



Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
Interim Consolidated Financial Statements (Un-audited)
For the three-months period ended 31 March 2016
Together with the Review Report

Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2016

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REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To: **The Shareholders**
Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
Riyadh, Saudi Arabia

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 31 March 2016, the related interim consolidated statements of income for the three-months period ended, the interim consolidated statements of cash flows and changes in equity for the period then ended and the attached notes 1 to 17 which form an integral part of the 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. Our responsibility is to provide a conclusion on the review of these interim consolidated financial statements based on our review.

We conducted our review in accordance with Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of analytical procedure applied to financial data and information and making inquiries of Group’s personnel responsible for financial and accounting matters. It 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 on 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 & Partners
Certified Public Accountants


Khalil Ibrahim Al Sedais
License No. 371

Riyadh on: 13 Rajab 1437
Corresponding to: 20 April 2016



Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (Un-audited)
As at 31 March 2016
(Saudi Riyals)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Current assets			
Cash and bank balances		299,297,295	287,482,875
Inventories		681,628,340	509,883,209
Trade receivables		29,057,952	--
Prepayments and other current assets		230,616,185	170,205,961
Total current assets		1,240,599,772	967,572,045
Non-current assets			
Investments in equity accounted investee	(5)	182,217,662	221,838,897
Investments in available for sale securities		15,219,347	17,948,227
Property and equipment	(6)	1,346,947,053	928,809,562
Investment properties	(7)	462,352,110	485,316,323
Biological assets	(8)	927,846	1,125,967
Intangible assets		10,909,774	12,657,906
Total non-current assets		2,018,573,792	1,667,696,882
TOTAL ASSETS		3,259,173,564	2,635,268,927
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
LIABILITIES			
Current liabilities			
Trade payables		1,049,403,852	1,014,698,957
Short term loans and Murabaha	(9a)	20,076,483	70,359,957
Current portion of long term loans and Murabaha	(9b)	187,213,333	103,038,400
Notes payable		31,534,428	--
Accrued expenses and other current liabilities		332,187,509	164,880,489
Dividends payable	(12)	90,000,000	--
Total current liabilities		1,710,415,605	1,352,977,803
Non-current liabilities			
Long term loans and Murabaha	(9b)	356,446,668	219,600,000
Employees' end of service benefits		72,367,070	59,157,267
Total non-current liabilities		428,813,738	278,757,267
TOTAL LIABILITIES		2,139,229,343	1,631,735,070
SHAREHOLDERS' EQUITY			
Share capital		450,000,000	450,000,000
Statutory reserve		44,565,425	21,477,889
Retained earnings		567,221,249	530,067,382
Unrealized (loss) / gain from investment in available for sale securities		(2,286,741)	442,138
Equity attributable to shareholders		1,059,499,933	1,001,987,409
Non – controlling interest		60,444,288	1,546,448
Total equity		1,119,944,221	1,003,533,857
TOTAL LIABILITIES AND EQUITY		3,259,173,564	2,635,268,927

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-months period ended 31 March 2016
(Saudi Riyals)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Sales		1,640,022,125	1,408,029,874
Cost of sales		<u>(1,360,654,817)</u>	<u>(1,195,672,662)</u>
Gross profit		279,367,308	212,357,212
Rental income, net		15,980,037	13,937,282
Selling and distribution expenses		(216,782,834)	(164,731,371)
General and administrative expenses		<u>(28,177,728)</u>	<u>(19,316,515)</u>
Income from operations		50,386,783	42,246,608
Share in profits from investments	(5)	7,658,065	6,984,397
Finance expenses		(3,186,033)	(2,061,594)
Impairment loss	(14)	(15,600,826)	--
Other income, net		<u>1,112,612</u>	<u>2,748,427</u>
Net income before zakat, income tax and non - controlling interest		40,370,601	49,917,838
Zakat and income tax		<u>(1,285,000)</u>	<u>(1,125,042)</u>
Net income before non - controlling interest		39,085,601	48,792,796
Non - controlling interest in net loss of the subsidiaries		<u>7,921,831</u>	<u>98,595</u>
Net income for the period		<u>47,007,432</u>	<u>48,891,391</u>
Earnings per share from:	(11)		
Operations		<u>1.12</u>	<u>0.94</u>
Other income		<u>0.12</u>	<u>0.17</u>
Net income		<u>1.04</u>	<u>1.09</u>
Weighted average number of shares		<u>45,000,000</u>	<u>45,000,000</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)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Un-audited)
For the three-months period ended 31 March 2016
(Saudi Riyals)

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Net income for the period before zakat, income tax and non - controlling interest	40,370,601	49,917,838
<i>Adjustments to reconcile net income to net cash generated from operating activities</i>		
Depreciation	33,663,423	27,698,324
Amortization	449,556	449,556
Impairment loss	15,600,826	--
Gain on disposal of property and equipment	(23,477)	(473,082)
Loss on disposal of biological assets	31,095	28,447
Company's share in the net profits of associated companies	(7,658,065)	(6,984,397)
Share of loss in other reserve of an associate	(717,505)	--
End of service benefits provision, net	2,422,403	2,578,369
Changes in working capital:		
Inventories	(77,632,434)	(44,377,427)
Trade receivables, net	(16,463,923)	--
Notes payable	294,143	--
Prepayments and other current assets	8,538,760	(33,058,449)
Trade payables, Accrued expenses and other current liabilities	171,844,223	77,069,307
Net cash generated by operating activities	170,719,626	72,848,486
INVESTING ACTIVITIES		
Purchase of property and equipment	(148,230,473)	(85,498,516)
Purchase of investment properties	(402,570)	(7,450)
Purchase of biological assets	(259,392)	--
Investments in equity accounted investees	(4,915,065)	(36,023,181)
Proceeds from sale of property and equipment	718,949	2,675,198
Proceeds from sale of biological assets	28,330	--
Net cash used in investing activities	(153,060,221)	(118,853,949)
FINANCING ACTIVITIES		
Proceeds from Loans and Murabaha	74,639,503	349,126,227
Repayments of Loans and Murabaha	(122,677,738)	(199,127,380)
Non-controlling interest due to incorporation of subsidiary	250,000	--
Net cash (used in) / generated by financing activities	(47,788,235)	149,998,847
Net change in cash and bank balances	(30,128,830)	103,993,384
Cash and bank balances at beginning of the period	329,426,125	183,489,491
Cash and bank balances at end of the period	299,297,295	287,482,875
Non - cash transactions		
Unrealized (loss) / gain from investment in available for sale securities	(1,426,102)	491,150

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 three-months period ended 31 March 2016

	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Unrealized gain / (loss) on investment available for sale securities</u>	<u>Other reserves</u>	<u>Total equity attributable to the shareholders of company</u>	<u>Non- controlling interest</u>	<u>Total</u>
Balance at 1 January 2016	450,000,000	44,565,425	610,213,817	(860,639)	717,505	1,104,636,108	68,116,119	1,172,752,227
Net income for the period	--	--	47,007,432	--	--	47,007,432	(7,921,831)	39,085,601
Acquisition of interest in subsidiary	--	--	--	--	--	--	250,000	250,000
Unrealized loss on investment in available for sale securities	--	--	--	(1,426,102)	--	(1,426,102)	--	(1,426,102)
Other reserves – (note 10)	--	--	--	--	(717,505)	(717,505)	--	(717,505)
Dividends – (note 12)	--	--	(90,000,000)	--	--	(90,000,000)	--	(90,000,000)
Balance at 31 March 2016	<u>450,000,000</u>	<u>44,565,425</u>	<u>567,221,249</u>	<u>(2,286,741)</u>	<u>--</u>	<u>1,059,499,933</u>	<u>60,444,288</u>	<u>1,119,944,221</u>
Balance at 1 January 2015	450,000,000	21,477,889	481,175,991	(49,012)	--	952,604,868	1,645,043	954,249,911
Net income for the period	--	--	48,891,391	--	--	48,891,391	(98,595)	48,792,796
Unrealized gain on investment in available for sale securities	--	--	--	491,150	--	491,150	--	491,150
Balance at 31 March 2015	<u>450,000,000</u>	<u>21,477,889</u>	<u>530,067,382</u>	<u>442,138</u>	<u>--</u>	<u>1,001,987,409</u>	<u>1,546,448</u>	<u>1,003,533,857</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 three-months period ended 31 March 2016

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 its subsidiaries, together referred to as the "Group".

<u>Name of the Subsidiaries</u>	Effective ownership (%)	
	at 31 March 2016	2015
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%	100%
Haley Holding Company – Bosnia and Herzegovina	100%	100%
Al-Othaim Markets Egypt	100%	100%
Thamarat Al Qassim Company	90%	90%
Riyadh Foods Industries Company	55%	50%
Mueen Recruitment Company	68%	--
Jannat Al Attema Factory Company	55%	50%
Rafif Tours and Travels Company	75%	--

2. BASIS OF PREPARATION

a- Statement of compliance

These interim consolidated financial statements have been presented in accordance with the requirements of accounting standards 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 Group for the year ended 31 December 2015.

b- Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost bases, except for available for sale investments and derivative financial instruments which are stated at fair value using the accrual basis of accounting and the go

Abdullah Al-Othaim Markets Company
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For the three-months period ended 31 March 2016

2. BASIS OF PREPARATION (Continued)

c- *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.

d- *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 Group. 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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

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.

a- *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 are presented net of cost of sales.
- Income from rebates and other supplier's 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.
- Rental income is recognized in on a straight-line basis over the term of the lease.

Abdullah Al-Othaim Markets Company
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
For the three-months period ended 31 March 2016
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b- Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group'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.

c- Investments

Equity accounted investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group 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 Group'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 Group'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 Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee companies is credited or charged to the interim consolidation statement of income and its share in post-acquisition movement in other reserves is recognized in the Group's Equity.

Available for sale investments

Available for sale investments principally consist of shareholding of less than 20% in quoted and unquoted equity investments including mutual funds investments, which are not held for trading purposes and where the Group does not have any significant influence or control. These are initially recognized and subsequently re-measured at fair value. Any changes in fair value are recognized in equity as fair value reserve until the investment is disposed. Any significant and prolonged decline in value of the available for sales investments, if any, is charged to the consolidated statement of income. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated balance sheet date.

d- Inventories

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

e- Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount, when the Group 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.

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(A Saudi Joint Stock Company)
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(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f- Property and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the consolidated income statement when incurred.

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

g- Investment property

Investment properties in the form of buildings and land held by the Group to earn rentals or for capital appreciation is recognized at cost less accumulated depreciation, and impairment if any. Land is not depreciated. The estimated lives of buildings are 5 – 25 years.

h- Impairment of non-financial assets

The Group reviews on regular basis the carrying amount of its non-financial 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 Group 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.

i- 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j- *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.

k- *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.

l- *Foreign currency translation*

Items included in the financial statements of each of the group's entities are measured using the functional currency of the entity. The consolidated financial statements are presented in Saudi Arabian Riyal ("SAR") which is the group's presentation currency. 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 SAR 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 if any.

m- *Employee end-of-service benefits*

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

n- *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 Group comprises of its shareholders, subsidiaries, equity accounted investees and other affiliated companies under common control.

During the year, the company transacted mainly with Al-Othaim Holding Company (founding shareholder) and Abdullah Al-Othaim Real Estate Investment Development Company (equity accounted investee).

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

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>	
			<u>2016</u>	<u>2015</u>
Riyadh Foods Company	Subsidiary	Purchases	--	16,456,574
Abdullah Al-Othaim Real Estate Investment Development Company	Equity Accounting Investee	Rent expense	<u>2,535,693</u>	<u>2,785,719</u>
Abdullah Al-Othaim Real Estate Investment Development Company	Equity Accounting Investee	Rent income	<u>9,337,410</u>	9,302,706
Al-Othaim Holding Company	Founding Shareholder	Rent expense	<u>2,500</u>	2,500
Al-Othaim Holding Company	Founding Shareholder	Rent income	<u>177,512</u>	<u>183,762</u>

- 4.1** Prepayments include an amount of SR 5.33 million (2015: SR 6.94 million) which represent rents paid to Abdullah Al-Othaim Real Estate Investment Development Company as per the agreement.

5. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

	<u>2016</u>	<u>2015</u>
Balance at 1 January	<u>169,644,532</u>	178,831,319
Company's share in net profits of associated company	<u>7,658,065</u>	6,984,397
Additions during the year	<u>4,915,065</u>	36,023,181
Balance at 31 March	<u>182,217,662</u>	<u>221,838,897</u>

5. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (CONTINUED)

- 5.1** The investment in associated company includes 13.65% of the share capital of Abdullah Al-Othaim Real Estate Investment and Development Company amounting to SR 152 million (2015: 148 million) . Other shares of the said associated company are owned by the Othaim Holding Company and Mr. Abdullah Saleh Al-Othaim and his family members.

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6. PROPERTY AND EQUIPMENT

	Land	Machinery and equipment	Buildings	Vehicles	Computers	Furniture and fixtures	Leasehold improvements	Capital Work in progress	Total
Cost									
1 January 2016	372,948,632	354,451,153	292,469,945	98,883,551	109,032,118	171,183,183	180,209,056	208,237,151	1,787,414,789
Transferred from CWIP	--	636,301	10,402,367	--	144,885	392,355	--	(11,575,908)	--
Additions	47,630,151	10,774,866	6,984,999	811,476	5,270,976	7,742,267	2,606,803	66,408,935	148,230,473
Disposals	--	(403,456)	(346,667)	(328,918)	--	(1,410,665)	--	--	(2,489,706)
31 March 2016	420,578,783	365,458,864	309,510,644	99,366,109	114,447,979	177,907,140	182,815,859	263,070,178	1,933,155,556
Accumulated depreciation									
1 January 2016	--	169,827,919	74,456,611	57,326,572	58,879,945	103,564,100	96,397,917	--	560,453,064
Charge for the period	--	9,139,229	4,206,759	2,409,555	3,576,066	3,993,312	4,224,751	--	27,549,672
Disposals	--	(319,288)	(7,944)	(113,308)	--	(1,353,694)	--	--	(1,794,234)
31 March 2016	--	178,647,860	78,655,426	59,622,819	62,456,011	106,203,718	100,622,668	--	586,208,502
Net book value									
31 March 2016	420,578,783	186,811,004	230,855,218	39,743,291	51,991,968	71,703,420	82,193,191	263,070,178	1,346,947,053
31 March 2015	306,048,022	139,748,135	145,570,710	32,734,480	46,533,909	63,083,583	78,508,767	116,581,956	928,809,562

- 6-1 Title deeds of certain lands amounting to SR 37 million (2015: SR 37 million) are still under progress to be transferred to the Group and are under the name of Abdullah Al-Othaim Real Estate Investment and Development Company.
- 6-2 Land mentioned above amounting to SR 288 million (2015: SR 214 million) is mortgaged to some local banks as collateral against bank facilities (Note 9b).
- 6-3 During the period, the Group has started capitalizing the borrowing cost related to the construction of projects amounting to SR 1.76 million, Calculated using a capitalization rate of 3% per year.

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7. INVESTMENT PROPERTIES

The investment properties comprises of malls that are leased to others and the movement during the year ended 31 March:

	<u>2016</u>	<u>2015</u>
Cost		
1 January	586,112,072	588,457,694
Additions	402,570	7,450
Transfer to property and equipment	--	(2,477,828)
Balance at 31 March	<u>586,514,642</u>	<u>585,987,316</u>
Accumulated depreciation		
1 January	118,117,802	95,549,199
Charge for the period	6,044,730	5,802,512
Transfer to property and equipment	--	(680,718)
Balance at 31 March	<u>124,162,532</u>	<u>100,670,993</u>
Net Book value	<u>462,352,110</u>	<u>485,316,323</u>

8. BIOLOGICAL ASSETS

The biological assets represent the livestocks owned by one of the subsidiaries (Thamarat Al Qassim) and the movement during the three-months ended 31 March:

	<u>2016</u>	<u>2015</u>
Cost		
1 January	1,368,524	1,603,667
Additions	259,392	--
Disposals	(125,401)	(42,186)
Balance at 31 March	<u>1,502,515</u>	<u>1,561,481</u>
Accumulated depreciation		
1 January	571,624	370,402
Charge for the period	69,021	78,851
Disposals	(65,976)	(13,739)
Balance at 31 March	<u>574,669</u>	<u>435,514</u>
Net Book value	<u>927,846</u>	<u>1,125,967</u>

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9. LOANS AND MURABAHA

a) Short-term Murabaha:

The Company has facilities from local commercial banks in the form of short-term Murabaha to finance working capital. Unutilized balance of these Murabaha loans as at 31 March 2016 amounted to SR 269.9 million (31 March 2015: SR 199.6 million).

b) Long-term loans and Murabaha:

	<u>2016</u>	<u>2015</u>
Current portion	187,213,333	103,038,400
Non-current portion	356,446,668	219,600,000
Total	<u>543,660,001</u>	<u>322,638,400</u>

These facilities are secured by mortgage of land title deeds owned by the Company with a book value of SR 288 million as at 31 March 2016 (31 March 2015: SR 214 million).

10. OTHER RESERVES

It represents the Group's share in the changes in fair value of derivative financial instruments of the associated company which are taken to other reserves in shareholders' equity.

11. EARNINGS PER SHARE

Earnings per share are calculated based on net income for the year, 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.

12. DIVIDENDS

On 27th March 2016 the Shareholders' General Assembly approved the distribution of cash dividends of SR 90 million represents SR 2 per share for the year ended 31 December 2015 which is subsequently paid to the Shareholders on 12th April 2016.

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13. BUSINESS COMBINATION

On 1 October 2015, the Group increased its shareholding in Riyadh Foods Industries Company from 50% to 55% for a consideration amount of SAR 10 million. This step acquisition results in the Group consolidating Riyadh Foods Industries Company financial statements as a subsidiary instead of accounting for it as an equity accounted investee.

The fair value of the Riyadh Foods Industries Company has been measured provisionally, pending completion of an independent valuation. If new information obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that exist at the date of acquisition, then the accounting for the acquisition will be revised. Any difference between the consideration paid and the fair value of the net assets acquired will be recognized as goodwill or negative goodwill as appropriate. However, the Company has initially accounted for the transaction based on the carrying values of the assets and liabilities as of the acquisition date which are summarized below:

	Carrying Value Recognized on Acquisition
<u>Assets</u>	
Cash and bank balances	405,668
Account receivable	26,182,599
Prepaid expenses and other current assets	17,552,279
Inventories	44,150,188
Property, plants and equipment	65,034,082
	<u>153,324,816</u>
<u>Liabilities</u>	
Accounts payable	27,899,895
Notes payable	27,686,837
Accrued expenses & other liabilities	9,656,275
Accrued zakat	1,450,916
Other liabilities	12,221,268
End of service benefits	3,978,263
	<u>82,893,454</u>
<u>Net Assets</u>	70,431,362
Non – Controlling interest in the net losses of the subsidiary of the Riyadh Foods Industries Company	145,392
Total identifiable net assets at carrying value	<u>70,576,754</u>
Additional capital	10,000,000
Non-controlling interest - 45%	(36,259,539)
Controlling interest - 55%	<u>44,317,215</u>
<u>Total Acquisition Cost:</u>	
Cash consideration paid	10,000,000
Carrying value of previously held equity interest	35,288,377
Total	<u>45,288,377</u>

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14. IMPAIRMENT LOSS:

During the year ended 31 December 2015, a fire incident occurred at one of the manufacturing facilities of Riyadh Foods Industries Company Limited – a subsidiary company. The fire resulted in damage to certain property & equipment and inventories having a carrying value of SR 20.6 million. The Company has recognized an impairment loss amounting to SR 5 million.

During the period ended 31 March 2016, the subsidiary has recognized further impairment loss amounting to SR 15.6 million as related the recoveries from the insurance company is not virtually certain at balance sheet date due to the fact that the civil defense report required to file a claim is outstanding as at balance sheet date. The Company's share of losses is SR 11.3 million, which is recorded in the year ended 31 Dec 2015 and period ended 31 March 2016 amounting to SR 2.8 million and SR 8.6 million respectively.

15. SEGMENTAL INFORMATIONS

The Group's activities are focused on retail and wholesale of food stuff and carries out its operations in the Kingdom of Saudi Arabia. The Group also invest in developing of commercial malls. Some selected information was summarized for each business segment as at 31 March:

	For the period ended 31 March 2016	
	<u>Retail and wholesale</u>	<u>Real estate and leasing (Rent)</u>
Sales	1,640,022,125	--
Rental revenue	--	28,033,911
Gross Profit	279,367,308	15,980,037
Property and equipment, net	1,346,947,053	462,352,110
Biological Assets, net	927,846	--
	For the period ended 31 March 2015	
	<u>Retail and wholesale</u>	<u>Real estate and leasing (Rent)</u>
Sales	1,408,029,874	--
Rental revenue	--	26,153,450
Gross Profit	212,357,212	13,937,282
Property and equipment, net	928,809,562	485,316,323
Biological Assets	1,125,967	--

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16. CONTINGENCIES AND COMMITMENTS

- a) As at 31 March, the Group has the following commitments and contingent liabilities:

	<u>2016</u>	<u>2015</u>
Letters of credit	<u>61,392,629</u>	<u>54,727,576</u>
Letters of guarantee	<u>7,998,975</u>	<u>9,096,815</u>
Capital commitments on projects in progress	<u>108,826,299</u>	<u>104,541,661</u>

- b) Commitment against operating lease agreements:

The outstanding lease commitments of the Group related to non-cancelable long term operating leases for the Group's branches and malls as at 31 March were as follows:

	<u>2016</u>	<u>2015</u>
Up to one year	<u>63,413,571</u>	<u>70,412,409</u>
More than one year, and up to 5 years	<u>206,974,228</u>	<u>217,224,682</u>
More than 5 years, and up to 30 years	<u>237,160,232</u>	<u>242,408,890</u>

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by audit committee on behalf of board of directors on 13 Rajab 1437 corresponding to 20 April 2016.