

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED MARCH 31,
2010**

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

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INDEX	PAGE
Auditors' review report	1
Interim consolidated balance sheet	2
Interim consolidated statement of income	3
Interim consolidated statement of cash flows	4
Interim consolidated statement of shareholders' equity	5
Notes to the interim consolidated financial statements	6 – 12

AUDITORS' REVIEW REPORT

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants - License No. 96
P.O. Box 213, Riyadh 11411
Kingdom of Saudi Arabia

Tel : +966 (1) 4630018
Fax : +966 (1) 4630865
www.deloitte.com
Head Office: Riyadh

To the shareholders
Jarir Marketing Co.
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Jarir Marketing Co. (a Saudi joint stock company) as of March 31, 2010, and the related interim consolidated statements of income, cash flows and shareholders' equity for the three month then ended, prepared by the company and presented to us with all the information and explanation which we required. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standard of the Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review of Interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons 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 regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review Results

Based on our limited 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 Generally Accepted Accounting Standards.

Deloitte & Touche
Bakr Abulkhair & Co.



Bakr A. Abulkhair
License No. 101
Jumada Al-Awal 5, 1431
April 19, 2010



JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)

	Notes	March 31, 2010 SR'000	March 31, 2009 SR'000
ASSETS			
Current assets			
Cash		40,414	25,674
Accounts receivable, net		204,744	166,058
Inventories, net		439,958	332,053
Prepaid expenses and others		44,942	41,478
Total current assets		730,058	565,263
Non-current assets			
Investments in leased properties		7,843	8,123
Investments available for sale		27,951	27,951
Property and equipment, net		551,821	522,126
Total non-current assets		587,615	558,200
TOTAL ASSETS		1,317,673	1,123,463
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks		25,000	4,401
Accounts payable		352,337	216,942
Accrued expenses and others		59,966	46,711
Deferred revenues		8,207	10,465
Total current liabilities		445,510	278,519
Non-current liabilities			
Long-term debts		75,000	150,000
End-of-service indemnities		28,326	25,183
Employees' incentive program		19,510	10,443
Total non-current liabilities		122,836	185,626
Total liabilities		568,346	464,145
Shareholders' equity			
Capital	1	400,000	300,000
Statutory reserve		49,246	101,389
Reserve for employees' future social welfare / stock option scheme		-	13,000
Retained earnings		300,081	244,929
Total shareholders' equity		749,327	659,318
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,317,673	1,123,463

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

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	For the three month period ended March 31, 2010 SR'000	For the three month period ended March 31, 2009 SR'000
Sales	795,473	662,061
Cost of sales	(652,508)	(535,559)
Gross profit	142,965	126,502
General and administrative expenses	(13,808)	(13,629)
Selling and distribution expenses	(11,613)	(6,262)
Operating income	117,544	106,611
Other income , net	6,855	7,367
Financing charges	(2,610)	(3,447)
Income before zakat	121,789	110,531
Zakat	(3,300)	(3,080)
NET INCOME FOR THE PERIOD	118,489	107,451
Earnings per share from:		
Operating income (Saudi Riyal)	2.94	2.67
Net income for the period (Saudi Riyal)	2.96	2.69

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JARIR MARKETING CO.
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	For the three month period ended March 31, 2010 SR'000	For the three month period ended March 31, 2009 SR'000
OPERATING ACTIVITIES		
Net income	118,489	107,451
Adjustments for:		
Depreciation	4,505	3,854
Gain on sale of property and equipment	(28)	(305)
Employees' incentive program	1,300	1,094
Provision for end of service indemnities, net	1,297	1,305
Changes in Operating Assets and Liabilities:		
Accounts receivable, net	(23,561)	(2,882)
Inventories, net	(18,534)	58,779
Prepaid expenses and others	(8,101)	(14,907)
Accounts payable	75,276	26,798
Accrued expenses and others	2,623	(4,202)
Deferred revenues	(2,674)	726
Net cash from operating activities	150,592	177,711
INVESTING ACTIVITIES		
Additions to property and equipment	(20,812)	(3,980)
Proceeds from sale of property and equipment	28	306
Net cash used in investing activities	(20,784)	(3,674)
FINANCING ACTIVITIES		
Due to banks	(37,054)	(37,626)
Dividends paid	(92,000)	(135,000)
Net cash used in financing activities	(129,054)	(172,626)
Net change in cash	754	1,411
Cash, beginning of the period	39,660	24,263
CASH, END OF THE PERIOD	40,414	25,674

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JARIR MARKETING CO.
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**INTERIM CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010**

	Capital SR'000	Statutory reserve SR'000	Reserve for employees' future social welfare/stock option scheme SR'000	Retained earnings SR'000	Total SR'000
Balance at January 1, 2009	300,000	90,644	13,000	283,223	686,867
Net income for the period	-	-	-	107,451	107,451
Transferred to statutory reserve	-	10,745	-	(10,745)	-
Dividends paid	-	-	-	(135,000)	(135,000)
Balance at March 31, 2009	300,000	101,389	13,000	244,929	659,318
Balance at January 1, 2010	400,000	37,397	13,000	272,441	722,838
Transferred to retained earnings	-	-	(13,000)	13,000	-
Net Income for the period	-	-	-	118,489	118,489
Transferred to statutory reserve	-	11,849	-	(11,849)	-
Dividends paid	-	-	-	(92,000)	(92,000)
Balance at March 31, 2010	400,000	49,246	-	300,081	749,327

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

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010**

1. FORMATION AND ACTIVITIES

Jarir Marketing Co. was incorporated as a Saudi joint stock company pursuant to the resolution of the Ministry of Commerce No.1193 dated Rajab 11, 1421 H., (corresponding to October 8, 2000) and operates under commercial registration No. 1010032264.

The Company head office is based in Riyadh. As at March 31, 2010, the company had 28 retail showrooms (2009: 24 showrooms) in the Kingdom of Saudi Arabia and the GCC, in addition to real estate investments in the Arab Republic of Egypt.

The objects of the Company and its subsidiaries include; retail and wholesale trading in office and school supplies, children toys, books, educational aids, office furniture, engineering equipment, computers and computer systems, sports and scout equipment, paper. It also includes, purchase of residential and commercial buildings and the acquisition of land to construct buildings for sale or lease for the interest of the Company and maintenance of computers.

On Jumada Al-Thani 10, 1430 H. (corresponding to June 3, 2009) the shareholders resolved to increase the share capital of the company from SR 300 million to SR 400 million by granting one share for each three shares, by transferring from statutory reserve and retained earnings, following this increase the company's capital became SR 400 million divided into 40 million shares of SR 10 each.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with the Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. The significant accounting policies applied by the Company, which are summarized below, are consistent with those stated in the annual audited consolidated financial statements for the year ended December 31, 2009. The interim consolidated financial statements and the accompanying notes should be read in conjunction with the annual audited consolidated financial statements and its related notes for the year ended December 31, 2009.

Use of estimates

The preparation of interim consolidated financial statements by management requires the use of estimates and assumptions that could affect the interim consolidated balance sheet and interim consolidated statement of income. Actual results ultimately may differ from those estimates.

JARIR MARKETING CO.
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

Accounting convention

The financial statements are prepared under the historical cost convention, except for the measurement of investments available for sale which are recorded at fair value.

Basis of consolidation

The accompanying interim consolidated financial statements for the three month period ended March 31, 2010 include the accounts of Jarir Marketing Co. and the following subsidiaries:

Company	Country of incorporation	Ownership %
United Company for Office Supplies and Stationeries WLL	Qatar	100
Jarir Trading Co. LLC	Abu Dhabi	100
The United Bookstore	Abu Dhabi	100
Jarir Bookstore	Kuwait	100
Jarir Egypt Financial Leasing Co. SAE	Egypt	100

Certain ownership interests in the subsidiaries are registered in the name of trustees who have formally assigned their shares to Jarir Marketing Co.

An investee company is classified as a consolidated subsidiary based on the degree of effective control exercised by the Company compared to other shareholders. All material inter-company balances and transactions that took place between the Company and its Subsidiaries have been eliminated when preparing the interim consolidated financial statements.

Revenue

- Sales are recognized upon delivery of goods to customers net of discount.
- Rental income is recognized on accrual basis over the period of lease contracts.

Cost of sales

Cost of sales includes purchasing, warehousing and showroom expenses in addition to promotional products.

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 expenses not specifically part of cost of sales and acquiring in accordance with generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

Inventories

Inventories are stated at the lower of cost or market value. Cost of inventory is determined based on the moving weighted average method.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation. Repair and maintenance expenses are considered expenses, and improvement expenses are considered capital expenses. Depreciation is provided using the straight-line method based on the estimated useful lives of the various classes of assets. The estimated useful lives of the principal classes of assets are as follows:

	<u><i>Years</i></u>
Buildings	25-33
Machinery and equipment	5-13.33
Furniture and fixtures	5-10
Motor vehicles	4
Computer software and hardware	5
Leasehold improvements	3

Foreign currency translation

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

Assets and liabilities stated in the financial statements of the consolidated subsidiaries and denominated in foreign currencies have been translated into Saudi Riyals at exchange rates prevailing at the balance sheet date. Revenues and expenses of the consolidated subsidiaries and denominated in foreign currencies have been translated into Saudi Riyals at average exchange rates during the period. Exchange differences arising from such translations, if material, are included as a separate line item under the shareholders' equity.

Employees' incentive program

The Company has established an employees' incentive program (the Program) whereby the Company grants selected employees the right to receive incentive cash compensation at the end of a vesting period if specified conditions are met. The amount of compensation is tied to the growth in net income as reported in the audited financial statements of the Company. Incentive compensation accrued under the Program is classified as non-current liability as no payments will be made until vesting takes place on December 31, 2011 and thereafter. However, compensation charges are expensed throughout the vesting period. The amount recognized in the balance sheet as Employee's Incentive Program is the present value of the expected future payments as provided by the Program resulting from employees' service in the current and prior periods.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labour Law, are provided in the financial statements based on the employees' length of service.

Zakat

The Company is subject to the Regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Zakat is provided on an accruals 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.

Accounts receivable

Accounts receivable are stated in the interim consolidated balance sheet at net realizable value after deducting provision for doubtful debts (if any) which is re-estimated based on the analysis of the collectability of the accounts receivable balances at the end of the period of the interim consolidated financial statements.

Reserve for employees' future social welfare/stock option scheme

This reserve has been established and approved by the Company's General Assembly to be used for employees' future social welfare/stock option scheme. During the first quarter of 2010 the extraordinary assembly decided to transfer this reserve to the retained earnings.

Operating lease

Operating leases payments are recognized as expense in the interim consolidated statement of income on the straight line basis over the lease term.

Accounts payable and accrued expenses

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

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the interim consolidated statement of income. Impairment is determined as follows:

- a) For assets carried at fair value, impairment is the difference between the cost and fair value, less any impairment loss previously recognized in the statement of income.
- b) For assets carried at cost, impairment is the difference between the cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- c) For assets carried at amortized cost, impairment is based on estimated cash flows that are discounted at the original effective special commission rate.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge the exposure to certain portions of commission rate risks arising from financing activities. The Company designates these as cash flow hedges. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, and consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. Derivative financial instruments are measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. If the financial instruments do not qualify for hedge accounting in accordance with generally accepted accounting standards, the change in the fair value of the derivatives financial instrument is recorded in the statement of income.

Investments

a) Available for sale investments

Investments that are bought neither with the intention of being held to maturity nor for trading purposes, are stated at fair value and included under non-current assets unless they will be sold in the next fiscal year. Changes in the fair value are credited or charged to the interim consolidated statement of shareholders' equity. Any other than temporary decline in investment value considered charged to the interim consolidated statement of income. Investment income is recognized when declared.

Fair value is determined by reference to market value if an active market exists, or on the basis of most recent financial statements, otherwise, cost is considered to be the fair value.

b) Investments in leased properties

Investments in leased properties are stated at net book value (cost less accumulated depreciation) and included under non-current assets. Land is not depreciated. Leased properties are depreciated on the straight line method over their estimated useful lives.

3. PERIOD ADJUSTMENTS

All adjustments that the Company's management believes are material for the financial statements to fairly present its financial position and results of operations have been incorporated. The results of operations for the first interim financial period may not indicate accurately the actual results for the yearly operations.

4. FINANCIAL DERIVATIVES

During the second quarter of year 2008, the Company entered into hedging agreements with several local banks to hedge the cash flow risks from the fluctuation in loans rates resulting from the financing activities for an amount of SR 250 million. These agreements are based on the swap between the Company and the banks on the fixed rates against floating rates.

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(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

5. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's Articles of Association, 10 percent of net income shall be transferred to statutory reserve until the reserve equals 50 percent of the share capital. This reserve which is estimated on quarterly basis and adjusted for the actual amount at year end, is currently not available for dividend distribution to shareholders.

6. SEGMENT INFORMATION

The Company has two major operating segments namely, wholesale and retail. The segmental information for the period ended March 31, 2010 and 2009 are as follows:

A) Business segment

	Retail SR millions	Wholesale SR millions	Total SR millions
March 31, 2010			
Total assets	1,128	190	1,318
Sales	678	117	795
Net income	102	16	118
March 31, 2009			
Total assets	970	153	1,123
Sales	562	100	662
Net income	92	15	107

The Company's activity in different geographic areas for the period ended March 31, 2010 and 2009 is as follows:

B) Geographical Segment

	Kingdom of Saudi Arabia SR millions	GCC and Egypt SR millions	Total SR millions
March 31, 2010			
Sales	720	75	795
Net income	103	15	118
March 31, 2009			
Sales	589	73	662
Net income	89	18	107

Due to the nature of the Company's activity, it is not practical to disclose further segmental information on the Company's assets and liabilities.

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(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

7. EARNINGS PER SHARE

Earning per share is computed by dividing each of the operating income and the net income for the period by the outstanding number of shares at the end of the period which is 40 million shares for each of 2010 and with retroactive effective for 2009.

8. INTERIM RESULTS

The interim results of operations may not be a fair indication of the results of operations in the final financial statements.

9. APPROVAL OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements were approved by the Board of Directors on April 19, 2010.