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

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED MARCH 31, 2007

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AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Fawaz Abdulaziz Al Hokair & Co. (a Saudi joint stock company) (the Company) as of March 31, 2007 and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, and notes 1 to 19 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2007, and the results of its consolidated 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 13, 1428
April 30, 2007

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

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2007

	Note	2007 SR	2006 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	**95,852,662**	12,653,843
Trade receivables		**12,195,228**	-
Inventories	4	**281,972,897**	244,535,526
Prepayments and other assets	5	**100,470,990**	69,798,280
Due from related parties	6	**99,935,205**	76,677,126
Total current assets		**590,426,982**	403,664,775
Non-current assets			
Available for sale securities		**-**	37,000,000
Investments in companies' equity	7	**76,000,000**	76,000,000
Investment properties	8	**26,303,031**	27,151,515
Property and equipment	9	**256,655,332**	204,001,801
Deferred charges	10	**13,177,285**	11,181,603
Total non-current assets		**372,135,648**	355,334,919
TOTAL ASSETS		**962,562,630**	758,999,694
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current portion of long-term loans		**-**	6,666,667
Trade payables		**68,488,969**	128,231,635
Accrued expenses and other liabilities	11	**99,645,997**	82,625,903
Due to related parties	6	**3,052,234**	-
Total current liabilities		**171,187,200**	217,524,205
End-of-service indemnities		**17,289,301**	14,660,538
Shareholders' equity			
Share capital	1	**400,000,000**	400,000,000
Statutory reserves	12	**49,362,314**	24,635,196
Retained earnings		**324,723,815**	102,179,755
Total shareholders' equity		**774,086,129**	526,814,951
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**962,562,630**	758,999,694

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, 2007

	Note	**2007 SR**	2006 SR
Retail sales		**1,481,305,120**	1,293,672,316
Cost of sales		**(827,624,332)**	(684,990,808)
Gross profit		**653,680,788**	608,681,508
Selling and marketing expenses	14	**(331,005,075)**	(271,487,445)
General and administrative expenses	15	**(36,084,147)**	(32,136,754)
Depreciation and amortization		**(41,528,993)**	(61,209,367)
Operating income		**245,062,573**	243,847,942
Finance charges		**(1,260,053)**	(3,249,615)
Other income, net		**14,810,125**	12,419,101
Income before zakat		**258,612,645**	253,017,428
Zakat	13	**(11,341,467)**	(6,665,465)
NET INCOME		**247,271,178**	246,351,963
Earnings per share in Saudi Riyals	17	**6.18**	6.16

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
YEAR ENDED MARCH 31, 2007

	Note	Share capital SR	Proposed increase in share capital SR	Statutory reserve SR	Shareholders' current accounts SR	Retained earnings SR	Total SR
April 1, 2005		1,500,000	237,500,000	-	22,954,230	174,462,988	436,417,218
Proposed increase in share capital		398,500,000	(237,500,000)	-	-	(161,000,000)	-
Dividends		-	-	-	133,000,000	(133,000,000)	-
Net income for the year		-	-	-	-	246,351,963	246,351,963
Transfer to statutory reserve	12	-	-	24,635,196	-	(24,635,196)	-
Net movement in shareholders' current accounts		-	-	-	(155,954,230)	-	(155,954,230)
March 31, 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	12	-	-	**24,727,118**	-	**(24,727,118)**	-
March 31, 2007		**400,000,000**	-	**49,362,314**	-	**324,723,815**	**774,086,129**

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, 2007

	2007 SR	2006 SR
OPERATING ACTIVITIES		
Income before zakat	**258,612,645**	253,017,428
Adjustments for:		
Depreciation and amortization	**41,528,993**	61,209,367
Provision for end-of-service indemnities	**4,266,482**	4,117,055
Provision for investment	**-**	500,000
Gain on sale of available for sale securities	**(2,488,799)**	-
Changes in operating assets and liabilities:		
Trade receivables	**(12,195,228)**	4,228,992
Inventories	**(37,437,371)**	(13,140,908)
Prepayments and other assets	**(30,672,710)**	2,591,082
Trade payables	**(59,742,666)**	37,552,668
Accrued expenses and other liabilities	**16,902,564**	39,302,343
Cash from operations	**178,773,910**	389,378,027
Zakat paid	**(11,223,937)**	(2,447,115)
End-of-service indemnities paid	**(1,637,719)**	(563,645)
Net cash from operating activities	**165,912,254**	386,367,267
INVESTING ACTIVITIES		
Purchase of property and equipment, net	**(104,841,806)**	(122,381,281)
Proceeds from sale of available for sale securities	**39,488,799**	-
Deferred charges	**(3,611,306)**	(6,817,870)
Net cash used in investing activities	**(68,964,313)**	(129,199,151)
FINANCING ACTIVITIES		
Dividends paid	-	(133,000,000)
Bank overdraft	-	(5,460,091)
Long term loan	**(6,666,667)**	(13,333,333)
Due from related parties	**(7,082,455)**	(72,288,092)
Changes in shareholders' current account	-	(22,954,230)
Net cash used in financing activities	**(13,749,122)**	(247,035,746)
Net change in cash and cash equivalents	**83,198,819**	10,132,370
Cash and cash equivalents, beginning of the year	**12,653,843**	2,521,473
CASH AND CASH EQUIVALENT, END OF THE YEAR	**95,852,662**	12,653,843
Non-cash transactions:		
Proposed/increase in share capital	-	398,500,000
Net assets transferred to (from) affiliated company	**13,123,390**	(4,389,034)

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

1. ORGANIZATION AND ACTIVITIES

Fawaz Abdulaziz Al Hokair & Company (the Company) was originally registered as a Saudi general partnership in the Kingdom of Saudi Arabia under commercial registration No. 1010076209 dated 20/8/1410 H (corresponding to March 17, 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 in October 2006.

The accompanying consolidated financial statements are the first consolidated financial statements issued by the Company and have been prepared on the basis that the Company is continuing and has resulted from the conversion of the company from a limited liability to a joint stock company. The Company has sent a letter to take the consent from Ministry of Commerce & Industry/Public Administration of companies in this regard.

The share capital of the Company amounting to SR 400 million is divided into 40 million shares of SR 10 each as of March 31, 2007.

The Company and its subsidiaries are engaged in retail and wholesale trade in ready-made clothes, shoes, textile, motor vehicles, home and office furniture, electrical equipments, natural perfumes and makeup, makeup tools and beauty material, classic jewelers, tents, reading glasses, sunglasses, optical, optical equipments and its accessories; to operate optical centres; to carry on retail and wholesale trade in sport clothes, sport shoes and sport equipments, and telecommunication equipments, its spare parts, its maintenance and its operations; to carry on construction and maintenance of buildings and roads; to establish and operate restaurants; to establish commercial agencies businesses and to import military cloths and materials.

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:

	Ownership percent	
	2007	2006
Al Waheedah Equipment Company Limited	100%	100%
Haifa B. Al Kalam & Partners International Company for Trading	100%	100%

Investment in Al-Waheedah Equipment Co. Ltd. and Haifa B. Al Kalam & Partners 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.

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 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 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.

Investments in financial instruments
Investments in financial instruments are classified according to the Company's intent with respect to those instruments. Financial instruments held for trading are stated at fair value, and unrealized gains and losses thereon are included in the consolidated statement of income. Financial instruments which are considered as available for sale are stated at fair value, and unrealized gains and losses thereon are included in shareholders' equity until such investments are sold. Where the fair value is not readily determinable, such financial instruments are stated at cost.

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.

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:

	2007	2006
Buildings and leasehold improvements	**3% - 12.5**	3% - 25
Furniture and office equipment	**10% - 25%**	10% - 25%
Motor vehicles	**25%**	25%

Impairment
At each consolidated balance sheet date, the Company reviews 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.

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

	2007 **SR**	2006 SR
Cash and bank balances	**65,852,662**	12,653,843
Short term Murabaha maturing within 90 days	**30,000,000**	-
	95,852,662	12,653,843

During the year, investment in available for sale securities of SR 37,000,000 was liquidated of which an amount of SR 30,000,000 has been invested in short term Murabaha.

4. INVENTORIES

	2007 SR	2006 SR
Goods available for sale	**276,714,417**	232,482,819
Goods in transit	**9,389,326**	16,398,309
Provision for inventory shortages	**(11,287,977)**	(8,118,703)
	274,815,766	240,762,425
Supplies	**13,781,163**	6,001,948
Provision for slow-moving supplies	**(6,624,032)**	(2,228,847)
	281,972,897	244,535,526

5. PREPAYMENTS AND OTHER RECEIVABLES

	2007 SR	2006 SR
Prepayments	**54,410,193**	26,092,161
Advances to suppliers	**19,307,579**	16,987,015
Employee receivables	**5,402,804**	5,309,141
Margin on letters of credit and guarantees	**6,956,501**	6,039,802
Other	**14,393,913**	15,370,161
	100,470,990	69,798,280

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:

	2007 SR	2006 SR
Sales	**20,212,780**	19,005,164
Rental expense	**48,896,511**	53,947,733
Construction works	**54,308,770**	64,750,290
Transfer of property and equipment	**13,123,390**	(4,389,034)

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

	Relationship	2007 SR	2006 SR
Due from related parties:			
Fawaz Abdulaziz Al Hokair & Co. Real Estate Co.	Affiliate	**28,643,600**	28,395,980
Arabian Centers Ltd.	Affiliate	**67,509,618**	48,281,146
Food and Entertainment Co. Ltd.	Affiliate	**2,731,437**	-
Saudi Géant Company Ltd.	Affiliate	**1,020,250**	-
Tadaris Najd	Affiliate	**30,300**	
		99,935,205	76,677,126

	Relationship	2007 SR	2006 SR
Due to related parties:			
Saudi FAS Holding Co.	Holding Co.	**2,604,398**	-
First Motor Company Ltd.	Affiliate	**447,836**	-
		3,052,234	-

7. INVESTMENT IN COMPANY'S EQUITY

This represents investment in Trade Center Company Ltd., which is 7.6% owned.

8. INVESTMENT PROPERTY

	2007 SR	2006 SR
Cost	**28,000,000**	28,000,000
Less: Accumulated depreciation	**(1,696,969)**	(848,485)
Net book value	**26,303,031**	27,151,515

9. PROPERTY AND EQUIPMENT, NET

	Buildings & leasehold improvements SR	Furniture and office equipment SR	Motor vehicles SR	Total SR
Cost				
April 1, 2006	293,892,302	77,724,343	19,058,068	390,674,713
Additions	**92,603,210**	**10,544,396**	**1,694,200**	**104,841,806**
Disposals/transfers	**(8,535,637)**	**(6,849,384)**	**(666,650)**	**(16,051,671)**
March 31, 2007	**377,959,875**	**81,419,355**	**20,085,618**	**479,464,848**
Accumulated depreciation				
April 1, 2006	146,409,015	27,443,230	12,820,667	186,672,912
Charge for the year	**27,486,862**	**9,113,061**	**2,464,962**	**39,064,885**
Disposals/transfers	**(1,916,640)**	**(413,352)**	**(598,289)**	**(2,928,281)**
March 31, 2007	**171,979,237**	**36,142,939**	**14,687,340**	**222,809,516**
Net book value				
March 31, 2007	**205,980,638**	**45,276,416**	**5,398,278**	**256,655,332**
March 31, 2006	147,483,287	50,281,113	6,237,401	204,001,801

The Company conducted a comprehensive study of the useful lives of its leasehold improvements and accordingly changed the depreciation rates from 25% to 12.5% effective April 1, 2006. The effect of this change in estimate reduced the depreciation expense by SR 32.3 million for the year ended March 31, 2007.

10. DEFERRED CHARGES

	2007 SR	2006 SR
Cost		
Balance, beginning of year	**29,916,755**	35,918,477
Additions	**3,611,306**	6,817,870
Disposals/transfers	-	(12,819,592)
Balance, end of year	**33,528,061**	29,916,755
Accumulated amortization		
Balance, beginning of year	**18,735,152**	19,162,231
Charge for the year	**1,615,624**	1,620,885
Disposals/transfers	-	(2,047,964)
Balance, end of year	**20,350,776**	18,735,152
Net book value	**13,177,285**	11,181,603

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2007 SR	2006 SR
Payable to contractors and others	**11,682,708**	5,917,710
Provision for zakat (Note 13)	**13,836,001**	13,718,471
Employee benefits	**15,383,010**	18,216,013
Rent	**20,649,334**	18,484,307
Customs and shipping	**18,291,102**	9,602,828
Accrued expenses	**3,181,972**	10,132,901
Other	**16,621,870**	6,553,673
	99,645,997	82,625,903

12. 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.

13. ZAKAT

The Company and its subsidiaries presents their zakat returns to the Department of Zakat and Income tax on an individual Company basis.

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

	2007 SR	2006 SR
Non current assets	**(490,777,880)**	(379,371,174)
Non current liabilities	**26,831,379**	19,035,098
Opening shareholders equity after dividends	**526,814,951**	282,109,166
Net income before zakat	**255,271,178**	249,997,428

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

The Company has finalized its assessments up to year 2001 and obtained the final zakat certificate. Zakat returns for years ended March 31, 2002 to 2006 are under review by the Zakat Department.

The movement in provision for zakat is as follows:

	2007 SR			2006 SR
	Fawaz Abdulaziz Al Hokair & Co.	Subsidiaries	Total	Total
Balance, April 1	**10,337,204**	**3,381,267**	**13,718,471**	9,500,121
Provision for the year	**8,000,000**	**3,341,467**	**11,341,467**	6,665,465
Payments during the year	**(8,503,145)**	**(2,720,792)**	**(11,223,937)**	(2,447,115)
Balance, March 31	**9,834,059**	**4,001,942**	**13,836,001**	13,718,471

14. SELLING AND MARKETING EXPENSES

	2007 SR	2006 SR
Rent	**140,729,911**	128,963,256
Employees' salaries and related expenses	**114,675,006**	91,271,599
Utilities	**20,336,906**	11,968,765
Advertising and publishing	**9,777,510**	11,799,911
Travel	**5,881,143**	4,964,561
Packing materials	**2,937,763**	6,045,927
Insurance	**2,473,429**	3,227,640
Others	**34,193,407**	13,245,786
	331,005,075	271,487,445

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2007 SR	2006 SR
Employees' salaries and related expenses	**25,562,355**	23,870,532
Travel	**2,958,855**	2,466,432
Rent	**2,206,605**	600,000
Donations	-	976,453
Others	**5,356,332**	4,223,337
	36,084,147	32,136,754

16. CONTINGENT LIABILITIES

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

	2007 SR	2006 SR
Letters of credit	**101,971,771**	61,618,253
Letters of guarantee	**95,011,896**	125,251,394

17. EARNINGS PER SHARE

The earnings per share are calculated based on the number of outstanding shares at the end of the period. The outstanding number of shares at March 31, 2007 was 40 million.

18. SEGMENT INFORMATION

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

19. 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.