



Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
Interim Consolidated Financial Statements (Un-audited)
For the six months period ended 30 June 2014
Together with the Review Report



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REVIEW REPORT
TO THE SHAREHOLDERS OF ABDULLAH AL-OTHAIM MARKETS COMPANY
A SAUDI JOINT STOCK COMPANY

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Abdullah **Al-Othaim Markets Company – A Saudi Joint Stock Company** (“the Company”) and its subsidiaries (“the Group”) as at 30 June 2014, and the related interim consolidated statement of income for three-month and six-month periods ended 30 June 2014, and interim consolidated statements of cash flows and changes in equity for the six month period then ended and notes 1 to 17 which form integral part of these interim consolidated financial statements.


These interim consolidated financial statements are the responsibility of Group’s management and have been prepared by them and submitted to us together with all information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA).

A review consists principally of applying analytical procedure to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than the 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.

Conclusion

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

For KPMG Al Fozan & Al Sadhan


Khalil Ibrahim Al Sedais
License No. 371



Riyadh on 24 Ramadan 1435H
Corresponding to: 21 July 2014

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (Un-audited)
As at 30 June 2014
(Saudi Riyals)

	<u>Note</u>	<u>30 June 2014</u>	<u>30 June 2013</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents		267,965,950	135,612,925
Inventories, net		526,495,301	528,837,503
Prepayments and other current assets		154,703,533	90,009,910
Total current assets		949,164,784	754,460,338
Non-current assets			
Investments, net	(5)	196,336,956	188,333,832
Property and equipment, net	(6)	773,391,724	644,412,804
Investment property, net	(7)	501,334,782	522,277,843
Intangible assets, net		14,006,576	11,207,572
Biological assets, net	(8)	1,796,006	--
Total non-current assets		1,486,866,044	1,366,232,051
TOTAL ASSETS		2,436,030,828	2,120,692,389
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Current liabilities			
Trade payables		1,171,883,496	1,011,907,358
Current portion of long term loans and Murabahas	(9)	70,295,504	112,247,175
Short term loans and Murabahas	(9a)	20,064,142	27,344,260
Accrued expenses and other current liabilities		177,811,654	117,277,059
Total current liabilities		1,440,054,796	1,268,775,852
Non-current liabilities			
Long term loans and Murabahas	(9)	105,000,000	114,090,909
Employees' end of service benefits		52,976,368	44,353,305
Total non-current liabilities		157,976,368	158,444,214
TOTAL LIBILATIES		1,598,031,164	1,427,220,066
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	(10)	450,000,000	225,000,000
Statutory reserve	(11)	--	74,159,036
Voluntary reserve	(12)	--	12,453,336
Retained earnings		386,127,716	381,798,613
Unrealized gains from investment in available for sale securities		97,338	61,338
Equity attributable to shareholder's		836,225,054	693,472,323
Non – controlling interest		1,774,610	--
Total Equity		837,999,664	693,472,323
TOTAL LIABILITIES AND EQUITY		2,436,030,828	2,120,692,389

The accompanying notes (1) to (17) form an integral part of these interim consolidated financial statements.

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF INCOME (Un-audited)
For the three and six month periods ended 30 June 2014
(Saudi Riyals)

	<u>Note</u>	Three months ended		Six months ended	
		<u>30 June 2014</u>	<u>30 June 2013</u>	<u>30 June 2014</u>	<u>30 June 2013</u>
Sales		1,511,392,815	1,161,189,808	2,734,370,197	2,227,615,907
Cost of sales, net		(1,291,999,781)	(984,801,505)	(2,310,316,475)	(1,887,166,247)
Gross profit		219,393,034	176,388,303	424,053,722	340,449,660
Rental income, net		12,115,526	13,687,552	25,633,837	25,106,819
Selling and distribution expenses		(163,828,612)	(144,154,952)	(323,640,882)	(264,618,335)
General and administrative expenses		(18,229,652)	(12,723,361)	(33,920,167)	(27,513,640)
Income from operations		49,450,296	33,197,542	92,126,510	73,424,504
Share in profits of an equity accounted investee	(5)	4,851,918	8,927,670	10,425,639	11,310,158
Finance expenses		(1,808,510)	(2,019,406)	(3,645,803)	(3,976,858)
Other income, net		761,656	373,627	1,752,169	2,033,725
Net income before zakat and non-controlling interest		53,255,360	40,479,433	100,658,515	82,791,529
Zakat and income tax		(1,500,000)	(750,000)	(2,500,862)	(2,250,000)
Net income before non - controlling interest		51,755,360	39,729,433	98,157,653	80,541,529
Non - controlling interest in net loss of subsidiaries		28,317	--	95,066	--
Net income for the period		51,783,677	39,729,433	98,252,719	80,541,529
Earnings per share from	(13)				
Operations		1.10	0.74	2.05	1.63
Non Operations		0.08	0.16	0.19	0.21
Net income		1.15	0.88	2.18	1.79
Weighted average number of shares		45, 000,000	45, 000,000	45, 000,000	45, 000,000

The accompanying notes (1) to (17) form an integral part of these interim consolidated financial statements.

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
IIINTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Un-audited)
For the six month period ended 30 June 2014
(Saudi Riyals)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		98,252,719	80,541,529
<i>Adjustments to reconcile net income to net cash generated</i>			
<i>from operating activities</i>			
Depreciation		49,184,348	44,218,885
Amortization		899,113	669,252
Gain on disposal of property and equipment		(230,828)	(971,408)
Loss on disposal of biological assets		208,848	--
Zakat charge for the period		2,500,000	2,250,000
Company's share in the profit of an equity accounted investee		(10,425,639)	(11,310,158)
End of service benefits provision, net		4,485,331	3,284,900
Non - controlling interest in net loss of the subsidiary		(95,065)	--
<i>Changes in working capital:</i>			
Inventories		(158,485,191)	(207,047,698)
Prepayments and other current assets		(64,398,240)	(10,124,515)
Trade payables, Accrued expenses and other current liabilities		461,974,041	371,474,794
Zakat paid		(3,102,136)	(2,000,000)
Net cash generated by operating activities		<u>380,767,301</u>	<u>270,985,581</u>
CASH FLOW USED IN INVESTING ACTIVITIES			
Investments – available for sale securities		(10,000,000)	(7,270,642)
Additions to property and equipment		(99,805,434)	(97,522,399)
Additions to investment property		(1,416,766)	(1,052,261)
Additions to biological assets		(184,194)	--
Dividend received from associated company		17,000,000	4,250,000
Impact of subsidiaries consolidated during the period		618,314	--
Proceeds from sale of property and equipment		639,647	1,013,503
Net cash used in investing activities		<u>(93,148,433)</u>	<u>(100,581,799)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends distribution		(67,500,000)	(67,500,000)
Loans and Murabahas		(62,483,906)	(30,769,516)
Net cash used in financing activities		<u>(129,983,906)</u>	<u>(98,269,516)</u>
Net increase in cash and cash equivalents		157,634,962	72,134,266
Cash and cash equivalents at the beginning of the period		110,330,988	63,478,659
Cash and cash equivalents at the end of the period		<u>267,965,950</u>	<u>135,612,925</u>
Non - cash transactions			
Unrealized gains from investment in available for sale securities		(38,250)	(15,000)
Increase in share capital through retained earnings, statutory reserve and voluntary reserve		225,000,000	--

The accompanying notes (1) to (17) form an integral part of these interim consolidated financial statements.

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Un-audited)
For the six month period ended 30 June 2014

	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Investment in available for sale securities</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total</u>
Balance at 1 January 2013	225,000,000	74,159,036	12,453,336	368,757,084	76,338	680,445,794	--	680,445,794
Net income for the period	--	--	--	80,541,529	--	80,541,529	--	80,541,529
Unrealized gain on investment in available for sale securities	--	--	--	--	(15,000)	(15,000)	--	(15,000)
Cash dividends	--	--	--	(67,500,000)	--	(67,500,000)	--	(67,500,000)
Balance at 30 June 2013	<u>225,000,000</u>	<u>74,159,036</u>	<u>12,453,336</u>	<u>381,798,613</u>	<u>61,338</u>	<u>693,472,323</u>	<u>--</u>	<u>693,472,323</u>
Balance at 1 January 2014	225,000,000	93,409,588	12,453,336	474,512,073	135,588	805,510,585	1,869,676	807,380,261
Net income for the period	--	--	--	98,252,719	--	98,252,719	(95,066)	98,157,653
Issuance of Bonus shares	225,000,000	(93,409,588)	(12,453,336)	(119,137,076)	--	--	--	--
Unrealized gain on investment in available for sale securities	--	--	--	--	(38,250)	(38,250)	--	(38,250)
Cash dividends	--	--	--	(67,500,000)	--	(67,500,000)	--	(67,500,000)
Balance at 30 June 2014	<u>450,000,000</u>	<u>--</u>	<u>--</u>	<u>386,127,716</u>	<u>97,338</u>	<u>836,225,054</u>	<u>1,774,610</u>	<u>837,999,664</u>

The accompanying notes (1) to (17) form an integral part of these interim consolidated financial statements.

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2014

1. ORGANIZATION AND ACTIVITIES

Abdullah Al-Othaim Markets Company (the "Company") is a Saudi joint stock company registered in Riyadh on Rajab 7, 1400 (May 21, 1980) under Commercial Registration Number 1010031185. The Company was converted from a limited liability company into a joint stock company according to the ministerial decree No. 227/G on Ramadan 3, 1428 (corresponding to September 15, 2007).

The main activities of the Company is to deal in wholesale, retail of food supplies, electronics through their commercial outlets across the Kingdom of Saudi Arabia.

These interim consolidated financial statements comprise of the financial statements of the Company and following subsidiaries, together refer to as the "Group".

<u>Name of the Subsidiaries</u>	Effective ownership (%) at 30 June	
	<u>2014</u>	<u>2013</u>
Haley Holding Company	100%	100%
Universal Marketing Centre Company	100%	100%
Seven services Company	100%	100%
Bayt Alwatan Company	100%	100%
Marafeq Al Tashgheel Company	100%	100%
Haley Holding Company – Turkey	100%	--
Haley Holding Company – Bosnia and Herzegovina	100%	--
Al Othaim Egypt	100%	--
Thamarat Al Qassim Company	90%	--

Al Othaim Egypt is a Joint stock company operating in Egypt. The main activities of the subsidiary are wholesale and retail trading. The subsidiary has been consolidated for the first time in the interim consolidated financial statements for the period ended 30 June 2014.

2. BASIS OF PREPARATION

Statement of compliance

These interim consolidated financial statements have been presented in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (SOCPA). These interim financial statements do not include all the information presented in the annual financial statements; therefore, these interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2013.

Abdullah Al- Othaim Markets Company
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2014

2. BASIS OF PREPARATION (Continued)

Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost convention (except for available for sale investments which carried at fair value) using the accrual basis of accounting and the going concern concept

Use of estimates and judgments

The interim consolidated financial statements prepared by the management require the use of estimates and assumptions which has an effect on the financial position and results of operation. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Basis of consolidation

The interim consolidated financial statements include the financial statements of the Company and its subsidiaries as disclosed in note (1) above. Subsidiaries are entities controlled by the Company. Control exist when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are excisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commence until the date control ceases.

All intra transactions and resulting balances between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra group transactions are eliminated on consolidation.

Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the polices adopted by the Company. Non-controlling interests represent the portion of result's and net assets not controlled by the Group and are presented separately in the consolidated statement of income and under equity in the consolidated balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group for the preparation of these interim consolidated financial statements are consistent with those of the Group's annual consolidated financial statements. These accounting policies have been applied consistently to all the periods presented in the interim consolidated financial statements.

Revenue recognition

- Revenue from sale of goods is recognized at the time of check-out sales where there is no continuing management involvement with the goods.
- Opening fees, based on agreements with the suppliers, are recognized at the time of opening of the store and is presented net of cost of sales.
- Income from rebates and other suppliers benefits are recognized on accrual basis according to the agreements with the suppliers. For the presentation purposes, cost of sales is stated net of rebates.

Abdullah Al- Othaim Markets Company
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2014
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments

Equity accounted investees

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method (equity accounted investee) and are initially recognized at cost. The financial statements include the Company's share of income and expenses and equity movement of the equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate. The Company's share of profits or losses of the investee companies is credited or charged to the interim consolidation statement of income.

Investments available for sale:

Investments which are neither for trading purposes nor have fixed or determinable maturity and where the Company has no significant influence over its activities are classified as investments available for sale. These investments are initially recognized at cost which represents the fair value of the consideration paid including expenses related to acquisition of the investments, but and are subsequently measured at fair value. Fair value changes other than impairment losses are recognized in equity. Fair value is determined by reference to the market value in an open market, if exists. In the absence of an open market, cost is considered to be the fair value for these investments. Permanent diminution in the value of the above mentioned investments, if any, is charged to the interim consolidated statement of income. Profit and loss resulted from disposing those investments are recognized in the period in which disposal occurs. Cash dividends from those investments are recorded in statement of income upon declaration by investees and are reduced from the carrying value of these investments.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the moving average cost method.

Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount, when the Company has legal or constructive obligation arising as a result of a past event, it is probable, that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Abdullah Al- Othaim Markets Company
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2014
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and buildings constructed on leased lands are amortized over the shorter of the estimated useful life of the leasehold improvements and buildings or the remaining term of the lease. The estimated lives of the principal classes of assets are as follows:

	<u>Years</u>
Machinery and equipment	10
Buildings	5 – 25
Vehicles	5 – 7
Computers	5 – 7
Furniture and fixtures	7
Leasehold improvements	10

Investment property

Investment properties in the form of buildings and land held by the Company to earn rentals or for capital appreciation is recognized at cost less accumulated depreciation, and impairment if any. No depreciation is computed on lands.

Impairment of non current assets

The Company reviews on regular basis the carrying amount of its non-current assets to determine whether there is any indication that those assets have suffered impairment in value. In case such indication exists, the recoverable amount of the asset 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 asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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 asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized as income in the interim consolidated statement of income immediately.

Biological Assets

Biological assets are stated at cost of purchase or at the cost of rearing or growing to the point of commercial production, less accumulated depreciation. The costs of immature biological assets are determined by the cost of rearing or growing to their respective age. Biological assets are depreciated on a straight line basis to their estimated life of 5 years

Intangible assets

Intangible assets represent costs incurred for the purpose of using rented stores (key money). These assets are amortized over the term of the related lease contracts.

Abdullah Al- Othaim Markets Company
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the interim consolidated statement of income in the period in which 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. Transactions denominated in foreign currencies are translated to Saudi Riyal at a weighted average exchange rates for the period. Gains and losses from settlement and translation of foreign currency transactions are included in the interim consolidated statement of income.

Accounting for lease contracts

All leases entered into by the Group are classified as operating leases. Rental payments are charged to the interim consolidated statement of income using the straight-line method over the term of the operating lease contract.

The lease amounts received by the Group as lessor in operating lease contracts are recognized in the interim consolidated statement of income using the straight-line method over the period of the related leases.

Provision for end-of-service benefits

End-of-service benefits are provided in accordance with the Saudi Arabian Labor Law based on total benefits due to an employee in case his services are terminated at the balance sheet date and are reduced by any payments in advance to employees. Differences in indemnities, if any, are computed and paid to employees upon termination.

Zakat and tax

The Company and its subsidiaries registered in Saudi Arabia are subject to the regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. The zakat charge is computed on the zakat base. All the overseas subsidiaries are subject to the tax regulation in the registered countries. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Abdullah Al- Othaim Markets Company
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
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4. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties of the company comprises of its shareholders, subsidiaries, equity accounted investees and other affiliated companies under common control.

During the period, the company transacted mainly with Al Othaim Holding Company (founding shareholder) and Abdullah Al Othaim Real Estate Investment and Development Company (Associated Company). Major transactions with related parties comprises of rental income and expenses.

The Company transacts with related parties on mutually agreed prices and terms which are approved by the management.

<u>Nature of Transactions</u>	<u>2014</u>	<u>2013</u>
Rent expense	<u>5,586,771</u>	<u>5,629,645</u>
Rent income	<u>18,782,195</u>	<u>18,782,195</u>

Prepayments include an amount of SR 9.96 million (2013: SR 15.58 million) which represent rents paid to a related party in advance against early payment discount.

5. INVESTMENTS

Investments consist of the following:

		<u>2014</u>	<u>2013</u>
Investment in equity accounted investee	5.1	178,733,529	182,614,531
Advance against equity investments		--	5,157,963
Investments in available-for-sale securities		<u>17,603,427</u>	<u>561,338</u>
		<u>196,336,956</u>	<u>188,333,832</u>

5.1 Investment in equity accounted investees

	<u>2014</u>	<u>2013</u>
Balance, January 1	185,926,204	173,441,694
Company's share in net profits	10,425,639	11,310,158
Additions during the period	--	2,112,679
Investment in subsidiaries consolidated during the period	(618,314)	--
Cash dividends received	<u>(17,000,000)</u>	<u>(4,250,000)</u>
Balance, June 30	<u>178,733,529</u>	<u>182,614,531</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
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5. INVESTMENTS (Continued)

- 5.1** The investment in associated company represents 13.65% of the share capital of Abdullah Al-Othaim Real Estate Investment and Development Company. The remaining percentage is owned by Al-Othaim Holding Company, Mr. Abdullah Saleh Al-Othaim and his family members.

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6. PROPERTY AND EQUIPMENT, NET

	Land	Machinery and equipment	Buildings	Vehicles	Computers	Furniture and fixtures	Leasehold improvements	Capital Work in progress	Total
Cost									
January 1, 2014	233,692,794	250,701,737	174,200,849	67,123,670	86,482,539	129,638,075	145,040,606	24,549,139	1,111,429,409
Additions	11,437,938	13,085,528	934,348	10,112,089	6,570,575	8,148,358	5,342,778	44,173,820	99,805,434
Transferred from CWIP	--	1,177,670	3,322,200	604,258	751,640	1,504,548	5,851,814	(13,212,130)	--
Disposals	--	(1,901,121)	--	--	(456,257)	(350,658)	--	--	(2,708,036)
June 30, 2014	<u>245,130,732</u>	<u>263,063,814</u>	<u>178,457,397</u>	<u>77,840,017</u>	<u>93,348,497</u>	<u>138,940,323</u>	<u>156,235,198</u>	<u>55,510,829</u>	<u>1,208,526,807</u>
Accumulated depreciation									
January 1, 2014	--	116,031,425	46,641,567	47,028,160	41,579,889	81,141,423	67,498,639	--	399,921,103
Charge for the period	--	12,454,119	4,460,971	3,023,687	4,758,675	5,915,604	6,900,141	--	37,513,197
Eliminated disposals	--	(1,586,241)	--	--	(414,716)	(298,260)	--	--	(2,299,217)
June 30, 2014	<u>--</u>	<u>126,899,303</u>	<u>51,102,538</u>	<u>50,051,847</u>	<u>45,923,848</u>	<u>86,758,767</u>	<u>74,398,780</u>	<u>--</u>	<u>435,135,083</u>
Net book value									
June 30, 2014	<u>245,130,732</u>	<u>136,164,511</u>	<u>127,354,859</u>	<u>27,788,170</u>	<u>47,424,649</u>	<u>52,181,556</u>	<u>81,836,418</u>	<u>55,510,829</u>	<u>773,391,724</u>
June 30, 2013	203,897,350	103,028,266	113,108,428	16,800,618	41,401,673	45,628,441	70,232,056	50,315,972	644,412,804

6-1 Title deeds of certain lands amounting to SR 37 million are still under progress to be transferred to the company and are under the name of Al Othaim Real Estate Investment Company.

6-2 Land mentioned above amounting to SR 40 million (2013: SR 97.5 million) is mortgaged to some local banks as collateral against bank facilities (Note 9b). No capital commitments associated with these projects existed as at the interim consolidated balance sheet date.

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7. INVESTMENT PROPERTY

	<u>2014</u>	<u>2013</u>
Cost		
January 1	583,071,888	581,454,662
Additions	1,416,766	1,052,261
Balance at 30 June	<u>584,488,654</u>	<u>582,506,923</u>
Accumulated depreciation		
January 1, 2014	71,685,135	48,740,699
Charge for the period	11,468,737	11,488,381
Balance at 30 June 2014	<u>83,153,872</u>	<u>60,229,080</u>
Net Book value	<u>501,334,782</u>	<u>522,277,843</u>

8. BIOLOGICAL ASSETS, NET

The biological assets include Sheep and Cows owned by one of the subsidiaries (Thamarat Al Qassim) and the balance at 30 June 2014:

	<u>2014</u> (Unaudited)
Cost	
January 1	2,250,813
Additions	184,194
Disposals	(208,848)
Balance at 30 June	<u>2,226,159</u>
Accumulated depreciation	
January 1	227,739
Charge for the period	202,414
Balance at 30 June	<u>430,153</u>
Net Book value	<u>1,796,006</u>

9. LOANS AND MURABAHAS

a) Short-term murabahas:

The Company has facilities from local commercial banks in the form of short-term murabahas to finance working capital. Unutilized balance of these murabahas loans as at June 30, 2014 amounted to SR 250 million (June 30,2013: SR 243).

b) Long-term loans and murabahas:

	<u>2014</u>	<u>2013</u>
Current portion	70,295,504	112,247,175
Non-current portion	105,000,000	114,090,909
Total	<u>175,295,504</u>	<u>226,338,084</u>

These facilities are secured by personal guarantees of chairman of the company and mortgage of land title deeds owned by the Company with a book value of SR 40 million as at June 30, 2014 (June 30, 2013: SR 97.5 million).

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10. SHARE CAPITAL

During the period the company issued 22.5 million bonus shares, as a result the number of shares increased from 22.5 million to 45 million and the share capital increased from Saudi Riyal 225 million to Saudi Riyal 450 million. This increase in capital made by transferring statutory reserve, voluntary reserve and retained earnings.

11. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's bylaws, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve reaches 50% of the share capital. This reserve is not available for dividend distribution. In the general assembly meeting held in the 6 April the shareholder approved the transfer the statutory reserve to the share capital of the company.

12. VOLUNTARY RESERVE

The extraordinary general assembly in its meeting held on Jumad Al-Awal 2, 1430 (corresponding to April 27, 2009) approved a voluntary reserve of 20% from the profits for the year ended 31 December 2008 and appropriated it as voluntary reserve for the expansion of the Company's operations. In the general assembly meeting held in the 6 April the shareholder approved the transfer the voluntary reserve to the share capital of the company.

13. EARNINGS PER SHARE

Earnings per share are calculated based on net income for the period, income from operations and income from other sources retroactively (which includes: Share in profits of equity accounted investees, Finance expenses and Other income, net) divided by the weighted average number of shares in issue which are amounting to 45 million shares.

14. DIVIDENDS

In its meeting held on 6 April, 2014 the shareholders' General Assembly approved the distribution of cash dividends of SR 67.5 million represents SR 3 per share and 100 % issuance of bonus shares resulting in increase in share capital from 225 million to 450 million.

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15. SEGMENTAL INFORMATIONS

The Company's activities are focused on retail and wholesale of food stuff and carries out its operations in the Kingdom of Saudi Arabia. The company also invest in developing of commercial malls. Some selected information was summarized for each business segment as at June 30:

	For the period ended June 30, 2014	
	Retail and wholesale	Real estate and leasing (Rent)
Sales	2,734,370,197	--
Gross Profit	424,053,722	25,633,837
Rents income, net	--	46,871,987
Property and equipment, net	773,391,824	501,334,782

	For the period ended June 30, 2013	
	Retail and wholesale	Real estate and leasing (Rent)
Sales	2,227,615,907	--
Gross Profit	340,449,660	25,106,819
Rents income	--	45,433,925
Property and equipment, net	644,412,804	522,277,843

16. CONTINGENCIES AND COMMITMENTS

a) As at June 30, the Company had the following commitments and contingent liabilities:

	<u>2014</u>	<u>2013</u>
Letters of credit	30,686,863	6,556,792
Letters of guarantee	9,306,480	11,781,150
Capital commitments on projects in progress	12,329,933	10,157,853

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16. CONTINGENCIES AND COMMITMENTS (Continued)

- b) Commitment against operating lease agreements:

The outstanding lease commitments of the Company related to non-cancelable long term operating leases for the Company's branches and malls as at June 30 were as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	67,700,851	50,280,754
From one year, but less than 5 years	206,973,342	168,133,005
From 5 years, but less than 25 years	193,149,537	211,634,105

17. DATE OF AUTHORISATION

The financial statements were authorized for issue by the board of directors on 23 Ramadan 1435 H, 20 July 2014.