



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

**INTERIM FINANCIAL STATEMENTS AND INTERIM AUDITORS' REVIEW  
REPORT  
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

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

**INTERIM FINANCIAL STATEMENTS AND REVIEW REPORT  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)**

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## INTERIM AUDITOR REVIEW REPORT

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

### Scope of Review

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

We conducted our review in accordance with the standard of interim financial statements issued by the Saudi Organization for Certified Public accountants. A review consists principally of applying analytical review procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of the review is substantially less in scope than an audit 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.

### Review Result

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 standards.

Deloitte & Touché  
Bakr Abulkhair & Co.

Bakr Abdullah Abulkhair  
(License No. 101)

Safar 11, 1431

January 15, 2010

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

**INTERIM BALANCE SHEET  
AS OF DECEMBER 31, 2010**

	Note	2010 SR Unaudited	2009 SR Audited
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent		45,235,906	107,261,008
Inventories		283,275,732	220,220,504
Prepayments and other receivables	3	81,678,093	89,998,718
<b>Total current assets</b>		<b>410,189,731</b>	<b>417,480,230</b>
<b>Non-current assets</b>			
Investment in associated company and others		105,190,508	99,231,576
Property and equipment, Net	5	908,287,156	455,979,291
Projects under progress	6	39,442,923	264,791,837
Intangible assets, Net		14,553,832	-
<b>Total non-current assets</b>		<b>1,067,474,419</b>	<b>820,002,704</b>
<b>TOTAL ASSETS</b>		<b>1,477,664,150</b>	<b>1,237,482,934</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short term loans and Murabaha	7 - a	70,998,374	6,273,497
Current portion of long term loans and Murabaha	7 - b	100,728,483	88,418,864
Trade payables		551,896,736	471,682,305
Other payables and accruals		97,516,794	64,212,117
<b>Total current liabilities</b>		<b>821,140,387</b>	<b>630,586,783</b>
<b>Non-current liabilities</b>			
End-of-service indemnities		28,883,519	21,872,396
Long term loans and Murabaha	7 - b	179,120,194	242,182,317
<b>Total non-current liabilities</b>		<b>208,003,713</b>	<b>264,054,713</b>
<b>Total liabilities</b>		<b>1,029,144,100</b>	<b>894,641,496</b>
<b>Shareholders' equity</b>			
Share capital	1	225,000,000	225,000,000
Statutory reserve	8	41,974,095	25,781,233
Voluntary Reserve	9	12,453,336	12,453,336
Retained earnings		169,092,619	79,606,869
<b>Total shareholders' equity</b>		<b>448,520,050</b>	<b>342,841,438</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,477,664,150</b>	<b>1,237,482,934</b>

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  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010**

	Three Months period Ended		Year Ended	
	December 31, 2010 SR	December 31, 2009 SR	December 31, 2010 SR	December 31, 2009 SR
	Unaudited	Unaudited	Unaudited	Audited
<b>Revenues</b>				
<b>Sales</b>	<b>879,813,041</b>	762,116,405	<b>3,422,444,665</b>	3,065,135,835
<b>Rent</b>	<b>29,530,144</b>	20,527,929	<b>98,315,465</b>	73,375,088
<b>Total revenues</b>	<b>909,343,185</b>	782,644,334	<b>3,520,760,130</b>	3,138,510,923
<b>Cost of revenues</b>	<b>(818,617,580)</b>	(711,114,325)	<b>(3,242,486,195)</b>	(2,927,367,292)
<b>Gross profit</b>	<b>90,725,605</b>	72,206,196	<b>278,273,935</b>	211,143,631
<b>Selling and distribution expenses</b>	<b>(24,588,248)</b>	(19,618,323)	<b>(88,445,583)</b>	(75,363,945)
<b>General and administrative expenses</b>	<b>(15,318,090)</b>	(19,405,880)	<b>(47,706,620)</b>	(46,630,581)
<b>Provision for impairment of property and equipment (Note 5)</b>	<b>(1,500,000)</b>	-	<b>(1,500,000)</b>	-
<b>Operating income from main operations</b>	<b>49,319,267</b>	32,505,806	<b>140,621,732</b>	89,149,105
<b>Company's share in the net profit of associated company</b>	<b>3,005,991</b>	3,663,389	<b>14,458,932</b>	6,222,486
<b>Other income, net (Note 12)</b>	<b>1,441,298</b>	(19,008,359)	<b>10,966,696</b>	(15,499,149)
<b>Income before zakat</b>	<b>53,766,556</b>	17,160,836	<b>166,047,360</b>	79,872,442
<b>Zakat</b>	<b>(768,748)</b>	(700,000)	<b>(4,118,748)</b>	(2,350,000)
<b>NET INCOME</b>	<b>52,997,808</b>	16,460,836	<b>161,928,612</b>	77,522,442
<b>Earnings per share (Note 10)</b>				
<b>From continued operations</b>	<b>2,19</b>	1.44	<b>6,25</b>	3.96
<b>From net income</b>	<b>2,36</b>	0.73	<b>7,20</b>	3.45

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

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

**INTERIM STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2010**

	2010 SR	2009 SR
<b>OPERATING ACTIVITIES</b>		
Income before Zakat	166,047,360	79,872,442
Adjustments		
Depreciation	49,199,117	44,409,429
Amortization of intangible assets	446,168	-
Gains from sale of property and equipment	(987,646)	(455,082)
Provision for impairment of property	1,500,000	-
Company's share in the net profit of associated company	(14,458,932)	(6,222,486)
End-of-service indemnities	7,011,123	5,837,853
Changes in working capital:		
Inventories	(63,055,228)	(3,305,458)
Prepayments and other receivables	8,320,625	(12,116,687)
Due from related parties	-	49,044,889
Payables and accruals	111,519,615	62,998,907
Zakat paid	(2,119,255)	(1,645,634)
<b>Net cash from operating activities</b>	<b>263,422,947</b>	<b>218,418,173</b>
<b>INVESTING ACTIVITIES</b>		
Investment in National Laboratories Limited Company	-	(3,400,000)
Additions to property, equipment and projects under progress	(277,923,790)	(153,375,546)
Intangible assets	(15,000,000)	-
Cash dividends received	8,500,000	-
Proceeds from sale of property and equipment	1,253,368	663,949
<b>Net cash used in investing activities</b>	<b>(283,170,422)</b>	<b>(156,111,597)</b>
<b>FINANCING ACTIVITIES</b>		
Murabaha and Loans	13,972,373	52,009,883
Dividends	(56,250,000)	(33,750,000)
<b>Net cash (used in) from financing activities</b>	<b>(42,277,627)</b>	<b>18,259,883</b>
<b>Net change in cash and cash equivalent</b>	<b>(62,025,102)</b>	<b>80,566,459</b>
<b>Cash and cash equivalent, January 1</b>	<b>107,261,008</b>	<b>26,694,549</b>
<b>CASH AND CASH EQUIVALENT, DECEMBER 31</b>	<b>45,235,906</b>	<b>107,261,008</b>
<b>NON CASH TRANSACTIONS:</b>		
Property & equipment transferred to projects under construction (Note 6)	374,116,488	-
Property & equipment transferred to related parties at book value	-	172,183

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)  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010**

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**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 converted from limited liability into 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.

The board of directors decided on its meeting held on August 17, 2010 to acquire the rest of the shares of "Abdulla Alothaim Real Estate Investment & Development Company", which the company currently owns 13.65% of its shares through increasing the capital by issuing new shares for the other shareholders of the target company. The board has delegated its chairman to appoint the required advisors to complete the acquisition. In August 26, 2010, the two companies signed MOU to start the acquisition procedures that are consistent with regulations

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying interim financial statements have been prepared in compliance with the interim financial reports standard issued by the Saudi Organization for Certified Public Accountants. The significant accounting policies applied by the Company in the preparation of the interim financial statements, and summarized below, are consistent with the policies of the annual audited financial statements for the year ended December 31, 2009. The interim financial statements, along with the accompanying notes, should be read with the annual audited financial statements and the notes related for the year ended December 31, 2009.

**Use of estimates**

The preparation of financial interim statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that could 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 available with the management actual result ultimately may differ from those estimate.

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

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**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 on accrual basis over the period of lease contracts.

**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 losses of the investee is reported in the interim statement of income.

Investments for less than 20% in owned companies and not listed are stated at cost. Appropriate provision is made for any other than temporary impairment in the value of these 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 lives of the principal classes of assets are as follows:



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010**

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

**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**

Borrowing costs directly attributable to acquisitions or constructions of qualifying assets, which are the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which they are incurred.

**Intangible assets**

Intangible assets represent key payments paid to lease some stores. Intangible assets are amortized over the lease contracts terms.

**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.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010**

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**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.

**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 28.2 million as prepaid rent paid in advance to a related party against early payment discount.

**4. RELATED PARTIES**

During the period, the Company transacted with the following related parties. The terms of these transactions and expense were approved by the Company's management.

The significant transactions and related amounts are as follows:

	2010 SR	2009 SR
Rent expenses	(6,777,395)	(5,970,033)
Rent income	4,141,860	5,433,816
Construction works	(88,112,186)	(48,644,952)
Prepaid rent	28,249,202	38,857,963
(Purchased) sale of property and equipment	(98,279,788)	172,183
Finance charges on related parties' current accounts	-	12,208,066

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

**5. PROPERTY AND EQUIPMENT**

	Land SR	Machinery and equipment SR	Buildings SR	Vehicles SR	Computers SR	Furniture and fixtures SR	Leasehold improvements SR	Total SR
<b>Cost</b>								
January 1, 2010	74,032,252	147,685,761	159,864,735	47,691,746	62,704,564	107,509,640	86,993,938	686,482,636
Additions	125,156,788	20,253,931	320,401,453	2,092,272	15,810,554	9,144,494	10,413,212	503,272,704
Disposals	-	( 2,536,182 )	-	( 2,52,451 )	( 7,944,847 )	(10,948,477)	-	(23,481,957)
<b>December 31, 2010</b>	<b>199,189,040</b>	<b>165,403,510</b>	<b>480,266,188</b>	<b>47,731,567</b>	<b>70,570,271</b>	<b>105,705,657</b>	<b>97,407,150</b>	<b>1,166,273,389</b>
<b>Depreciation</b>								
Impairment of LT assets		1,500,000						1,500,000
January 1, 2010	-	54,707,321	23,363,926	25,230,366	39,774,242	63,816,553	23,610,937	230,503,345
Charge for the year	-	13,348,417	9,073,633	6,857,851	3,158,448	8,103,161	8,567,607	49,199,117
Disposals	-	(2,535,839)	-	(1,802,490)	(7,938,468)	(10,939,438)	-	(23,216,235)
<b>December 31, 2010</b>	<b>-</b>	<b>67,019,899</b>	<b>32,437,559</b>	<b>30,285,727</b>	<b>34,994,222</b>	<b>60,980,276</b>	<b>32,178,544</b>	<b>257,986,227</b>
<b>Net book value</b>								
<b>December 31, 2010</b>	<b>199,189,040</b>	<b>98,293,611</b>	<b>447,828,629</b>	<b>17,445,840</b>	<b>35,576,049</b>	<b>44,725,381</b>	<b>65,228,606</b>	<b>908,287,156</b>
December 31, 2009	74,032,252	92,978,440	136,500,809	22,461,380	22,930,322	43,693,087	63,383,001	455,979,291

The company has purchased an investment land in Medina on March 29, 2010 for an amount of SR 98 million for building a shopping mall and investment residential and office buildings. The approval for this transaction was granted in the shareholders' ordinary general assembly meeting held on April 7, 2010. Some title deeds of the land were transferred to the name of company while other title deeds are still under progress.

On August 6, 2010 the company purchased an investment land in Ha'el city for an amount of SR 26 million. The purpose of this land is to build investment projects. Transfer the land's title to the name of company has been accomplished.

Additions to the property include the amount of SR 374,116,488 transferred from projects under progress.

Lands include land amounted to SR 64 million mortgaged to a local bank against bank facilities (Note 7b).

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2010**

**6. PROJECTS UNDER PROGRESS**

Projects under 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 under progress as of December 31, 2010 totaled SR 11.3 million. (December 31, 2009: SR 124.6 million).

During the period, an amount of SR 374,116,488 was transferred from projects under progress to the property and equipment.

**7. 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 169 million as of December 31, 2010 (December 31, 2009: SR 234 million).

b) Long-term loans and murabaha:

	December 31, 2010		
	Current SR	Non-current SR	Total SR
<b>Saudi Industrial Development Fund Loan</b>	<b>400,000</b>	<b>643,500</b>	<b>1,043,500</b>
<b>Bank Albilad Loan</b>	<b>52,110,960</b>	<b>129,198,917</b>	<b>181,309,877</b>
<b>Saudi British Bank Loan</b>	<b>16,666,667</b>	<b>15,277,777</b>	<b>31,944,444</b>
<b>Saudi Hollandi Bank Loans</b>	<b>31,550,856</b>	<b>34,000,000</b>	<b>65,550,856</b>
	<b>100,728,483</b>	<b>179,120,194</b>	<b>279,848,677</b>

	December 31, 2009		
	Current SR	Non-current SR	Total SR
<b>Saudi Industrial Development Fund Loan</b>	600,000	1,043,500	1,643,500
<b>Arab National Bank murabaha</b>	7,000,000	-	7,000,000
<b>Bank Albilad Loan</b>	47,348,608	183,988,991	231,337,599
<b>Saudi British Bank Loan</b>	16,666,667	31,944,444	48,611,111
<b>Saudi Hollandi Bank Loan</b>	16,803,589	25,205,382	42,008,971
	88,418,864	242,182,317	330,601,181

These facilities are secured by personal guarantees from one of the shareholders and mortgage of land deeds owned by the Company having a book value of SR 64 million as of December 31, 2010. (December 31, 2009: SR 25.5 million)

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

**8. STATUTORY RESERVE**

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

**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. 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 and year ended December 31, 2010 and 2009 was 22.5 million shares.

**11. DIVIDENDS**

In its ordinary meeting held on April 7, 2010, the shareholder's General Assembly approved cash dividends of SR 56.25 million, which represents SR 2.5 per share for the year ended December 31, 2009.

In its extra-ordinary meeting held on April 27, 2009, the shareholder's General Assembly approved cash dividends of SR 33.75 million, which represents SR 1.5 per share for the year ended December 31, 2008.

**12. OTHER INCOME (EXPENSE)**

	Three Months period Ended		Year Ended	
	December 31, 2010 SR	December 31, 2009 SR	December 31, 2010 SR	December 31, 2009 SR
<b>Financial and operating systems project *</b>	-	(18,816,025)	<b>6,500,000</b>	(18,816,025)
<b>Gain from sale of property and equipment</b>	<b>18,534</b>	(36,667)	<b>987,646</b>	455,082
<b>Other, Net</b>	<b>1,422,764</b>	(155,667)	<b>3,479,050</b>	2,861,794
	<b>1,441,298</b>	(19,008,359)	<b>10,966,696</b>	(15,499,149)

\* The company has signed a contract in 2007 to install and implement an ERP system to satisfy its requirements of accounting, operations, warehouses and HR systems. In 2009, the board of directors took a decision to stop the project and to write-off the full value of the project (amounted SR 18.8 million), to "other expenses" due to the failure of these systems in satisfying the Company's requirements and took the necessary allowances. During the current period, the company signed an agreement with the implementer to settle outstanding claims, which resulted in excess in allowances by SR 6.5 million presented as "other income".

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

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**13. COMMITMENTS AND CONTINGENCIES**

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

	2010 SR	2009 SR
Letters of credit	19,309,537	6,229,141
Letters of guarantee	20,243,010	21,693,300
Contingent liabilities on projects under progress	11,266,780	124,600,000

b) Operating lease commitments

The outstanding non-cancellable lease commitments principally related to long-term operating leases for the Company's branches and complexes, as of December 31 are as follows:

	2010 SR	2009 SR
Less than one year	38,382,439	35,398,834
More than one year, but less than five years	129,161,016	97,460,856
More than five years, but less than twenty three years	251,405,848	236,255,679

**14. ADJUSTMENTS FOR THE PERIOD**

The adjustments which the management believes to be important were prepared for the interim financial statements to present fairly the financial position and the results of operations. The results of operations for the interim financial period might not give an exact indication about the actual results of the whole year operations.

**15. SEGMENTAL INFORMATION**

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

**16. COMPARATIVE FIGURES**

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