to exist when the Holding Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date deducting bankoverdrafts, if any. Cash flow statement has been prepared using the indirect method.

c) Accounts receivable

Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Company will not be able to collect all amounts due according to the original terms of invoice. Such provision is charged to the statement of income and reported under "Selling and Marketing expenses". When accounts receivable are uncollectible, they are written-off against the provision for doubtful accounts. Any subsequent recoveries of amounts previously written-off are credited against "other income" in the consolidated Statement of Income.

d) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined on the 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. Appropriate provisions are made for slow moving inventories.

e) Investment held for trading

Investment held for trading are stated at fair value and unrealized and realized gains and losses thereon are included in the consolidated statement of income.

Where the fair value is not readily determinable, such equity securities are stated at costs less allowances for impairment if any.

f) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulate impairment loss, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the statement of income when incurred.

Depreciation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives of individual item of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of fixed asset and are recognized net within "other income" in the consolidated statement of income. The estimated useful lives of assets are as follows:

Item	Estimated useful lives/Years
Buildings and leasehold improvement	10- 33 years
Furniture, Fixture and office equipment	4-10 years
Vehicles	5 years

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Construction under progress

Constructions under progress represents the accumulated costs incurred by the company in relation to the construction of its building and structures. Cost incurred for the construction of property and equipment are initially charged to the construction under progress then these expenses are transferred to property and equipment when the construction of these facilities are completed. Finance costs on borrowings attributable to the construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

h) Impairment of assets

Financial assets

A financial asset is assessed at each annual reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non- financial assets

The carrying amounts of non-financial assets of the Group, except inventories, assets held for sale and assets resulting from construction contracts, if any, are reviewed at the date of the financial statements to ascertain whether there is an event or changes in circumstances indicating that the carrying amount of an asset exceeds its recoverable amount.

When such indicator exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. The impairment calculated as the difference between the carrying amount and estimated recoverable amount, discounted using the effective interest rate.

A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses in respect of other intangible assets in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

i) Accounts payable and accruals

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

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Zakat

The Company is subject to the regulations of the Department of Zakat and Income Tax ("DZIT") in the kingdom of Saudi Arabia. Moreover, the subsidiaries are subject to the relevant laws relating to income tax in the countries where they conduct their activities. Zakat and income tax is calculated on accrual basis.

Zakat is calculated on the higher of Zakat base or adjusted profits, any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

k) Deferred Tax

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

l) Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to consolidated statement of income. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should his/ her services be terminated at the balance sheet date.

m) Revenue recognition

Revenue from sale of goods is recognized upon delivery or shipment of products to customers and is recorded net of returns, trade discounts and volume rebates.

Revenue from the sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- There is sufficient expectation that economic benefits will flow to the Group; and
- It is probable that the costs that are charged or will be charged to the Group with the transaction can be accurately determined.

Revenue from extended warranty program and sale of gift cards

Revenue from extended warranty contracts is recognized, according to the services rendered. A particular portion of the collected revenue is deferred and amortized over the service agreement period.

Revenues from gift cards are recognized when these cards are redeemed by customers or based on management estimates for cards not to be redeemed.

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Revenue recognition (continued)

Revenues from the extended warranty and gift cards are recognized when the following conditions are satisfied:

- The amount is non-refundable;
- An entity concludes, based on available evidence that the likelihood of the customer requiring to fulfill its performance obligation is remote.
- The amount of revenue can be measured reliably;
- There is sufficient expectation that economic benefits will flow to the Group; and
- It is probable that the costs that are charged to the Group with the transaction can be accurately determined.

Management periodically reviews and updates its estimates of revenue recognition calculation based on trends, past experience and cumulative knowledge

Instalment sales

The Company recognizes the value of goods which are a subject for installment when all the risk and rewards are transferred to the customer, however the installment sales commission is deferred until cash collection based on the received installments.

Other revenue

Other revenues are recognized according to the accrual basis

o) Expenses

Selling, distribution, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting standards. Allocations between cost of revenue and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

p) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

q) Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of risks and rewards of ownership to the lessee, all other leases are classified as operating lease.

(Expressed in Saudi Riyals)

3) SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Sale and leaseback

Sale and leaseback transactions are recognized independent of the lease transactions. Any loss from the sale is recognized on the contract date while deferred gains are recognized in the future in proportion to the lease expenses compared to the total lease payments during the contract term.

s) Segmental reporting

A segment is a distinguishable component of the Group that is engaged in providing products, services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. Because the management views the whole activities of the Group as one operating segment, reporting is provided by geographical segments only.

t) Foreign currency transactions

i. Foreign currency transactions

Transactions denominated in foreign currencies are translated into Saudi Riyals at the exchange rates prevailing at the time of the respective transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at exchange rates prevailing at that date. Gains and losses resulting from changes in exchange rates are recognized in the consolidated statement of income.

ii. Translation difference on Foreign subsidiaries

The financial statements of subsidiaries are translated to the functional currency i.e Saudi Riyal. Gains and losses resulting from changes in exchange rates is recognized as a separate component of equity.

u) Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

4) CASH AND CASH EQUIVALENT

Cash and cash equivalents as at 31 December, comprise of the following:

	2015	2014
Cash at bank – current accounts	**56,685,762**	62,478,068
Cash in hand	**9,536,421**	7,988,420
	66,222,183	70,466,488

5) ACCOUNTS RECEIVABLE, NET

Accounts receivable as at 31 December, comprise of the following:

	2015	2014
Accounts receivable	**15,048,546**	23,518,325
Less: Provision for bad debts	**(1,394,511)**	(1,420,723)
	13,654,035	22,097,602

(Expressed in Saudi Riyals)

6) INSTALLMENT SALES RECEIVABLE, NET

Installment sales receivable as at 31 December, comprise of the following:

	2015	2014
Installment sales receivable	**26,649,171**	1,998,717
Less: Provision for bad debts	**(1,585,332)**	(13,335)
	25,063,839	1,985,382

The breakup of installment sales receivable in short term portion and long term portion is as follows:

	2015	2014
Installment sales receivable – short term portion	**18,111,592**	1,435,634
Installment sales receivable – long term portion	**6,952,247**	549,748
	25,063,839	1,985,382

7) INVENTORIES, NET

Inventories as at 31 December, comprise of the following:

	2015	2014
Trade inventory	**631,301,189**	638,742,723
Inventory in transit	**15,384,742**	34,075,110
Spare parts	**6,209,318**	6,530,472
Provision for obsolescence and shrinkage	**(1,103,131)**	(13,935,353)
	651,792,118	665,412,952

8) PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables as at 31 December, comprise of the following:

	2015	2014
Prepaid rent	**37,737,851**	37,504,276
Receivable from Employees	**7,960,007**	7,933,235
Prepaid government and recruitment charges	**7,658,132**	4,465,121
Prepaid Insurance	**3,453,952**	3,443,619
Advances to suppliers	**2,614,532**	878,060
Claim receivable and refundable deposits	**1,788,030**	944,600
Prepaid marketing and license expenses	**1,184,623**	547,812
Others	**6,688,784**	3,887,106
	69,085,911	59,603,829

(Expressed in Saudi Riyals)

9) RELATED PARTY TRANSACTIONS AND BALANCES

In the ordinary course of its business, the Group deals with its related parties, which include purchases, sales and inter-group with related parties. These terms and conditions of such transactions are approved by the Group's management. The significant related parties are listed as follows:

Name of entity	Relationship
Digital and Electronic Soloutions Development Company ("DESD") and its subsidiary	Affiliate of a shareholder

During the year ended 31 December the Group had the following significant transactions with its related parties.

Related Party	Nature of transactions	2015	2014
*Digital and Electronic Soloutions Development Company ("DESD") and its subsidiary	Purchases	**380,775,534**	420,347,162
Board of Directors	Board of Directors re-muneration	**1,800,000**	1,800,000

* Trade payables include balance payable by the DESD and its subsidiary amounting to SR 12,119,737 (31 December 2014: SR 25,200,637).

(Expressed in Saudi Riyals)

10) PROPERTY AND EQUIPMENT

The movement of the property and equipment for the year ended 31 December is as follows:

	Land	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:					
Balance at 1 January 2015	126,062,550	300,485,728	222,754,699	23,177,034	672,480,011
Additions during the year	-	12,066,913	15,199,505	2,066,909	29,333,327
Disposals during the year	(24,514,881)	(11,662,076)	(1,553,829)	(1,639,447)	(39,370,233)
Transfers from capital work in progress	-	17,114,000	7,524,063	277,100	24,915,163
Balance at 31 December 2015	101,547,669	318,004,565	243,924,438	23,881,596	687,358,268
Accumulated Depreciation:					
Balance at 1 January 2015	-	54,649,945	133,485,139	13,580,812	201,715,896
Depreciation charge for the year	-	15,461,322	27,346,679	3,542,749	46,350,750
Relating to disposals	-	(2,176,235)	(1,316,307)	(1,192,941)	(4,685,483)
Balance at 31 December 2015	-	67,935,032	159,515,511	15,930,620	243,381,163
Net Book Value:					
At 31 December 2015	101,547,669	250,069,533	84,408,927	7,950,976	443,977,105
At 31 December 2014	126,062,550	245,835,783	89,269,560	9,596,222	470,764,115

The breakup of depreciation allocated to selling and distribution expenses and general and administration expenses is as follows:

	2015	2014
Depreciation charged in selling and distribution expenses (refer note 19)	38,767,577	38,127,588
Depreciation charged in general and administration expenses (refer note 20)	7,583,173	5,819,160
	46,350,750	43,946,748

(Expressed in Saudi Riyals)

11) CAPITAL WORK IN PROGRESS

The movement of capital work in progress as at 31 December is as follows:

	2015	2014
Opening balance	**27,644,472**	15,077,795
Additions during the year	**31,106,081**	18,871,470
Transferred to fixed assets	**(24,915,163)**	(6,304,793)
	33,835,390	27,644,472

Capital work in progress include software in the development stage amounting to SR 17 million (2014: 12 million).

12) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as at 31 December comprise of the following:

	2015	2014
Gift cards	**39,995,777**	41,679,839
Provision for employee costs	**25,708,845**	34,987,344
Accrual for utilities and other charges	**12,497,836**	8,657,782
Non trade payables	**6,643,097**	6,435,920
Advance from customers	**3,416,122**	1,793,919
Others	**6,285,267**	8,296,692
	94,546,944	101,851,496

13) DEFERRED REVENUE

Deferred revenue comprise of the amounts received from the customers in relation to the sale of extended warranty program. A portion of the revenue is deferred and is recognised in future.

The breakup of current and non-current portion of the deferred revenue is as follows:

	2015	2014
Deferred revenue – Current portion	**12,022,839**	7,905,675
Deferred revenue – Non-current portion	**8,936,124**	6,602,723
	20,958,963	14,508,398

14) SALE AND LEASEBACK

The Group entered into a contract with the another Company for a sale and leaseback of land and building of Dammam branch at a total rental value of SR 69,646,242 million for a period of eighteen years starting from 1 July 2015 until 30 June 2033. The annual rent shall be paid in advance. This sale resulted in a gain of SR 17,307,837. The Group deferred the recognition of this profit so that it shall be recognized in proportion to the amount of rent expense for the relevant year. The amount so recognised as profits on a monthly basis amounts to SR 80,129.

	2015	2014
Deferred revenue from sale and lease back – current portion	**961,548**	-
Deferred revenue from sale and lease back – Non-current portion	**15,865,676**	-

(Expressed in Saudi Riyals)

15) MURABAHA FINANCE

The Group has bank facilities from local banks for letter of credit, letters of guarantee and Islamic Murabaha financing. These facilities carry finance charges at market rates and these are secured against promissory notes. These facilities are subject to Islamic Shariah principles and their details are as follows:

	2015	2014
Current portion:		
2015	-	20,000,000
2016	**20,000,000**	-
	20,000,000	20,000,000
Non-current portion:		
2016	-	20,000,000
2017	**10,000,000**	10,000,000
	10,000,000	30,000,000
Total	**30,000,000**	50,000,000

16) ZAKAT AND INCOME TAX PROVISION

As per the Saudi Regulations, the Saudi Shareholders are subject to Zakat calculated according to regulations promulgated by the government authorities computed at 2.5% of the Zakat base.

a. ***Charge for the year***

i) Zakat charge for the year ended December 31 comprises of the following:

	2015	2014
Zakat charge for the year	**4,122,801**	3,431,740

ii) The significant components of Zakat base for the Group's year ended December 31 are as follows:

	2015	2014
Capital	**300,000,000**	300,000,000
Statutory Reserve	**61,170,955**	49,066,485
Retained earnings	**156,135,579**	47,195,356
Adjusted net income / (loss) for the year	**61,777,714**	154,978,497
Provisions and others	**68,643,965**	107,684,911
	647,728,213	658,925,249
Less: Book value of long term assets	**(512,612,496)**	(533,721,729)
Zakat base	**135,115,717**	125,203,520
Zakat due at 2.5%	**3,377,893**	3,130,088

b. ***Provision for Zakat***

The movement in accrued zakat and income-tax during the year ended December 31 is as follows:

	2015	2014
Balance at beginning of the year	**3,130,088**	4,394,971
Add: Charge for the year	**3,377,893**	3,130,088
Add: Prior year charge	**744,908**	301,652
Less: Payments during the year	**(3,874,996)**	(4,696,623)
Balance at end of the year	**3,377,893**	3,130,088

(Expressed in Saudi Riyals)

16) ZAKAT AND INCOME TAX PROVISION (Continued)

c. ***Status of assessments***

Zakat assessment has been agreed with the Department of Zakat and Income Tax ("DZIT") up to the year 2005. The assessment for the years 2006 to 2014 have not been finalized by the DZIT yet. The Zakat return has been filed up to the year 2014, and the Group has received Zakat certificate, which is valid up to 30 April 2016.

17) EMPLOYEES' END OF SERVICE BENEFITS

The movement of provision for employees' end of service benefits for the year ended 31 December is as follows:

	2015	2014
Opening balance	**40,431,530**	33,045,563
Provision for the year	**11,673,349**	9,819,788
Payment during the year	**(3,633,843)**	(2,433,821)
Closing balance	**48,471,036**	40,431,530

18) STATUTORY RESERVES

In accordance with the Company's Articles of Association and Article 176 of Regulations for Companies in the Kingdom of Saudi Arabia, the Group is required to transfer 10% of its net income each year to a statutory reserve until such reserve equals 50% of its share capital. This reserve is not available for distributions to the shareholders. However, it can be used for incrasing the capital of the Company or settle losses if any.

19) SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December comprise the following:

	2015	2014
Salaries, wages and other employee benefits	**181,188,945**	169,471,031
Rent	**56,611,389**	50,247,893
Advertising and other related costs	**52,032,088**	51,444,473
Depreciation	**38,767,577**	38,127,588
Utilities, printing and stationary	**23,629,694**	23,762,011
Bank commission on credit / debit card sales	**14,248,762**	8,556,232
Cleaning services	**10,753,517**	8,804,851
Repairs and maintenance	**8,370,814**	6,551,047
Security services and cash pickup charges	**7,484,911**	8,248,509
Delivery charges	**5,970,705**	2,017,903
Travel and accommodation	**1,784,848**	1,346,561
Others	**13,155,717**	11,043,520
	413,998,967	379,621,619

(Expressed in Saudi Riyals)

20) GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended 31 December comprise the following:

	2015	2014
Salaries, wages, and employee benefits	**80,201,708**	87,863,444
Depreciation	**7,583,173**	5,819,160
Legal and consultancy	**3,844,133**	1,858,074
Repairs and maintenance	**3,612,119**	4,140,841
Travel, accommodation and communication	**3,613,234**	4,084,667
Utilities, printing and stationary	**2,242,413**	2,638,293
Rent	**237,999**	237,996
Others	**7,392,529**	8,706,285
	108,727,308	115,348,760

21) EARNING PER SHARE

Based on the General Assembly resolution on 27 April 2015 the Company issued 6,000,000 shares from its retained profits. As per the requirement of generally accepted accounting standards in the Kingdom of Saudi Arabia the shares are deemed to be issued from the beginning of the year i.e. 1 January 2015. Further, the shares for the prior period is also adjusted for the shares issued during the year.

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year of 36 million shares. However, this does not have any dilution affect as the basic and diluted earnings per share are equal.

22) CONTINGENCIES AND CAPITAL COMMITMENT

Contingencies as at 31 December, comprise of the following:

	2015	2014
Letters of Guarantee	**56,856,073**	58,111,103
Letters of credit	**167,688,995**	126,056,739

The Group has capital commitments amounting to SR 30.6 million (2014: 58.3 million) for the purchase of assets. Further, as explained in note no. 26 the Group may have capital commitments for the acquisition of the new business if the deal is successful.

23) SEGMENTAL REPORTING

The management of the Company views the entire business activities of the Company as one operating segment for performance assessment and resources allocation. Because the management views the entire business activities of the Company as one segment, segment reporting is provided by geographical segments only.

There are no intra segment transactions. The details of the results pertaining to Kingdom of Saudi Arabia and subsidiaries results outside the Kingdom with their respective assets and liabilities for the year ended 31 December 2015 and 2014 are as follows:

(Expressed in Saudi Riyals)

23) SEGMENTAL REPORTING (Continued)

2015

	Inside the Kingdom of Saudi Arabia	Outside the Kingdom of Saudi Arabia	Consolidation adjustments	Total
Revenue, net	3,534,835,583	209,953,880	-	3,744,789,463
Cost of revenue	(2,984,906,528)	(182,017,927)	-	(3,166,924,455)
Gross profit	549,929,055	27,935,953	-	577,865,008
Gross profit percentage	15.56%	13.31%	-	15.43%
Net profit for the year	55,728,743	(6,549,584)	-	49,179,159
Net profit margin	1.58%	-3.12%	-	1.31%
Current assets	867,217,811	50,788,269	(99,140,241)	818,865,839
Non-current assets	374,077,369	79,120,199	31,567,174	484,764,742
Total Assets	1,241,295,180	129,908,468	(67,573,067)	1,303,630,581
Current liabilities	627,919,226	159,924,677	(99,140,241)	688,703,662
Non-current liabilities	81,490,558	1,814,436	-	83,304,994
Total Liabilities	709,409,784	161,739,113	(99,140,241)	772,008,656

(Expressed in Saudi Riyals)

23) SEGMENTAL REPORTING (Continued)

2014

	Inside the Kingdom of Saudi Arabia	Outside the Kingdom of Saudi Arabia	Consolidation adjustments	Total
Revenue, net	3,493,295,102	196,065,148	-	3,689,360,250
Cost of revenue	(2,899,074,863)	(169,529,672)	-	(3,068,604,535)
Gross profit	594,220,239	26,535,476	-	620,755,715
Gross profit percentage	17.01%	13.35%	-	16.83%
Net profit for the year	126,455,987	(5,412,124)	-	121,043,863
Net profit margin	3.62%	-2.76%	-	3.28%
Current assets	871,735,606	48,722,511	(101,441,612)	819,016,505
Non-current assets	408,403,888	70,751,486	19,802,961	498,958,335
Total Assets	1,280,139,494	119,473,997	(81,638,651)	1,317,974,840
Current liabilities	681,629,652	143,495,382	(101,441,612)	723,683,422
Non-current liabilities	75,789,024	1,245,229	-	77,034,253
Total Liabilities	757,418,676	144,740,611	(101,441,612)	800,717,675

(Expressed in Saudi Riyals)

24) OPERATING LEASE ARRANGEMENTS

The Group as a Lessee

	2015	2014
Payments under operating lease recognized as expense during the year	**56,849,388**	50,485,889

Operating lease payments represent rental payable by the Group for its stores, warehouses and other premises for a period from 1 to 25 years. Rentals are fixed for the term of the lease.

Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2015	2014
Year 1	**59,121,396**	56,776,022
Year 2	**58,357,479**	58,676,877
Year 3	**52,106,606**	59,959,208
Year 4	**51,908,274**	53,638,335
Year 5 and over	**548,542,458**	674,567,909

The Group as a Lessor

The group also has operating leases with its customers for rental of floor and shelve space which generally has a term of one year. Rental income for the year ended 31 December 2015 under such leases amounted to approximately SR 4,494,531 (2014: 7,998,648)

25) FINANCIAL INSTRUMENTS

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, trade and other accounts receivable, investments, trade payable, and certain other liabilities.

Credit risk is the risk that one party may fail to discharge an obligation and may cause the other party to incur a financial loss. The Group has no significant concentration of credit risks, Cash and cash equivalents are placed with local banks with sound credit ratings. Trade and other accounts receivable are mainly due from local customers and related parties and are stated at their estimated realizable values.

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group's interest rate risk arise mainly from short term bank deposits and bank debts and long term debts, which are at floating rates of interest.

Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant.

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize the value of a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet Group's future commitments.

25) FINANCIAL INSTRUMENTS (Continued)

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi riyal, Bahrain dinar and Oman riyal, Other transactions in foreign currencies other than Bahrain dinar and Oman riyal are not material, Currency risk is managed on regular basis.

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. As the accompanying consolidated financial statements are prepared under the historical cost method differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

26) SIGNIFICANT EVENTS

United Electronics Company (Extra) signed a letter on 17 Shaaban 1436 H, corresponding to 4 June, 2015 with Mohammad Yousuf Al Sakr and Associates (shareholders / owners) in International Regions Company to acquire 51% controlling interest of the company that works in the field of fashion retail (i.e. DKNY, Kenzo, Max Mara, Koton etc) shoes (Jimmy Choo, Ecco etc) and accessories (On Time, Trinkets etc.). The Group is expecting to have more than 240 branches in seven countries in the region if the acquisition is successful.

This letter is subject to a satisfactory completion of due deligence and other procedures. Accordingly, it does not have significant effect on the balances reported in these Financial Statements, and final agreement between both parties.

27) COMPARATIVE FIGURES

Certain comparative period balances have been reclassified to be consistent with current year presentation.

28) APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors of the Group on 16 February 2016G corresponding to 7 Jumada Al Awal 1437H.