



**Annual Report of the Board of Directors
To Shareholders of Abdullah Al-Othaim Markets Co.
For the financial year ending on 31/12/2018**

To: M/S Shareholders of Abdullah Al-Othaim Markets Co.

Dears,

The Board of Directors of Abdullah Al-Othaim Markets Company has the honor to present its Annual Report for the fiscal year ended 31/12/2018G, 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 its vision & mission to provide high quality products at competitive prices within the reach of everyone.

In recognition of the importance of transparency, and in line with the valid regulations issued by the concerned authorities, the Board of directors is keen to enhance the company's practice to comply with corporate governance regulations issued by Capital Market Authority (CMA) and relevant regulations to the company activity and the requirements of disclosure and transparency.

Board of Directors

Firstly: The applied provisions of the Companies Governance Regulation, the unapplied provisions and the underlying reasons:

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 setting the necessary programs.	No programs for the company have been approved till now and the appropriate programs and mechanisms are currently under process.
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 executed.
Article (70)	Guiding	Formation by a decision of the Board of Directors of the company a committee called the risk Management Committee	An independent risk Committee has not yet been established and is being studied.
Article (85)	Guiding	The company sets programs to develop and motivate the partnership and performance of workers in the company.	No Development programs has been set and is 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 is still under study.
Article (88) Clause (1)	Guiding	Set 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 set and is still under study.
Article (88) Clause (4)	Guiding	Set community awareness programs to highlight social responsibility of the company.	No awareness programs have been set and are still under study.
Article (95)	Guiding	Forming a committee concerned with companies governance.	No independent governance committee has been formed yet and is still under study and verification
Article (20) Clause (C-10)	Mandatory	From matters that prevent independence having the board member stay in office for nine continuous or interrupted years in the membership	Based on the authority resolution No. (1-35-2018) this shall apply for the board cycles after 01/01/2019, the present cycle of the board had started before this date, therefore this clause is not applicable.

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 of the Company/Director of Al Othaim Holding Company/Chairman of Abdullah Al Othaim Company for Investment/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 of the Company/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 business).	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 of the Company/Financial manager of AlOthaim Holding Company/Member of Board of Directors of Dar Al Kheyoul Contracting Company/Dani Business/member of the Auditing Committee in Dani Business/member Remunerations and Nomination Committee in Dar Alweddan Real Estate Company.	Member of Board of Directors of Amanah Company for Cooperative Insurance/ Lazurde jewelry Company/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 of the Company/Member of Board of Directors Al Eisa Industry /civil Aviation Holding Company/ United Farmers Holding Co/Al Kheir Bank/3G Limited/Menerva Foods/Executive Chairman of National Saudi Company for Marine Transportation/member of the nomination committee in AlEisa Industries/Member of auditing committee in the Civil Aviation Holding Company.	Executive Chairman of Afwat 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 Safola food Foods Company/Member of Board of Directors in the Company of Supporting Real Estate Investment/Mulkih Investment Company/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, central management, leadership and top management.
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	Member of Board of Directors/Chairman Al Rajhi Real Estate and Industrial Company for Growth and Commercial Investment Holding/Partner and Member of the Supervisory Board in the Saleh Abdel Aziz Al Rajhi Company & Co. Ltd. Owner and General Manager of Abdul Salam Al Rajhi Trading Company/Secretary General and member of Supervisory Board to manage the endowments of Saleh Abdel Aziz Al Rajhi/Chairman of Prisoners Care Committee in Riyadh region.	Member of Board of Directors of the Financial Brokerage Company (2006 A.D.-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.).	M.A. in Executive Business 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,	Accumulated experiences in top 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.



				Intermediate University Degree in Computer Information Systems from the faculty of North Hampton Pennsylvania in USA.	
6.	Abdulaziz Saleh Abdullah Al Rebdi	Member of Board of Directors and chairman of Company Auditing committee/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) /Saudi recycling Company/CEO of ASR Consulting office/Member of the auditing committee of Abdul Muhsin Al Hukair Group for Tourism and Development/member of remunerations and nomination committee of Abdul Muhsin Al Hukair Group for Tourism and Development , Saudi company for Agricultural investment and animal production (Salek), member of the executive committee of each of Obaikan Glass Company & Saudi Company for Agricultural Investment and Animal Production (Salek).	Managing member in the National Company of Agricultural Development (Nadec)/General Manager of Lazurde Industrial 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 Chairman of the Board of Directors and member of Auditing Committee and member of the Rewards and Nominations Committee in the Company/Deputy Chairman Board of Directors of the Company of Abdullah Al Othaim for Investment/member of the board of directors in each of Bidaya housing finance/Saudi Kuwait funding house/member of the board of directors of Ajmal Company/member of remunerations and nomination committee of Bedaiah housing finance Company.	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Company Ltd.	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 the Company/Member of Board of directors of Abdullah Al Othaim Markets Egypt/Deputy Chairman of the Board of Directors of Riyadh Food Industries Company /Chairman of Board of Directors of Mueen Human Resources Company/Member of Board of Directors of Al Wousta Company for Food Services/Member of Board of Directors in South Europe company.	Acting CEO/President of Retail sector and commercial work Dept. of the company/General manager of the company commercial affairs.	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.	Abdulaziz Saleh Abdullah Al Rebdi	Member of Board of Directors and chairman of Company Auditing committee/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) /Saudi recycling Company/CEO of ASR Consulting office/Member of the auditing committee of Abdul Muhsin Al Hukair Group for Tourism and Development/member of remunerations and nomination committee of Abdul Muhsin Al Hukair Group for Tourism and Development , Saudi company for Agricultural investment and animal production (Salek), member of the executive committee of each of Obaikan Glass Company & Saudi Company for Agricultural Investment and Animal Production (Salek).	Managing member in the National Company of Agricultural Development (Nadec)/General Manager of Lazurde Industrial 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.
2.	Bandar Nasser Hamad Al Tamimi	Member of the Board of Directors and member of the Audit Committee and Remuneration and Nominations Committee of the Company/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 business).	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 of the	Member of Board of Directors of Amanah Company for	M.A. in investment administration from City	Multiple experiences in the processes of investments



		Company/Financial manager of Al Othaim Holding Company/Member of Board of Directors of Dar Al Kheyoul Contracting Company/Dani Business/member of the Auditing Committee in Dani Business/member Remunerations and Nomination Committee in Dar Alwedian Real Estate Company.	Cooperative Insurance/ Lazurde jewelry Company/Manager of Companies Funding in the Gulf Investments Company/Systems analysis in Proctor & Gamble Company.	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.	administration, financial affairs, accounting, corporate finance, and information technology.
4.	Abdullah Abdulrahman Mohammed Al Rebdai	CEO of Al Othaim Holding Company/member auditing committee of the company, member of the board of directors of Keir International Company.	CEO of Keir International Company/Deputy CEO of Saudi Scope Economic Consultation Company/member of auditing committee in Aloula Geojit Capital Company/general manager of the Saudi Paper Manufacturing Company (SPG)/Chairman of the investment portfolio in MEFC Capital Financial Investment Company Analyst/Researcher, portfolio manager of the Arab National Investment Company/ speculator & circulator in currency & metal markets and capital markets in Arab national bank.	Master degree in international management, Salford University, Manchester UK/Post graduate Diploma of administrative studies, Cuberia University, Lanchester -UK / CME-1 from Capital Market Authority, Riyadh/ Diploma of Electronics Engineering, College of Technology, Riyadh/Various courses on finance, banking and investment management.	Diversified experience of more than (20) years in Financial management, setting strategies, business plans and performance indicators; leadership and team building; public relations and business development.
5.	Fahd Abdullah Saleh Al Othaim	Deputy Chairman of the Board of Directors and member of Auditing Committee and member of the Rewards and Nominations Committee in the Company/Deputy Chairman Board of Directors of the Company of Abdullah Al Othaim for Investment/member of the board of directors in each of Bidaya housing finance/Saudi Kuwait funding house/member of the board of directors of Ajmal Company/member of remunerations and nomination committee of Bidaya housing finance Company.	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Company Ltd.	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.

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 of the Company/Member of Board of Directors Al Eisa Industry /civil Aviation Holding Company/ United Farmers Holding Co/Al Kheir Bank/3G Limited/Menerva Foods/Executive Chairman of National Saudi Company for Marine Transportation/member of the nomination committee in AlEisa Industries/Member of auditing committee in the Civil Aviation Holding Company.	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 Safola food Foods Company/Member of Board of Directors in the Company of Supporting Real Estate Investment/Mulkih Investment Company/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, central management, leadership and top management.
2.	Abdullah Saleh Ali Al Othaim	Chairman of the Board of Directors, Member of the Rewards and Nominations Committee of the Company/Director of Al Othaim Holding Company/Chairman of Abdullah Al Othaim Company for Investment/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	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	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.

		Care/Founding Member of the Board of Directors of King Salman Charitable Housing Project/Member of King Salman Center for Disability Research.	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.		
3.	Bandar Nasser Hamad Al Tamimi	Member of the Board of Directors and member of the Audit Committee and Remuneration and Nominations Committee of the Company/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 business).	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 Chairman of the Board of Directors and member of Auditing Committee and member of the Rewards and Nominations Committee in the Company/Deputy Chairman Board of Directors of the Company of Abdullah Al Othaim for Investment/member of the board of directors in each of Bidaya housing finance/Saudi Kuwait funding house/member of the board of directors of Ajmal Company/member of remunerations and nomination committee of Bedaiah housing finance Company.	Department Manager of developing real estate investment and deputy executive chairman of the sector of commercial complexes in Al Othaim Commercial Company Ltd.	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.
5.	Bandar Suliman Mohammed Al Bohairy	Secretary of Board of Directors/Member of Rewards and Nominations Committee of the Company/Member of the Board of Directors of Abdullah Al Othaim Company for Investment/Riyadh Company for Foods Industry/Deputy Chairman of Mueen Recruitment Company/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 Riyadh Company for Foods Industry.	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 the Company/Member of Board of directors of Abdullah Al Othaim Markets Egypt/Deputy Chairman of the Board of Directors of Riyadh Company of Food Industries/Chairman of Board of Directors of Mueen Human Resources Company/Member of Board of Directors of Al Wousta Company for Food Services/Member of Board of Directors in South Europe company.	Acting CEO/President of Retail sector and commercial work Dept. of the company/General manager of the company commercial affairs.	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 Mohammed Al Bohairy	Secretary of Board of Directors/Member of Rewards and Nominations Committee of the Company/Member of the Board of Directors of Abdullah Al Othaim Company for Investment/Riyadh Company for Foods Industry/Deputy Chairman of Mueen Recruitment Company/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 Riyadh Company for Foods Industry.	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.	Bahauddin Barakat Al Sherbeeny	Vice president of operation/ member of Board of Directors in "Mueen HR Company and Riyadh for Foods Industries.	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 university, the Arab Republic of Egypt.	An accumulated experience in the field of managing operational processes in the retail and wholesale companies.
4.	Marwan Ahmad Mohammed Ibrahim	Vice president for financial affairs / member of Board of Directors in "Mueen HR Company and Riyadh for Foods Industries.	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. / Fellowship of CFM in 2003 A.D. / Fellowship of SOCPA in 2007 A.D.	An accumulated experience in the field of financial and accounting affairs, auditing, and internal auditing.

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			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		Inside/Outside the Kingdom	Legal Entity	
1.	Abdullah Saleh Ali Al Othaim	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	-	-	-
		Al Othaim Holding.	Inside the Kingdom	Limited liability			
		Abdullah Al Othaim for Investment.	Inside the Kingdom	Closed stock			
		Abdullah Al Othaim Markets Egypt.	Outside the Kingdom	Stock			
		Arab Union Company for Real Estate Development.	Outside the Kingdom	Stock			
2.	Bandar Nasser Hamad Al Tamimi	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	-	-	-
3.	Saleh Mohammed Saleh Al Othaim	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	La zurde for jewelry.	Inside the Kingdom	Listed joint stock
		Dar Al Kheyoul Contracting.	Inside the Kingdom	Closed stock	Amanah for Cooperative Insurance.	Inside the Kingdom	Listed joint stock
		Ani & Dani Business.	Inside the Kingdom	Closed stock	Gulf Investments.	Inside the Kingdom	Closed stock
		Al Othaim Holding.	Inside the Kingdom	Limited liability			
4.	Abdullah Ali Abdullah Al Debeikhy	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	Saudi for Agricultural Investment and Animal Production (Salek).	Inside the Kingdom	Closed stock
		National Saudi for Marine Transportation.	Inside the Kingdom	Listed joint stock	Foods Savola.	Inside the Kingdom	Closed stock
		Al Eesa Industries.	Inside the Kingdom	Closed stock	Support for Real Estate Investment.	Inside the Kingdom	Limited liability
		United Farmers.	Inside the Kingdom	Limited stock	Dawalej for Technology.	Inside the Kingdom	Limited liability
		Al Khair Bank.	Outside the Kingdom	Closed stock	Saudi Telecommunication.	Inside the Kingdom	Listed joint stock
		3G Limited.	Outside the Kingdom	Limited Liability	Continental Farmer Group.	Outside the Kingdom	Limited liability
		Menerva for Foods.			Saudi Industrial Development Fund.	Inside the Kingdom	Government Firm
		Civil Aviation Holding.	Inside the Kingdom	Limited Liability	Mulkih Investment.	Inside the Kingdom	Closed stock



5.	Abdul Salam Saleh Abdulaziz Al Rajhi	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	Financial Brokerage.	Inside the Kingdom	Closed stock
		Saleh Abdul Aziz Al Rajhi & Co.	Inside the Kingdom	Limited liability			
		Al Rajhi Holding Real Estate and Industrial Company for Growth and Commercial Investment.	Inside the Kingdom	Limited liability			
6.	Abdulaziz Saleh Abdullah Al Rebdi	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	National Company for Agricultural Development.	Inside the Kingdom	Listed joint stock
		Abdul Muhsen Al Hukair Group for Tourism and Development.	Inside the Kingdom	Listed joint stock	Takween Advanced.	Inside the Kingdom	Listed joint stock
		Obaikan for Glass.	Inside the Kingdom	Closed stock	United Saudi Company for Cooperative Insurance (Walaq).	Inside the Kingdom	Listed joint stock
		Saudi for Investment and Agricultural Production.	Inside the Kingdom	Closed stock	La zurde Group for Industrial Investment.	Inside the Kingdom	Listed joint stock
		Saudi Recycling.	Inside the Kingdom	Closed stock			
7.	Fahd Abdullah Saleh Al Othaim	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	-	-	-
		Abdullah Al Othaim for Investment.	Inside the Kingdom	Closed stock			
		Bidaya for home finance.	Inside the Kingdom	Closed stock			
		Saudi Kuwaiti Finance House.	Inside the Kingdom	Closed stock			
		Ajmal Limited.	Inside the Kingdom	Limited liability			
8.	Abdulaziz Abdullah Saleh Al Othaim	Abdullah Al Othaim Markets.	Inside the Kingdom	Listed joint stock	-	-	-
		Abdullah Al Othaim Markets Egypt.	Outside the Kingdom	Stock			
		Riyadh for Foods Industries.	Inside the Kingdom	Closed Stock			
		Mueen for HR.	Inside the Kingdom	Closed Stock			
		Al Wousta for Foods Services.	Inside the Kingdom	Limited liability			
		South Europe for Investment.	Outside the Kingdom	Limited liability			

Fourthly: Equity and Method of Contacting Shareholders:

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

Fifthly: Company's Capital and Float Shares as of 31/12/2018 A.D.:

Statement	Clarification
Authorized capital (SR)	900.000.000 SR
Number of issued shares (All the company's shares are ordinary shares)	90.000.000 shares
Float shares according to the company's registry in Tadawul	58.609.274 shares
Paid up capital (Saudi Riyal)	900.000.000 SR
Nominal share value	10 SR
Paid value of share	10 SR

* The company capital had been increased from 45,000,000 shares to 90,000,000 shares by the shareholders general assembly convened on 23/04/2018



Sixthly: A statement of the names, nationality, number of shares, ownership ratio of main shareholders who own 5% and above and change thereof during 2018 A.D.:

S	Name of Shareholder	Nationality	Shares Number at the beginning of 2018 A.D.	Ownership Ratio at the beginning of 2018 A.D.	Shares Number at the end of 2018 A.D.	Ownership Ratio at the End of 2018 A.D.	Change Ratio at the end of 2018 A.D.
1.	Al Othaim Holding Company	Saudi	12.450.000	27.6%	24,900,000	27.6%	0%
2.	Abdullah Saleh Ali Al Othaim	Saudi	2.700.000	6%	5.400.000	6%	0%
3.	General Organization of Social Insurance	Saudi	2.866.472	6.36%	5,732.944	6.36%	0%

With regard to the notices of the ownership of large quotas of shares and its change during the year according to the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority, the company has not received any notice from the senior owners of the change of their ownership during 2018 A.D.

Change of the number of shares during 2018 was due to awarding free shares through increasing the company capital by the shareholders general assembly convened on 23/04/2018, however this increase is not affecting the ratio of title.

It relied on recording data from the information of the Financial Securities Depository Center "Edaa".

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

The fourth session Board of Directors starting 03/10/2018 was elected for three years term composed of (8) members, the following statement depicts names and classification of the board members:

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

Eighthly: The Procedures taken by the Board of Directors to notify its Members of the Shareholders Proposals and 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 providing members with minutes of the meeting 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 communication media.

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

The company has two committees, namely, the Audit Committee and the Remuneration and Nominations Committee. Details of these committees are as follows:

1) Auditing Committee

The Auditing Committee is formed by the general assembly convened on 26/09/2018 comprising (5) non-executive members. tasks of the Auditing Committee includes "Supervising the management of internal company auditing, studying the system of internal control, internal auditing reports, and recommending to the Board of Directors to appoint the accounts auditors, determine their fees and following- up their work, studying the auditing plans and notes of auditors, studying the interim and annual financial statements before being presented before the Board of Directors, studying the adopted accounting policies and meeting the requirements according to the conventional accounting standards and recommending the Board of Directors, reviewing the plan and performance of the auditor, results of the reports of supervisory authorities, and making sure that the company took the necessary procedures regarding them. As well, ensuring the company 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 2018 A.D.:

S	Name of Member/Meeting Date	Position	Number and Date of Meeting						Number of attendance
			(1) 31 Jan	(2) 08 Mar	(3) 06 May	(4) 31 Jul	(5) 26 Sep	(6) 05 Nov	
1.	Abdulaziz Saleh Abdullah Al Rebdi	Chairman	✓	✓	×	✓	✓	✓	(5)
2.	Bandar Nasser Hamad Al Tamimi	Member	✓	✓	✓	✓	✓	✓	(6)
3.	Saleh Mohammed Saleh Al Othaim	Member	✓	✓	✓	✓	✓	✓	(6)
4.	Fahd Abdullah Saleh Al Othaim	Member	✓	✓	✓	✓	✓	✓	(6)
5.	Abdullah Abdulrahman Mohammed Al Rebdi*	Member	N/A				✓	✓	(2)
-	Abdulaziz Ibrahim Al Nuwaiser**	Member	✓	✓	✓	✓	N/A		(4)

*Committee Members started on 03/10/2018.
** Committee Members ended on 03/10/2018.

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

In 2018, the committee examined the internal control systems in the company and ensured its efficiency. As well 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 points of weakness and strength 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 test 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, and Risk management are executed within the preset limits in transparency and timing that ensure the integrity of the operational, financial, and commercial security.

2) Committee of Remunerations and Nominations :

The committee had been formed by the general shareholders assembly on 26/09/2018 comprising (5) members. The assignments and specialties of the Remunerations and Nominations Committees include for example but not limited to "recommending the nomination to the Board of Directors, 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 points of weakness and strength in the Board of Directors, proposing curative solutions 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". Following is a table which outlines the membership and meetings of the committee made during 2018 A.D.:

S	Name of Member	Position	Number and Date of Meeting		Number of attendance
			(1) 12 Mar	(2) 23 Dec	
1.	Abdullah Ali Abdullah Al Debeikhy	Chairman	✓	✓	(2)
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)

Tenthly: The Means Adopted by Board of Directors in Assessing its Performance and Performance of its Committees for 2018 A.D:

To support the performance of the Board, Committees, and executive department, based on the assessment mechanisms of 2018 A.D. that had 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 achieving the planned objectives and assessing the work mechanisms in the Board in general. The assessment results were presented to rewards and nomination committee during 2018. The necessary arrangements were made 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 Chairman Board of Directors after taking point of view 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 the 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 per the member.
- Allowances for the Board Members: An amount of SR (3,000) three thousand Saudi Riyals as an attendance allowance for each meeting.
- Reward of the Board Secretary: An annual reward of SR (30,000) thirty thousand Riyals.
- Reward of Auditing Committee: 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.
- Relationship between granted rewards and applicable rewards policy: The granted reward is in conformity with the approved rewards policy, taking into consideration the basis and standards relevant to calculating the rewards and its maturity.



✓ Details Remuneration of Board of Directors for the year 2018:

	Fixed Remuneration							Variable Remuneration					total summation	Expenditure Allowance		
	A certain amount	Session Attendance Allowance	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 Rebdi	225,000	21,000	7,500	-	-	-	253,500	-	-	-	-	-	-	-	253,500	-
Abdullah Ali Abdullah Al Debeikhy	225,000	18,000	3,000	-	-	-	246,000	-	-	-	-	-	-	-	246,000	-
Total	650,000	54,000	10,500	-	-	-	714,500	-	-	-	-	-	-	-	714,500	-
Second: Non-Executive Members:																
Abdullah Saleh Ali Al Othaim	225,000	21,000	3,000	-	-	-	249,000	-	-	-	-	-	-	-	249,000	-
Bandar Nasser Hamad Al Tamimi	250,000	21,000	12,000	-	-	-	283,000	-	-	-	-	-	-	-	283,000	-
Saleh Mohammed Saleh Al Othaim	225,000	21,000	9,000	-	-	-	255,000	-	-	-	-	-	-	-	255,000	-
Fahd Abdullah Saleh Al Othaim	250,000	21,000	12,000	-	-	-	283,000	-	-	-	-	-	-	-	283,000	-
Total	950,000	84,000	36,000	-	-	-	1,070,000	-	-	-	-	-	-	-	1,070,000	-
Third: Executive Members:																
Abdulaziz Abdullah Saleh Al Othaim	200,000	-	-	-	1,146,000	-	1,346,000	-	750,000	4,037,950	-	-	4,787,950	-	6,133,950	-
Total	200,000	-	-	-	1,146,000	-	1,346,000	-	750,000	4,037,950	-	-	4,787,950	-	6,133,950	-
Total	1,800,000	138,000	46,500	0	1,146,000	0	3,130,500	0	750,000	4,037,950	0	0	4,787,950	0	7,918,450	0



✓ Details of the five top executives who obtained highest remunerations, including Chief Executive Officer and Financial Executive Director for the year 2018:

	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 CEO and CFO	4,833,760	0	0	4,833,760	4,071,520	0	4,037,950	0	0	8,109,470	0	200,000	13,143,230
Total	4,833,760	0	0	4,833,760	4,071,520	0	4,037,950	0	0	8,109,470	0	200,000	13,143,230

✓

✓ **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.	Abdulaziz Saleh Abdullah Al Rebdi	25,000	7,500	32,500
2.	Bandar Nasser Hamad Al Tamimi	25,000	9,000	34,000
3.	Saleh Mohammed Saleh Al Othaim	25,000	9,000	34,000
4.	Fahd Abdullah Saleh Al Othaim	25,000	9,000	34,000
5.	Abdullah Abdulrahman Mohammed Al Rebdi	6,096	3,000	9,096
-	Abdulaziz Ibrahim Al Nuwaiser	18,904	6,000	24,904
Total		125,000	43,500	168,500

✓ **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 Debeikhy	25,000	3,000	28,000
2.	Abdullah Saleh Ali Al Othaim	25,000	3,000	28,000
3.	Bandar Nasser Hamad Al Tamimi	25,000	3,000	28,000
4.	Fahd Abdullah Saleh Al Othaim	25,000	3,000	28,000
5.	Bandar Suliman Mohammed Al Bohairy	-	-	-
Total		100,000	12,000	112,000

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

- a) **Al Othaim Free 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 (63,965) 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 2018G was 1,425,017.18 SR compared to 1.211,942.00 for the year 2017G.
- 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 2018G, it was (11,838,925) SR compared to



(12,000,818) SR for the year 2017G. Also, the company participated and sponsored some activities and national events in most regions of the Kingdom, including sponsoring education about parking of disabled in collaboration with Harakiyah Society, sponsoring Ta'ayoush Scout Environmental Camp in cooperation with King Saud University & Tourism Authority, sponsoring the disabled Child drawing and innovation booklet OF 2018, in collaboration with the disabled child association. participated in "Together against Terrorism and perverse thought" in collaboration with Qassim governorate, training of intellectual thinking education students in collaboration with the Ministry of Education in Kharj province, participated in the free business initiative in collaboration with Majma'a labor office, participated in the nationalization fair of Arar Mall in cooperation with the Northern Borders Governorate, participated in Aljouf Dates Festival in collaboration with the municipality of the province, supplied the needs of Down Syndrome Society, promotion of the oblation project in cooperation with Insan Orphan Society, participated in Zafaer ambassadors and hosting children of the southern frontier martyrs in collaboration with Education Department in Riyadh Region, participated in the national campaign against seasonal influenza in collaboration with the Ministry of Health, participated in the international awareness day of DM disease in collaboration with the Ministry of Health, support training of Saudi youth in the college of technology through our branch in al Jouf in collaboration with the General Vocational & Technical Training Organization, introducing the activities of the Holy Quran memorization in Jalajil, through Raudat Sudair branch, participate in (Ma Nitsahal Biyatna Tistahil" campaign, in cooperation with SASO . The company was honored by the governor of Riyadh. The company had also produced a film for the national day celebrations that won high number of audience and appreciation in the social media. The company had also participated in many international days such as the International Earth Day, the International women day, The International day for children cancer, the international day for combating smoking, the international day of civil defense, the international health day, The International Day for Combating Narcotics, the international youth day, the international day of charity works, the international day of eliminating illiteracy,, The international first aid day, international day for cancer patients, the international Alzheimer day , Breast cancer education month, The international aged day, international teacher day, international post day, international obesity control day, international arthritis day, the international day for hand wash, international food day, the international day of osteopsathyrosis, international forgiveness day, international day for children rights, international day for disabled, international day for Arabic Language, and the international day for the disabled.

- c) **Donation of the Remaining Halala (riyal fractions):** The company continued in 2018 G as the first retailer its initiative that was 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 2018G 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 2018G amounted (767,140) compared to (1,106,431) for the year 2017G.
- 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 (2,071,851) SR for the year 2018 G, Compared to (1,846,406) SR for the year 2017G.
- e) **Charity Initiative for the support of special Categories:** The Company had launched during this year , charity initiative to support special categories including those covered by social insurance, charity associations, charity fund for retired, handicapped, divorced, orphans, widows, martyrs families, low income groups ... etc. (50%) of their purchase of all types of bread from Abdullah Alothaim Markets allover KSA.

Thirteen: Describing the main company activity:

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) **Description of the main company activities 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
Wholesale and retail activity	208,907	68%
Share in the net profit of the sister companies & financial assets at fair value through income	36,941	12%
Real estate investment activity	80,552	27%
HR Activity	13,645	5%
Agriculture activity	(37,444)	-12%
Total	302,601	100%

2) **Description of the main activities of the affiliates and the size of the business as follows:**

- 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, 2011 G), 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, 2011 G), 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, 2011 G), 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. 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) **Marafiq 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, restore, 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 G) 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 G) its main activities are general contracting and operating malls.
- i) **Mueen Human Resources Company:** A Saudi closed shareholding company Registered on 6 Ramadan 1436H (corresponding to June 23, 2015 G) 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*	
	(in thousands)	percentage
Abdullah Al - Othaim Markets Company	7,351,238	96%
Haley Holding Company	-	0%
Universal Marketing Center Company	-	0%
Seven Services Company	-	0%
Bayt Al Watan Company	-	0%
Marafiq Company	-	0%
Abdullah Al Othaim Markets Company-Egypt	145,090	2%
Thamarat Al Qassim Company	102	0%
Shorofat Al Jazira Company	-	0%
Mueen Human Resources Company	155,566	2%
Total	7,651,996	100%

* Net revenues after excluding the reciprocal operations among the company group.

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

a) Investments in companies according to Equity:

- The Company invests in Abdullah Al-Othaim Investment Company (A closed Saudi Joint Stock Company) It owns 13.65% of the share capital with nominal investment of 136,538,000 SR. The main activities of the company is managing and operating shopping malls, real estate and entertainment centers, The Company's share in net profits for the year 2018G amounted 36,166,838 SR compared to 38,650,101 SR for the year 2017G. The company's share of the distributed cash profits during the year 2018G amounted 13,653,850 SR.
- The Company invests in Riyadh Food Industries Company (a closed 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 for the interest 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 2018G amounted to 647,911 SR compared to 2,848,368 SR for the year 2017G.
- The Company invests in Al Wousta Company for food services (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 2018G amounted to 493,329 SR Compared to 1,446,459 SR loss in the year 2017G.

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 G 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 registered investment amount as on 31/12/2018 reached 2,258,796 SR the decrease of value in 2018 was estimated as 211,713 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 464,108 SR as at 31/12/2018 G It has decreased by 18,360 SR compared to a decrease of 22,440 SR for the year 2017 G.
- The Company has a portfolio of investments in Baitak 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 5,723,600 SR as at 31/12/2018 G and a decrease of 867,700 SR compared to a decrease of 889,200 SR for the year 2017 G.
- 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 In 2017 the company had transferred a sum of 1.55 million Riyals as capital decrease. The accumulated fair value of this investment is 800,000 SR during 2017 G and this amount is increased by 800,000 in 2018. The registered investment as on 31/12/2018 G reached to 1,386,629 SR.

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 2018 G, the company opened 30 branches in different cities in the Kingdom, closed (3) and thus the number of branches all over the kingdom becomes (214) branches by the end of 2018 G Some existing branches has been expanded and the development in order to provide better service to its customers. The company is planning to increase the number of branches in 2019 G, by opening 28 new branches, which is expected to contribute in increasing the company sales and market share and promote the introduction of new and advanced technologies in the retail trade The company opened (9) branches at the Arab Republic of Egypt during the year 2018 G, the value of the investment in Egypt till the date 31/12/2018 G amounted 45,314,823 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 2018 G the board 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 2019 G.
 - ✓ 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 to the General Assembly of shareholders to distribute cash dividends to shareholders of (3) SR per share for the year 2017 G, for a total amount of 135 million SR.
3. Recommending to the General Assembly to increase capital by distributing bonus shares from SAR (450,000,000) to SAR (900,000,000).
4. Approve the annual report of the auditing committee and reward and nomination committee for their activities on 2018 G.
5. Recommending to the general assembly to approve the nomination for the auditing committee membership and approve the bylaw for its cycle starting on 03/10/2018 G.
6. Formation of rewards and nomination committee for its cycle starting on 03/10/2018 G.
7. Approve the appointment of the company representatives in the Saudi Capital Market Company (Tadawul) for all matters related to listing rules issued by the Saudi Capital Market Company (Tadawul).



8. Approve the appointment of the company representative before the Capital Market Authority for all issues related to the compliance with Capital Market regulation and bylaws related to Securities listing rules and Continuing obligations.

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 company investment whether internally or externally, and the related political, legislative and economic changes that may affect these investments such as exchange rate , freedom to transfer amounts, changing taxes and relevant regulations.
12. 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.
13. Risks result from fraud and theft-God Forbids.
14. 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.
15. Risks related to the effect of the seasonal factors on the revenues of the company.
16. 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.
17. 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.
18. Import and export risks, market dumping, unexpected customs duties and the impact on competitiveness and product availability.
19. 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 forbid - the consequences of the process of nationalization of increasing wages and leaks of employees.

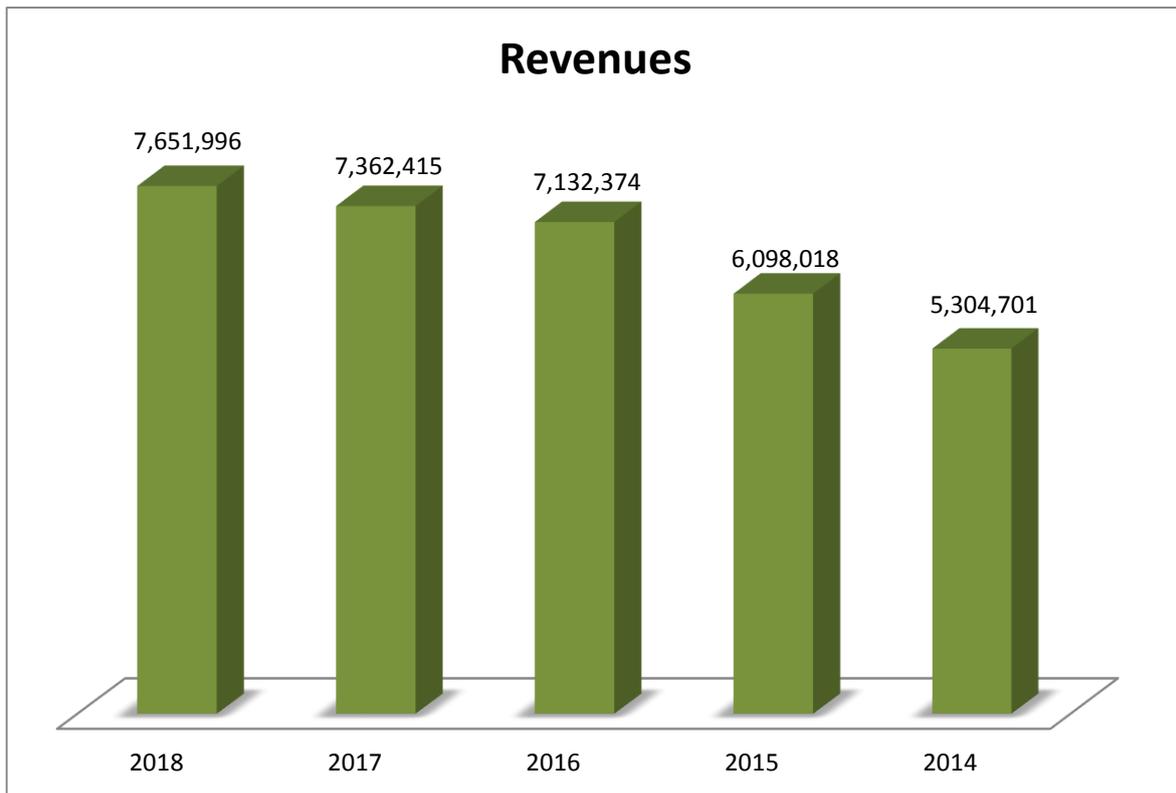
The company adopts a risk management policy that clarifies and identifies the strategic objectives, procedures and processes that are followed to achieve these objectives, and establishes a clear framework and approach in the application of the mechanisms and processes that are followed to identify and 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, 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.

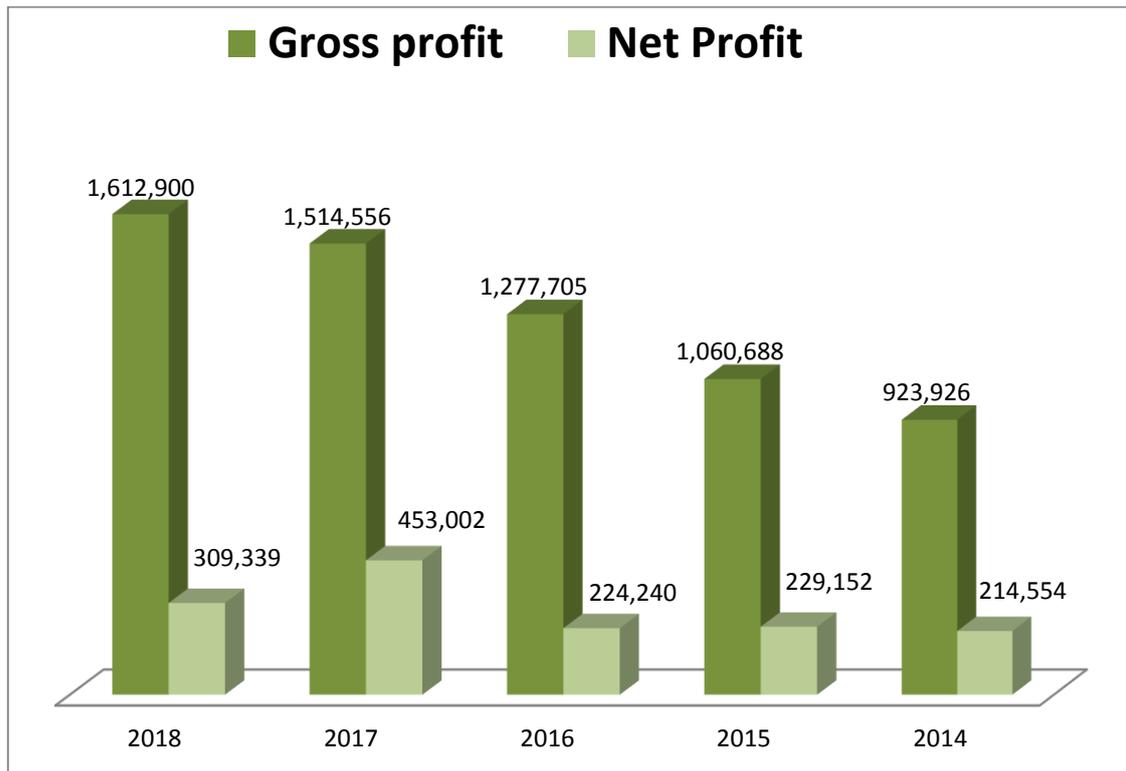
Sixteen: Summary of the financial results of the company for the period 2014 till 2018:

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

Statement	2018	2017*	2016	2015	2014
Activity's revenues	7,651,996	7,362,415	7,132,374	6,098,018	5,304,701
Activity's expenses	(6,039,097)	(5,847,859)	(5,854,670)	(5,037,330)	(4,380,775)
Total of activity's profits	1,612,900	1,514,556	1,277,705	1,060,688	923,926
Administrative, general, marketing and funding expenses	(1,294,892)	(1,208,484)	(1,056,209)	(859,962)	(728,591)
Revenues and other expenses-net	492	45,836	20,101	33,749	24,508
Zakat and taxes	(9,162)	(10,846)	(8,107)	(5,323)	(5,289)
Net profit of the continuous operations after Zakat	309,339	341,061	233,490	229,152	214,554
Net profit of the non-continuous operations after Zakat	0	111,941	(9,250)	0	0
Net profit for the year	309,339	453,002	224,240	229,152	214,554
Return profit to the contributors of the mother company	302,601	449,497	228,074	230,875	214,779
Profit (loss) attributed to non-controlling interest	6,738	3,505	(3,834)	(1,723)	(225)

*The figures of 2017 have been reclassified to match with the classification of this current year.





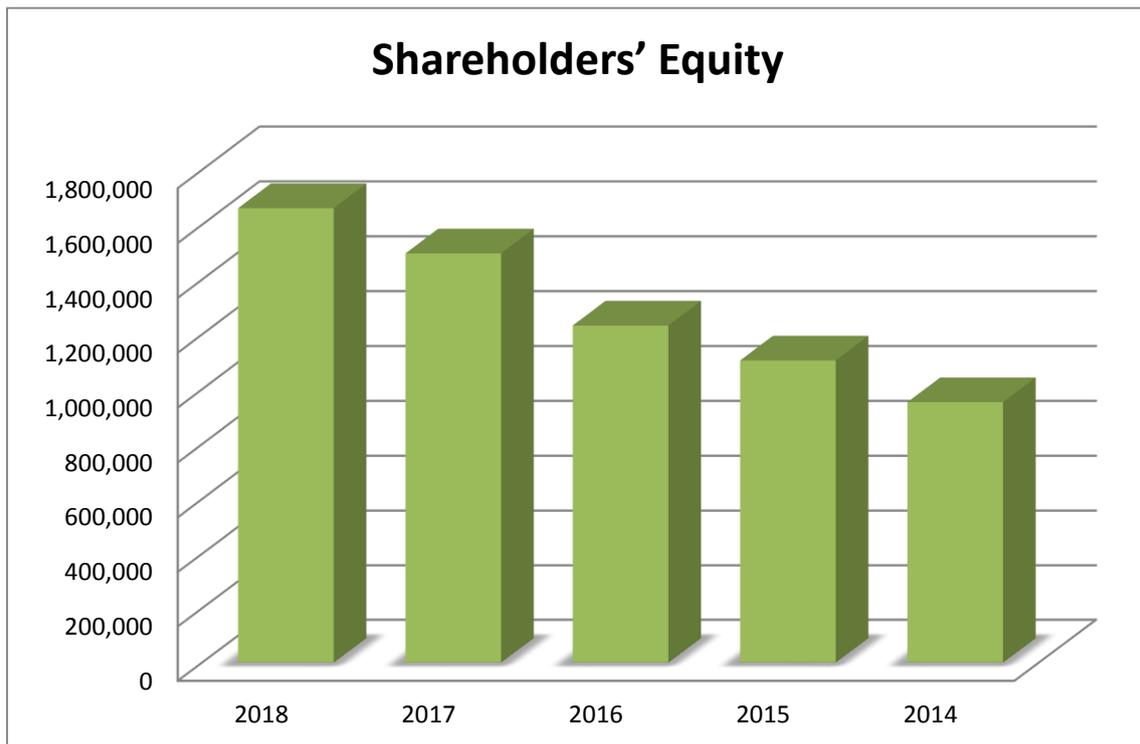
- **Statement of revenues and other expense-net (in thousands riyals):**

Statement	The fiscal year ended in 31 December	
	2018	2017
Share of the company in the net profits of associated companies	36,321	38,673
profits of financial assets at fair value through income	620	914
Commission of Coupons sales	2,717	2,268
Decrease of estates, equipment & machineries	(38,712)	0
Others, Net	(453)	3,980
Total	492	45,836

- **The Most Important Financial Parameters:**

Statement	2018	2017	2016	2015	2014
Return on Revenues	3.95 %	6.11 %	3.20%	3.79%	4.05%
Return on Shareholders' equity	20.93 %	34.58%	19.52%	22.45%	22.55%
Return on assets	8.65 %	13.96%	7.08%	8.47%	9.11%
Sales growth rate	3.93 %	14.64%	18.82%	14.93%	14.70%
Net profit growth rate	-32.68 %	97.08%	-1.21%	7.49%	11.57%
Earnings per Share from net income-riyal	3.36	4.99	2.53	2.57	2.39
Earnings per Share for parent company shareholders from the continuous operations-riyals	3.36	3.75	2.53	2.57	2.39

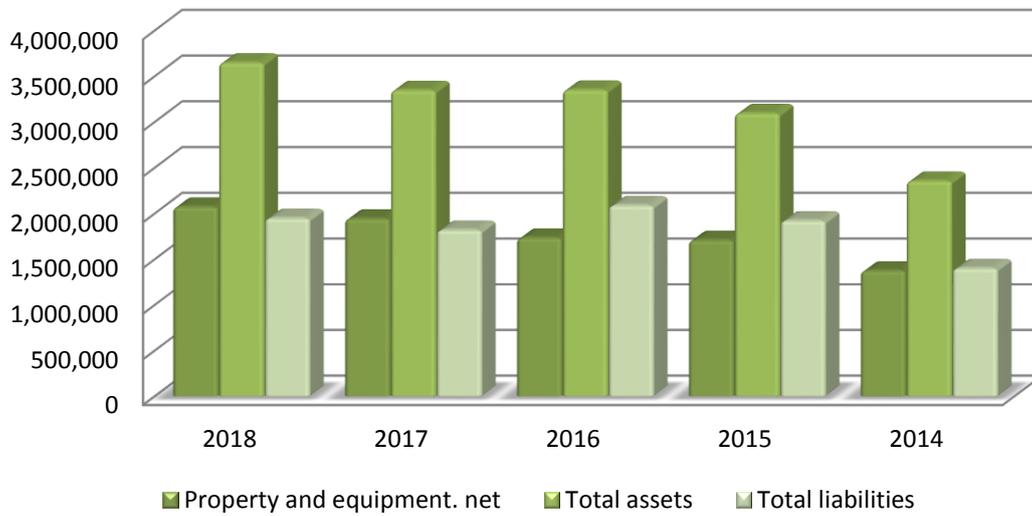
Share profitability had been reclassified in the comparative years 2014 to 2017 to reflect the company capital increase from 45 million shares to 90 million shares through capitalization based on the resolution of the extraordinary general assembly on 23 April 2018G.



b) Assets, Liabilities and Shareholders' Equity (in thousand riyals):

Particulars	2018	2017	2016	2015	2014
Current Assets	1,316,079	1,165,111	1,397,868	1,200,772	786,143
Current liabilities	1,827,415	1,642,831	1,591,753	1,451,977	1,219,385
Current Capital	(511,336)	(477,720)	(193,885)	(251,205)	(433,242)
Investments in associates and others	260,295	239,850	220,405	186,290	196,288
Fixed Assets	2,071,366	1,941,874	1,732,247	1,707,112	1,372,782
Total Assets	3,647,741	3,346,834	3,350,520	3,094,174	2,355,213
Current liabilities	1,827,415	1,642,831	1,591,753	1,451,977	1,219,385
Long term loans	0	73,000	412,287	399,500	125,000
Other liabilities	120,876	103,270	83,353	69,945	56,579
Total Liabilities	1,948,292	1,819,101	2,087,392	1,921,422	1,400,964
Paid Capital	900,000	450,000	450,000	450,000	450,000
Share in other total income of sister companies					
Variation of translation cost of financial statements of an overseas affiliate	(2,985)	(2,714)	-	-	-
reserves and retained earnings, and unrealized profits	762,737	1,047,561	782,038	654,636	502,605
Total equity of shareholders	1,659,752	1,494,847	1,232,038	1,104,636	952,605
owner's equity of non-controlling interests	39,697	32,887	31,091	68,116	1,645
Total liabilities and owner's equity	3,647,741	3,346,834	3,350,520	3,094,174	2,355,213
Average of parent shareholders' equity	1,577,300	1,363,442	1,168,337	1,028,621	879,058

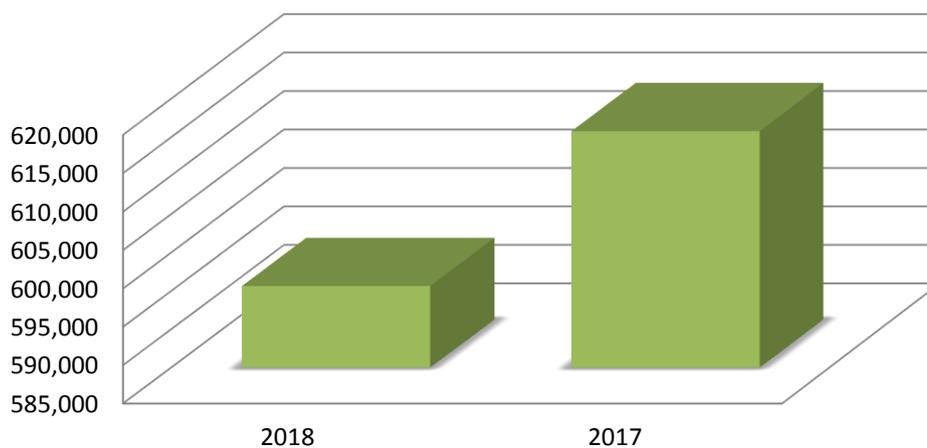
Assets & Liabilities



c) Cash flows (in thousand riyals):

Cash flow	Fiscal years ended in 31 December	
	2018	2017
Cash flow from operation activities	595,635	615,769
Cash flow used in investment activities	(365,356)	22,261
Cash flow used in funding activities	(275,005)	(662,363)
Increase (Decrease) in cash	(44,726)	(24,333)
Opening balance	263,952	288,285
Closing balance	219,226	263,952

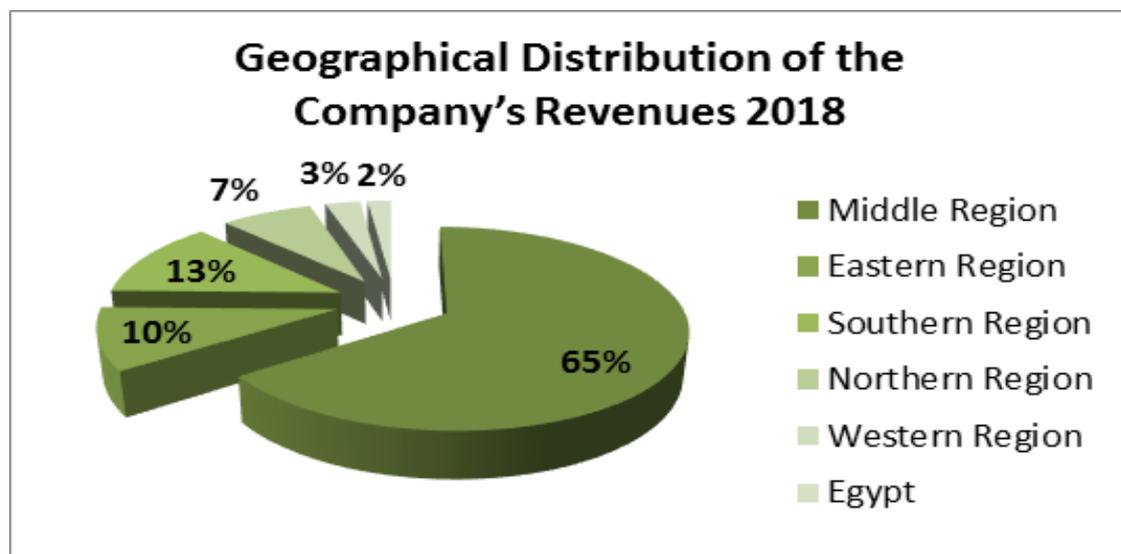
Cash flows from operating activities



Seventeen: Geographical distribution for the revenues of the company and its affiliates:

a) Revenues of the company:

Region	2018		2017	
	revenues	percentage	revenues	percentage
Central region	4,990,700	65%	4,878,156	66%
Eastern region	774,107	10%	734,035	10%
Southern region	953,455	13%	858,138	12%
Northern region	570,131	7%	624,448	8%
Western region	218,513	3%	185,742	3%
Arab Republic of Egypt	145,090	2%	81,896	1%
Total	7,651,996	100%	7,362,415	100%



b) Revenues of the subsidiary within KSA:

Geospatial Analysis of the total of revenues of the subsidiary							
Year	Region	Central region	Eastern region	Southern region	Northern region	Western region	Total
2018	Revenue	155,668,584					155,668,584
	Percentage	100%					100%
2017	Revenue	60,026,477	-	-	-	-	60,026,477
	Percentage	100%	-	-	-	-	100%

Eighteen: sectorial data:

The main activities of the company are focused 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 2017 and 2018 for each sector of business were summarized (in thousand riyals):

Statement / In thousand SR	Retail and Wholesale		Real Estate and Leasing		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017*
Property, plant and equipment, net	1,440,922	1,378,116	-	-	18,195	50,332	1,459,118	1,428,448
Investment properties, net	-	-	606,334	505,713	-	-	606,334	505,713
Intangible assets, net	5,915	7,713	-	-	-	-	5,915	7,713
Total assets	2,583,756	2,455,239	631,382	528,039	432,603	363,556	3,647,741	3,346,834
Total liabilities	1,834,197	1,764,826	20,338	21,331	93,757	32,944	1,948,292	1,819,101
Sales outside the group	7,359,455	7,171,383	-	-	155,669	59,759	7,515,124	7,231,142
Rental income outside the company	-	-	136,872	131,273	-	-	136,872	131,273
Sales and revenue between sectors	-	-	2,060	545	79,193	65,512	81,253	66,057
Gross profit and rental income net	1,488,202	1,413,571	80,552	74,956	46,862	28,298	1,615,616	1,516,824
Operating profit	230,758	240,055	80,552	74,956	14,020	7,489	325,330	322,499
Decrease in estates & equipment	6,968	-	-	-	31,744	-	38,712	-
non-continuous operations after Zakat	-	-	-	-	-	111,941	-	111,941

* Figures of year 2017 have been reclassified to match the classification of this current year.

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

The unified net profits of the company had decreased this year compared to the past year at 32.68%. This mainly due to the fact that the results of the past year had included income from Non-continuous operations after Zakat @ 111.94 million Saudi Riyals resulting of operation and sale of a commercial complex in Hail city, and after the elimination the non- continuous operations effect of the past year, then the drop of this year profit shall be 10,36% and this is mainly attributed to recording provision of the fair value decrease of some assets and properties amounting to SAR 38.71 million according to accounting standards. The company had realized surplus in the funding cost at SAR 9.55 million that dropped to 67.5% as a result of the early payment of the long term loans.



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

s	The Company's name	Country of Incorporation	The legal form of the company	Type of activity	Country of Operations	Proportion of ownership (direct and indirect)	Number Shares	Par Value (SR)	Capital according to the par value of shares (SAR)
1.	Haley Holding	Saudi	Limited liability	Wholesale and retail trade	Saudi	100%	10,000	100	1,000,000
2.	Universal Marketing Center Holding	Saudi	Limited liability	Wholesale and retail trade	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 Altashheel	Saudi	Limited liability	General Contracting & Maintenance	Saudi	100%	500	1,000	500,000
6.	Abdullah Al Othaim Markets Egypt	Egypt	Closed Joint stock	Wholesale and retail trade	Egypt	100%	800,000	33.56	26,849,908
7.	Shorofat Al Jazira	Saudi	Limited liability	General contracting, maintenance and operation	Saudi	100%	500	1,000	500,000
8.	Tamarat Al-Qassim	Saudi	Limited liability	Agricultural and animal activity	Saudi	100%	200,000	100	20,000,000
9.	Mueen Human Resources	Saudi	Closed Joint Stock	Provision of labor services	Saudi	68%	10,000,000	10	100,000,000

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

1. Company Profit distribution Policy:

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:

- Maintain (10%) Of the net profit to form the statutory reserve, and the Ordinary General Assembly, may stop this when the said reserve reaches 30% of the paid up capital.
- Ordinary General Assembly may, upon the proposal of the Board of Directors to maintain no more than (20 %) Of the profits to create an agreed upon reserve to be assigned for a specific purposes(s) 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 may deduct from the net profits amounts for the establishment of social institutions for the company's employees or to help the existing ones.
- From the remaining balance, at least equivalent to 5% of the paid up capital to be distributed for shareholders as first payment
- 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 be carried forward 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.

▪ **Profits distributed to shareholders during the various periods of the fiscal year:**

Date	Capital	Ratio	Amount
10/05/2018	450,000,000	30%	135,000,000

▪ **Profits proposed for distribution at the end of the financial year:**

Capital	Ratio	Amount
900,000,000	30%	270,000,000

Twenty Second: Interest in shares and credit instruments of the board members 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 2018:

s	The name of who have interest	Beginning of the year 2018		End of the year 2018		Net change
		Stock	Debt instruments	Stock	Debt instruments	
1.	Abdullah Saleh Ali Al Othaim	2,700,000	-	5,400,000	-	2,700,000
2.	Bandar Nasser Hamad Al Tamimi **	2,866,472	-	5,732,944	-	2,866,472
3.	Saleh Mohammed Saleh Al Othaim	1,000	-	1,050	-	50
4.	Abdullah Ali Abdullah Al Debeikhy	0	-	0	-	0
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	2,000	-	4,000	-	2,000
6.	Abdulaziz Saleh Abdullah Al Rebdi	2,000	-	4,000	-	2,000
7.	Fahd Abdullah Saleh Al Othaim	2,000	-	4,000	-	2,000
8.	Abdulaziz Abdullah Saleh Al Othaim	1,000	-	2,000	-	1,000

* The change originated due awarding free capitalization shares to increase company capital from 45,000,000 share to 90,000,000 shares in the general assembly convened on 23/04/2018 and this increase shall not affect the rates of title.

** The interest inures to GOSI due to the fact that the member is representing it.

- 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 2018:

s	The name of who have interest	Beginning of the year 2018		End of the year 2018		Net change
		Stock	Debt instruments	Stock	Debt instruments	
1.	Bahauddin Barakat Al Sherbeeny	12,432	-	24,864	-	12,432

Twenty Third: Loans and Murabaha - short term Murabaha:

- a) The company has facilities with group of local banks in the form of short - term Murabaha (all of which are compatible with Islamic principles) to finance the working capital, with an unutilized balance of these Murabaha as on 31 December 2018 the amount of 440 million Saudi riyals, and the details are as follows: (Value in thousands of riyals):

Statement	Riyadh Bank	Arab National Bank	Alawwal Bank	Samba Financial Group	National Commercial Bank	Albilad Bank
Short-term facility limit	100,000	50,000	40,000	75,000	75,000	100,000
Facilities as of 31/12/2017	-	-	-	-	-	-
Facilities as of 31/12/2018	-	-	-	-	-	-
The expiry date of the agreement	02/08/2019	25/06/2019	12/10/2018	03/01/2019	19/12/2018	22/11/2018
Type of facilities	Short-term	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 instalment						
Date of last instalment						
Purpose of the loan	Working capital financing					
Guarantees	Bond to order	Bond to order	Bond to order	Bond to order	Bond to order	Bond to order

- b) Long-term loans and murabaha: The Company has no medium and long-term loans and murabaha with some local banks as of 31/12/2018G.

The following table shows loans dues (Saudi Riyals):

Period	2018	2017
less than one year	-	62,400
From 1 to 3 years	-	73,000
More than 3 years to five years	-	0
Total	-	135,400

Twenty Fourth: Board of Directors meetings during the year 2018:

The Board of Directors held (7) meetings during the fiscal year 2018, and the table below shows the attendance record of the Board of Directors meetings held during the year 2018:

s	Member Name / Date of Meeting	Meeting number and date							Number of attendance
		(1) 12 Mar	(2) 19 Mar	(3) 15 May	(4) 14 Aug	(5) 26 Sep	(6) 19 Nov	(7) 23 Dec	
1.	Abdullah Saleh Ali Al Othaim	✓	✓	✓	✓	✓	✓	✓	(7)
2.	Bandar Nasser Hamad Al Tamimi	✓	✓	✓	✓	✓	✓	✓	(7)
3.	Saleh Mohammed Saleh Al Othaim	✓	✓	✓	✓	✓	✓	✓	(7)
4.	Abdullah Ali Abdullah Al Debeikhy	✓	✓	✓	✓	✓	x	✓	(6)
5.	Abdul Salam Saleh Abdulaziz Al Rajhi	✓	✓	✓	x	x	✓	✓	(5)
6.	Abdulaziz Saleh Abdullah Al Rebdi	✓	✓	✓	✓	✓	✓	✓	(7)
7.	Fahd Abdullah Saleh Al Othaim	✓	✓	✓	✓	✓	✓	✓	(7)
8.	Abdulaziz Abdullah Saleh Al Othaim	✓	✓	✓	✓	✓	✓	✓	(7)

Twenty Fifth: The General Assemblies held during the year 2018 and the names of the members of the Board of Directors and the record of their attendance of these associations:

member name	Seventh EGM on 23/04/2018	Seventh EGM on 26/09/2018
1. Abdullah Saleh Ali Al Othaim	Present	Present
2. Bandar Nasser Hamad Al Tamimi	Didn't attend	Present
3. Saleh Mohammed Saleh Al Othaim	Present	Present
4. Abdullah Ali Abdullah Al Debeikhy	Present	Present
5. Abdul Salam Saleh Abdulaziz Al Rajhi	Present	Didn't attend
6. Abdulaziz Saleh Abdullah Al Rebdi	Didn't attend	Present
7. Fahd Abdullah Saleh Al Othaim	Present	Present
8. Abdulaziz Abdullah Saleh Al Othaim	Present	Present

Twenty Sixth: Number of the company requests for the register of shareholders:

Number of record requests	The date of request	Reasons for the request
1	24/09/2018	General Assembly
1	05/09/2018	Corporate formalities
2	22/04/2018	General Assembly / Profit distribution
1	14/02/2018	Corporate formalities

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

Firstly: Works and contracts with Al-othaim Holding Company, where the chairman, HE Abdullah Saleh Ali Al Othaim is having interest, as follows:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment	Notes
Rent	trade mark*	10,000	01/07/2006	5	annual	-
Leasing	administrative Offices	710,050	01/01/2015	5	semi annual	-
Rent	Farm leased to a subsidiary	100,000	01/05/2018	1	Monthly	-
Services	leased manpower	200,725	01/05/2018	2	Monthly	Amount is variable, calculated at year end
Services	leased manpower from Mueen Co.	272,859	01/05/2019	2	Monthly	Amount is variable, calculated at year end

* Automatically renewable for similar periods.

Secondly: Contracts with Abdullah Al Othaim Investment Company and its affiliates: where the chairman, HE Abdullah Saleh Ali Al Othaim & member Fahad Abdullah Saleh Al Othaim are having interest, as follows:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment	Notes
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 Hypermarket Mall	2,159,850	01/12/2007	20	annual	-
Rent	Khurais Hyper Market Mall	1,673,760	01/03/2008	20	annual	-
Rent	Al Rabwa Supermarket Mall	770,880	01/08/2009	10	annual	-
Rent	Archive Warehouse*	21,300	01/02/2015	1	annual	-
Rent	Dammam Hypermarket Mall	1,922,400	01/01/2011	18	annual	-
Rent	Buraidah - Akirsha Supermarket	1,086,000	01/01/2018	5	semi annual	-
Rent	Akirsha branch - Accommodation	35,000	01/01/2018	5	annual	-
Rent	Onaiza Supermarket Mall	729,000	09/05/2017	10	semi annual	-
Rent	Arar Supermarket Mall	2,022,680	03/05/2016	10	semi annual	-
Rent	Hail Hyper Market Mall	2,089,120	01/08/2017	20	semi annual	Amount shall be reduced during 2019 to become SAR 1,715,120 after reducing leased area
Leasing	administrative Offices	742,500	01/01/2015	5	semi annual	-
Leasing	Nahj Al - Khayal Company*	154,700	01/10/2018	1	semi annual	-
Leasing	Dammam Mall	34,932,000	01/01/2011	18	semi annual	-
Leasing	Shifa Entertainment 16*	102,150	01/01/2015	5	semi annual	-
Leasing	Hitch Entertainment 37*	417,225	01/01/2018	5	semi annual	-
Leasing	Suweidi Entertainment 39	1,000,000	16/03/1435	10	semi annual	-
Service	Common services*	1,174,913	01/05/2019	1	annual	Amount is variable , calculated at year end
Service	Marketing activities in Shopping Malls*	3,167,473	01/05/2019	1	annual	Amount is variable , calculated at year end
Leasing	Joint accommodation for sister Co. personnel*	230,265	01/05/2019	1	annual	Amount is variable , calculated at year end
Manpower service	leased manpower*	1,028,743	01/05/2019	1	annual	Amount is variable , calculated at year end



Manpower service	leasing manpower services*	941,730	01/05/2019	1	annual	Amount is variable , calculated at year end
Services	Leased electricity & public utilities*	4,379,230	01/05/2019	1	annual	Amount is variable , calculated at year end
Services	Elect. Signboards at the Shopping Malls*	36,000	01/05/2019	1	annual	Amount is variable , calculated at year end

* Automatically renewable for similar periods.

Thirdly: Works & contracts with Maeen HR Company, and Riyadh Food Industries Co., where the board member Mr. Abdulaziz Abdullah Saleh Al Othaim, and some senior executives are having interest as follow:

a) Maeen Human Resources Company:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment	Notes
Services	leasing manpower services*	59,925,596	01/05/2018	2	Monthly	Amount is variable , calculated at year end
Services	leasing manpower services to Riyadh food Industry Co.*	2,708,046	01/05/2018	2	Monthly	Amount is variable , calculated at year end
Services	leasing manpower services to Thamarat Al Qassim Co.*	751,084	01/05/2019	2	Monthly	Amount is variable , calculated at year end
Services	leasing manpower services to Al Othaim Holding Co. 2018*	272,859	01/05/2019	2	Monthly	Amount is variable , calculated at year end
Leasing	Showrooms -Nafal District*	60,000	01/05/2018	1	Semi Annual	-
Rent	Real Estate -Shifa district*	2,000,000	01/05/2018	53 months	Semi Annual	-
Leasing	Khubar*	85,463	15/12/2018	2	Semi Annual	-
Leasing	Cortoba – Buraidah*	32,250	15/11/2018	2	Semi Annual	-

* Automatically renewable for a similar periods.

b) Riyadh Food Industries Company:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term / Year	Method of Payment	Notes
Services	leasing manpower services from Mueen Human Resources co.	2,708,046	01/05/2018	2	Monthly	Amount is variable , calculated at year end
Supply	Commercial contract to supply foodstuffs	130,430,946	01/05/2018	1	Monthly	Amount is variable , calculated at year end
Rent	Warehouse	137,500	01/05/2018	1	Semi Annual	The contract has been terminated and the warehouse is received

* Automatically renewable for a similar periods.

Fourth: Contract works with Dani Trading where the board member Mr. Saleh Mohammed Saleh Al Othaim is having interest as follow:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term /Year	Method of Payment
Leasing	Commercial complex- Rawdha branch*	300,000	01/05/2018	3	Semi Annual
Leasing	Dammam , Cornice*	373,000	15/07/2018	3	Semi Annual

* Automatically renewable for a similar periods.

Fifth: Contract with GOSI bearing interest to the board member Mr. Bandar Nasser Hamad Al Tamimi as follows:

Type of Contract	Contract description	Contract Value	The beginning of the contract	Contract term /Year	Method of Payment
Rent	Investment lands*	5,562,500	16/01/1424 H	26	Annual

* Automatically renewable for a similar periods.

Twenty-Eighth: Legal Payments to Government Authorities (SR):

statement	In 2018
Zakat	13,093,642
Various taxes	57,076,344
General Organization for Social Insurance -Paid	35,461,786
The visas and passports	12,411,224
Labor office fees	78,397,629
Total	196,440,625

Twenty Ninth: 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 (68) of the Listing Rules and Continuing Obligations.
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 No any doubt of the company ability 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.

The 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.