



Board of Directors' Annual Report For The Shareholders of Abdullah Al-Othaim Markets Co.

For the fiscal year ended December 31, 2017

Board of Directors Report

To: Shareholders of Abdullah Al-Othaim Markets Co.

For the Fiscal Year Ended at 31/12/2017

The Board of Directors of Abdullah Al-Othaim Markets Company has the honor to present its Annual Report for the fiscal year ended December 31, 2017, which includes a comprehensive summary of the of the company's activities & its progress, operational and financial performance, and also its strategic directions and some analysis, performance indicators, and programs in the field of social responsibility and human resources activities in pursuit of the company to achieve sustainable growth and profitable rates, and strengthening the company's leadership based on our vision & mission to provide high quality products at competitive prices to be accessible to everyone. In recognition of the importance of disclosure and transparency, and in line with the required regulations issued by the concerned authorities, the Board of directors is keen hard to enhance the company's practice to comply with corporate governance regulations issued by Capital Market Authority (CMA) and the requirements of disclosure and transparency.

Board of Directors of Abdullah Al-Othaim Markets Co.

March 2018



Firstly: The provisions of the Companies Governance Regulation which have been applied and the provisions which have not been applied, and reasons of its non-application:

The provisions of the Corporate Governance Regulations issued by the Capital Market Authority have been applied except :-

Article/Clause No.	Clause Status	Article/Clause Provision	Reasons of Non-Application
Article (39)	Guiding	Training and qualifying the members of Board of Directors and executive department and Provide the necessary programs.	No programs for the company have been approved till now and the appropriate programs and mechanisms are currently prepared.
Article (41) Clause (E)	Guiding	The Board of Directors shall take the necessary arrangements to get the assessment of the Board's performance from external competent authority each three years.	The necessary arrangements have not been taken and self-assessment of the Board has started.
Article (54) Clause (B)	Guiding	The Auditing Committee Chairman should be an independent member.	The committee chairman has been appointed based on the voting of the committee members as the independence of the committee chairman is not obligatory.
Article (70)	Guiding	Formation by a decision of the Board of Directors of the company a committee called the Risk Committee.	No independent risk committee has been formed yet as there is no urgent need for it.
Article (85)	Guiding	The company put programs to develop and motivate the partnership and performance of workers in the company.	No putted programs have been developed and still under study.
Article (87)	Guiding	The ordinary General Assembly, based on the proposal of the Board of Directors, put a policy which integrates balance between its goals and the goals aspired by community to meet with the purpose of developing social and economic positions of community.	No policy has been proposed and still under study.
Article (88) Clause (1)	Guiding	put measurement indicators to link the company's performance with the initiatives in social work it provides and comparing this to the other companies of similar activity.	No indicators have been putted and still under study.
Article (88) Clause (4)	Guiding	put community awareness programs to highlight social responsibility of the company.	No awareness programs have been putted and are still under study.
Article (95)	Guiding	Forming a committee concerned with companies governance.	No independent governance committee has been formed yet because there is no urgent need.



Secondly: Names of Board of Directors, Committees, Executive Department, their Current and Previous Positions, Qualifications, and Experiences:

1) Members of Board:

S	Name of Member	Current Positions	Previous Positions	Qualifications	Experiences
1.	Abdullah Saleh Ali Al Othaim	Chairman of the Board of Directors, Member of the Rewards and Nominations Committee / Director of Al Othaim Holding Company / Chairman of Abdullah Al Othaim Company for Investment and Real Estate Development / Chairman of Othaim Markets Egypt / Member of the Board of Directors of Arab Union for Real Estate Development / Board Member of Saudi Credit Bank / Member of the Board Charitable Society for Orphan Care / Founding Member of the Board of Directors of King Salman Charitable Housing Project / Member of King Salman Center for Disability Research	Chairman of the Committee of Rewards and Nominations of the Company / Chairman of the Board of Directors of the Chamber of Commerce in Qassim / Member of the Board of Directors of the Saudi Organization for Industrial Estates and Technology Zones / Founding Member of the Board of Directors of Weqaya Association for Drug Control / Member of King Abdul Aziz and His Companions Foundation for the Care of Gifted / Member of the Board of Directors of Charitable Association for combat smoking / Chairman of the committee Friends of the Red Crescent	Intermediary Stage	Accumulated experience in wholesale and retail trade, activity of contracting , real estate investment activity, recreational activity, experience in management, planning and business in general
2.	Bandar Nasser Hamad Al Tamimi	Member of the Board of Directors and member of the Audit Committee and Remuneration and Nominations Committee / Directorate Manager of HR at the General Organization of Social Insurance	He assumed a number of positions in the past in GOSI including (Directorate Manager of Planning and Developing HR / Directorate Manager of Training and Development / Employment Manager / Job Relations Manager / Personnel Manager / member in many committees in the work)	M.A. in HR from USA /Bachelor of Business Administration /He obtained many training certificates	An experience in HR field and consultancies towards developing and investing human capital, public relations and personnel.
3.	Saleh Mohammed Saleh Al Othaim	Member of Board of Directors and member of the Auditing Committee / Member of Board of Directors of Dar Al Kheyoul Contracting Company / Ani&Dani Business /member of the Auditing Committee in Abdullah Al Othaim Company for Investment and Real Estate Development	Member of Board of Directors of Amanah Company for Cooperative Insurance /La zurde jewelry Company / Financial manager of Al Othaim Holding Company / Directorate Manager of Companies Funding in the Gulf Investments Company /Systems analysis in Proctor &Gamble Company	M.A. in investment administration from City University in London / Bachelor of Business Administration (Specialty of Administration and Information Systems and marketing)with Honors from North Eastern University in Boston in USA.	Multiple experiences in the processes of investments administration, financial affairs, accounting, corporate finance, and information technology
4.	Abdullah Ali Abdullah Al Debeikhy	Member of Board of Directors and the chairman of the Rewards and Nominations Committee / Member of Board of Directors in Melkeya Company for Investment / Al Eisa Industry / Holding United Farmers / Al Kheir Bank / 3G Limited / Menerva Foods /Executive Chairman of National Saudi Company for Marine Transportation	Executive Chairman of Afwaf for Investments Company / Executive Chairman of Awal Net Company / Executive Chairman of the Saudi Company of Agricultural Investment and Animal Production (Salek) / Executive Chairman of Dawalej Technology Company / Member of Board of Directors in Foods Savola Company / Member of Board of Directors in the Company of Supporting Real Estate Investment / A member in Continental Farmer Group / Manager in Maqasem in Saudi Telecommunications / Project manager in the Lending Department in the Saudi Industrial Development Fund	M.A. in Business Administration from Oxford University in Britain / B.A. in Electrical Engineering Sciences from King Fahd for Petroleum and Minerals in the Kingdom of Saudi Arabia	Experiences and specialized courses in management of projects, investments, middle management, leadership and top management.
5.	Abdul Salam Saleh Abdelaziz Al Rajhi	Member of Board of Directors/ Chairman Al Rajhi Real Estate	Member of Board of Directors of the Financial Brokerage	M.A. in Executive Business	Accumulated experiences in top



		and Industrial Company for Growth and Commercial Investment / Partner and Member of the Supervisory Board in the Saleh Abdel Aziz Al Rajhi Company & Co. Ltd. Company / Owner and manager of Saleh Abdel Aziz Al Rajhi Company & Co. Ltd. / Owner and General Manager of Abdul Salam Al Rajhi Trading Company / General Secretary and member of Supervisory Board to manage the endowments of Saleh Abdel Aziz Al Rajhi /Chairman of Prisoners Care Committee in the region of Riyadh	Company (2006/2014 A.D), General Manager and Deputy Chairman of the Board of Directors of Al Rajhi Company for Travelling, Tourism, Services of Air Shipping (1994 A.D. – 2000 A.D.	Administration from Faculty of Economics and Administration from King Abdul Aziz University in KSA, Bachelor of Business Administration , Marketing specialty from Faculty of Economics and Administration from King Abdul Aziz University in KSA, Intermediate University Degree in Computer Information Systems from the faculty of North Hampton Pennsylvania in USA.	management and planning in addition to practicing free business in the fields of real estate, industry, investment, agriculture, travelling, tourism, and shipping, in addition to diverse experience in managing non-profits associations.
6.	Abdulaziz Saleh Abdullah Al Rebdi	Member of Board of Directors and member of the Auditing Company / Member of Board of Directors of Abdul Muhsin Al Hukair Group for Tourism and Development / Al Obaikan Glass Company / Saudi Company for Agricultural Investment and Animal Production (Salek) / Executive Manager of ASR Consulting	Managing member in the National Company of Agricultural Development (Nadec) / General Manager of La zorde Investment Group / Member of Board of Directors of Al Hammady Investment and Development Company / Developed Takween / Manager of the Department of Projects Management in the Saudi Industrial Development Fund	Bachelor of Science in the Industrial Management from King Fahd University for Petroleum and Minerals in Dhaharan in KSA	An accumulated experience in top management and financial and industrial consulting services at the level of KSA and GCC / Founding manager of Consulting ASR and occupied many leading positions
7.	Fahd Abdullah Saleh Al Othaim	Deputy Board of Directors Chairman and Chairman of Auditing Committee and member of the Rewards and Nominations Committee in the company / Deputy Board of Directors Chairman of the Company of Abdullah Al Othaim for Investment and Real Estate Development / Board of Directors Member of Dar Al Kheyoul for General Contracting / Bidaya Company for Financing Homes / Saudi Kuwaiti Finance House / Member of Board of Directors of Ajmal Company	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Ltd. Company.	B.A. in Business Administration , marketing with honor from King Saud University in the Kingdom of Saudi Arabia	Accumulated experience in the field of retail and companies of contracting, construction, real estate development and companies working in the entertainment sector
8.	Abdulaziz Abdullah Saleh Al Othaim	Member of Board of Directors and executive chairman of Abdullah Al Othaim Markets Company / Member of Board of directors of Al Othaim Markets Egypt / Deputy Chairman of the Board of Directors of Riyadh Company of Food Industries / Chairman of Board of Directors of Mueen Recruitment Company / Member of Board of Directors of Al Wousta Company for Food Services / Member of Board of Directors in South Europe company	Executive Chairman / Retail sector chairman and commercial work manager of the company	B.A. in Business Administration with honors Suffolk Massachusetts in America	Accumulate experience in the field of retail business, operations of leadership and commanding, and management of business



2) Members of Auditing Committee:

S	Name of Member	Current Positions	Previous Positions	Qualifications	Experiences
1.	Fahd Abdullah Saleh Al Othaim	Deputy Board of Directors Chairman and Chairman of Auditing Committee and member of the Rewards and Nominations Committee in the company / Deputy Board of Directors Chairman of the Company of Abdullah Al Othaim for Investment and Real Estate Development / Board of Directors Member of Dar Al Kheyoul for General Contracting / Bedaya Company for Financing Homes / Saudi Kuwaiti Finance House / Member of Board of Directors of Ajmal Company	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Ltd. Company.	B.A. in Business Administration , marketing with honor from King Saud University in the Kingdom of Saudi Arabia	Accumulated experience in the field of retail and companies of contracting, construction, real estate development and companies working in the entertainment sector
2.	Bandar Nasser Hamad Al Tamimi	Member of the Board of Directors and member of the Audit Committee and Remuneration and Nominations Committee / Directorate Manager of HR at the General Organization of Social Insurance	He assumed a number of positions in the past in GOSI including (Directorate Manager of Planning and Developing HR / Directorate Manager of Training and Development / Employment Manager / Job Relations Manager / Personnel Manager / member in many committees in the work)	M.A. in HR from USA /Bachelor of Business Administration /He obtained many training certificates	An experience in HR field and consultancies towards developing and investing human capital, public relations and personnel.
3.	Saleh Mohammed Saleh Al Othaim	Member of Board of Directors and member of the Auditing Committee / Member of Board of Directors of Dar Al Kheyoul Contracting Company / Ani&Dani Business /member of the Auditing Committee in Abdullah Al Othaim Company for Investment and Real Estate Development	Member of Board of Directors of Amanah Company for Cooperative Insurance /La zurde jewelry Company / Financial manager of Al Othaim Holding Company / Directorate Manager of Companies Funding in the Gulf Investments Company /Systems analysis in Proctor &Gamble Company	M.A. in investment administration from City University in London / Bachelor of Business Administration (Specialty of Administration and Information Systems and marketing)with Honors from North Eastern University in Boston in USA.	Multiple experiences in the processes of investments administration, financial affairs, accounting, corporate finance, and information technology
4.	Abdulaziz Saleh Abdullah Al Rebdi	Member of Board of Directors and member of the Auditing Company / Member of Board of Directors of Abdul Muhsin Al Hukair Group for Tourism and Development / Al Obaikan Glass Company / Saudi Company for Agricultural Investment and Animal Production (Salek) / Executive Manager of ASR Consulting	Managing member in the National Company of Agricultural Development (Nadec) / General Manager of La zurde Investment Group / Member of Board of Directors of Al Hammady Investment and Development Company / Developed Takween / Manager of the Department of Projects Management in the Saudi Industrial Development Fund	Bachelor of Science in the Industrial Management from King Fahd University for Petroleum and Minerals in Dhaharan in KSA	An accumulated experience in top management and financial and industrial consulting services at the level of KSA and GCC / Founding manager of Consulting ASR and occupied many leading positions
5.	Abdulaziz Ibrahim Al Nuwaiser	Member of Auditing Committee / Member of Board of Directors	Chairman of Board of Directors of the Saudi	M.A. in accountancy with two subsidiary	He has practical experiences for more



	<p>in National Bayt Consulting Company / Al Hamdeed and Al Nemr Consulting Company / Cooperative Insurance Company / Entertainment Company for Development and Investment "Member of Auditing Committee in the Cooperative Insurance Company and Umm Al Qura Cement Company / National Water Company / Saudi Railways Company / Advisor of the executive chairman of the Acquisitions Program in the Arab Company for the Services of Internet and Telecommunications</p>	<p>Company of Tourism Development / member of the Auditing Committee in the Saudi Fish Company / Elm Information Security Company / member of Investment Committee in the Cooperative Insurance Company / Deputy Chairman of financial affairs in Abdullah Al Othaim Company for Investment and Real Estate Development / executive partner and then executive manager in National Consulting House Company / executive partner in Al Hameed and Al Nemr Consulting Company / financial and executive manager in Al Elm Information Security Company / Instructor then Lecturer in the Accountancy Department King Saud University in Riyadh / Financial auditor in Bank Al Rajhi</p>	<p>specialties in financial administration and information systems from Case Western Reserve University in America/ Bachelor of accountancy with honor from King Saud University in Riyadh / Certificate of the American fellowship test for legal accountants / American fellowship for the financial professionals / Membership of the list of arbitrators in the Kingdom of Saudi Arabia / American Fellowship of Management Accountants / American Fellowship of Financial Managers / General certificate in dealing with the securities from the capital stock market / certificate of American fellowship for internal auditors / American fellowship certificate for the auditors of financial services / passing the test of first level of the certificate of licensed financial analysts / certificate of specialist in the international standards of financial report</p>	<p>than 16 years in the field of financial management, accountancy, auditing, academic field, and training</p>
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3) Members of Rewards and Nominations Committee:

S	Name of Member	Current Positions	Previous Positions	Qualifications	Experiences
1.	Abdullah Ali Abdullah Al Debeikhy	Member of Board of Directors and the chairman of the Rewards and Nominations Committee / Member of Board of Directors in Melkeya Company for Investment / Al Eisa Industry / Holding United Farmers / Al Kheir Bank / 3G Limited / Menerva Foods / Executive Chairman of National Saudi Company for Marine Transportation	Executive Chairman of Afwaf for Investments Company / Executive Chairman of Awal Net Company / Executive Chairman of the Saudi Company of Agricultural Investment and Animal Production (Salek) / Executive Chairman of Dawalej Technology Company / Member of Board of Directors in Foods Savola Company / Member of Board of Directors in the Company of Supporting Real Estate Investment / A member in Continental Farmer Group / Manager in Maqasem in Saudi Telecommunications / Project manager in the Lending Department in the Saudi Industrial Development Fund	M.A. in Business Administration from Oxford University in Britain / B.A. in Electrical Engineering Sciences from King Fahd for Petroleum and Minerals in the Kingdom of Saudi Arabia	Experiences and specialized courses in management of projects, investments, middle management, leadership and top management.
2.	Abdullah Saleh Ali Al Othaim	Chairman of the Board of Directors, Member of the Rewards and Nominations Committee / Director of Al Othaim Holding Company / Chairman of Abdullah Al Othaim Company for Investment and Real Estate Development / Chairman of Othaim Markets Egypt / Member of the Board of Directors of Arab Union for Real Estate Development / Board Member of Saudi Credit Bank / Member of the Board Charitable Society for Orphan Care / Founding Member of the Board of Directors of King Salman Charitable Housing Project / Member of King Salman Center for Disability Research	Chairman of the Committee of Rewards and Nominations of the Company / Chairman of the Board of Directors of the Chamber of Commerce in Qassim / Member of the Board of Directors of the Saudi Organization for Industrial Estates and Technology Zones / Founding Member of the Board of Directors of Weqaya Association for Drug Control / Member of King Abdul Aziz and His Companions Foundation for the Care of Gifted / Member of the Board of Directors of Charitable Association for combat smoking / Chairman of the committee Friends of the Red Crescent	Intermediary Stage	Accumulated experience in wholesale and retail trade, activity of contracting, real estate investment activity, recreational activity, experience in management, planning and business in general
3.	Bandar Nasser Hamad Al Tamimi	Member of the Board of Directors and member of the Audit Committee and Remuneration and Nominations Committee / Directorate Manager of HR at the General Organization of Social Insurance	He assumed a number of positions in the past in GOSI including (Directorate Manager of Planning and Developing HR / Directorate Manager of Training and Development / Employment Manager / Job Relations Manager / Personnel Manager / member in many committees in the work)	M.A. in HR from USA / Bachelor of Business Administration / He obtained many training certificates	An experience in HR field and consultancies towards developing and investing human capital, public relations and personnel.
4.	Fahd Abdullah Saleh Al Othaim	Deputy Board of Directors Chairman and Chairman of Auditing Committee and member of the Rewards and Nominations Committee in the company / Deputy Board of Directors Chairman of the Company of Abdullah Al Othaim for Investment and Real Estate Development / Board of Directors Member of Dar Al Kheyoul for General	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Ltd. Company.	B.A. in Business Administration, marketing with honor from King Saud University in the Kingdom of Saudi Arabia	Accumulated experience in the field of retail and companies of contracting, construction, real estate development and companies working in the entertainment sector



		Contracting / Bidaya Company for Financing Homes / Saudi Kuwaiti Finance House / Member of Board of Directors of Ajmal Company			
5.	Bandar Suliman Mohammed Al Bohairy	Secretary of Board of Directors / Member of Rewards and Nominations Committee / Member of the Board of Directors of "Abdullah Al Othaim Company for Investment and Real Estate Development / Riyadh Company for Foods Industry" / Deputy Chairman of Mueen Recruitment Company, Chairman of Audit Committee in Riyadh Company for Foods Industry / member of Board of Directors and member of executive committee of Ajmal Ltd Company / chairman of executive committee in Mueen Recruitment Company	Chairman of Audit Committee in Mueen Recruitment Company, Department Manager of Internal Auditing in Al Othaim Commercial Company	B.A. in accountancy – Administrative Sciences Faculty in King Saud University	Accumulated experience in the financial field, internal auditing, companies governance, regulations, business development, and public relations

4) Members of Executive Department:

S	Name of Member	Current Positions	Previous Positions	Qualifications	Experiences
1.	Abdulaziz Abdullah Saleh Al Othaim	Member of Board of Directors and executive chairman of Abdullah Al Othaim Markets Company / Member of Board of directors of Al Othaim Markets Egypt / Deputy Chairman of the Board of Directors of Riyadh Company of Food Industries / Chairman of Board of Directors of Mueen Recruitment Company / Member of Board of Directors of Al Wousta Company for Food Services / Member of Board of Directors in South Europe company	Executive Chairman / Retail sector chairman and commercial work manager of the company	B.A. in Business Administration with honors Suffolk Massachusetts in America	Accumulate experience in the field of retail business, operations of leadership and commanding, and management of business
2.	Bandar Suliman Muhammad Al Bohairy	Secretary of Board of Directors / Member of Rewards and Nominations Committee / Member of the Board of Directors of "Abdullah Al Othaim Company for Investment and Real Estate Development / Riyadh Company for Foods Industry" / Deputy Chairman of Mueen Recruitment Company, Chairman of Audit Committee in Riyadh Company for Foods Industry / member of Board of Directors and member of executive committee of Ajmal Ltd Company / chairman of executive committee in Mueen Recruitment Company	Chairman of Audit Committee in Mueen Recruitment Company, Department Manager of Internal Auditing in Al Othaim Commercial Company	B.A. in accountancy – Administrative Sciences Faculty in King Saud University	Accumulated experience in the financial field, internal auditing, companies governance, regulations, business development, and public relations
3.	Marwan Ahmad Mohammed Ibrahim	eputy executive chairman of financial affairs / Member of Board of Directors for each of the "Mueen Recruitment company / Riyadh Company for Foods Industry" / Member of Auditing Committee in Riyadh Company for Foods Industry	Internal Auditing Director in Al Jomaih Holding Company – Saudi (1996 – 2005) / Accounts Auditor in Ibrahim Al Abbasi & Co. Office – Jordan (1993 – 1996) / Accounts auditor in Abdul Aziz Khalifah Al Melhem Office – Saudi (1989 – 1992)	Bachelor of Accountancy and Business Administration – Jordanian University in 1989 A.D. fellowship of the CPA in 1994 A.D. fellowship of CMA in 2003 A.D. /	An accumulated experience in the field of financial and accounting affairs, auditing, and internal auditing



				Fellowship of CFM in 2003 A.D. / Fellowship of SOCPA in 2007 A.D.	
4.	Bahauddin Barakat Al Sherbeeney	Deputy executive chairman of operation / member of Board of Director for each of the "Mueen Recruitment Company / Riyadh for Foods Industry	Deputy operations manager in Al Othaim business Company / manager of the retail branch in the company / regional manager in the company / manager of international center of marketing	B.A.in Mechanical Engineering in 1987 A.D. in Zagazig in Egypt in the Arab Republic of Egypt	An accumulated experience in the field of managing operational processes in the retail and wholesale companies

Thirdly: Names of companies inside outside the Kingdom in which the company's Board of Directors member is a member of its current or previous Board of Directors or one of its Directors:

S	Name of Member	Names of companies in which the company's Board of Directors member is a member of its current Board of Directors or one of its Directors	Inside/Outside the Kingdom	Legal Entity	Names of companies in which the company's Board of Directors member is a member of its previous Board of Directors or one of its Directors	Inside/Outside the Kingdom	Legal Entity
1.	Abdullah Saleh Ali Al Othaim	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	-	-	-
		Al Othaim Holding	Inside the Kingdom	Limited Responsibility			
		Abdullah Al Othaim for Investment and Real Estate Development	Inside the Kingdom	Closed Shareholding			
		Al Othaim Markets Egypt	Outside the Kingdom	Shareholding			
		Arab Union Company for Real Estate Development	Outside the Kingdom	Shareholding			
2.	Bandar Nasser Hamad Al Tamimi	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	-	-	-
3.	Saleh Mohammed Saleh Al Othaim	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	La zurde for jewelry	Inside the Kingdom	Listed Shareholding
		Dar Al Kheyoul Contracting	Inside the Kingdom	Closed Shareholding	Amanah for Cooperative Insurance	Inside the Kingdom	Listed Shareholding
		Ani&Dani Business	Inside the Kingdom	Closed Shareholding	Al Othaim Holding	Inside the Kingdom	Limited Responsibility
					Gulf Investments	Inside the Kingdom	Closed Shareholding
4.	Abdullah Ali Abdullah Al Debeikhy	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	Saudi for Agricultural Investment and Animal Production (Salek)	Inside the Kingdom	Closed Shareholding
		National Saudi for Marine Transportation	Inside the Kingdom	Listed Shareholding	Foods Savola	Inside the Kingdom	Closed Shareholding
		Al Eesa Industries	Inside the Kingdom	Closed Shareholding	Support for Real Estate Investment	Inside the Kingdom	Limited Responsibility
		Holding United Farmers	Inside the Kingdom	Limited Responsibility	Dawalej for Technology	Inside the Kingdom	Limited Responsibility
		Melkeyyah for Investment	Inside the Kingdom	Closed Shareholding	Saudi Telecommunication	Inside the Kingdom	Listed Shareholding
		Al Khair Bank	Outside the Kingdom	Closed Shareholding	Continental Farmer Group	Outside the Kingdom	Limited Responsibility
		3 G Limited	Outside the Kingdom	Limited Responsibility			



		Menerva for Foods	Outside the Kingdom	Limited Responsibility	Saudi Industrial Development Fund	Inside the Kingdom	Governmental Authority
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	Financial Brokerage	Inside the Kingdom	Closed Shareholding
		Saleh Abdul Aziz Al Rajhi & Co.	Inside the Kingdom	Limited Responsibility			
		Al Rajhi Holding Real Estate and Industrial Company for Growth and Commercial Investment	Inside the Kingdom	Limited Responsibility			
6.	Abdulaziz Saleh Abdullah Al Rebdí	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	National Company for Agricultural Development	Inside the Kingdom	Listed Shareholding
		Abdul Muhsen Al Hukair Group for Tourism and Development	Inside the Kingdom	Listed Shareholding	Takween Advanced	Inside the Kingdom	Listed Shareholding
		Obaikon for Glass	Inside the Kingdom	Closed Shareholding	United Saudi Company for Cooperative Insurance (Walaa)	Inside the Kingdom	Listed Shareholding
		Saudi for Investment and Agricultural Production	Inside the Kingdom	Closed Shareholding	La zurde Group for Industrial Investment	Inside the Kingdom	Listed Shareholding
7.	Fahd Abdullah Saleh Al Othaim	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	-	-	-
		Abdullah Al Othaim for Investment and Real Estate Development	Inside the Kingdom	Closed Shareholding			
		Dar Al Kheyoul Contracting	Inside the Kingdom	Closed Shareholding			
		Bidaya for home finance	Inside the Kingdom	Closed Shareholding			
		Saudi Kuwaiti Finance House	Inside the Kingdom	Closed Shareholding			
		Ijmal Limited	Inside the Kingdom	Limited Responsibility			
8.	Abdulaziz Abdullah Saleh Al Othaim	Abdullah Al Othaim Markets	Inside the Kingdom	Listed Shareholding	-	-	-
		Al Othaim Markets Egypt	Outside the Kingdom	Shareholding			
		Riyadh for Foods Industries	Inside the Kingdom	Closed Partnership			
		Mueen for Recruitment	Inside the Kingdom	Closed Partnership			
		Al Wousta for Foods Services	Inside the Kingdom	Limited Responsibility			
		South Europe for Investment	Outside the Kingdom	Limited Responsibility			

Fourthly: Rights of Shareholders and Mechanism of Contacting them:

Proceeding from the company's keenness, interest, and care of the rights of its shareholders and stakeholders, the company includes these rights in the Governance Guide. Besides, it is keen on informing its shareholders and investors of all significant developments. Hence, the company publishes the financial reports, advertisement, and substantial information via the capital market site "Tadawul" and company's website, and General Assemblies of shareholders. Besides, importance is given to communication with its shareholders and answering their enquiries by providing direct contact channels, and the shareholders will be easily able to contact the company.

Fifthly: Company's Capital and Float Shares as of 31/12/2017 A.D.:

Statement	Clarification
Authorized capital (SR)	450.000.000 SR
Number of issued shares (All the company's shares are ordinary shares)	45.000.000 shares
Float shares according to the company's registry in Tadawul	29.324.747 shares
Paid capital (Saudi Riyal)	450.000.000 SR
Par value	10 SR
Paid value of share	10 SR



Sixthly: A Statement of Main Shareholders:

A statement of the names, nationality, shares number, ownership ratio of main shareholders who own 5% and above and its change during 2017 A.D.:

S	Name of Shareholder	Nationality	Shares Number at the beginning of 2017 A.D.	Ownership Ratio at the beginning of 2017 A.D.	Shares Number at the end of 2017 A.D.	Ownership Ratio at the End of 2017 A.D.	Change Ratio at the end of 2017 A.D.
1.	Al Othaim Holding Company	Saudi	12.450.000	27.6%	12.450.000	27.6%	0%
2.	Abdullah Saleh Ali Al Othaim	Saudi	2.700.000	6%	2.700.000	6%	0%
3.	General Organization of Social Insurance	Saudi	2.866.472	6.37%	2.866.472	6.37%	0%

With regard to the notices of the ownership of large quotas of shares and its change during the year according to the registration and listing rules issued by the Capital Market Authority, the company has not received any notice from the senior owners of the change of their ownership during 2017 A.D. It relied on recording data from the information of the Saudi Stock Exchange "Tadawul".

Seventhly: Formation of Board of Directors and the classification of its members:

The Board of Directors consists of (8) members the following is a list of names and classification of the members of the Board:

s	Name of Member	Capacity	Membership Classification
1.	Abdullah Saleh Ali Al Othaim	Board Chairman	Non-executive
2.	Bandar Nasser Hamad Al Tamimi	Member	Non-executive
3.	Saleh Mohammed Saleh Al Othaim	Member	Non-executive
4.	Abdullah Ali Abdullah Al Debeikhy	Member	Independent
5.	Abdel Salam Saleh Abdelaziz Al Rajhi	Member	Independent
6.	Abdulaziz Saleh Abdullah Al Rebdi	Member	Independent
7.	Fahd Abdullah Saleh Al Othaim	Deputy Chairman	Non-executive
8.	Abdulaziz Abdullah Saleh Al Othaim	Member	Executive

Eighthly: The Procedures taken by the Board of Directors to notify its Members of the Proposals of Shareholders and the Remarks:

The Companies Governance Regulation included the action procedures of the Board of Directors that gave special attention to hearing the shareholders' proposals and enquiries and answering them. In addition, the company provided the members with minutes of the meetings of assemblies including the shareholders' enquiries (if any). Besides, the members will be notified of any enquiries and questions received by the company from the different means of communication.

Ninthly: Concise Description of Committees, Specializations, and Tasks:

The company has two committees are the Audit Committee and the Remuneration and Nominations Committee and the details of these committees as follows:

1) Auditing Committee

The Auditing Committee is formed of (5) non-executives including the tasks and specialties of Auditing Committee, for example but not limited to "Supervising the management of internal auditing department in the company, studying the system of internal control, internal auditing reports, and recommending the Board of Directors to appoint the accounts auditors, specifying their fees and following- up their fees, studying the auditing plans and notes of auditors, studying the initial and annual financial statements before being reviewed by the Board of Directors, studying the followed accounting policies and meeting the requirements according to the acknowledged accounting standards and recommending the Board of Directors with regard to them, reviewing the plan of the auditor and its actions, results of the reports of supervisory authorities, and making sure that the company took the necessary procedures regarding them. As well, making sure of the company's compliance with the relevant laws, regulations, policies, and instructions and providing points of views regarding them to the Board of Directors. The following table outlines the committee membership and its meetings conducted during 2017 A.D.:

S	Name of Member/Meeting Date	Position	Number and Date of Meeting					Number of attendance
			(1) 18 Jan	(2) 20 Feb	(3) 08 May	(4) 02 Aug	(5) 13 Dec	
1.	Fahd Abdullah Saleh Al Othaim	Chairman	✓	✓	✓	✓	✓	(5)
2.	Bandar Nasser Hamad Al Tamimi *	Member	Don't apply	Don't apply	✓	✓	✓	(3)
3.	Saleh Mohammed Saleh Al Othaim	Member	✓	✓	✓	✓	✓	(5)



4.	Abdulaziz Saleh Abdullah Al Rebdî*	Member	Don't apply	Don't apply	✓	✓	✓	(3)
5.	Abdulaziz Ibrahim Al Nuwaiser	Member	✓	✓	x	✓	✓	(4)

***New members who were appointed in the General Assembly held on 19/04/2017 A.D.**

Results of Annual Auditing of the Efficiency of Procedures of the Company's Internal Control:

In 2017, the committee examined the internal control systems in the company and ensured its efficiency. As well, it studied, reviewed, and analyzed the main operational, financial, and executive risks that the company may face and assessing the required solutions and treatments to ensure the safety of the company's operations, in addition to studying the weak and strong aspects in the internal control. Hence, the auditing process has been made continuously and periodically. By the committee's familiarity with the reports of managing internal auditing and in the light of what has been studied, it has been evident that the examination generally included the main and significant operation and activities of the company and its diverse departments, and that the examination results of the internal control systems at the level of company, its departments, and its processes showed that there is no substantial deficiency in the internal control systems that necessitates its disclosure with a number of notes and improvement opportunities included in the internal auditing reports expressed to the executive department in the company, and corrective plans have been agreed to treat such remarks. As well, procedures have been developed and the necessary actions have been taken to avoid the effects of high influences in a way that prevents effective damages to the company's operations.

2) Committee of Remunerations and Nominations :

The committee is formed of (5) members. The assignments and specialties of the Remunerations and Nominations Committees include for example but not limited to "recommending the Board of Directors to run for the membership of Board and proposing clear standards and policies for the membership in the Board and executive department, reviewing the structure of Board of Directors and executive department, providing recommendations with regard to the changes that may be made, specifying the weakness and strength points in the Board of Directors, proposing solutions for its treatment in a way consistent with the company's interest, ensuring annually the independence of independent members, preparing and updating the necessary policies for the rewards of the members of Board of Directors and committees derived from the Board, executive department and its periodical auditing, and assessing the extent of its effectiveness in meeting the aspired goals, clarifying the relation between the granted reward and the applicable rewards policy, clarifying any substantial deviation from this policy. As well, studying the subjects with which it is concerned or referred to it by the Board of Directors and submitting its recommendations to take the appropriate resolution regarding it and auditing the allocations and rewards of workers, approving, adopting, and assessing the relevant plans and policies". The following is a table which outlines the membership and meetings of the committee made during 2017 A.D. :

S	Name of Member	Position	Number and Date of Meeting		Number of attendance
			(1) 21 Feb	(2) 06 Nov	
1.	Abdullah Ali Abdullah Al Debeikhy*	Chairman	Not Applicable	✓	(1)
2.	Abdullah Saleh Ali Al Othaim	Member	✓	✓	(2)
3.	Bandar Nasser Hamad Al Tamimi	Member	✓	✓	(2)
4.	Fahd Abdullah Saleh Al Othaim	Member	✓	✓	(2)
5.	Bandar Suliman Mohammed Al Bohairy	Member	✓	✓	(2)

*He has been appointed in the committee on 19/04/2017 A.D.

Tenthly: The Means Adopted by Board of Directors in Assessing its Performance and Performance of its Committees for 2017 A.D :

To deepen the performance of the Board, Committee, and executive department, the assessment mechanism of 2017 A.D. has been developed by offering self-assessment questionnaire which included questions related to all aspects of works and assignments assigned to those who are concerned with assessment to check the weakness and strength aspects, and proposing its treatment in a way consistent with the company's interests, in addition to performance measurement indicator linked to the extent of meeting planned goals and assessing the work mechanisms in the Board in general. The necessary arrangements shall be taken in the light of deliverables of the assessment process in a way that meets the interest of company and its shareholder. The assessment of the Board and its members by an external authority has been taken into consideration if necessary for each one of the coming sessions of the Board



whenever possible, and making a periodical assessment for the performance of the Board of Directors after taking viewpoint of the executive members into consideration.

Eleventh: Remunerations of Board of Directors, Committees, and Executive Department:

The company applies the policy of paying the remunerations of Board of Directors, committees, and executive department as follows:

- **Executive and non-executive members of board: The remuneration is estimated based on net profit for the financial year from the Company's continuing operations as follows:**

s	Net profit of the year made from the continuous processes (In Saudi Riyals)	Reward of Member in Saudi Riyal
1.	Less than (100) million Riyals	(50) fifty thousand Riyals
2.	From (100) million to less than (200) million Riyals	(100) one hundred thousand Riyals
3.	From (200) million to less than (300) million Riyals	(150) one hundred and fifty thousand Riyals
4.	(300) million Riyals and more	(200) two hundred thousand Riyals

- Independent Members of Board of Directors: A reward of a lump sum of SR (200,000) two hundred thousand Saudi Riyals for the fiscal year for the member.
- Allowances for the Board Members: An amount of SR (3,000) as an attendance allowance for each meeting.
- Reward of the Board Secretary: An annual reward of SR (30,000) thirty thousand Riyals.
- Reward of Board Auditing: An amount of SR (25,000) twenty five thousand Saudi Riyals for each member annually.
- Reward of the Rewards and Nominations Committee: An amount of SR (25,000) twenty five thousand Saudi Riyals for each member annually.
- Allowances for the Committees Members: An amount of SR (1,500) only one thousand and five hundred Riyals as an attendance allowance for each member per attended meeting.
- The member's reward is calculated proportionately based on the days of his membership during the year.
- Reward of Executive Department: An annual reward will be paid to the executive department based on standards relevant to achieving performance indicators and according to the results of annual assessment and results of achieving goals.
- Relation between granted rewards and applicable rewards policy: The granted reward is in conformity with the approved rewards policy, taking into consideration the bases and standards relevant to calculating the rewards and its vesting.



✓ Details Remuneration of Board of Directors for the year 2017 :

	Fixed Remuneration							Variable Remuneration					total summation	Expenditure Allowance		
	A certain amount	Instead of attending meetings of the Council	Total attendance allowance for committee meetings	In-kind benefits	Statement of what they earned Council as members of the council as employees or moderators or what they earned in return of technical, administrative or consulting work	The Reward of the Chairman of the Board, the Managing Director or the Board Secretary if he is a member	Total	percentage of profits	Periodic bonuses	Short - term incentive plans	Long - term incentive plans	Shares granted			Total	End of service Benefits
First: Independent Members:																
Abdul Salam Saleh Abdulaziz Al Rajhi	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	-	215,000	-
Abdulaziz Saleh Abdullah Al Rebbi	217,603	12,000	4,500	-	-	-	234,103	-	-	-	-	-	-	-	234,103	-
Abdullah Ali Abdullah Aldbekhi	178,151	12,000	1,500	-	-	-	191,651	-	-	-	-	-	-	-	191,651	-
Total	595,754	39,000	6,000	-	-	-	640,754	-	-	-	-	-	-	-	640,754	-
Second: Non-Executive Members:																
Abdullah Saleh Ali Al Othaim	225,000	15,000	3,000	-	-	-	243,000	-	-	-	-	-	-	-	243,000	-
Bandar Nasser Hamad Al Tamimi	242,603	15,000	7,500	-	-	-	265,103	-	-	-	-	-	-	-	265,103	-
Saleh Mohammed Saleh Al Othaim	225,000	15,000	7,500	-	-	-	247,500	-	-	-	-	-	-	-	247,500	-
Fahd Abdullah Saleh Al Othaim	250,000	15,000	10,500	-	-	-	275,500	-	-	-	-	-	-	-	275,500	-
Total	942,603	60,000	28,500	-	-	-	1,031,103	-	-	-	-	-	-	-	1,031,103	-
Third: Executive Members:																
Abdulaziz Abdullah Saleh Al Othaim	200,000	-	-	-	1,146,000	-	1,346,000	-	500,000	-	-	-	500,000	-	1,846,000	-
Yousef Mohammed Nasser Al-Gafari	39,452	-	-	-	-	-	39,452	-	-	3,675,000	-	-	3,675,000	235,880	3,950,332	-
Total	239,452	-	-	-	1,146,000	-	1,385,452	-	500,000	3,675,000	-	-	4,175,000	235,880	5,796,332	-
Total	1,777,809	99,000	34,500	0	1,146,000	0	3,057,309	0	500,000	3,675,000	0	0	4,175,000	235,880	7,468,189	-



✓ Details of the five top executives who obtained highest remunerations, including Chief Executive Officer and Financial Executive Director for the year 2017:

	Fixed Remuneration				Variable Remuneration						Total reward of the executives	total summation	
	Salaries	Allowances	In-kind benefits	Total	Periodic bonuses	earnings	Short - term incentive plans	Long - term incentive plans	Shares granted	Total			End of service benefits
Rewards and remunerations paid to the five top executives, including Chief Executive Officer and Financial Director	5,193,183	-	-	5,193,183	2,766,000	-	3,675,000	-	-	6,441,000	235,880	239,452	12,109,515
Total	5,193,183	-	-	5,193,183	2,766,000	-	3,675,000	-	-	6,441,000	235,880	239,452	12,109,515



✓ **Details of the remuneration of members of the Audit Committee:**

s	Name	Fixed remunerations (except the allowance of attending sessions)	Allowance of attending sessions	Total
1.	Fahd Abdullah Saleh Al Othaim	25,000	7,500	32,500
2.	Bandar Nasser Hamad Al Tamimi	17,603	4,500	22,103
3.	Saleh Mohammed Saleh Al Othaim	25,000	7,500	32,500
4.	Abdulaziz Ibrahim Al Nwaiser	25,000	6,000	31,000
5.	Abdulaziz Saleh Abdullah Al Redbi	17,603	4,500	22,103
Total		110,206	30,000	140,206

✓ **Details of the remuneration of members of the Remuneration and Nomination Committee:**

s	Name	Fixed remunerations (except the allowance of attending sessions)	Allowance of attending sessions	Total
1.	Abdullah Ali Abdullah Al- Dubeikhi	17,603	1,500	19,103
2.	Abdullah Saleh Ali Al Othaim	25,000	3,000	28,000
3.	Fahd Abdullah Saleh Al Othaim	25,000	3,000	28,000
4.	Bander Nasser Hamad Al Tamimi	25,000	3,000	28,000
5.	Bandar Suliman Mohammed Al Bohairy	-	-	-
Total		92,603	10,500	103,103

Twelve: the role of the company and its social contribution: Based on the company's role in the social responsibility, the Company pays full attention to the distinct and broad in various community service activities, and offers many programs and continuing in various fields, where the Company contributed and supported a number of programs, including the following:

- a) **Al Othaim Training & Development Academy:** Al Othaim Training & Development Academy for free, was established under the supervision of the General Organization for Technical and vocational Training in the year 1420H, and managed to train and qualify since its establishment up to date more than (54,112) young Saudis "men and women", where Al Othaim companies & other companies of the private sector benefited from these programs. Also, the Academy signed a number of partnerships, including training partnership for children of the charitable Society of orphans (Insan), which aims to train orphans sponsored by the society, in addition to that, the Academy trained a number of disabled people and employed them in a various branches of the company, in addition to many social programs that aim to serve community, the spending of the company to support the Academy during the year 2017G was 1,211,942.00 SR compared to 1,351,289.00 for the year 2016G.
- b) **Social activities and charity works:** The company contributed in a number of social projects and charities and participated in events and the national festivals, where the company continued issuing charity cards (Sanabel Al Khair card) to meet the demand from donors and their eagerness to donate and to ensure the delivery of their donations to the beneficiaries directly and in a proper way, which is an interesting option for charities and men of righteousness and donors to provide support to the needy and to ensure spending their donations on basic needs. The company has also contributed in supporting many charities by offering discounts to those associations. The total value of the discount provided by the company to these charities during 2017G, it was (12,000,818.00) SR compared to (12,934,567.00) SR for the year 2016G. Also, the company participated and sponsored some activities and national events in most regions of the Kingdom, including sponsoring concert of Orphan Care Association in the International Day of Disability, event of My health is between food and medicine at the branch of Afif on the occasion of the International Volunteer Day, the Initiative of Orphan Association in Al Sharkia (Benaaf), the Initiative of Zahra Association for Breast Cancer Awareness during October, where booklets were hanged in the large branches at Riyadh city, distributing awareness brochures and booklets to the visitors of the branches. Afforestation campaign in the governorate of Afif, and extensive health campaign of Dengue



fever in the branches of Jaddah. Event of Saudi Cancer Association by hanging booklets in the entrances of the branches, campaign of Seasonal flu vaccination in cooperation with the branch of the ministry of health at the Wadi Al - Dawasir Governorate, event of Saudi Association for liver patients (Kabdak) in the International Day of Liver Patients via social media websites, awareness event in the International Postal Day with the Saudi Post via social media, campaign of Share Joy with Tied and Children Disability Association, event of start your day healthy in the International Day of Health, for the employees in the administrative public buildings.

- c) **Donation of the Rest of Halala (riyal fractions):** The company continued in 2017G as the first retailer its initiative " Donate the rest of Halala" that launched in an automated technique through the point of Sale since 2008, and it believes in the promotion and assurance of the culture of social responsibility and its commitment to serve the society, for this reason, a special system for the project has been developed and considered as one of the leading project which was appreciated by Company customers. During the year 2017G many of the charities in the Kingdom had benefited from the project .Also a new charities had been added to expand the scope of benefits, and the total customers donation through this project in 2017G amounted (1,106,431.00) compared to (989,326.00) for the year 2016G.
- d) **Iktissab Cooperative program and special categories:** A largest charitable initiative adopted by the company through Iktissab under the name (Iktissab Cooperative program) has been launched to serve many categories, including employees of the Social charities and fund charitable and retirees, the disabled and divorcees and widows, orphans and the children and families of martyrs and released, people with limited income and others with a total amount of (1,846,406.00) SR for the year 2017 G, Compared to (2,225,691.00) SR for the year 2016G.
- e) **Support to Protectors of the homeland:** The Company during the year provided special discount for military and security men up to 10% of the their purchases value at all Al-Othaim Markets branches in the Kingdom.

Thirteen: Describing the main activity of the company:

Abdullah Al-Othaim Markets Company is a major player in the retail and wholesale food industry in the Kingdom of Saudi Arabia, the company introduced a good marketing experience through competitive pricing, exceptional service, and quality. The company's main activity is concentrated in the area of wholesale and retail food, as well as engaged in real estate investments which are explained in details in the segmental information item (Eighteenth) of this report.

1) Describing the main activities of the company and its effects in the size of the company's business and its contribution to the results as following (in thousands):

Description of the activity	Revenues of the activity	percentage
Selling Activity of wholesale and retail of food and consumer goods	262,600	58%
Real estate investment activity	74,956	17%
Net income from non-continuing operations after Zakat	111,941	25%
Total	449,497	100%

2) Describing the main activities of the subsidiaries and the size of the business as following:

- a) **Haley Holding Company:** Limited Liability company, operating under Commercial Registration no. 1010314228 issued from Al Riyadh city on 9 Ramadan 1432 H (corresponding to August 9, 2011G), its major activities are represented in participating in the companies by percentage that enables prevailing it, and for wholesale and retail trade of food products, flour, rice, meats, fishes, dishes, computer services (applicable systems and information databases), imports and exports services, marketing to third parties, maintenance of training and entertainment, cooked/uncooked ration services.
- b) **Global Marketing Center Company:** Limited Liability company, operating under Commercial Registration no. 1010314201 issued from Al Riyadh city on 9 Ramadan 1432 H (corresponding to August 9, 2011G), its major activities are represented in participating in the companies by percentage that enables prevailing it, and for wholesale and retail trade of food products, flour, rice, meats, fishes, dishes, spare parts of cars, computer services (applicable systems and information databases), imports and exports services, marketing to third parties, maintenance of training and entertainment, cooked/uncooked ration services.
- c) **Seven Services Company:** Limited Liability company, operating under Commercial Registration no. 1010320848 issued from Al Riyadh city on 2 Muharram 1433 H (corresponding to November 27, 2011G), its major activities are represented in imports and exports, wholesale and retail trade of clothes and sportswear, traditional jewels, sewing kit, bags, leather products, decoration materials, false ceilings, cars' spare parts, agricultural crops, services of imports and exports,



marketing to third parties, establishing agricultural projects, establishing, managing and operating bakeries and cafes.

- d) Bayt Al Watan Company:** a limited liability company operating under Commercial Registration No. 1010320847 issued by Riyadh City on 2 Muharram 1433H (corresponding to November 27, 2011 G) Its main activities are importing, exporting and wholesale and retail vegetables, Fruits, fish, milk, cheese, dairy products, animal fats, olives, halva, pasta and soft drinks. In addition to: Import and export services, marketing for third parties, maintenance of training and recreational centers, sports centers and general contracting for Public buildings (establish, Repair, demolition and restore) and electrical and electronic works.
- e) Mrafiq Company:** A limited liability company operating under Commercial Registration No. 1010321917 issued by Riyadh City on 15 Muharram 1433 H. (Corresponding to December 10, 2011 G). Its main activities are in the general contracting of buildings, construction, demolition, roads, main roads, streets, bridges, excavation, arming and carpentry works.
- f) Abdullah Al Othaim Markets Company - Egypt:** An Egyptian joint stock company operating under Commercial Registration No. 55010 issued by the Arab Republic of Egypt, Dated 20 Dhu al-Hijjah 1432 H. Corresponding to November 16, 2011 G. Its main activities are wholesale, retail and general trade.
- g) Thamarat Al-Qassim Company:** A limited liability company operating under Commercial Registration No. 1010378315 issued by the city of Riyadh on 30 Rajab 1434 H. (Corresponding to June 9, 2013.) Its main activities are the cultivation of vegetables, fodder, livestock and poultry. Import, export and marketing services for non-residents, purchase of land for the construction of premises and investment in selling or renting, and exploiting real estate and land for the interest of the company.
- h) Shorofat Al Jazira Company:** a limited liability company operating under Commercial Registration No. 1010228732 issued by Riyadh City on 2 Safar 1428 H. (corresponding to November 19, 2007) its main activities are general contracting and operating malls.
- i) Mueen Recruitment Company:** Its a Saudi closed shareholding company Registered on 6 Ramadan 1436H (corresponding to June 23, 2015) in the city of Riyadh, Commercial Registration No. 1010435202 its main activities are providing recruitment services with regards to domestic workers, public and private sectors' workers, under the license of The Ministry of Labor no.24 SAE dated on 23 Dhu al-Hijjah 1436 H. corresponding to October 16, 2015.

Describing the activity	Revenues of the activity*	percentage
Abdullah Al - Othaim Markets Company	8,030,908	98%
Haley Holding Company	-	0%
Global Marketing Center Company	-	0%
Seven Services Company	37	0%
Bayt Al Watan Company	-	0%
Marafiq Company	-	0%
Abdullah Al Othaim Markets Company-Egypt	81,896	1%
Thamarat Al Qassim Company	979	0%
Shorofat Al Jazira Company	-	0%
Mueen Recruitment Company	59,010	1%
Total	8,172,830	100%

*Net revenues after excluding the reciprocal operations between the group of companies.

3) The Investments of the Company: The Company has the following investments:

- a) Investments in companies according to ownership rights:**
- The Company invests in Abdulla Al-Othaim Real Estate Investment & Development Company (A closed Saudi Joint Stock Company). It owns 13.65% of the share capital with an initial investment of 136,538,000 SR due to increase of the share capital of the company invested To 1,000,000,000 SR. The main activities of the company is



managing and operating shopping malls and entertainment centers in addition to real-estate development, where the Company share in the net profits of the investee for the year 2017 G amounted 38,650,101 SR compared to 29,771,431 in 2016 G. The Company's share in net profits for the year 2017G amounted 38,650,101 SR compared to 29, 771,431 SR for the year 2016G. The company's share of the distributed cash profits during the year 2016G amounted 28,673,086 SR, no profits were distributed for the year 2017G.

- The Company invests in Riyadh Food Industries Company (a Saudi Joint Stock Company) with a 55% ownership interest. Through its subsidiary, Bayt Al Watan Company, the nominal value of the investment is 55 million SR. The main activities of the company are the establishment of buildings and industrial facilities, Invest in the benefit of the company, operation, maintenance and development of factories for others, marketing food and consumer products, and importing and exporting food and consumer goods The Company's share of the net profits for the year 2017 amounted to 2,848,368 SR compared to a loss of 10,437,054 SR for the year 2016. It has not yet consolidated its financial statements with the financial statements Bayt Al Watan Company (subsidiary), After application of the International Financial Reporting Standards in 2017/1/1 because the conditions of control are not applicable in accordance with these standards.
- The Company invests in Al Wasta Company for food industries (limited liability Company) with a 25% shareholding and an investment of 25,000,000 SR which was established in the year 2015 Its main activity is the management and operation of restaurants The company's share of losses in 2017 amounted to 1,446,459 SR Compared to a net profit of 71,048 SR for the year 2016.

b) Investments in available-for-sale securities:

- The company invests in the National Laboratories Company Limited (a limited liability company) with a 6% shareholding and an investment of 3,400,000 SR. The company was established during 2009. Its main activity is the management and operation of food analysis laboratories, medicines, gas, petroleum materials, petrochemicals and providing the technical services in this field, the main branch of the company is located in Al Damam city, the share of the company in the accumulated losses since its establishment till 31/03/2017 amounted 1,075,606 SR.
- The Company has a portfolio of shares to invest in shares of Saudi companies as available-for-sale securities with a market value of 482,468 SR as at 31 December 2017. It has decreased by 22,440 SR compared to a decrease of 60,750 SR for the year 2016.
- The Company has a portfolio of investments in Baith IPO Fund managed by Saudi Finance House Kuwait against a subscription of 1 million investment units valued at 10 million SR with a market value of 6,591,300 SR as at 31 December 2017 and a decrease of 889,200 SR compared to a decrease of 1,593,200 SR for the year 2016.
- The company invests in the South European Investment Company registered in the Republic of Bosnia and Herzegovina (a limited liability company) with 18% ownership and an investment of 900 thousand Euros (4.54 million SR) The company's activity is to invest in real estate, development, tourism and renewable energy. The company also provides financial, technical and administrative advisory services to the various business sectors The company's share of the cash dividends distributed during the year 2016 amounted to 345,928 SR compared to 367,958 SR during the year 2015. A fair value provision of 800,000 SR was made during 2017 and the South Europe Investment Company transferred SR 1.55 million as a reduction of capital is not the distribution of profits during the year 2017.

Fourteen: Company Strategy, Plans and Decisions:

a) General Strategic Framework and Company Plans:

The overall strategy of the Company is to increase its market share in the food and consumer market within Saudi Arabia through the opening of new branches or the development of its existing branches to increase its sales And diversify their investments in an integrated manner through the entry of supplementary activities for the main activity such as agricultural and industrial activities and labor recruitment services and the introduction of new advanced technologies in retail trade. In 2017, the company opened 30 branches in different cities in the Kingdom, replacing two branches of the existing branches in Riyadh, (187) branches by the end of 2017 has been expanded and the development of some of the existing branches in order to provide better service to its customers and plans the company, God willing, to increase the number of branches in 2018, the opening of 23 new branches, which is expected to contribute to The birth of the company's sales and market share and promote the introduction of new and advanced technologies in the retail trade The company opened (22) branches at the Arab Republic of Egypt during the year 2017, the value of the investment in Egypt till the date 31/12/2017 amounted 40,180,192 SR.



b) The Most Important Decisions:

In supporting the role of the Board of Directors in performing its responsibilities and tasks, seeking towards achieving distinguished performance, during the year 2017 the council took several decisions and works, most notably:

1. Approving plans, setting policies, objectives, main strategic directions of company and supervision on implementing them such as:
 - ✓ Put Performance objectives and performance control and overall performance in the company, and ensuring the availability of human and financial resources to achieve them.
 - ✓ Determine the optimal capital structure of the company and financial objectives and approve financial results and budgets.
 - ✓ Approving the company's estimated budget for the fiscal year 2018.
 - ✓ Approve the plan to extend in different locations and cities by taking advantage of the good and appropriate opportunities, thus contributing to increasing their expansion and spread and raising their market share.
2. Approve the recommendation of the General Assembly to the shareholders of the Company to amend Article (11) of the Statute by removing restrictions on non-Saudi investors.
3. Approve the recommendation to the General Assembly of shareholders to distribute cash dividends to shareholders of (2) SR per share for the year 2016, for a total amount of 90 million SR.
4. Approve the distribution of interim dividends to the shareholders of the Company for the first half of 2017 at (2) riyals per share and a total amount of (90) million SR.
5. Approve the adoption of the annual report of the Audit Committee and the Remuneration and Nominations Committee for its work for 2017.
6. Recommending to the General Assembly the approval of "candidates for membership of the Audit Committee, adoption of its Rules of Procedure and Rules of Procedure of the Remuneration and Nominations Committee.
7. Updating some of the internal policies, regulations and procedures that ensure that the Company complies with the rules and regulations and its obligation to disclose the material information related to the Company's work and the development of water from Bina, including but not limited to "grievance policies and settlement of complaints with stakeholders, the internal control system, Violation policy in financial reporting and governance regulations Risk Management Policy".
8. Approve the resignation of the former member of the Council, Mr. Yousef Bin Mohammed Al-Gafari, and appoint the honored member of the Council Eng. Abdullah Bin Ali Al- Dubeikhi in the vacant place and approved by the General Assembly.
9. Appointment of the Honorable Council Member / Fahd Bin Abdullah Al-Othaim - Vice-Chairman of the Board of Directors and Honorary Board Member / Abdullah Bin Ali Al-Dubeikhi - Chairman of the Remuneration and Nominations Committee.

Fifteen: Risks:

The Company's activity, financial position, operating results, cash flows and its future forecasts might be affected negatively if exposed to any of the following risks or any other unknown risks at the present time:

1. Affected the spending of individuals Affected, institutions and companies representing clients has been affected by economic changes. Which could lead to reduction in purchasing power and lower spending.
2. The company and the business sector affected by political and security fluctuations in the region as a whole.
3. The loss resulting from the failure of a customer or counterparty to meet its financial obligations to the Company and where the Company is engaged in its principal activity (retail), The policy of non-sale of the future these risks do not affect them, but the Company has a real estate rental activity that may result in The ability of the counterparty (lessee) to pay its liabilities.
4. The risk of fluctuating exchange rates, speculation and fluctuations in the prices of commodities and raw materials in the field of domestic and international nutrition, where the Company does not cover the risks arising from exchange rate fluctuations.
5. Adverse changes in relevant laws and regulations.
6. The risks involved in approving any taxes and raising the prices of energy fees and the like and their impact on the company.
7. The risks of natural disasters such as floods, earthquakes and other natural events.
8. The risks that may arise if the company is unable to keep abreast of the progress of electronic marketing techniques to maintain its market share.
9. Risks related to legal disputes which may result from the parties which the company deals with.
10. Risks related to protecting the information technology systems.
11. Risks related to competition and increasing its sharpness in case of opening direct investment to the foreign investor in the field of the company's work.
12. Risks result from fraud and theft-God Forbids.
13. Risks of poor storage: storing goods and products, keeping it in a way which Are difficult to deal with which could cause the company losses in stock.
14. Risks related to the effect of the seasonal factors on the revenues of the company.
15. Risks related to not providing trademark protection for the company, And, God forbid, any violation of the right to use or unlawful use by third parties and any claims or claims arising therefrom.
16. The risks associated with the inability of the Company and for reasons beyond its control to obtain the licenses, the date and the certificates necessary for its activity and not to renew it.



17. Import and export risks, market dumping, unexpected customs duties and the impact on competitiveness and product availability.
18. The risks associated with the inability of the company to settle jobs at the required rates of legislators since a large proportion of the workforce in the company is confined to the jobs of workers branches and warehouses and affected the company - God Almighty - the consequences of the process of Emiratization of wages and leaks of employees.

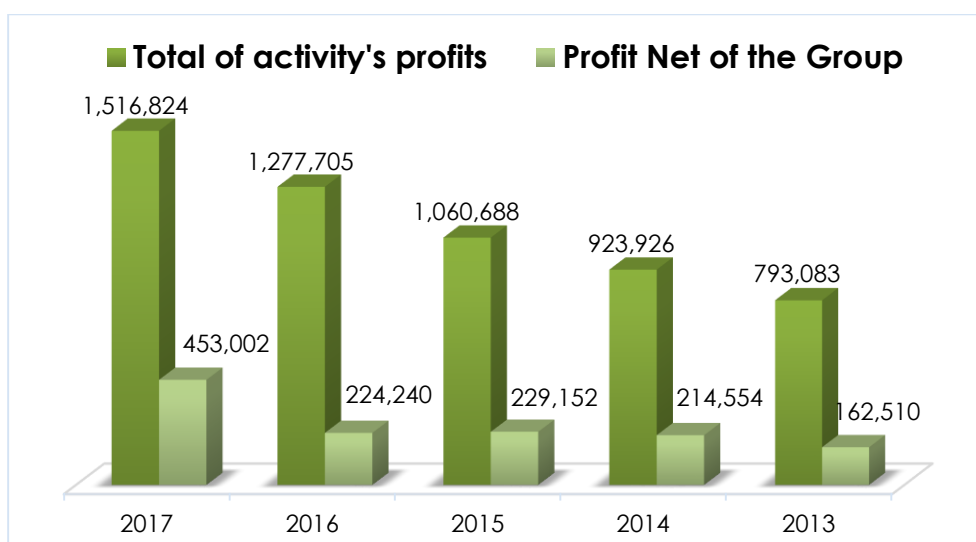
The company adopts a risk management policy that clarifies and identifies the strategic objectives, procedures and processes that are followed to achieve these objectives, and establishes a clear framework and approach in the application of the mechanisms and processes that are followed to identify and assess the risks inherent in all operations within the company and its monitoring and hedging mechanisms, And determine the quality of reports that will be submitted to senior management for appropriate decision making. The objective of the policy is to develop a comprehensive and clear risk management framework based on best practices, to develop and develop a common understanding of risk, to assess the exposure of different departments to risk and to take appropriate action to reduce them, and to assist those departments within the Company in improving controls and control measures to minimize and / Or containing potential risks that adversely affect or result in financial losses. The Company's Board of Directors oversees the mechanism of implementing a comprehensive risk management framework within the process of strengthening and strengthening internal controls and control of the Company through a policy and procedures aimed at identifying, addressing and controlling Operational, non-operational and non-operating risks in all of the Company's business and activities. The most important tools used to identify and measure risks are self-assessment of risks and The main risk indicators and the collection and analysis of the nature of the losses (quantity or quality) resulting from these risks and the establishment of higher and lower ratios within the Risk Appetite Statement.

Sixteen: Summary of the financial results of the company for the period 2013 till 2017:

a) Description of revenues and profits of the company (in thousands riyals)

Statement	2017*	2016*	2015	2014	2013
Activity's revenues	8,172,830	7,132,374	6,098,018	5,304,701	4,630,807
Activity's expenses	(6,656,006)	(5,854,670)	(5,037,330)	(4,380,775)	(3,837,724)
Total of activity's profits	1,516,824	1,277,705	1,060,688	923,926	793,083
Administrative, general, marketing and funding expenses	(1,208,484)	(1,056,209)	(859,962)	(728,591)	(658,140)
Revenues and other expenses-net	43,567	20,101	33,749	24,508	32,167
Zakat and taxes	(10,846)	(8,107)	(5,323)	(5,289)	(4,600)
Net profit of the continuous operations after Zakat	341,061	233,490	229,152	214,554	162,510
Net profit of the non-continuous operations after Zakat	111,941	(9,250)	0	0	0
Net profit for the year for the group	453,002	224,240	229,152	214,554	162,510
Return profit to the contributors of the mother company	449,497	228,074	230,875	214,779	162,640
Profit (loss) attributed to non-controlling interest	3,505	(3,834)	(1,723)	(225)	(130)

*The numbers between the years 2016 and 2017 have been displayed according to the international standards of the financial report.



- Statement of revenues and other expense-net (in thousands riyals):

Statement	The fiscal year ended in 31 December	
	2017	2016
Share of the company in the net profits of associated companies	38,673	14,928
Share of the company in the profits distribution of financial assets measured by the fair value through income and profits in the short term investments	915	996
Other-Net	3,979	4,177
Total	43,567	20,101

- The Most Major Financial Indicators:

Statement	2017	2016	2015	2014	2013
Returning on revenues	5.50%	3.20%	3.79%	4.05%	4.16%
Returning on Shareholders' equity	32.97%	19.52%	22.45%	22.55%	23.90%
Returning on assets	13.42%	7.08%	8.47%	9.11%	9.62%
Rate of sales growth	14.64%	18.82%	14.93%	14.70%	11.56%
Rate of net profit growth	97.08%	(1.21%)	7.49%	11.57%	12.07%
Share profit of net income-riyal	9.99	5.07	5.13	4.77	4.28
Profit of the returned share for the shareholders of the mother company in the continuous operations-riyals	7.50	5.25	0.00	0.00	0.00

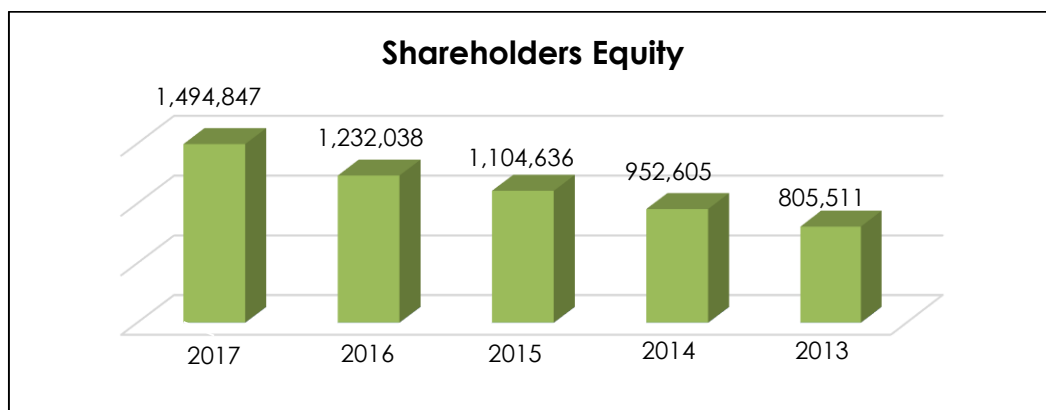
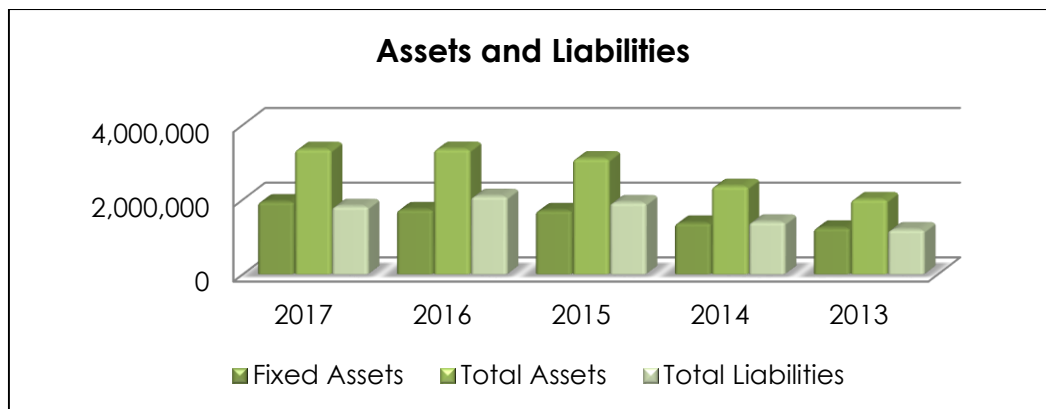


Earnings per share for the year 2013 have been restated for comparison purposes due to the increase in the share capital of the Company from 22.5 shares to 45 million shares, which were approved in the Unusual General Assembly Meeting dated on 6 April 2014.

b) Assets, Liabilities and Rights of Shareholders (in thousands riyals):

Item	2017*	2016*	2015	2014	2013
Current Assets	1,165,111	1,397,868	1,200,772	786,143	568,647
Current liabilities	1,642,831	1,591,753	1,451,977	1,219,385	1,011,167
Current Capital	(477,720)	(193,885)	(251,205)	(433,242)	(442,520)
Investments in associates and others	239,850	220,405	186,290	196,288	193,567
Fixed Assets	1,941,874	1,732,247	1,707,112	1,372,782	1,239,824
Total Assets	3,346,834	3,350,520	3,094,174	2,355,213	2,002,038
Current liabilities	1,642,831	1,591,753	1,451,977	1,219,385	1,011,167
Long term loans	73,000	412,287	399,500	125,000	135,000
Other liabilities	103,270	83,353	69,945	56,579	48,491
Total Liabilities	1,819,101	2,087,392	1,921,422	1,400,964	1,194,658
Paid Capital	450,000	450,000	450,000	450,000	225,000
reserves and retained earnings, and unrealized profits	1,044,847	782,038	654,636	502,605	580,511
Total equity of shareholders	1,494,847	1,232,038	1,104,636	952,605	805,511
owner's equity of non-controlling interests	32,887	31,091	68,116	1,645	1,870
Total liabilities and owner's equity	3,346,834	3,350,520	3,094,174	2,355,213	2,002,038
Average of parent shareholders' equity	1,363,442	1,168,337	1,028,621	879,058	742,781

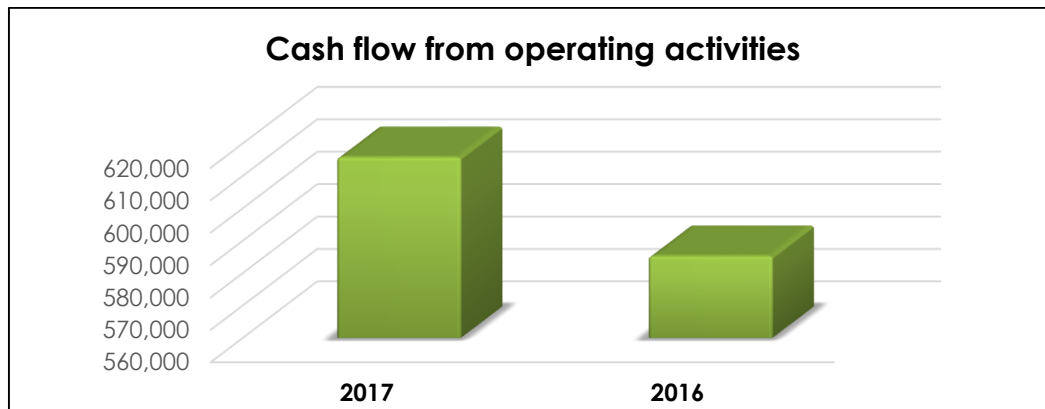
*The numbers between the years 2016 and 2017 have been displayed according to the international standards of the financial report.





c) Cash flows (in thousand riyals):

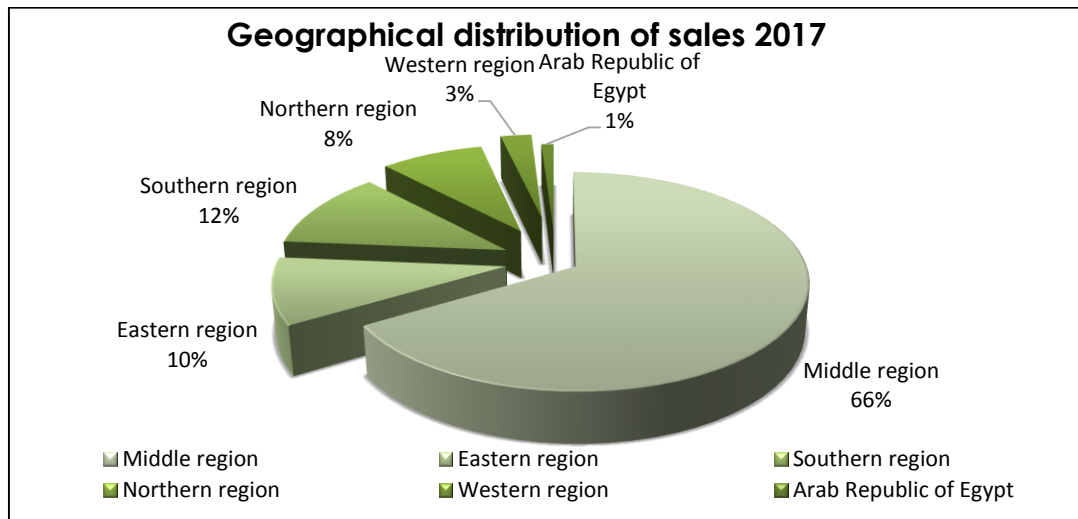
Cash flow	Fiscal years ended in 31 December	
	2017	2016
Cash flow stated in the operating activities	615,769	585,254
Cash flow used in the investment activities	22,261	(496,145)
Cash flow used in the financing activities	(662,363)	(124,680)
Increase (shortage) in cash	(24,333)	(35,571)
Cash balance at the beginning of the year	288,285	323,856
Cash balance at the Ending of the year	263,952	288,285



Seventeen: Geographical distribution for the revenues of the company and its affiliated companies:

a) Revenues of the company:

Region	2017		2016	
	revenues	percentage	revenues	percentage
Middle region	5,430,552	66%	4,917,615	69%
Eastern region	811,223	10%	734,759	10%
Southern region	947,063	12%	688,193	10%
Northern region	691,582	8%	562,468	8%
Western region	210,514	3%	196,381	3%
Arab Republic of Egypt	81,896	1%	32,958	0%
Total	8,172,830	100%	7,132,374	100%



b) Revenues of the subsidiary:

Geospatial Analysis of the total of revenues of the subsidiary							
Year	Region	Middle region	Eastern region	Southern region	Northern region	Western region	Total
2017	Revenue	60,026,477	-	-	-	-	60,026,477
	Percentage	100%	-	-	-	-	100%
2016	Revenue	40,764,924	-	-	-	-	40,764,924
	Percentage	100%	-	-	-	-	100%

Eighteen: sectoral data:

The main activities of the company are concentrated in the wholesale and retail trade of foodstuffs and the company operates in Saudi Arabia, in addition to the real estate investment sector. Some of the selected information for the two financial years 2016 and 2017 for each sector of business were summarized (in thousand riyals):

Statement / In thousand SR	Retail and Wholesale		Real Estate and Leasing		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment, net	1,378,116	1,221,173	-	-	50,332	43,418	1,428,448	1,264,591
Investment properties, net	-	-	505,713	458,145	-	-	505,713	458,145
Investment properties for sale	-	-	-	-	266	219,066	266	219,066
Intangible assets, net	7,713	9,511	-	-	-	-	7,713	9,511
Total assets	2,455,239	2,300,848	528,039	467,378	363,556	606,454	3,346,834	3,374,679
Total liabilities	1,764,826	2,073,498	21,331	23,647	32,944	14,406	1,819,101	2,111,551
Sales outside the company	7,981,568	7,004,459	-	-	59,989	10,079	8,041,557	7,014,537
Sales and revenue between sectors	-	31,987	545	-	135,544	125,934	136,089	157,920
Rental income outside the company	-	-	131,273	117,837	-	-	131,273	117,837
Gross profit and rental income net	1,413,571	1,205,576	74,956	66,409	28,298	5,720	1,516,824	1,277,705
Operating profit	240,055	180,165	74,956	66,409	7,489	(10,065)	322,499	236,508
Profit (loss) of non-continuous operations	-	-	-	-	-	-	111,941	(9,250)



Nineteen: Explanation of any significant differences in the operating results from the results of the previous year or any expectations announced by the company:

Statement	2017	2016	the change	Percentage change
Sales / Revenue	8,041,557	7,014,537	1,027,020	15%
Cost of sales /revenue	(6,599,689)	(5,803,241)	(796,448)	14%
Gross profit	1,441,868	1,211,296	230,572	19%
Other operating income	74,956	66,409	8,547	13%
Operating expenses- Other	(1,194,325)	(1,041,197)	(153,128)	15%
Operating profit	322,499	236,508	85,991	36%

The company's consolidated net profit for the fiscal year rose 2017 in the rate of 97.09 % Compared to the previous year mainly due to:

- Sales growth by 14.64 % from existing and new branches.
- Profit margin improved.
- Increase rental income due to increased leasing space.
- The non-recurring profits that resulted from the sale of a shopping mall in the city of Hail in a year 2017 to an associate in accordance with the resolution of the shareholders' 19 / 04 / 2017 M, and the financial impact of the capital and operating profit of the compound on the year 111.94 Million riyals. This financial impact is reflected in the non-continuous income statement, after excluding the unrecognized gain because the Company owns 13.65 % of the shareholders equity in the associate company Abdullah Al Othaim Real Estate Investment and Development (Buyer).
- The performance of the subsidiary and associates improved as a result of the discontinuation of certain loss-making activities.
- The results of the comparison year included recording a loss in an associate as a result of a fire in one of its factories which had an effect on the results of the previous year 8.6 Million riyals.

Twenty: Accounting Standards approved by the Saudi Organization for Certified Public Accountants:

The Board of Directors of the Saudi Organization for Certified Public Accountants ("the Authority ") was adopted in 2008 2012 M (corresponding to 1433 E) A plan for transition to accounting standards as well as international auditing standards . In accordance with this decision of the Commission, the application of the international standards for the financial report adopted by the Commission was completed as of the beginning of p or 2017 The companies listed on the financial market. Accordingly, the Company's first annual financial statements prepared in accordance with international financial reporting standards will be those of the year 2017 M. Therefore, the history is considered 01 / 01 / 2016 M is the date of transition to IFRS as it marks the beginning of the comparative period for the first annual financial statements prepared in accordance with International Financial Reporting Standards.

The main changes resulting from the transition to international standards for the financial report are as follows: The consolidation of the financial statements of Riyadh Food Industries Company with the Group's lists as of the beginning of the application of the International Financial Reporting Standards 1 / 1 / 2016 In accordance with International Accounting Standard No.(28)" Investments in Associates and Joint Ventures ". The initial financial position was prepared as of 1 January 2016 Excluding the financial statements of the company Riyadh Food Industries from the consolidated financial statements of the company as the group does not control the Riyadh Food Industries Company in accordance with the requirements of the International Standard for Financial Report No. (10)"The consolidated financial statements ".

- Amend the presentation and public disclosure to comply with international financial reporting standards.
- Add the comprehensive income statement.
- Add additional disclosures to the consolidated financial statements.
- Adjustment and addition of certain accounting policies to comply with international financial reporting standards.
- The capital work under construction related to investment properties is classified under investment properties since these properties represent investment properties under construction.
- In accordance with the previous policies for the calculation of employees' end of service benefits, the end of service liability is calculated on the basis of the period in which the employee commits the service in accordance with the requirements of the Saudi Labor Law. In accordance with International Financial Reporting Standards, the calculation of the value of the obligation includes making reliable estimates of the cost to the Company for the end of service benefits that the employee is expected to receive for his expected service period using actuarial assumptions.



Twenty-first: a statement of the subsidiaries and state of incorporation, the activity of the company and the percentage of ownership and capital:

Sl. No.	The Company's name	Country Incorporation	The legal form of the company	Type of activity	The State in which it is engaged	Proportion of ownership (direct and indirect)	Number Shares/Quotas	Par Shares/Quotas	Capital according to the nominal value of shares /quotas -In Saudi Riyal
1.	Haley Holding	Saudi	Limited liability	Companies Management	Saudi	100 %	10,000	100	1,000,000
2.	Global Marketing Center Holding	Saudi	Limited liability	Companies Management	Saudi	100 %	10,000	100	1,000,000
3.	Seven services	Saudi	Limited liability	import and export	Saudi	100 %	10,000	100	1,000,000
4.	Bayt Al Watan	Saudi	Limited liability	import and export	Saudi	100 %	500,000	100	50,000,000
5.	Marafiq	Saudi	Limited liability	General Contracting & Maintenance	Saudi	100 %	500	1000	500,000
6.	Al Othaim Markets Egypt	Egypt	Closed Shareholding	Wholesale and retail trade	Egypt	100 %	500,000	41.16	20,578,726
7.	Shorofat Al Jazira	Saudi	Limited liability	General contracting, maintenance and operation	Saudi	100 %	500	1,000	500,000
8.	Thamarat Al-Qassim	Saudi	Limited liability	Agricultural and animal activity	Saudi	100 %	200,000	100	20,000,000
9.	Mueen Recruitment	Saudi	Closed Shareholding	Provision of labor services	Saudi	68 %	1,000,000	10	100,000,000

* All Shares and Quotas Ordinary

* No debt instruments issued by the subsidiaries

Twenty-second: Distribution of earnings and dividends policy, which will be distributed:

1. Policy Company at distribution Earnings:

The Company follows a policy in the distribution of annual net profit in accordance with Article (46) of its Articles of Association, after deducting all general expenses and other costs as follows:

- To avoid (10%) Of the net profit to form a statutory reserve, and the Ordinary General Assembly, according to this retainer when the reserve was mentioned (30%) Of the paid - up capital.
- Ordinary General Assembly may, upon the proposal of the Board of Directors to avoid the percentage does not exceed (20 %) Of the profits to create a reserve agreements and customize it for the purpose or particular purposes.
- The General Assembly may decide to make other reserves, to the extent that it serves the interests of the Company or ensures the distribution of fixed profits as much as possible to the shareholders, and the said Assembly to deduct from the net profits amounts for the establishment of social institutions for the company's employees or to help the existing ones.
- Distributed from the rest then down payment to shareholders equal to (5%) Of the paid - up capital at least.
- After allocating the remuneration of the members of the Board of Directors and the approval of the General Assembly and the decisions issued by the competent authorities, the remainder shall be distributed to the shareholders as an additional share of profits or to the coming years as approved by the General Assembly. The Company may distribute interim dividends to its shareholders quarterly or semi-annually in accordance with the regulatory controls and procedures issued in this regard by the competent authority.



2. The ratio of profits distributed to shareholders during the various periods of the fiscal year in addition to the percentage of profits proposed to be distributed at the end of the financial year and the total of these profits:

Ratio of profits	Dividends distributed during the year		Proposed of Ratio of profit to be distributed at the end of the year	Total dividends distributed and proposed for distribution
	30/04/2017	18/10/2017		
The ratio	20%	20%	30%	315,000,000
Total	90,000,000	90,000,000	135,000,000	

Twenty-third: Interest in shares and tools of the company's debt to the members of the Council and senior executives:

- a) Description of any interest in the shares and instruments of the Company's debt attributable to the members of the Board of Directors and their relatives in the shares or instruments of the debt of the company or any of its subsidiaries and the change that occurred during the year:

s	The name of who have interest	Beginning of the year 2017		End of the year 2017		Net change	Percentage change
		Stock	Debt instruments	Stock	Debt instruments		
1.	Abdullah Saleh Ali Al Othaim	2,700,000	0	2,700,000	0	0	0%
2.	Bandar Nasser Hamad Al-Tamimi *	2,866,472	0	2,866,472	0	0	0%
3.	Saleh Mohammed Saleh Al Othaim	1,000	0	1,000	0	0	0%
4.	Abdullah Ali Abdullah Aldbekhi	0	0	0	0	0	0%
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	2,000	0	2,000	0	0	0%
6.	Abdulaziz Saleh Abdullah Al Rebdai	2,000	0	2,000	0	0	0%
7.	Fahd Abdullah Saleh Al Othaim	2,000	0	2,000	0	0	0%
8.	Abdulaziz Abdullah Saleh Al Othaim	1,000	0	1,000	0	0	0%
-	Yousef Mohammed Nasser Al-Gafari (former member)	2,000	0	1,000	0	1,000	50%

* The Interest return of the General Organization for Social Insurance, as represented by its Member.

- b) a description of the interest of senior executives and their relatives in the shares and instruments of the debt of the company or any of its subsidiaries and the change that occurred during the year:

s	The name of who have interest	Beginning of the year 2017		End of the year 2017		Net change	Percentage change
		Stock	Debt instruments	Stock	Debt instruments		
1.	Bahauddin Barakat Sherbeeney	12,432	-	12,4432	-	0	0%

Twenty-Fourth: Loans and Murabaha - short term Murabaha:

- a) The company has facilities with local banks group in the form of short - term Murabaha (all of which are compatible with Islamic law) to finance the working capital, with an unutilized balance of these Murabaha as at 31 December 2017 the amount of 340 million Saudi riyals, and the details are as follows: (Value in thousands of riyals):

Statement	Arab National Bank	Alawwal Bank	Samba Financial Group	National Commercial Bank	Albilad Bank
Short-term facility limit	50,000	40,000	75,000	75,000	100,000



Facilities as of 31/12/2016	-	-	-	-	-
Facilities as of 31/12/2017	-	-	-	-	-
The expiry date of the agreement	31/07/2017	12/10/2018	31/12/2017	29/09/2017	22/11/2018
Type of facilities	Short-term	Short-term	Short-term	Short-term	Short-term
Loan Term	Up to 90 days	Up to 180 days	Up to 180 days	Up to 120 days	Up to 180 days
Date of First premium					
Date of last premium					
Purpose of the loan	Working capital financing				
Guarantees	Support the order	Support the order	Support the order	Support the order	Support the order

b) Long-term loans and murabaha : The Company has medium- and long-term loans and murabaha with some local banks (Shariah compliant) as follows (Value in thousands of Riyals):

Statement	Alawwal Bank	National Commercial Bank
Total Loan	112,000	200,000
Paid during the year 2017	22,400	115,000
Total premiums paid	61,600	115,000
The loan balance at 31/12/2017m	50,836	85,742
Loan profit - Deferred	436	742
Net loan balance	50,400	85,000
Net rolling portion of loans	22,400	40,000
Loan history	30/03/2015	12/12/2016
Loan Term	5 years	5 years
Method of Payment	Quarterly	Quarterly
Premium (SR '000)	5,600	10,000
Date of First premium	28/06/2015	12/03/2017
Date of last premium	22/03/2022	01/03/2020
Purpose of the loan	Financing new branches	Financing new branches
Guarantees	Real estate guarantees	Real estate guarantees

The following table shows loans dues (Saudi Riyals):

Period	2017	2016
less than one year	62,400	187,213
From 1 to 3 years	73,000	281,427
More than 3 years to five years	0	130,860
Total	135,400	599,500

Twenty-fifth: Board of Directors meetings during the year 2017:

The Board of Directors (5) meetings during the fiscal year 2017, and the table below shows the attendance record of the Board of Directors meetings held during the year 2017:

s	Member Name / Date of Meeting	Meeting number and date					Number of attendance
		(1) 21 February	(2) 08 May	(3) 25 Sep	(4) 06 Nov	(5) 12 Dec	
1.	Abdullah Saleh Ali Al Othaim	✓	✓	✓	✓	✓	(5)
2.	Bandar Nasser Hamad Al Tamimi	✓	✓	✓	✓	✓	(5)
3.	Saleh Mohammed Saleh Al Othaim	✓	✓	✓	✓	✓	(5)
4.	Abdullah Ali Abdullah Aldbekhi	Don't apply	✓	✓	✓	✓	(4)
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	✓	✓	✓	✓	✓	(5)
6.	Abdulaziz Saleh Abdullah Al - Rebdi	✓	✓	✓	✓	✓	(4)
7.	Fahd Abdullah Saleh Al Othaim	✓	✓	✓	✓	✓	(5)
8.	Abdulaziz Abdullah Saleh Al Othaim	✓	✓	✓	✓	✓	(5)
-	Yousef Mohammed Nasser Al-Gafari **	✓	Don't apply	Don't apply	Don't apply	Don't apply	(1)

* He was appointed on 14/03/2017



** He resigned on 14/03/2017

Twenty-Sixth: The General Assemblies held during the year 2017 and the names of the members of the Board of Directors and the record of their attendance of these associations:

	member name	EGM fifth on 19/04/2017	EGM fifth on 19/06/2017
1.	Abdullah Saleh Ali Al Othaim	Present	Present
2.	Bandar Nasser Hamad Al Tamimi	Present	Didn't attend
3.	Saleh Mohammed Saleh Al Othaim	Present	Present
4.	Abdullah Ali Abdullah Aldubeikhi	Didn't attend	Didn't attend
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	Didn't attend	Didn't attend
6.	Abdulaziz Saleh Abdullah Al - Rebdi	Didn't attend	Didn't attend
7.	Fahd Abdullah Saleh Al Othaim	Present	Didn't attend
8.	Abdulaziz Abdullah Saleh Al Othaim	Present	Present

Twenty-seventh: Number of the company's request for register of shareholders:

Number of record requests	The date of request	Reasons for the request
1	31/12/2017	Corporate Actions-Annual Report 2017
1	04/10/2017	distribute profits
1	19/06/2017	General Assembly
2	19/04/2017	General Assembly / Corporate Actions
1	18/04/2017	Corporate Procedures / Dividend

Twenty-Eighth: Information on the business, contracts and transactions to which the Company is a party with the relevant parties:

Firstly: The interests of the members of the Board of Directors relating to the President of the Council / Abdullah Saleh Al-Othaim , and the members of the Board for each of the / Fahad Abdullah Al-Othaim, Abdulaziz Abdullah Al-Othaim and Saleh Mohammed Saleh Al-Othaim as follows:

1) Contracts with Othaim Holding Company:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment
Rent	trade mark	10,000	01/07/2006	5	annual
Leasing	administrative Offices	710,050	01/01/2015	5	semi annual

2) Contracts with Abdullah Al Othaim Real Estate Investment & Development Company and its subsidiaries:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment
Rent	Buraidah Branch	1,277,100	01/06/2007	20	annual
Rent	Buraidah Branch Accommodation	219,600	01/01/2009	18	annual
Rent	Al-Ahsa Mall Hypermarket	2,159,850	01/01/2007	20	annual
Rent	Hyper Market Khurais Mall	1,718,640	01/03/2008	20	annual
Rent	Al Rabwa Mall Supermarket	770,880	01/08/2009	10	annual
Rent	Warehouse Archive	21,300	01/02/2015	1	annual
Rent	Hypermarket Dammam Mall	1,922,400	01/01/2011	18	annual
Rent	Buraidah Supermarket - Akirsha	1,086,000	01/01/2012	5	semi annual
Rent	Accommodation branch -Akirsha	35,000	01/01/2012	5	annual
Rent	Supermarket Mall Onaiza	729,000	09/05/2017	10	semi annual
Rent	Mall Arar Supermarket	2,022,680	03/05/2016	10	semi annual
Rent	Hyper Market Hail Mall	2,089,120	01/08/2017	20	semi annual
Leasing	administrative Offices	742,500	01/01/2015	5	semi annual
Leasing	Nahj Al - Khayal Company	182,000	01/10/2014	1	semi annual

* Automatically renew for similar periods.



Leasing	Mall of Dammam	34,932,000	01/01/2011	18	semi annual
Leasing	Entertainment Shifa 16	102,150	01/01/2015	5	semi annual
Leasing	Entertainment Hitch 37	417,225	01/01/2010	5	semi annual
Leasing	Entertainment Swedish39	1,000,000	16/03/1435	10	semi annual

Secondly: The interests of a member of the Board of Directors Mr. / Bandar Nasser Al- Tamimi - representative of the General Organization for Social Insurance:

1) Lease contract with the General Organization for Social Insurance:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment
Leasing	Lands for Investment	5,562,500	16/01/1424	26	annual

* Automatically renew for a similar duration.

Twenty-Ninth: Regular Payments to Government Agencies (SR):

statement	In 2017 Payee
Zakat	5,018,775
Selective tax on taxable goods	4,008,470
General Organization for Social Insurance -Paid	28,912,943
The costs of residence permits and passports	7,239,228
Labor fees	12,432,508
Total	57,611,924

Thirty: Board Declarations:

1. There is no interest in the class of shares entitled to vote belong to persons who have notified the Company of those rights under Article (45) of the Registration and Listing Rules.
2. There are no categories or numbers of any convertible debt instruments, any contractual securities, warrants, rights or similar rights issued or granted by the Company during the financial year.
3. There are no rights to transfer or subscribe under convertible debt instruments, contractual securities, subscription rights notes or similar rights issued or granted by the Company
4. There is no refund, purchase or cancellation by the Company for any redeemable debt instruments
5. There is no arrangement or agreement whereby a board member or a senior executive waives any remuneration
6. There is no arrangement or agreement whereby any of the Company's shareholders waives any rights in profits.
7. There are no investments or reserves created for the benefit of source employees.
8. **The Board of Directors also acknowledges the following:**
 - a) That the accounting records had been prepared correctly.
 - b) That the internal control system has been properly prepared and implemented effectively.
 - c) That there is little doubt in the ability of the source to continue activity.

At the end of this report, members of the Board of Directors of Abdullah Al Othaim Markets Company express their thanks and appreciation to the employees of the company, shareholders, suppliers, banks and government agencies for their support and cooperation, and your company will continue its success, growth and future expansion in line with the plans and objectives set and achieve the continuous rate of growth in profits.

Abdullah bin Saleh Al-Othaim
Chairman of Board of Directors

Disclaimer: In case of any contradiction or discrepancy in translation between the English version and the Arabic version of this report, the Arabic text shall prevail.