JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND YEAR ENDED
DECEMBER 31, 2009**

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT FOR THE THREE MONTH AND YEAR ENDED DECEMBER 31, 2009

Deloitte.

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

AUDITORS' REVIEW REPORT

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 December 31, 2009, and the related interim consolidated statement of income for the three month and year then ended and the interim consolidated statements of cash flows and shareholders' equity for the year then ended, prepared by the company and presented to us with all the information and explanation which we require. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standard on Review of 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.

Yaser H. Balkhi
License No. 389

Safar 3, 1431
January 18, 2010

Deloitte & Touche
Bakr Abulkhair & Co.
C.P.A.

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2009

	Notes	2009 SR'000 (Unaudited)	2008 SR'000 (Audited)
ASSETS			
Current assets			
Cash		**39,660**	24,263
Accounts receivable, net		**181,183**	163,176
Inventories, net		**421,424**	390,832
Prepaid expenses and others		**36,841**	26,571
Total current assets		**679,108**	604,842
Non-current assets			
Investments in leased property		**7,913**	8,193
Investments available for sale		**27,951**	27,951
Property and equipment, net		**535,444**	521,931
Total non-current assets		**571,308**	558,075
TOTAL ASSETS		**1,250,416**	1,162,917
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks		**37,054**	42,028
Accounts payable		**277,061**	190,144
Accrued expenses and others		**57,343**	50,913
Deferred revenues		**10,881**	9,739
Total current liabilities		**382,339**	292,824
Non-current liabilities			
Long-term debt		**100,000**	150,000
Provision for end-of-service indemnities		**27,029**	23,878
Employees' incentive program		**18,210**	9,349
Total current liabilities		**145,239**	183,227
Total liabilities		**527,578**	476,051
Shareholders' equity			
Capital	1	**400,000**	300,000
Statutory reserve	1	**37,397**	90,644
Reserve for employees' future social welfare / stock option scheme		**13,000**	13,000
Retained earnings		**272,441**	283,222
Total shareholders' equity		**722,838**	686,866
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,250,416**	1,162,917

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

	Three month ended		For the year ended	
	December 31, 2009 (Unaudited) SR'000	December 31, 2008 (Unaudited) SR'000	**December 31, 2009 (Unaudited) SR'000**	December 31, 2008 (Audited) SR'000
Sales	**724,484**	668,758	**2,555,306**	2,519,918
Cost of sales	**(587,612)**	(555,267)	**(2,068,928)**	(2,084,930)
Gross profit	**136,872**	113,491	**486,378**	434,988
General and administrative expenses	**(14,578)**	(12,655)	**(51,613)**	(50,734)
Selling and distribution expenses	**(18,033)**	(13,552)	**(50,303)**	(35,034)
Operating income	**104,261**	87,284	**384,462**	349,220
Other income (expenses)	**4,518**	(1,111)	**13,650**	5,246
Financing charges	**(3,401)**	(4,034)	**(13,490)**	(12,950)
Profit before zakat	**105,378**	82,139	**384,622**	341,516
Provision for zakat	**(1,910)**	(1,960)	**(10,650)**	(8,750)
NET INCOME FOR THE PERIOD	**103,468**	80,179	**373,972**	332,766
Earnings per share from:				
Operating income (Saudi Riyal)	**2.61**	2.18	**9.61**	8.73
Net income for the period (Saudi Riyal)	**2.59**	2.00	**9.35**	8.32

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

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 (Unaudited) SR'000	2008 (Audited) SR'000
OPERATING ACTIVITIES		
Net income	**373,972**	332,766
Adjustments for:		
Depreciation	**18,638**	14,226
Gain on sale of property and equipment	**(326)**	(529)
Employees' incentive program	**8,861**	4,256
Provision for end of service indemnities, net	**3,151**	4,069
Changes in Operating Assets and Liabilities:		
Accounts receivable, net	**(18,007)**	(25,049)
Inventories, net	**(30,592)**	(13,739)
Prepaid expenses and others	**(10,270)**	(11,268)
Accounts payable	**86,917**	(13,543)
Accrued expenses and others	**6,430**	16,763
Deferred revenues	**1,142**	2,396
Net cash from operating activities	**439,916**	310,348
INVESTING ACTIVITIES		
Additions to property and equipment	**(31,878)**	(51,588)
Proceeds from sale of property and equipment	**333**	555
Net cash used in investing activities	**(31,545)**	(51,033)
FINANCING ACTIVITIES		
Due to banks	**(4,974)**	(147,972)
Long-term loans	**(50,000)**	150,000
Dividends paid	**(338,000)**	(255,000)
Net cash used in financing activities	**(392,974)**	(252,972)
Net change in cash	**15,397**	6,343
Effect in change of exchange rates on investments in leased properties	**-**	(404)
Cash, beginning of the year	**24,263**	18,324
CASH, END OF THE YEAR	**39,660**	24,263

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

JARIR MARKETING CO.
(SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2009

	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, 2008	300,000	57,367	13,000	238,733	609,100
Net income for the period	-	-	-	332,766	332,766
Transferred to statutory reserve	-	33,277	-	(33,277)	-
Dividends paid	-	-	-	(255,000)	(255,000)
Balance at December 31, 2008	300,000	90,644	13,000	283,222	686,866
Net Income for the period	-	-	-	**373,972**	**373,972**
Transferred to capital	**100,000**	**(90,644)**	-	**(9,356)**	-
Transferred to statutory reserve	-	**37,397**	-	**(37,397)**	-
Dividends paid	-	-	-	**(338,000)**	**(338,000)**
Balance at December 31, 2009	**400,000**	**37,397**	**13,000**	**272,441**	**722,838**

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 AND YEAR ENDED DECEMBER 31, 2009

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 11/7/1421 H., corresponding to October 8, 2000 and operates under commercial registration No. 1010032264.

The Company registered office is based in Riyadh. As at December 31, 2009, the company had 27 showrooms (2008: 23 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 Jumad Al-Thani 10, 1430 (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 accompanying interim consolidated financial statements have been prepared in accordance with the Standard of General Presentation and Disclosure issued by the Saudi Organization for Certified Public Accountants. The significant accounting policies applied by the Company, which is summarized below, are consistent with those stated in the annual audited consolidated financial statements for the year ended December 31, 2008. 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, 2008.

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 result ultimately may differ from those estimates.

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

Basis of consolidation
The consolidated financial statements for the three month and year ended December 31, 2009 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 Book Store	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.

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.

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

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:

	Years
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. However, compensation charges are expensed throughout the vesting period. The amount recognized in the balance sheet as LTIP is the present value of the expected future payments as provided by the Program resulting from employees' service in the current and prior periods.

Provision for end-of-service indemnities
Provision for 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 differences 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) and it is re-estimated based on analysis of the collectible amounts 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.

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

Derivative financial instruments and hedge accounting

The Company use 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 changes 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 in the interim consolidated statements of changes in shareholders' equity. Any decline in value considered to be other than temporary 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 is 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 annual 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.

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 years ended December 31, 2009 and 2008 are as follows:

A) Business segment

	Retail SR millions	Wholesale SR millions	Total SR millions
December 31, 2009			
Total assets	**1,052**	**198**	**1,250**
Sales	**2,256**	**299**	**2,555**
Net income	**337**	**37**	**374**
December 31, 2008			
Total assets	964	199	1,163
Sales	2,231	289	2,520
Net income	304	29	333

The Company's activity in different geographic areas for the years ended December 31, 2009 and 2008 is as follows:

B) Geographical Segment

	Kingdom of Saudi Arabia SR millions	GCC and Egypt SR millions	Total SR millions
December 31, 2009			
Sales	**2,255**	**300**	**2,555**
Net income	**315**	**59**	**374**
December 31, 2008			
Sales	2,210	310	2,520
Net income	266	67	333

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.

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 2009 and with retroactive effective for 2008.

8. INTERIM RESULT

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 January 18, 2010.