

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS AND
AUDITORS' REPORT
YEAR ENDED MARCH 31, 2008**

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED MARCH 31, 2008

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AUDITORS' REPORT

Deloitte & Touche
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To the shareholders
Fawaz Abdulaziz Al Hokair & Co.
Riyadh, Saudi Arabia

Scope of Audit

We have audited the consolidated balance sheet of Fawaz Abdulaziz Al Hokair & Co. (a Saudi joint stock company) (the Company) as of March 31, 2008 and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, and notes 1 to 21 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulation for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.



Bakr A. Abulkhair
License No. 101

Rabi Al Thani 29, 1429
May 5, 2008

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2008

	Note	2008 SR	2007 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	27,566,083	95,852,662
Trade receivables		4,000,000	12,195,228
Inventories	4	353,258,588	281,972,897
Prepayments and other assets	5	201,096,073	100,470,990
Due from related parties	6	83,154,700	99,935,205
Total current assets		669,075,444	590,426,982
Non-current assets			
Investments in companies' equity	7	135,007,375	76,000,000
Investment properties	8	25,454,547	26,303,031
Property and equipment	9	379,287,153	256,655,332
Deferred charges	10	24,525,960	13,177,285
Total non-current assets		564,275,035	372,135,648
TOTAL ASSETS		1,233,350,479	962,562,630
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Due to banks	11	101,612,128	-
Trade payables		99,885,438	68,488,969
Accrued expenses and other liabilities	12	103,844,102	99,645,997
Due to related parties	6	-	3,052,234
Total current liabilities		305,341,668	171,187,200
End-of-service indemnities		22,520,101	17,289,301
Shareholders' equity			
Share capital	1	700,000,000	400,000,000
Statutory reserves	13	69,502,572	49,362,314
Retained earnings		135,986,138	324,723,815
Total shareholders' equity		905,488,710	774,086,129
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,233,350,479	962,562,630

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

FAWAZ ABDULAZIZ AL HOKAIR CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED MARCH 31, 2008

	Note	2008 SR	2007 SR
Retail sales		1,583,956,889	1,481,305,120
Cost of sales		(908,969,563)	(827,624,332)
Gross profit		674,987,326	653,680,788
Selling and marketing expenses	15	(378,299,590)	(331,005,075)
General and administrative expenses	16	(42,414,034)	(36,084,147)
Depreciation and amortization		(46,702,707)	(41,528,993)
Operating income		207,570,995	245,062,573
Finance charges		(7,196,350)	(1,260,053)
Other income, net		12,898,123	14,810,125
Income before zakat		213,272,768	258,612,645
Zakat	14	(11,870,187)	(11,341,467)
NET INCOME		201,402,581	247,271,178
Earnings per share (in Saudi Riyals):			
From operating income	18	2.97	3.50
From net income	18	2.88	3.53

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

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
YEAR ENDED MARCH 31, 2008

	Note	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
April 1, 2006		400,000,000	24,635,196	102,179,755	526,814,951
Net income for the year		-	-	247,271,178	247,271,178
Transfer to statutory reserve	13	-	24,727,118	(24,727,118)	-
March 31, 2007		400,000,000	49,362,314	324,723,815	774,086,129
Increase in share capital	1	300,000,000	-	(300,000,000)	-
Net income for the year		-	-	201,402,581	201,402,581
Transfer to statutory reserve	13	-	20,140,258	(20,140,258)	-
Dividend paid	19	-	-	(70,000,000)	(70,000,000)
March 31, 2008		700,000,000	69,502,572	135,986,138	905,488,710

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

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2008

	2008 SR	2007 SR
OPERATING ACTIVITIES		
Income before zakat	213,272,768	258,612,645
Adjustments for:		
Depreciation and amortization	46,702,707	41,528,993
Provision for end-of-service indemnities	8,077,487	4,266,482
Gain on sale of available for sale securities	-	(2,488,799)
Changes in operating assets and liabilities:		
Trade receivables	8,195,228	(12,195,228)
Inventories	(45,733,712)	(37,437,371)
Prepayments and other assets	(100,625,083)	(30,672,710)
Trade payables	31,396,469	(59,742,666)
Accrued expenses and other liabilities	6,163,919	16,902,564
Cash from operations	167,449,783	178,773,910
Zakat paid	(13,836,001)	(11,223,937)
End-of-service indemnities paid	(2,846,687)	(1,637,719)
Net cash from operating activities	150,767,095	165,912,254
INVESTING ACTIVITIES		
Investments in companies equity	(59,007,375)	-
Purchase of property and equipment, net	(191,523,621)	(104,841,806)
Proceeds from sale of available for sale securities	-	39,488,799
Deferred charges	(13,863,077)	(3,611,306)
Net cash used in investing activities	(264,394,073)	(68,964,313)
FINANCING ACTIVITIES		
Dividends paid	(70,000,000)	-
Due to banks	101,612,128	-
Long term loan	-	(6,666,667)
Due from/to related parties, net	13,728,271	(7,082,455)
Net cash from (used in) financing activities	45,340,399	(13,749,122)
Net change in cash and cash equivalents	(68,286,579)	83,198,819
Cash and cash equivalents, beginning of the year	95,852,662	12,653,843
CASH AND CASH EQUIVALENT, END OF THE YEAR	27,566,083	95,852,662
Non-cash transactions:		
Increase in share capital	300,000,000	-
Net assets transferred to affiliated company	-	13,123,390
Property and equipment transferred to inventory	25,551,979	-

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

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008

1. ORGANIZATION AND ACTIVITIES

Fawaz Abdulaziz Al Hokair & Company (the Company) is registered in Riyadh under commercial registration No. 1010076209 dated 20/8/1410 H (corresponding to March 18, 1990).

The Company was converted from a limited liability company to a joint stock company as per ministerial decree number 3515 dated Zul Qa'dh 21, 1427 H (corresponding to December 12, 2006). The founding shareholders sold 30% of their shares in the Company's capital to the public.

The extra ordinary General Assembly in its meeting held on Jumad Al Thani 8, 1428 (corresponding to June 23, 2007) approved to increase the share capital by SR 300 million through the issuance of 3 bonus share for every 4 shares held. Accordingly, the Company's share capital amounted to SR 700 million divided into 70 million shares of SR 10 each (SR 400 million divided into 40 million shares of SR 10 each as of March 31, 2007).

The objectives of the Company and its subsidiaries as per their articles of association are to engage in the following activities:

- Wholesale and retail trading in ready-made cloth for men, women and children, shoes, textiles, house and office furniture, perfumes, natural cosmetics, ornaments and beauty materials and their compounds and traditional jewelry.
- Wholesale and retail trading in sports wares and shoes and their complementaries.
- Management and operation of optics centers, wholesale and retail trading in eye glasses and sun glasses, contact lenses, optical equipment and accessories.
- Trading agencies.
- Purchase of land and construction of buildings thereon for the purpose of running the Company's activities and business.
- Manufacture, wholesale and retail in Ibayas, robes, torah and other women embroidered gowns.
- Wholesale and retail trading in gold, silver, jewelry, precious stones, diamonds, gold ornaments and precious metals.
- Wholesale and retail trading in communication equipment and related accessories and spare parts, maintenance and operation through trading agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the Standard of General Presentation and Disclosure issued by the Ministry of Commerce and in compliance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities actual result ultimately may differ from those estimate.

Basis of consolidation

The consolidated financial statements include the financial statements of Fawaz Abdulaziz Al Hokair & Co. and the following subsidiaries:

	<u>Ownership percent</u>	
	<u>2008</u>	<u>2007</u>
Al Waheedah Equipment Company Limited	100%	100%
Haifa B. Al Kalam & Partners International Company for Trading	100%	100%
Saudi Retail Company Limited	100%	-

Investment in Al-Waheedah Equipment Co. Ltd., Haifa B. Al Kalam & Partners and Saudi Retail Company Limited is 95% owned directly and 5% owned through cross ownership.

All significant inter-company balances and transactions have been eliminated.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for investment in available for sale securities which are measured at fair value.

Revenue recognition

Revenue from sales is recognized when goods are delivered and invoices are issued to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

Leasing

Rental income under operating leases are recognized in income on a straight line basis over the term of the operating lease.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the operating lease.

Expenses

Selling and marketing 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 sales as required under 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 net realizable value. Cost is determined on a weighted average cost basis.

Investment in companies' equity

Investments owned by less than 20% for which there is no readily available market are stated at cost. The carrying amount of investments is reduced to recognize other than temporary diminution in value.

Investment properties

Investment properties are reflected at cost less accumulated depreciation. Depreciation on investment properties is charged on a straight line method using a depreciation rate of 3% per year. Gains from these investments are reported upon the sale of investment. Income from lease of such properties is recognized in the consolidated statement of income.

Deferred charges

Deferred charges represent key money, and other deferred charges, and are amortized using the straight-line method over a period of five to ten years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

Buildings and leasehold improvements	3% - 12.5%
Furniture and office equipment	10% - 12.5%
Motor vehicles	25%

Impairment

The Company reviews annually the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

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

End-of-service indemnities

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

FAWAZ ABDULAZIZ AL HOKAIR & CO.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

Cash and cash equivalents

Cash and cash equivalents contain cash on hand, in banks and time deposits with original maturities of 90 days or less.

Zakat

The Company and its subsidiaries are subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia on individual basis. 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.

Dividends

Dividend distributions are recorded in the year in which the General Assembly approves such distributions.

3. CASH AND CASH EQUIVALENTS

	2008 SR	2007 SR
Cash and bank balances	27,566,083	65,852,662
Short term Murabaha maturing within 90 days	-	30,000,000
	<u>27,566,083</u>	<u>95,852,662</u>

4. INVENTORIES

	2008 SR	2007 SR
Goods available for sale	317,861,761	276,714,417
Goods in transit	20,806,311	9,389,326
Provision for inventory shortages	(14,473,126)	(11,287,977)
	<u>324,194,946</u>	<u>274,815,766</u>
Supplies	39,964,145	13,781,163
Provision for slow-moving supplies	(10,900,503)	(6,624,032)
	<u>353,258,588</u>	<u>281,972,897</u>

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

5. PREPAYMENTS AND OTHER RECEIVABLES

	2008 SR	2007 SR
Prepayments	95,363,661	54,410,193
Advances to suppliers	44,737,407	19,307,579
Advance against purchase of new business	24,472,838	-
Employee receivables	7,255,037	5,402,804
Margin on letters of credit and guarantees	6,050,822	6,956,501
Other	23,216,308	14,393,913
	201,096,073	100,470,990

6. DUE FROM (TO) RELATED PARTIES

During the year, the Company transacted with Saudi FAS Holding and its subsidiaries. The terms of those transactions are approved by management in the ordinary course of business.

The significant transactions and the related amounts are as follows:

	2008 SR	2007 SR
Sales	14,145,937	20,212,780
Rental payments including advances	143,250,186	48,896,511
Construction works	66,422,931	54,308,770
Transfer of property and equipment	-	13,123,390

The balances due from (to) related parties at March 31 consist of the following:

	2008 SR	2007 SR
Due from related parties:		
Fawaz Abdulaziz Al Hokair & Co.		
Real Estate Co.	2,545,116	28,643,600
Arabian Centers Ltd.	80,609,584	67,509,618
Food and Entertainment Co. Ltd.	-	2,731,437
Saudi Géant Company Ltd.	-	1,020,250
Tadaris Najd	-	30,300
	83,154,700	99,935,205

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

	2008	2007
Relationship	SR	SR
Due to related parties:		
Saudi FAS Holding Co.	-	2,604,398
First Motor Company Ltd.	-	447,836
	-	<u>3,052,234</u>

7. INVESTMENT IN COMPANY'S EQUITY

	Percentage holding	2008	2007
		SR	SR
Trade Center Company Ltd.	7.6%	76,000,000	76,000,000
Investate Reality BSC	13.9%	59,007,375	-
		<u>135,007,375</u>	<u>76,000,000</u>

8. INVESTMENT PROPERTY

	2008	2007
	SR	SR
Cost	28,000,000	28,000,000
Less: Accumulated depreciation	(2,545,453)	(1,696,969)
Net book value	<u>25,454,547</u>	<u>26,303,031</u>

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARENDED MARCH 31, 2008

9. PROPERTY AND EQUIPMENT, NET

	Land		Buildings & leasehold improvements		Furniture and office equipment		Motor vehicles		Capital work in progress		Total	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
Cost												
April 1, 2007	-	377,959,875	81,419,355	20,085,618	-	479,464,848						
Additions	61,045,930	66,422,931	7,343,908	2,171,300	58,151,779	195,135,848						
Disposals/transfers	-	(41,402,475)	(4,813,772)	(6,356,205)	-	(52,572,452)						
March 31, 2008	61,045,930	402,980,331	83,949,491	15,900,713	58,151,779	622,028,244						
Accumulated depreciation												
April 1, 2007	-	171,979,237	36,142,939	14,687,340	-	222,809,516						
Charge for the year	-	31,681,633	9,490,329	2,167,859	-	43,339,821						
Disposals/transfers	-	(15,957,969)	(2,474,323)	(4,975,954)	-	(23,408,246)						
March 31, 2008	-	187,702,901	43,158,945	11,879,245	-	242,741,091						
Net book value												
March 31, 2008	61,045,930	215,277,430	40,790,546	4,021,468	58,151,779	379,287,153						
March 31, 2007	-	205,980,638	45,276,416	5,398,278	-	256,655,332						

During the year, the Company acquired various land amounting to SR 61 million. The transfer of the title deed in the name of the Company was in process as of March 31, 2008.

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

10. DEFERRED CHARGES

	2008 SR	2007 SR
Cost		
Balance, beginning of year	33,528,061	29,916,755
Additions	13,863,077	3,611,306
Balance, end of year	47,391,138	33,528,061
Accumulated amortization		
Balance, beginning of year	20,350,776	18,735,152
Charge for the year	2,514,402	1,615,624
Balance, end of year	22,865,178	20,350,776
Net book value	24,525,960	13,177,285

11. DUE TO BANKS

The Company has short term Murabaha facilities with local commercial banks amounting to SR 155 million of which SR 67 million was not utilized as at March 31, 2008. The facilities are secured by joint and several guarantees and promissory notes issued by the Company's Directors.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	2008 SR	2007 SR
Rent	28,144,870	20,649,334
Payable to contractors and others	16,529,511	11,682,708
Provision for zakat (Note 14)	11,870,187	13,836,001
Employee benefits	15,724,552	15,383,010
Customs and shipping	8,462,994	18,291,102
Other	23,111,988	19,803,842
	103,844,102	99,645,997

13. STATUTORY RESERVE

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

FAWAZ ABDULAZIZ AL HOKAIR & CO.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

14. ZAKAT

The principal elements of the zakat base for Fawaz Abdulaziz Al Hokair & Co. are as follows:

	2008 SR	2007 SR
Non current assets	(654,956,749)	(490,777,880)
Non current liabilities and provisions	35,050,959	26,831,379
Opening shareholders' equity less dividends	749,362,314	526,814,951
Income before zakat	209,786,849	255,271,178

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in provision for zakat is as follows:

	2008 SR			2007 SR
	Fawaz Abdulaziz Al Hokair & Co.	Subsidiaries	Total	Total
Balance, April 1	9,834,059	4,001,942	13,836,001	13,718,471
Provision for the year	8,384,268	3,485,919	11,870,187	11,341,467
Payments during the year	(9,834,059)	(4,001,942)	(13,836,001)	(11,223,937)
Balance, March 31 (Note 12)	8,384,268	3,485,919	11,870,187	13,836,001

During the year, the Company received zakat assessment for the years ended March 31, 2002 to 2007 which shows additional claims amounting to SR 13 million and the Company objected on certain items amounting to SR 4 million and accordingly the Company submitted a letter of guarantee for the objected amount and received the final zakat certificate for the said years.

15. SELLING AND MARKETING EXPENSES

	2008 SR	2007 SR
Rent	176,562,733	140,729,911
Employees' salaries and related expenses	132,542,600	114,675,006
Utilities and maintenance	21,400,483	20,336,906
Advertising and publishing	15,092,085	9,777,510
Travel	5,861,449	5,881,143
Packing materials	6,088,309	2,937,763
Insurance	3,233,525	2,473,429
Others	17,518,406	34,193,407
	378,299,590	331,005,075

FAWAZ ABDULAZIZ AL HOKAIR & CO.
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2008	2007
	SR	SR
Employees' salaries and related expenses	29,834,266	25,562,355
Travel	2,982,806	2,958,855
Rent	2,500,000	2,206,605
Others	7,096,962	5,356,332
	42,414,034	36,084,147

17. CONTINGENT LIABILITIES

At March 31 the Company and its subsidiaries had commitments and contingent liabilities as follows:

	2008	2007
	SR	SR
Letters of credit	109,432,730	101,971,771
Letters of guarantee	123,649,558	95,011,896

18. EARNINGS PER SHARE

Earnings per share from operating income and from net income for the year is calculated by dividing operating income and net income for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

The calculation of earning per share for the year ended March 31, 2007 has been adjusted to reflect the bonus shares issued during the year ended March 31, 2008.

The outstanding number of shares used for calculating earning per share for the years ended March 31, 2008 and March 31, 2007 was 70,000,000.

19. DIVIDENDS

During October 2007, the Board of Directors resolved to distribute cash dividends of SR 70 million representing SR 1 per share for the six months ended September 30, 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED MARCH 31, 2008

20. SEGMENT INFORMATION

The Company operates through its various retail outlets scattered in the Kingdom of Saudi Arabia.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses.

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is substantially placed with national banks with sound credit ratings. Prepayment and accounts receivable are carried net of provision for doubtful debts, if any.

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi riyals and U.S. dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not material.

Liquidity risk is the risk that Company will be unable to meet its funding requirements primarily for loan commitments. The Company maintains adequate funding to meet such obligations when they become due.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.