



**ABDULLAH AL-OTHAIM MARKETS COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT
FOR THREE MONTHS PERIOD ENDED MARCH 31, 2010
(UNAUDITED)**

**ABDULLAH AL-OTHAIM MARKETS COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT
THREE MONTHS PERIOD ENDED MARCH 31, 2010 (UNAUDITED)**

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REVIEW REPORT

To the shareholders of
Abdullah Al-Othaim Markets Company
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

Scope of Limited Review

We have reviewed the accompanying interim balance sheet of Abdullah Al-Othaim Markets Company (a Saudi joint stock company) as of March 31, 2010, and the related interim statements of income, and cash flows for the three months period then ended. These interim financial statements are the responsibility of the Company's management and were presented to us with all information and explanations which we have requested.

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

Result of Limited Review

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

Deloitte & Touché
Bakr Abulkhair & Co.

Hussamuddin H .Sadaqa
(License No. 73)

Jumada Alawal 5, 1431
April 19, 2010

**ABDULLAH AL-OTHAIM MARKETS COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM BALANCE SHEET (UNAUDITED)
AS OF MARCH 31, 2010**

ASSETS	Note	2010 SR	2009 SR
Current assets			
Cash on hand and at banks		8,537,684	7,210,874
Inventories		274,973,146	228,823,474
Prepayments and other receivables	3	94,155,105	85,948,326
Due from related parties		-	151,744,003
Total current assets		377,665,935	473,726,677
Non-current assets			
Investment in associated company and other		103,577,836	92,491,623
Property and equipment	4	572,606,135	374,676,190
Projects in progress	5	271,299,982	277,600,439
Total non-current assets		947,483,953	744,768,252
TOTAL ASSETS		1,325,149,888	1,218,494,929
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Short term loans and Murabaha	6	-	294,508,836
Current portion of long term loans and Murabaha	6	42,758,901	13,020,378
Trade payables		601,710,365	516,974,361
Due to related parties		-	4,635,923
Other payables and accruals		66,928,566	50,892,590
Dividends Payable	7	56,250,000	-
Total current liabilities		767,647,832	880,032,088
Non-current liabilities			
End-of-service indemnities		23,756,057	17,562,426
Long term loans	6	215,413,277	5,473,841
Total non-current liabilities		239,169,334	23,036,267
Total liabilities		1,006,817,166	903,068,355
Shareholders' equity			
Share capital	1	225,000,000	225,000,000
Statutory reserve		25,781,233	18,028,989
Voluntary Reserve	9	12,453,336	-
Retained earnings		55,098,153	72,397,585
Total shareholders' equity		318,332,722	315,426,574
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,325,149,888	1,218,494,929

The accompanying notes form an integral part of these interim financial statements

**ABDULLAH AL-OTHAIM MARKETS COMPANY
(SAUDI JOINT STOCK COMPANY)**

**INTERIM STATEMENT OF INCOME (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

	2010 SR	2009 SR
Revenues		
Sales	779,564,125	717,564,577
Rent	17,686,787	15,851,510
Total revenues	797,250,912	733,416,087
Cost of revenues	(741,975,155)	(693,609,211)
Gross profit	55,275,757	39,806,876
Selling and distribution expenses	(18,086,647)	(18,705,981)
General and administrative expenses	(8,920,007)	(7,428,189)
Operating income from main operations	28,269,103	13,672,706
Company's share in the net profit of net investment of associated company	4,346,260	2,882,533
Other income, net	725,921	252,339
Income before Zakat	33,341,284	16,807,578
Zakat	(1,600,000)	(450,000)
NET INCOME	31,741,284	16,357,578
Earnings Per Share		
From main operations (Note 8)	1.26	0.61
From net income (Note 8)	1.41	0.73

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**ABDULLAH AL-OTHAIM MARKETS COMPANY
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**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

	2010 SR	2009 SR
OPERATING ACTIVITIES		
Income before zakat	33,341,284	16,807,578
Adjustments on net income before zakat:		
Depreciation	12,168,524	10,682,835
Gains from sale of property and equipment	(587,991)	(75,777)
Company's share in the net profit of net investment of associated company	(4,346,260)	(2,882,533)
End-of-service indemnities	1,883,661	1,527,883
Changes in working capital:		
Prepayments and other receivables	(4,156,387)	(8,066,295)
Inventories	(54,752,642)	(11,908,428)
Payables and accruals	131,144,508	95,225,802
Due from (to) related parties	-	(98,199,092)
Net cash from operating activities	114,694,697	3,111,973
INVESTING ACTIVITIES		
Additions to property, equipment and projects in progress	(135,526,770)	(50,873,925)
Proceeds from sale of property and equipment	811,248	140,017
Net cash used in investing activities	(134,715,522)	(50,733,908)
FINANCING ACTIVITIES		
Murabaha and Loans	(78,702,499)	28,138,260
Net cash from financing activities	(78,702,499)	28,138,260
Net change in cash on hand and at banks	(98,723,324)	(19,483,675)
Cash on hand and at banks, January 1	107,261,008	26,694,549
CASH ON HAND AND AT BANKS, MARCH 31	8,537,684	7,210,874
NON CASH TRANSACTIONS:		
Transfer of property and equipment to Related Parties	-	36,283
Dividends Payable	56,250,000	-

The accompanying notes form an integral part of these interim financial statements

**ABDULLAH AL-OTHAIM MARKETS COMPANY
(SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

1. ORGANIZATION AND NATURE OF BUSINESS

Abdullah Al-Othaim Markets Company ("the Company") is a Public Saudi Joint Stock company registered in Riyadh under commercial registration number 1010031185 on Rajab 7, 1400H (May 21, 1980).

The Company was incorporated as joint stock Company according to the ministerial decree No. 227 on September 15, 2007.

The company's capital consists of 22.5 million shares at SR 10 par value.

The main activities of the Company are to undertake wholesale trading in food supplies, fish, meat, cars and its spare parts, agricultural crops and livestock, household equipment, constructing, managing, operating and maintaining of super markets and malls, cooked and non-cooked catering services, computer services, operating and maintaining electrical and mechanical equipment, constructing, operating and maintaining of storage and cooling warehouses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial interim statements have been prepared in accordance with the Standard of General Presentation and Disclosure issued by the Ministry of Commerce and in compliance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Use of estimates

The preparation of financial interim statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date of the financial interim statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities actual result ultimately may differ from those estimate.

Accounting convention

The financial interim statements are prepared under the accrual and historical cost conventions, except for the investment in associated company which is prepared using equity method.

Revenue recognition

Sales are recognized upon delivery of goods to customers. Income from rent is recognized over the period of lease contracts.

**ABDULLAH AL-OTHAIM MARKETS COMPANY
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

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 general and administrative expenses and cost of revenues, when required, are made on consistent basis.

Investments

Investments in associated company which is 13.65% owned and in which the Company exercises significant influence through participation in its financial and operational policies is accounted for using equity method, under which the investment is initially stated at cost and adjusted thereafter for the change in the Company's share in net assets of the investee. Company's share of the net profit or loss of the investee is reported in the interim statement of income.

Investments owned less than 20% and fair value is not readily determinable are stated at cost. Provision is made for any other than temporary impairment in the value of those investments.

Cost of sales

Cost of sales includes cost of purchases and expenses related to the outlets.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average costing method.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated years of depreciation of the principal classes of assets are as follows:

	Years
Plant and machinery	10
Buildings	5 – 25
Vehicles	5 – 7
Computers	5 – 7
Furniture and fixtures	7
Leasehold improvements	10

**ABDULLAH AL-OTHAIM MARKETS COMPANY
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

Impairment of long-term assets

The Company reviews annually the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered impairment. In case such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual assets, the Company 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 assets or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense in the interim statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income in the interim statement of income immediately.

Borrowing costs

The cost of borrowing directly related to the acquisition or construction of qualifying assets, which require a period of time to become ready for the purpose intended to be used for or sold, is capitalized to the cost of those assets until they become ready for use or sale. The other borrowing costs are expensed in the year they are incurred.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the interim statement of income.

Leasing

All leases are classified as operating leases. Rental payments are charged to income on straight-line basis over the term of the operating lease.

The lease amounts received by the Company as a lessor as operating leases are recognized as income on a straight-line basis over the period of the related leases.

End-of-service indemnities

End-of-service indemnities are provided in accordance with the Saudi Arabian Labor Law and paid to the employees annually subsequent to the balance sheet date. Differences in indemnities are paid to employees upon termination.

**ABDULLAH AL-OTHAIM MARKETS COMPANY
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

Zakat

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

3. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments include SR 32 millions as prepaid rent paid in advance to a related party against early payment discount.

4. PROPERTY AND EQUIPMENT

On March 29, 2010 the company purchased investment land in Medina at SR 98 million to be financed by the company's self sources. The purpose of this Land is building shopping mall and other commercial, residential and office buildings. This transaction was approved by the general assembly of the shareholders in its meeting held on April 7, 2010.

Transferring title of the land to the Company is in progress.

5. PROJECTS IN PROGRESS

Projects in progress represent the contractor's bills for construct a shopping mall in Dammam city and for establishing and developing new branches. Contingent liabilities related to projects in progress as of March 31, 2010 totaled SR 101.6 millions. (March 31, 2009 was SR 125.9 millions)

6. LOANS AND MURABAHA

a) Short-term murabaha

The company has facilities with local banks in the form of short-term Murabaha to finance working capital. Unutilized balance of these Murabaha loans was SR 240 million as of March 31, 2010 (March 31, 2009 was SR 53.8 million).

b) Long-term loans and murabaha:

	2010			2009
	Current SR	Non-current SR	Total SR	SR
Saudi Industrial Development Fund Loan	400,000	1,043,500	1,443,500	1,843,500
Arab National Bank	-	-	-	16,650,719
Albilad Bank	8,724,901	165,758,666	174,483,567	-
Saudi British Bank	16,666,667	27,777,778	44,444,445	-
Saudi Hollandi Bank	16,967,333	20,833,333	37,800,666	-
	42,758,901	215,413,277	258,172,178	18,494,219

These loans are secured by personal guarantees from one of the shareholders and mortgaging company lands their book value are SR 25.5 million as of December 31, 2010.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

7. DIVIDENDS PAYABLE

On its ordinary meeting held on April 7, 2010, the General Assembly approved cash dividends of SR 56,250,000, which represents SR 2.5 per share for the year ended December 31, 2009.

8. EARNINGS PER SHARE

Earnings per share are calculated by dividing Net income and Income from main operations on the weighted average number of shares during the period.

Weighted average number of shares during the three months period ended March 31, 2010 and 2009 was 22.5 million shares.

9. VOLUNTARY RESERVE

In its extraordinary meeting held on April 27, 2009 the General Assembly of the shareholders approved voluntary reserve at 20% of 2008 net income to be used for business expansions.

10. COMMITMENTS AND CONTINGENCIES

a) On March 31, 2010 the Company had the following commitments and contingencies:

	2010 SR	2009 SR
Letters of credit	11,933,467	5,471,624
Letters of guarantee	20,253,010	17,384,926

b) Lease commitments

The outstanding lease commitments principally related to long-term operating leases for the Company's branches, under non-cancelable operating lease are as follows:

	2010 SR	2009 SR
Less than one year	34,177,786	41,585,624
More than one year, but less than five years	86,513,416	121,855,611
More than five years, but less than twenty three years	234,880,679	252,835,188

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
THREE MONTHS PERIOD ENDED MARCH 31, 2010**

11. SEGMENTAL INFORMATION

The company has one segment of retail business. The company carries out its operations only within the kingdom of Saudi Arabia.

12. ADJUSTMENTS FOR THE PERIOD

All adjustments the management believes necessary for the interim financial statements to present fairly the financial position and the results of operations have been done. The results of interim period may not represent an accurate indication of the actual results of operations for the whole year.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the presentation of the current period.