



2015

Annual Report

Consolidated Financial Statements

31 December 2015

Consolidated Financial Statements



Ernst & Young & Co. (Public Accountants)
6th & 14th Floors – 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

AUDIT REPORT

To the shareholders of Saudi Research and Marketing Group
(A Saudi Joint Stock Company)

Scope of Audit

We have audited the accompanying consolidated balance sheet of Saudi Research and Marketing Group - A Saudi Joint Stock Company - (the "Company") and its subsidiaries (the "Group") as at 31 December 2015 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified Opinion

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

- i) present fairly, in all material respects, the consolidated financial position of the Group and its subsidiaries as at 31 December 2015 and its consolidated results of operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) Comply with the requirements of the Regulations for Companies and the company's By-Laws, in so far as they affect the preparation and presentation of the consolidated financial statements.

For Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354



Riyadh: 13 Jumada Awal 1437H
(22 February 2016)

SAUDI RESEARCH AND MARKETING GROUP
(A Saudi Joint Stock Company)
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(All amounts in Saudi Riyals unless otherwise stated)

Assets	Notes	2015	2014
Current Assets			
Bank balances and cash		347,575,413	179,618,178
Trade receivables, net	4	472,387,225	571,009,871
Receivable from sale of land		-	19,500,065
Inventories	5	247,980,003	284,880,686
Prepayments and other receivables	6	67,242,143	76,458,266
Total Current Assets		1,135,184,784	1,135,184,784
Non-Current Assets			
Property, machinery and equipment	8	1,122,940,237	1,209,481,125
Intangible assets	9	792,897,040	838,568,816
Investment properties	10	8,705,124	13,071,055
Total of Non Current Assets		1,924,542,401	2,061,120,996
TOTAL ASSETS		3,059,727,185	3,192,588,062

LIABILITIES AND EQUITY			
Current liabilities			
Trade and notes payable		193,704,577	222,079,032
Accrued expenses and other liabilities	11	331,950,780	169,303,178
Murabha Financing and short term loans	12	376,858,957	387,903,744
Current portion of Murabaha financing and long term loans	12	126,405,640	76,171,745
Other payables	9-A	-	12,630,414
Dividends payable		2,115,310	2,113,424
Zakat and income tax provision	13	31,841,970	31,553,499
Total Current Liabilities		1,062,877,234	901,755,036

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	Note	2015	2014
Non-current liabilities			
Non-current portion of Murabaha financing and long term loans	12	613,627,352	666,747,041
Customer's deposits		16,670,031	17,338,282
Employees' terminal benefits	14	120,843,326	115,752,252
Other payables	9-A	-	95,199,877
Total Non-Current Liabilities		751,140,709	895,037,452
TOTAL LIABILITIES		1,814,017,943	1,796,792,488

EQUITY			
Shareholders' Equity			
Share capital	15	800,000,000	800,000,000
Statutory reserve	16	203,777,609	203,777,609
Contractual reserve	17	67,547,177	67,547,177
(Accumulated losses) Retained earnings		(98,978,499)	56,872,936
Restricted governmental grant	18	8,361,425	8,361,425
Foreign currency translation		(9,576,341)	(6,035,243)
Net changes in fair value of cash flow hedges		(4,617,642)	(7,554,821)
Total shareholders' equity		966,513,729	1,122,969,083
Minority interest		279,195,513	272,826,491
Total equity		1,245,709,242	1,395,795,574
TOTAL LIABILITIES AND EQUITY		3,059,727,185	3,192,588,062

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	Note	2015	2014
Revenues		1,539,773,473	1,743,267,619
Cost of revenues		(1,198,840,056)	(1,349,825,484)
GROSS PROFIT		340,933,417	393,442,135
EXPENSES			
Selling and marketing	19	(98,900,197)	(116,321,017)
General and administrative	20	(244,583,740)	(265,010,417)
Impairment losses of property, plant, and equipment	8	(12,850,402)	(1,001,244)
Impairment losses of goodwill	9	(44,000,000)	-
(loss) Income from MAIN operations		(59,400,922)	11,109,457
Financial charges		(48,955,197)	(54,983,682)
Building sale cancellation expenses	11	(70,654,272)	-
Other income, net	21	43,626,268	53,908,338
(Loss) Income Before Extraordinary Losses, Minority Interests, Zakat And Income Tax		(135,384,123)	10,034,113
Extraordinary losses	22	(3,120,795)	(22,620,595)
LOSS before MINORITY interest, zakat and income tax		(138,504,918)	(12,586,482)
Minority interest		(6,306,236)	(13,321,835)
Loss For The Year Before Zakat And Income Tax		(144,811,154)	(25,908,317)
Zakat and income tax	13	(11,040,281)	(13,402,862)
Net (LOSS) For The Year		(155,851,435)	(39,311,179)
(Loss) Earning Per Share From:	23		
(Loss) income from main operations		(0,74)	0,14
Net Loss		(1,95)	(0,49)

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	Notes	2015	2014
Operating Activities			
loss before minority interests, zakat and income tax		(138,504,918)	(12,586,482)
Adjustments for:			
Depreciation and amortization		88,293,208	93,238,419
Gains on disposal of property, machinery and equipment		(13,916,804)	(25,479,899)
Impairment losses of property, machinery and equipment		12,850,402	1,001,244
Impairment losses of goodwill		44,000,000	-
Allowance for doubtful debts		17,269,109	36,294,046
Provision for slow moving inventories		21,635,388	13,370,152
Extraordinary losses		3,120,795	22,620,595
Impairment losses of investments		-	5,359,492
Building sale cancellation expenses		70,654,272	-
Reversal of margin deposits from customers		-	(939,209)
Reversal of impairment losses of investment properties		(858,018)	-
Provision for employees' terminal benefits		22,692,713	21,934,708
		127,236,147	154,813,066

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	Notes	2015	2014
Changes in operating assets and liabilities:			
Trade receivables		81,353,537	(8,395,208)
Inventories		14,864,579	40,324,476
Prepayments and other receivables		9,216,123	36,616,162
Trade and notes payable		(28,374,455)	(17,305,200)
Accrued expenses and other liabilities		(10,398,755)	3,273,648
Margin deposits from customers		(668,251)	(193,728)
Cash from operations		193,228,925	209,133,216
Zakat and income tax paid		(9,251,389)	(8,462,414)
Employees' terminal benefits paid		(17,601,639)	(19,217,730)
Net cash from operating activities		166,375,897	181,453,072
Investing Activities			
Proceeds from sale of land		19,500,065	-
Additions of property, machinery and equipment		(75,857,077)	(105,683,612)
Proceeds from sale of property, machinery and equipment		22,716,712	70,837,088
Proceeds from sale of building		159,886,700	-
Currency translation differences of property, machinery and equipment		1,517,497	1,208,994
Currency translation differences related to investment properties		5,887	(8,828)
Additions of intangible assets		(951,148)	(4,395,413)
Other payables		(107,830,291)	(52,819,019)
Net cash from (used in) investing activities		18,988,345	(90,860,790)

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	Notes	2015	2014
Financing Activities			
Repayment of Murabaha and loans, net		(13,930,581)	(26,915,854)
Dividends refunded (paid)		1,886	(1,320)
Minority interests		62,786	(11,081,494)
Net cash used in financing activities		(13,865,909)	(13,865,909)
InCREASE in bank balances and cash		171,498,333	52,593,614
Currency translation differences		(3,541,098)	(1,551,980)
Bank balances and cash at the beginning of the year		179,618,178	128,576,544
Bank Balances And Cash At The End Of The Year		347,575,413	179,618,178
Significant non-cash transactions:			
Transfer from investment properties to property, machinery, and equipment		5,218,062	-
Net book value of building which its sale is canceled		58,777,936	-
Write-off of Provision for doubtful debts		1,007,102	3,259,003
Changes in fair value of cash flows hedges		2,937,179	(6,280,277)

SAUDI RESEARCH AND MARKETING GROUP
(A Saudi Joint Stock Company)
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(All amounts in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory Reserve	Ontractual Reserve	(Accumulated Losses) Retained Earnings	Restricted Governmental Grant	Foreign Currency Translation	Net Changes In Fair Value Of Cash Flow Hedges	Shareholders' Equity	Minority Interest	Total
Balance As At 31 December 2013	800,000,000	203,777,609	67,547,177	96,184,115	8,361,425	(4,483,263)	(1,274,544)	1,170,112,519	270,586,150	1,440,698,669
Net Loss For The Year	-	-	-	(39,311,179)	-	-	-	(39,311,179)	-	(39,311,179)
Currency Translation Differences, Net	-	-	-	-	(1,551,980)	-	-	(1,551,980)	-	(1,551,980)
Net Changes In Fair Value Of Cash Flows Hedges	-	-	-	-	-	(6,280,277)	-	(6,280,277)	-	(6,280,277)
Minority Interest, Net	-	-	-	-	-	-	-	-	2,240,341	2,240,341

Balance As At 31 December 2014	800,000,000	203,777,609	67,547,177	56,872,936	8,361,425	(6,035,243)	(7,554,821)	1,122,969,083	272,826,491	1,395,795,574
Net Loss For The Year	-	-	-	(155,851,435)	-	-	-	(155,851,435)	-	(155,851,435)
Currency Translation Differences, Net	-	-	-	-	-	(3,541,098)	-	(3,541,098)	-	(3,541,098)
Net Changes In Fair Value Of Cash Flows Hedges							2,937,179	2,937,179		2,937,179
Minority Interest, Net									6,369,022	6,369,022
Balance As At 31 December 2015	800,000,000	203,777,609	67,547,177	(98,978,499)	8,361,425	(9,576,341)	(4,617,642)	966,513,729	279,195,513	1,245,709,242





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1. Organization And Activities

Saudi Research and Marketing Group (“the 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 53180, Riyadh 11583, Kingdom of Saudi Arabia.

The Company is engaged in trading, marketing, advertising, promotions, distributing, printing and publishing, and operates mainly in Middle East, Europe and North Africa.

2. Basis Of Consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries (the “Group”), as adjusted by the elimination of all significant inter-group balances and transactions.

The financial statements of the subsidiary are prepared using accounting policies consistent with those adopted by the Company. The financial statements of the subsidiary company are consolidated from the date on which the Company is able to exercise effective management control over the subsidiary.

A subsidiary is an entity in which the Company has a direct or indirect equity investment of more than 50% in the voting capital and/or over which it exercise effective management control.

Minority interest in the net assets of the consolidated subsidiary are identified separately from the Company’s shareholder equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority interest’s share of changes in equity since the date of the business combination.

The following are the subsidiaries included in these consolidated financial statements:

Company	Country of Incorporation	Direct and indirect shareholding	
		2015	2014
Intellectual Holding Company for Advertisement and Publicity- LLC (a)	Saudi Arabia	100%	100%
Scientific Works Holding Company- LLC (a)	Saudi Arabia	100%	100%
Numu Media Holding Company	Saudi Arabia	100%	100%
Saudi Printing & Publishing Company- Joint Stock (b)	Saudi Arabia	70%	70%

The below listed subsidiaries are owned equally by Intellectual Holding Company for advertisement and publicity and Scientific Works Holding Company:

Company	Country of Incorporation
Saudi Research & Publishing Company and its subsidiaries	Saudi Arabia
Saudi Distribution Company and its subsidiaries (c) *	Saudi Arabia
Arab Media Company	Saudi Arabia
Al-Khalijiah Advertisement and Public Relations Company	Saudi Arabia
Al-Ofoq Management Information System and Commination Company	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.

Saudi Printing and Packaging Company owns Taiba Printing and Publishing Company Ltd., Hala Printing Company Ltd., Al Madina Al Munawara Printing & Publishing Company, Future Industrial Investment Company, and Emirates National Factory for Plastic Industries LLC.

Saudi Distribution Company owns 100% of the share capital of Kuwait Group for Distribution and Publishing Company, a company registered in Kuwait. The financial statements of Kuwait Group for distribution and publishing have not been consolidated due to a administrative dispute that resulted in lack of necessary consolidation 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. Therefore, the financial statements have not been consolidated. The management has provided the required provisions for any balances with the Group and the management doesn't believe that this subsidiary would have any significant financial impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The consolidated financial statements are prepared under the modified historical cost convention to include the measurement of derivative financial instruments at fair value.

Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues 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.

Accounts receivable

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

Inventories

Inventories are valued at the lower and market value. Costs are those expenses incurred in bringing each product to its present condition and location and calculated on the following basis.

- Raw materials, consumables and spare parts
- purchase cost on a weighted average basis.
- Work in progress and Finished goods
- cost of direct materials and labour plus attributable overheads based on the normal level of activity.
- An appropriate provision is made for obsolete and slow moving inventories, if required.

Property, machinery and equipment

Property, machinery and equipment are stated at cost less accumulated depreciation and any impairment in value. Freehold land and capital work in progress are not depreciated. The cost of other property, machinery and equipment is depreciated on a straight line basis over the estimated useful life of the assets.

The carrying values of property, machinery and equipment are reviewed for impairment when events or changes in circumstances indicate that 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. The excess of carrying value over the estimated recoverable amount is charged to the consolidated statement of income.

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvements, or the term of the lease.

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

The estimated useful lives of the main categories of property, machinery and equipment for calculation of depreciation are as follows:

Machinery, Printing and Tools	10- 20 years	Vehicles	2 - 6.67 years
Buildings	33-50 years	Leasehold improvements	4-10 years or the term of lease, whichever is the shorter
furniture and office equipment	4-13.3 years	Computers	4 – 10 years

Investment properties

Investment properties are properties held to earn rentals rather than for use or sale in the ordinary course of business, and/or for undetermined use.

Investment properties are carried at cost less accumulated depreciation and any impairment, if any. Freehold land is not depreciated . The cost of other proprieties is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that 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. The excess of carrying value over the estimated recoverable amount is charged to the consolidated statement of income.

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 capitalized.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any minority interests in the acquiree. For each business combination, the acquirer measures the minority interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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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.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of 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 allocated, from the acquisition date, to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of cash generating units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at each reporting date.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Other intangible assets

Mastheads :

Mastheads represent the recorded value of the mastheads of the newspapers and magazines published by the Group. The Group, periodically, assesses the recorded value of the mastheads to determine whether there is objective evidence that they have suffered any impairment loss using the fair value measurement. If such evidence exists, the recoverable amount of the asset is estimated in order to determine that the book value of the mastheads is fully recoverable. Impairment loss is recognized in the consolidated statement of income when the book 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 amortized over the contractual life using the straight line method or the contracted number of books to be published. Amortization is calculated upon release the first edition of the book.

Media content project, websites and computer programs:

Media content project, websites and computer programs are amortized on a straight line method over a period of two to five years effective from the start of these projects.

Impairment of non-current assets

The carrying values of non-current assets whether tangible or intangible are reviewed periodically to determine whether is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment loss is recognized in the consolidated statement of income.

Except for goodwill, where an impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount doesn't exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash generating unit in prior years, A reversal of an impairment loss is immediately recognized in the consolidated statement of income.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed or not by the suppliers and service providers.

Loans and Murabaha financing

loans and Murabaha financing are recognised as the proceeds received, net of transaction costs incurred, if any. Loans and Murabaha financing costs that are directly attributable to the construction or production of qualifying assets, are capitalized as part of those assets. Other loans and Murabaha financing costs are charged to the consolidated statement of income.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle this obligation are both probable and may be measured reliably.

Zakat and income tax

The company and its subsidiaries are subject to the regulations of the Department of Zakat and Income Tax (DZIT) 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

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provision for zakat and income tax is charged to the consolidated statement of income. The Group withholds tax on certain transactions with non- resident parties in the Kingdom of Saudi Arabia in accordance with the Saudi Arabian Income Tax Law.

Employees' terminal benefits

Provision is made in the consolidated financial statements for amounts payable under the Saudi Arabian Labor Law applicable to employees' accumulated periods of service. The foreign subsidiaries provide a provision for Employees' terminal benefits in accordance with the laws applicable in the respective countries.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must transfer 10% of its income in each year to the statutory reserve. The Company may resolve to discontinue such transfer when the reserve equals to one half of the capital. This reserve is not available for distribution.

Governmental Grant

Governmental grant has been measured at the fair value of the asset when obtained against commitment to the restrictions associated with the grant. The restricted governmental grant has been recorded as a separate item under equity and the granted asset has been recorded under property, machinery and equipment.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its cash flow exposures to interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from the changes in the fair value of derivatives are taken directly to the consolidated statement of income, except for the effective portion of cash flow hedges, which is recognised in shareholders' equity.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualified for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is transferred to the consolidated statement of income for the year.

Revenue recognition

Revenues represent the invoiced value of goods supplied and services rendered and are recognized when the significant risks and rewards of the ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on the delivery to the customer, while subscriptions' revenue is recognized on the subscriptions' period.

Other income is recognized when earned.

Expenses

Selling and marketing expenses are mainly consist of costs incurred on delivery and marketing of products and allowance for doubtful debts. All other expenses except cost of sales are allocated on a consistent basis to general and administrative expenses in accordance with allocation factors determined as appropriate by the management. Operating leases in which the lessor retains all of the risks and rewards of ownership of the asset are classified as operating leases. Payments under operating leases are charged to the consolidated statement of income on a straight line basis over the lease term.

Foreign currencies

Transactions

Transactions in foreign currencies (Which are not covered by forward foreign exchange contracts) are translated into Saudi Riyals at the rate of exchange prevailing at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date. All differences are taken to the consolidated statement of income.

Forward foreign exchange contracts

Forward foreign exchange contracts that are entered in order to hedge a foreign currency asset/liability are recorded at the spot rate at the inception of the contract. Any discounts or premiums are amortised to income over the term of the contract.

Foreign currency translations

Financial statements of foreign operations are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rate for each year for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Exchange differences arising from such translation, if material, are included under "cumulative translation adjustment account" within equity in the consolidated balance sheet.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or 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.

Notes to the Consolidated Financial Statements

4. Trade Receivables, Net

	2015	2014
Trade receivables	592,434,389	674,795,028
Allowance for doubtful Debts	(120,047,164)	(103,785,157)
	472,387,225	571,009,871

Movement of allowance for doubtful debts was as follows:

	2015	2014
At 1 January	103,785,157	70,750,114
Provided during the year	17,269,109	36,294,046
Written off during the year	(1,007,102)	(3,259,003)
At 31 December	120,047,164	103,785,157

5. Inventories

	2015	2014
Raw and packaging materials	172,572,248	206,840,399
Books	69,731,366	60,508,722
work in progress and finished goods	47,536,376	44,181,835
Spare parts	23,265,245	13,646,979
Goods in transit	3,243,513	6,532,590
	316,348,748	331,710,525
Provision for slow moving inventories	(68,368,745)	(46,829,839)
	247,980,003	284,880,686

6. Prepayments And Other Receivables

	2015	2014
Prepaid expenses	21,320,805	21,084,080
Advances to suppliers	19,625,429	23,768,986
Employees receivable	9,678,038	12,799,811
Refundable deposits	6,482,932	5,644,590
Prepaid financial charges	2,774,391	2,634,775
Other	7,360,548	10,526,024
	67,242,143	76,458,266

7. Related Parties Transactions

The following is the summary of related parties transactions during the year ended 31 December :

	2015	2014
Executive Board of Directors salaries and compensations	5,183,333	17,703,520
Allowances paid to Board of Directors	337,440	537,300

2008

- SSPc Acquired 51% of University Bookshop Companies.

2009

- SSPc Acquired 49% of University Bookshop Companies.
- SSPC launched Madame Figaro Arabia, Domus Arabia and Parents Arabia Magazines.

8. Property, Machinery and Equipment

	Land	Buildings	Leasehold improvements	Machinery and tools	Computers	Furniture and fixtures	vehicles	Plant and equipment	Total 2015	Total 2014
Cost										
At the beginning of the year	204,481,625	479,894,496	40,512,798	850,179,304	116,111,131	88,231,260	54,700,661	72,513,300	1,906,624,575	2,008,071,169
Additions	-	459,193	30,450	3,147,251	1,998,960	3,956,643	871,463	65,393,117	75,857,077	105,683,612
Disposals	(861,000)	(85,172,615)	(2,203,062)	(24,398,791)	(48,002,353)	(21,967,012)	(5,217,225)	(1,045,993)	(188,868,051)	(183,758,248)
Transfers	808,110	(2,708,698)	2,494,038	76,608,643	15,224,654	10,597,967	1,090,588	(98,897,240)	5,218,062	-
Impairment losses *	-	(7,678,219)	-	(5,172,183)	-	-	-	-	(12,850,402)	(1,001,244)
losses on fire	-	-	-	-	-	-	-	-	-	(16,387,403)
Foreign currency translation adjustment	(47,333)	(1,655,941)	(1,114,357)	211,894))	(2,154,299)	(611,268)	(4,228)	(32,760)	(5,832,080)	(5,983,311)
	204,381,402	383,138,216	39,719,867	900,152,330	83,178,093	80,207,590	51,441,259	37,930,424	1,780,149,181	1,906,624,575
Depreciation and provisions:										
At the beginning of the year	-	122,843,862	38,256,361	319,333,906	100,575,172	72,809,497	43,324,652	-	697,143,450	757,209,080
Additions	-	13,153,710	2,485,361	53,943,598	7,650,254	4,293,436	4,143,925	-	85,670,284	88,750,055
Disposals	-	(27,260,544)	(2,203,014)	(19,636,075)	(46,825,079)	(20,364,461)	(5,001,034)	-	(121,290,207)	(138,401,059)
Transfers	-	(14,964,288)	14,636	(967,204)	7,584,994	8,392,463	(60,601)	-	-	-
losses on fire	-	-	-	-	-	-	-	-	-	(5,640,309)
Foreign currency translation adjustment	-	(630,615)	(1,111,428)	(62,584)	(2,074,029)	(432,569)	(3,358)	-	(4,314,583)	(4,774,317)
	-	93,142,125	37,441,916	352,611,641	66,911,312	64,698,366	42,403,584	-	657,208,944	697,143,450
Net book values:										
December 31, 2015	204,381,402	289,996,091	2,277,951	547,540,689	16,266,781	15,509,224	9,037,675	37,930,424	1,122,940,237	-
December 31, 2014	204,481,625	357,050,634	2,256,437	530,845,398	15,535,959	15,421,763	11,376,009	72,513,300	-	1,209,481,125

(*) In accordance with generally accepted accounting standards in Saudi Arabia, non-current assets should be assessed when there are indications that the recoverable amount is impaired. Accordingly, the Group's management found indication of impairment, other than temporarily, in the recoverable amount of some of the non-current assets and has recorded impairment losses.

Notes to the Consolidated Financial Statements

9. Intangible Assets

Intangible assets comprise of the following as at 31 December:

	2015	2014
Goodwill – Saudi Printing and Packaging Company (A)	390,230,436	390,230,436
Mastheads	350,000,000	350,000,000
Goodwill – Numu Holding Group (B)	48,227,349	92,020,179
Other	4,439,255	6,318,201
	792,897,040	838,568,816

Goodwill – Saudi Printing and Packaging Company:

During the year ended 31 December, 2012, Saudi Printing and Packaging Company (a subsidiary) acquired 100% equity interest in Emirates National Factory for Plastic Industries LLC (“ENPI” or “Emirates Factory”), a limited liability company registered in the Emirate of Sharjah, United Arab Emirates, for a net consideration amounting to approximately SR 642 million, including a deferred consideration estimated to approximately SR 172 million to be paid to one of the previous owners. According to the sale and purchase of shares agreement (the “agreement”) all parties agreed to transfer all srights and obligations related to the ownership as of 1 July 2012 considering it the control transferring date (“acquisition date”). The acquisition transaction resulted in a goodwill amounting 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. ENPI is engaged in manufacturing and distribution of packaging and plastic products through its various subsidiaries in UAE and three subsidiaries in Kingdom of Saudi Arabia. The financial statements of ENPI has been consolidated starting 1 July 2012.

The deferred consideration of approximately SR 172 million was computed in accordance with sale and purchase of shares agreement and its amendments on the following basis:

The first portion of the deferred consideration was computed by using the average of net income for the years 2012 up to 2013 multiplied by 11.5%, less the amount paid to one of the previous owners on the date of paying the cash consideration amounting to SR 61.3 million, which was estimated based on the targeted

results as agreed in the above Agreement. This portion of the consideration was estimated to approximate by SR 151.4 million and has been settled after the issuance of the consolidated financial statements of ENPI for 2013.

The second portion (Earn-out) of the deferred consideration was computed by using the targeted results as agreed in the Agreement multiplied by 10% in accordance with the aforementioned Agreement. This portion of the consideration was estimated to approximate by SR 20.6 million and has been settled after the issuance of the consolidated financial statements of ENPI for the years 2012, 2013 and 2014.

During the second quarter of the current year, the Group settled the deferred consideration presented under other payables, which its current and the non-current portions were amounted to SR 12.6 and SR 95.2 million, respectively as of 31 December 2014. In addition to that, the other income for the year ended 31 December 2015 included an amount of SR 14.7 million which represents the difference between the final settlement of the deferred consideration and the booked amount based on the agreement conditions (note 21).

Goodwill – Numu Holding Group:

During the fourth quarter of the financial year, the management reviews goodwill to determine whether impairment exists or not. Accordingly, the management found that the carrying value of the goodwill was higher than its recoverable amount by SR 44 million for the year ended 31 December 2015 and recorded impairment loss in the consolidated statement of income.

Recoverable amount 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. Cash flows beyond the budgets are extrapolated using the estimated growth rate of 3.6%. NUMU Elmiah Company (A subsidiary of NUMU Holding Company) in management’s opinion, the growth rate assumption does not exceed the long-term average growth rate for business in which the Company operates.

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

	Percentage %
Discount rate	13
Budgeted gross margin	2.6 – 5.2
Average annual growth rate for sales	7.7
Terminal growth rate	3.6

The discount rate used is pre-zakat and reflects specific risks relating to the Company. Management has determined the budgeted gross margins based on past performance and its expectations for the market development.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for the subsidiary Company, 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.

	Goodwill	Mastheads	Publishing rights and books development projects	Media content project and websites	Computer softwares	Other	Total 2015	Total 2014
Cost								
At the beginning of the year	482,457,783	350,000,000	6,409,183	14,855,709	2,477,166	2,782,638	858,982,479	854,587,066
Additions	-	-	829,135	-	122,013	-	951,148	4,395,413
Impairment losses	(44,000,000)	-	-	-	-	-	(44,000,000)	-
	438,457,783	350,000,000	7,238,318	14,855,709	2,599,179	2,782,638	815,933,627	858,982,479
Amortization								
At the beginning of the year	-	-	3,643,815	12,444,118	1,543,092	2,782,638	20,413,663	15,925,299
Additions	-	-	806,614	1,508,028	308,282	-	2,622,924	4,488,364
	-	-	4,450,429	13,952,146	1,851,374	2,782,638	23,036,587	20,413,663
Net book values								
At 31 December 2015	438,457,783	350,000,000	2,787,889	903,563	747,805	-	792,897,040	-
At 31 December 2014	482,457,783	350,000,000	2,765,368	2,411,591	934,074	-	-	838,568,816

Notes to the Consolidated Financial Statements

10. Investments In Properties

Investment properties at 31 December consist of a land on which a building is constructed and leased out to third parties.

Movement in investment properties is summarized as follows:

	2015	2014
At 1 January	13,071,055	18,421,719
Transferred to property, machinery and equipment	(5,218,062)	-
Impairment reversal (loss)	858,018	(5,359,492)
Foreign currency translation adjustment	(5,887)	8,828
At 31 December	8,705,124	13,071,055

11. Accrued Expenses And Other Liabilities

	2015	2014
	171,801,132	-
Accrued expenses against sale cancellation *	127,513,614	131,604,002
Advances from customers	7,843,574	7,166,082
Deferred revenue	6,634,033	6,932,112
Net changes in fair value of cash flow hedges	4,342,430	10,593,612
Other	13,815,997	13,007,370
	331,950,780	169,303,178

* This balance represents the expected amount to be paid against building sale cancellation.

During the fourth quarter of the current year, the Group's management has signed a sale agreement for one of its properties represented in a building owned by one of its subsidiaries in the United Kingdom which resulted in a capital gain of approximately SR 101 million. Subsequently and after the signing of the agreement, the management has decided to keep the ownership of the building through cancellation of the sale transaction. Accordingly, such capital gains haven't been recognized. As it is expected that the cancellation may result in incurring additional costs, a provision of approximately SR 70.7 million has been provided for such costs.

12. Bank Facilities

The Group has bank facilities with various local and foreign banks in the form of loans, Murabaha financing, letters of credit and letters of guarantee with a ceiling of approximately SR 2.27 billion (2014: SR 2.27 billion). The utilized balance of loans and Murabaha financing amounted to approximately SR 1.12 billion as of 31 December 2015 (2014: SR 1.13 billion). The purpose of such facilities is to finance the working capital and investments, and to be used in importing of raw materials and equipment related to the Group's activities and capital expenditures. Such facilities carry agreed upon finance charges. The currencies of such facilities are Saudi Riyal, United Arab Emirates Dirham, and US dollars. These loans and Murabaha financing are due in periods ranging between 2016-2020.

13. Zakat And Income Tax

Zakat and income tax consist of the following:

	2015	2014
Zakat	31,761,627	30,563,129
Income tax	80,343	990,370
	31,841,970	31,553,499

Movement in provision during the year:
The movement in the zakat provision during the year was as follows:

	2015	2014
At 1 January	30,563,129	26,245,282
Provided during the year	9,539,860	12,005,253
Paid during the year	(8,341,362)	(7,687,406)
	31,761,627	30,563,129

Status of assessments

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

During 2007, the company had obtained the approval of Department of Zakat and Income Tax ("DZIT") on filing a consolidated Zakat return for the Group. The company has filed its Zakat returns for the years from 2007 up to 2014. The assessments for such years are still under review by DZIT.

The Company and its subsidiaries have appealed against the zakat assessments for different years before DZIT and The Appeal Committee, which resulted in differences of SR 12 million. This appeal is still pending. The Group's management and its zakat advisor believe that the ultimate outcome of this appeal will be in the favor of the Group.

14. Employees' Terminal Benefits

Movement in employees' termination benefits is summarized as follows:

	2015	2014
At 1 January	115,752,252	113,035,274
Provided during the year	22,692,713	21,934,708
Paid during the yearx	(17,601,639)	(19,217,730)
At 31 December	120,843,326	115,752,252

15. Share Capital

The company's share capital amounting to SR 800 million as at 31 December 2015 and 2014 is divided into 80 million shares of SR 10 each.

16. 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.

17. Contractual Reserve

According to the company's by-laws, the Company should transfer 5% of the net income for the year to the consensual reserve until it equals 25% of the share capital. Such reserve may be used for the purposes which determined by the board of directors.

18. Restricted Governmental Grant

During 2008, Dubai Government has granted Saudi Researches and Publishing Company (a subsidiary of the Group) a land in Dubai with an area of 29,809 square feet as a restricted grant. The land had been evaluated at SR 8.4 million. Such grant has been included separately within shareholders' equity and the asset has been included within property, machinery and equipment. The conditions of the grant stipulate that construction of buildings should start within 3 years effective from the grant date. The grace period has expired and the Company has renewed it for another 3 years which also has expired in 2014. Accordingly, the Group has applied for another extension. The legal formalities in respect of the extension have not been completed as of these consolidated financial statements date.

19. Selling And Marketing Expenses

	2015	2014
Salaries and related benefits	39,905,976	41,644,942
transporting and shipping	24,065,973	23,255,779
Allowance for doubtful debts	17,269,109	36,294,046
Marketing and advertising	8,327,864	6,849,480
Other	9,321,275	8,276,770
	98,900,197	116,321,017

Notes to the Consolidated Financial Statements

20. General And Administrative Expenses

Minority interest represents the results and net assets of the subsidiaries that belong to shares that are not owned, directly or indirectly, by the Parent Company. Movement in minority interest in subsidiaries is summarized as follows:

	2015	2014
Salaries and related benefits	138,685,566	134,267,663
Depreciation	20,552,631	24,849,126
Professional fees	19,582,832	12,133,299
Rent	14,456,042	14,280,489
Telephone and fax	7,058,955	7,221,728
Salaries, remunerations and benefits of board of directors (note 7)	5,520,773	18,240,820
Insurance	5,308,012	3,446,312
Repair and maintenance	3,766,048	4,629,401
Governmental expenses	3,441,397	2,744,692
Other receivable provisions	3,246,008	5,730,242
Travel	2,996,162	5,242,921
Computer	2,773,482	2,138,984
Utilities	2,545,598	2,968,450
Stationary	1,113,908	1,103,077
Other	13,536,326	26,013,213
	244,583,740	265,010,417

21. Other Income, Net

	2015	2014
Insurance compensations (A)	16,125,480	3,062,460
Deferred consideration settlement (B)	14,661,630	28,822,061
Gains from sale of property, machinery and equipment (C)	13,916,804	25,479,899
Rent income	2,297,577	1,647,895
Scrap and sales sreturns	836,636	741,128
Al-Sharga Electricity and Water Authority (the "Authority") claim (D)	(9,185,400)	-
Other	4,973,541	(5,845,105)
	43,626,268	53,908,338

This represents insurance compensations related to a fire broke out in a warehouse of a subsidiary located in the United Arab Emirates during the fourth quarter of 2014. Such fire caused losses and damages to the subsidiary's assets as noted in (note 22) to the consolidated financial statements.

- This represents the difference between the final settlement of the deferred consideration and its book value as noted in (note 9-A) to the consolidated financial statements.

During the year ended 31 December 2014, the deferred consideration had been revaluated and resulted in a gain of SR 28.8 million that represents the change in the deferred consideration fair value.

- Al-Madina Al-Monawwara Printing and Publishing Company (a subsidiary of Saudi Printing and Packaging Company) sold a land in Jeddah with amount of SR 15.6 million, which resulted in a gain of SR 13.4 million that is included in this caption as of 31 December 2015.

Additionally, the year ended 31 December 2014 included a gain amounted to SR 36.8 million resulted from the sale of land in Jeddah with constructed building on it and scrap machinery owned by Al-Madina Al-Monawwara Printing and Publishing Company (a subsidiary of Saudi Printing and Packaging Company) with net book value of SR 27.2 million. In addition, the Group had sold other machinery and equipment and resulted in losses of SR 11.3 million.

- Emirates National Plastic Industries Company (a wholly-owned subsidiary of Saudi Printing and packaging Company) has received an electricity bill from Al-Sharga Electricity and Water Authority (the "Authority") amounting 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 assigned an independent consultant to evaluate the accuracy of the invoiced amounts. Furthermore, the management has requested the details of the calculations from the Authority and no response has been delivered as of the consolidated financial statement approval date. According to the legal consultant opinion and management estimates, a provision has been provided against such invoice.

22. Extraordinary Losses

During the fourth quarter of 2014, a fire broke out in a warehouse of a subsidiary located in the United Arab Emirates that resulted in losses

and damages to the subsidiary's assets net book values amounted to SR 22.6 million. Such losses had been recorded in the consolidated statement of income for the year ended 31 December 2014. The Group has received the insurance compensations related to such losses and damages during the current year as noted in (note 21) to the consolidated financial statements.

On 26 March 2015, a fire broke out in one of the production lines in Flexible Packaging Company (a subsidiary Company of Saudi Printing and packaging Company) in Jeddah. This accident resulted in partial damaging of machinery, part of inventory and the Company's building. The book value of the damaged assets amounted to SR 26.5 million. The Group's management has sought the technical opinion of the Group's engineering team regarding the damages, and based on the best estimates, the damages resulted from the fire at SR 3.1 million out of which SR 2.7 million allocated to property, machinery and equipment and SR 0.4 million allocated to inventory. Such losses have been charged to the consolidated statement of income. The Company's assets are covered by an insurance policy issued by one of the insurance companies in the Kingdom of Saudi Arabia. The Company is currently completing the necessary formalities related to the insurance claims against damages and losses.

23. (Loss) Earning Per Share

(Loss) Earning per share is calculated by dividing (loss) income from main operations and net loss for the year by the number of outstanding shares amounting to 80 million shares.

24. Commitments And Contingent Liabilities

As at 31 December, the Group has the following contingent liabilities:

	2015	2014
Letters of credit	31,379,989	80,050,371
Letters of guarantee	8,220,172	20,957,555
Capital commitments	2,182,188	24,609,839

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 December 2015.

Notes to the Consolidated Financial Statements

25. Segmental Information

Segmental information relate to the Group's activities and business as approved by the management to be used as a basis for the financial reporting and being consistent with the internal reporting process. Transactions between the business segments are conducted on an arm length basis.

The segmental results and assets include items that are directly attributable to a certain segment and items that can reasonably be allocated to different segments. Items which could not be allocated to any of the segments are reported under "Other".

The Group is organized into the following main business segments:

1. Publishing: comprises the local and international publishing works, researches, and marketing the products of the Group and third parties.
2. Specialized publishing: comprises the publishing of specialized publications for third parties, issuance licensed international publications, translation services and selling electronic and visual content.
3. Distribution: comprises the local and international distribution of newspapers, magazines, publications, books and the publications of the Group and others.
4. Advertising: comprises the local and international advertising, production, representation and marketing audio visual and readable advertising media, and advertising panels.
5. Printing and packaging: comprises printing works on paper and plastic, commercial posters, in addition to manufacturing of plastic products for the Group and others.
6. 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.
7. Other: comprises the head office, general management, investing activities and others.

25. Segment information - Continued

	Publishing	Specialized Publishing	Distribution	Advertising	Printing and Packaging	Education	Other	Total	Consolidation Eliminations	Total
As at and for the year ended 31 December 2015										
Revenue	494,918,675	24,902,388	43,640,593	323,191,667	1,107,755,393	54,573,521	39,483	2,049,021,720	(509,248,247)	1,539,773,473
Gross profit	78,826,748	8,495,052	2,249,706	25,984,094	232,838,984	(2,850,108)	39,483	345,583,959	(4,650,542)	340,933,417
Net income (Loss)	(83,758,168)	2,029,493	(15,043,071)	2,090,946	21,649,616	(72,569,167)	(2,786,986)	(148,387,337)	(7,464,098)	(155,851,435)
Property, machinery and equipment, net	54,942,533	171,160	12,545,257	15,508,762	1,020,889,226	1,332,924	17,550,375	1,122,940,237	-	1,122,940,237
Intangible assets, net	1,855,309	-	-	-	390,230,436	50,808,068	350,003,227	792,897,040	-	792,897,040
Total assets	508,167,212	14,545,967	68,216,517	112,416,888	2,186,294,041	153,815,227	1,446,277,734	4,489,733,586	(1,430,006,401)	3,059,727,185
Total liabilities	288,809,249	25,277,484	126,438,651	85,253,160	1,252,700,082	152,237,000	330,404,639	2,261,120,265	(447,102,322)	1,814,017,943
As at and for the year ended 31 December 2014										
Revenue	566,995,719	24,685,881	47,537,786	369,365,418	1,232,328,247	71,301,603	207,248	2,312,421,902	(569,154,283)	1,743,267,619
Gross profit	95,556,141	6,955,790	2,093,190	40,775,219	244,446,122	10,367,234	207,248	400,400,944	(6,958,809)	393,442,135
Net income (Loss)	1,536,580	(6,184,083)	(19,718,614)	8,734,413	45,378,698	(37,965,141)	(15,608,492)	(23,826,639)	(15,484,540)	(39,311,179)
Property, plant and equipment, net	126,949,402	217,198	15,045,119	16,183,850	1,032,033,294	1,453,505	17,598,757	1,209,481,125	-	1,209,481,125
Intangible assets, net	3,541,078	-	-	-	390,230,436	94,785,548	350,011,754	838,568,816	-	838,568,816
Total assets	416,820,562	13,972,210	79,020,594	152,755,810	2,282,455,788	243,878,336	1,414,707,857	4,603,611,157	(1,411,023,095)	1,796,792,488
Total liabilities	108,744,363	26,733,219	120,089,188	124,488,778	1,370,720,732	169,141,394	273,734,447	2,193,652,121	(396,859,633)	3,192,588,062

The Group's operating assets are principally located at the Kingdom of Saudi Arabia and Arab United Emirates. The Management believes that is not practically possible to disclose the information of each geographic area.

Notes to the Consolidated Financial Statements

26. Risk Management

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group is subject to commission rate risk on its commission bearing assets and liabilities, including time deposits, term Murabaha financing and loans.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group did not undertake significant transactions in currencies other than the Saudi Riyals, US Dollars, Sterling Pound and United Arab Emirates Dirham during the year. The management monitors the fluctuation in currency exchange rates and believes that currency risk doesn't have significant impact on the Group during the year.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. It is the Group's policy that all customers who want to deal on the forward basis are subject to verify their creditworthiness. Financial instruments that are subject to concentrations of credit risk consist mainly of bank balances and accounts receivable. The Group deposits its cash balances with a number of financial institutions having grade credit rating, and the Group has a policy to set limits on its balances deposited with each financial institution. The Group does not believe that there are significant risks to non-performance of these institutions. The Group does not consider itself exposed to concentrations of credit risk with respect to receivables due to the diversity of its customers base working in various industries and present in multiple regions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid in cash on the delivery of goods or credit basis. Trade accounts payables are normally settled within 60 days of the date of purchase.

27. Fair Values Of Financial Instruments

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 financial assets of the Group consist of bank balances and trade receivables, and its financial liabilities consist of trade payables and loans.

The fair value of bank balances, trade receivables, trade payables and other financial assets and liabilities approximates their carrying value.

28. Approval Of Consolidated Financial Statements

The consolidated financial statements have been approved by the board of directors on 13 Jumada Al-ula 1437H (Corresponding to 22 February 2016).

29. COMPARATIVE FIGURES

Certain comparative figures of the prior year have been reclassified to conform with the presentation in the current year.