



**The custodian of two holy mosques
king Salman Bin Abdul Aziz Al Saud**



**His Royal Highness Prince
Mohammed bin Nayef bin AbdulAziz Al Saud
Crown,Crown Prince Second Deputy Prime
Minister and Minister of Interior**



**His Royal Highness
Prince Muqrin bin Abdulaziz Al Saud
Crown Prince, Deputy Prime Minister**



AN EXTRACT FROM GOLDEN LOGBOOK OF NATIONAL GYPSUM COMPANY

as we surpass the seventh - fifty year of contribution to building modern Saudi Arabia .it is due to bear in mind the early founders who established and developed the national gypsum company who founded strengthened the national edifice that the giant First put his daughters in the year 1378 Hijri.

according to Royal Decree No. 552348/. the first plants of the National Gypsum Company were initially built in the city of Riyadh with a national capital of 12 million Saudi Riyals, rendering this company as third industrial enterprise ever established in Saudi Arabia . at the forefront of these early founders are HRH prince Abdul Rahman Ibn Abdul Aziz Al Saud, HRH Nawaf ibn Abdul Aziz Al Saud and Dr, Mohammad Khalid Khashoggi .

Since it is early inception .NATIONAL Gypsum Company has been catering to the local building sector's needs for gypsum. Over this period of time , the NGC has developed qualitatively in order to cope with the overall growth and progress of Saudi Arabia . in line with this constant growth , NGC built a additional plants in Dammam, Yanbu and expanded its existing plants in Riyadh, this expansion was to and extent that the production capacity of the company has exceeded the local market needs and extended to cover that the Gulf market and other neighboring countries . the NGC has successively doubled its capital until it reached SR. 316,666,667 during the era of economic boom.

God willing, NGC undertakes to keep up its contribution through constant development of this gigantic industrial edifice, NGC will also continue to cope with the constant growth of Saudi Arabia in line with its aspiration for a more promising future under the auspices of the Custodian of Two Holy Mosques, his loyal Crown Prince and HRH the Second Deputy Premier for whom we implore Allah The Almighty to safeguard and to guide their steps. And also his wise gout for more prosperity and welfare.



H.E the late Dr.

Mohammad K.Khashoggi

One of the medical. Industrial men. One of the founders of the company. his carried out of ere



H.R. H Prince

Nawaf Ibn Abdul Aziz Al Saud

One of the early founder and supporters of the (NGC) who president the second session of Board of Directors during the period from (13821388- H.)



H.R. H Prince

Abdul Rahman Ibn Abdul Aziz Al Saud

Who patronized the initial steps of the formation of the National Gypsum Company (NGC) and acted as its first during chairman of Board of Directors the period (1378-1382 H.)



H.R. H Prince

Khalid Ibn Abdul Rahman ibn Abdul Aziz Al Saud
Presiding of fifth session of the board of directors of the
National Gypsum Company (N.G.C) -1391 - 1402H)
H.R.H played an eminent role in the development and
continued support of the (NGC) at that stage in time



H.R. H Prince

Naif Ibn Abdul Aziz Al Saud God bless his soul
Presiding of third session of the board of directors of the
company from the initial date of formation of the (N.G.C)
1387 -1389 H) H.R.H has gratefully contributed the successful
progress of this company since it is initial formation



H.R. H Prince

Ahmed Ibn Abdul Aziz Al Saud
Presiding of forth session of the board of directors of the
National Gypsum Company (N.G.C) -1390H) H.R.H
has gratefully contributed the successful advancement of
this company ever since that date



H .E sheikh Abdullah ibn Fahd Al
Thonayan. God bless his soul
Term :1415 – 1995 - 2013 G



H.E sheikh Saleh abdul Aziz Al
Rajhi God bless his soul
Term :1409 (1989) - 1995 H



H.E the late Sheikh Mohammad
Saleh Ka'ki Mone'm Akeel God bless
his soul
Term :1406 - 1408 H



H.E the late Sheikh Abdul Mone'm
Akeel ibn God bless his soul
Term :1403 -1405 H



H.E the late Sheikh Abdullah
ibn Odwan God bless his soul
Term :1930 H



Custodian of the Two Holy Mosques King Salman Bin Abdul Aziz Al Saud, in his first visit to the exhibition held by National Gypsum Company within the first national industries exhibition held in Riyadh in 1393 AH corresponding to 1973 AD . Picture shows Sheikh Abdullah Fahad Al Thunayan, a Board member at the time



The third session of the board of directors of the National Gypsum Company (N.G.C) under the chairmanship of H.R.H Naif Ibn Abdul Aziz Al Saud God bless his soul and the membership of late Sheikh Abdullah ibn Odwan.the late Dr. Mohammad K.Khashoggi ,sheikh Abdullah ibn Fahd Al Thonayan. The late sheikh Mohammad Saleh Ka'ki and sheikh Saleh abdul Aziz Al Rajhi . Mr Adnan K Khashoggi and Adel Khashoggi (271388/1/ H)



Combinations of plants, Riyadh 1960 ad ^ 1379 Ah mediates photo Shaikh Abdullah Fahad Al-Thunayan, Dr. Mohamed Khaled Khashoggi and Eng Felber of bapco in German



Combinations of plants, Riyadh 1960 ad ^ 1379 Ah picture shows his Royal Highness Prince Nawaf bin Abdulaziz and HRH Prince Mohammed Bin Saud Al Kabeer, Dr. Mohamed Khaled Khashoggi and Adnan Khashoggi

General Adminstration

Prince Mohammed Bin Abdu Aziz Road (Tahlia)

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Commercial Adminstration:

Prince Mohammed Bin Abdu Aziz Road (Tahlia)

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P.O. Box 187, Riyadh – 11411

Kingdom of Saudi Arabia

Tel: 495 3730 – Fax: 495 2667

Braches

Yanbu - Royal Commision Presmises

P.O. Box 152, Yanbu

Kingdom of Saudi Arabia

Tel: (014) 396 2053 / 369 2114 - Fax: (014) 396 2049

Cable: GYPSCO YANBU

Dammam - OPP.2nd Industrial Area

Tel: (013) 868 3610 / 20 / 40 / 50 / 60 / 70 / Fax: 868 3680

Kingdom of Saudi

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WE ARE ISO 9002 CERTIFIEDK

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Director & Audit Committee Member
Chairman Committee Member
Saud Bin Abdullah Al-Thonayan



Chairman & Managing Director
Ahmed Abdullah Al Thonayan



Director & Audit Committee Chairman
Nawaf Abdulmageed Khashgqe

BOARD OF DIRECTORS



Director & Nomination Committee
Nomination
Fahed Bin Mohammed Al Huraidi



Director & Audit Committee Member
Nomination Committee Nomination
Khaled Abdullah Ibrahim Alghadeer

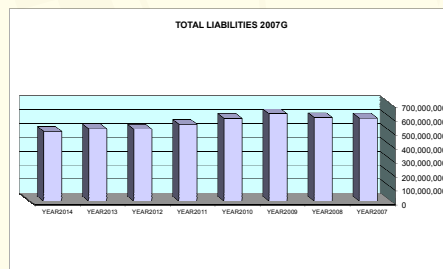
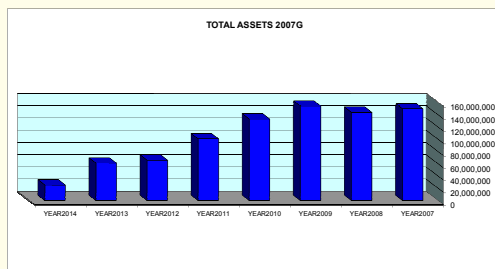
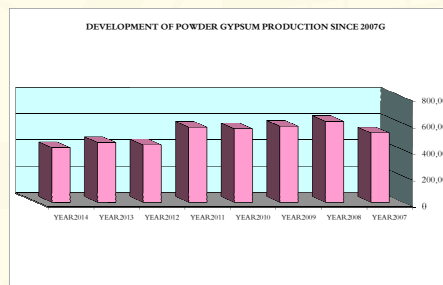
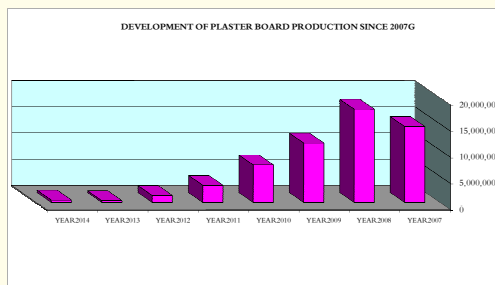
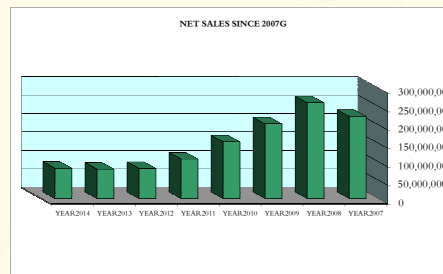
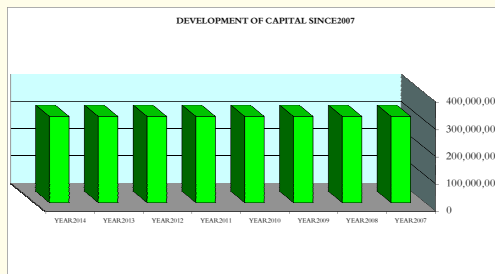


Director & Audit Committee Memeber
Mohammed Bin Saleh Al-Awad

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the company's development since 2007 G



YEAR2014	YEAR2013	YEAR2012	YEAR2011	YEAR2010	YEAR2009	YEAR2008	YEAR2007
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82,861.951	80,538.484	82,267.797	107,624.792	154,115.097	202,708.748	259,993.465	223,275.041
21,727.030	17,788.043	20,071.918	29,602.475	52,525.336	88,560.578	112,315.141	94,845.061
19,000.000	25,333.333	15,833.333	38,000.000	63,333.333	79,166.667	79,166.667	79,166.667
suggestion	suggestion	suggestion					

476,534.803	458,775.073	451,335.365	452,829.804	462,440.776	474,285.096	457,632.391	447,229.915
316,666.667	316,666.667	316,666.667	316,666.667	316,666.667	316,666.667	316,666.667	316,666.667
31,666.667	31,666.667	31,666.667	31,666.667	31,666.667	31,666.667	31,666.667	31,666.667
0	0	0	0	0	0	0	0

894,668.195	868,556.021	864,028.847	861,898.132	862,430.242	860,622.944	819,621.628	790,022.728
749,042.394	748,658.244	747,718.137	743,743.171	740,997.244	731,151.155	731,015.511	724,524.775
5,700.000	15,700.000	25,700.000	37,700.000	43,700.000	48,700.000	38,960.000	38,960.000

960.000	960.000	960.000	960.000	960.000	960.000	900.000	900.000
23,760.000	23,760.000	23,760.000	23,760.000	23,760.000	23,760.000	17,760.000	17,760.000

415.676	455.432	436.455	571.333	558.999	578.358	615.460	527.140
450,643	344,110	1,320,248	3,268,547	7,146,082	11,327,053	17,795,452	14,496,941

502,032.213	519,995.252	517,440.679	552,975.907	595,790.523	628,572.965	602,011.945	597,234.777
25,497.410	61,220.179	66,105.314	100,865.214	133,349.747	154,287.869	144,379.554	150,004.862

PROFITS

NET SALLES
NET PROFIT AFTER DEDUCTING ZAKAT
DISTRIBUTED PROFITS

OWNERSHIP

OWNERSHIP EQUITY
PAID UP CAPITAL
NUMBER OF SHARES
CAPITAL INCREASE

INVESTMENT

INVESTED CAPITAL
COST OF TOTALFIXEDASSETS
LONG TERL LOANS

LISNCE OF PRODUCTION CAPCTY

GYPSUM PRODUCTION CAPCTY-TON
PLASTER POARD PRODUCTION CAPCTY-M2

PRODUCTION

QT OF GYPSUM POWDER
QT OF PLASTER BOARD

liabilities and shareholders Equity

total liabilities
total assets



Chairman's statement

Dear shareholders,

Greeting ,

I would like to welcome you for attending the (50) General assembly session of your esteemed Company , to discuss the Board's report and the agenda, and what have been achieved therein for the fiscal year that ending in 31/12/2014 G .

Dear brothers.

Praise be to Allah the Almighty for the favorable results that achieved by the company, the net profit that amounted 30,209,475 SR and the net profit that amounted 25,180,975 Saudi Riyals before deducting Zalat on sales. the Zakat on sales amounted 3,453,945 SR.

We would like you that the profits will distributed as for (60 halah) per share that equal to 6% of the company's capital. You will find in the board of director's report this year 2014G, which presented to you a long with the financial statements, a detailed explanation for work executed and the achieved results.

The general administration and all the working staff of this company whose strenuous efforts have been channeled in the right direction through the optimal utilization for all production capacity of factories . All this success has been sought from Allah and then through the benevolent patronage of the custodian of two holy mosques, his crown prince, his second crown prince and our righteous government .

Dear Brothers

Thank you for your kind care and attention, and we solicit the help of Allah for further success in our future endeavors.

Thanks & Best Regards

Ahmed Bin Abdullah Bin Fahd Al Thanayan

Chairman, Managing Board of Directors



The Board of Directors Report

The 50 Ordinary Session of the General Assembly

Held on Thursday afternoon, 6 Jumda 'II 1436 H corresponding 26 of march 2015 G

Dear Shareholders,

Greeting

It's of immense pleasure to welcome you in the meeting of your ordinary session of the general assembly No.(50). We are going to furnish you with the annual report that relating to the company's activities of gypsum powder and board, for the fiscal year that ending in 31/12/2014G. We would like to bring to your kind attention the achievements rendered through this year. Please find attached the financial statements, which audited by the company's auditors for the fiscal year 2014G (**Talal Abu Ghazaleh & co global company for auditing**) .which was assigned by the Board Directors based on the choice of the audit committee due to the apology Talel Mohsen Al- Otaibi office discourse No: 9/6/2014 for its association with the emergency outside the kingdom. the board of directors would be pleased to listen to your enquiries, suggestions and thoughtful opinions which would indeed save guard the interes , and the developments of your company. We hope that we met your expectation & have successfully performed the tasks that assigned to us .

My dear brothers

Please allow us to present to your esteemed assembly the major aspects of the company's activities during the year 2014 G

First : Production & production Capacity

A - Primary Products

Products	Unit	capacity year	Previous Year	Current Year
Gypsum Powder	Ton	900.000	455,432	415,676
Plaster Board	M2	23.760.000	344,110	450.643

Second : Sales

The total sales, for this year reached the sum of 82,861,915 SR while they were SR 80,538,484 in the previous year as per the followings :

Products	Previous Year 2013	Current Year2014	%of sales the previous year		
Value of domestic market sales	72,870,863	72,307,641	-	87.26	%
Value of Export sales	6,524,683	9,234,069	-	11,14	%
Value of sales for (internal use)	1,141,938	1,320,241	-	1,8	%
Total sales	<u>80,537,484</u>	<u>82,861,951</u>			

The Sales particulars were as follows**A – Primary Products sales**

Products	Previous Year2013	Current Year2014	Percentage
Gypsum Powder sales	77,901,223	80,832,403	- 97,5 %
Plaster Board sales	2,636,261	2,029,548	- 2,45 %
Total sales	80,537,484	82,861,951	

Third : INVESTMENT**1 – The Saudi Qatari Gypsum company :**

Your company owns one third of capital of this company which is equal to the sum of 40 millions Qatari Riyals.

2 – Tabuk Cement company :-

Your company has contributed with the sum of 600.000 SR. which is the value of (77.142 shares) in Tabuk Cement company's capital.

3 – Trans Gulf for Industrial Investment (Sultanate Oman) :-

Your company has 1.973.360 shares , the nomination value of which of 197.336 Omani Riyals (nominal value) . In the trans Gulf which has been merged with the city corporation services in Oman under the name of city investment company in sultanate Oman

4- Kayan petrochemical Company :-

Your company owns one million shares in this company , it participation in establishing KAYAN company of petrochemicals with the sum of 10 million Riyals the value of 1.000.000 shares .

5 -Participation in lands:

Your company participated, with the sum of 10 million Riyals, with al- sheikh Hamad ibn Ibrahim real estate office, as partner in purchasing an outstanding site, on Khurais road. There is a remarkable increase in the value of this land. This land has been purchased as per the board recommendations to invest the liquid cash of the company

Fourth : liabilities & commitments .

1-SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN :

Your company has signed a loan contract No. (2008) in the year 2007 G, with the Saudi Industrial development fund. The company has received, as per this contract, a sum of 48.700.000 SR, for financing the expansion projects of the company's plants for producing gypsum and plaster board, in Dammam (Eastern Region) . The loan was granted mortgaging of the projects assets in Dammam . the company has received a sum of 45.200.00SR after deducting the fund's fees which equal to 3.5000.000 SR. (11) installment was paid and residual latest installment No,12 only

- We have been paid the first installment in 15/2/1431 H which equal to 2.000.000 SR.
- We have been paid the second installment in 15/8/1431 H which equal to 3.000.000 SR.
- We have been paid the third installment in 15/2/1432 H which equal to 3.000.000 SR.
- We have been paid the fourth installment in 15/8/1432 H which equal to 3.000.000 SR.
- We have been paid the fifth installment in 15/2/1433 H which equal to 4.000.000 SR.
- We have been paid the sixth installment in 15/8/1433 H which is equal to 4.000.000 SR.
- We have been paid the seventh installment in 15/2/1434 H which is equal to 4.000.000 SR.

- We have been paid the eighth installment in 15/8/1434 H which is equal to 5.000.000 SR.
- We have been paid the ninth installment in 15/2/1435 H which is equal to 5.000.000 SR.
- We have been paid the tenth installment in 15/8/1435 H which is equal to 5.000.000 SR.
- We have been paid the eleventh installment in 15/8/1436 H which is equal to 5.000.000 SR.
- The due date for the twelve premium payment will be on 15/8/1436 H which is equal to 5.700.000 SR. (last installment)

2- Fees for follow-up loan Saudi industrial Development Fun

- We have been paid the first installment in 15/2/1435 H which equal to 446,675 SR.
- We have been paid the second installment in 15/8/1435 H which equal to 446,675 SR.
- We have been paid the third installment in 15/2/1436 H which equal to 446,675 SR.
- We have been paid the fourth installment in 15/8/1436 H which equal to 446,675 SR.

3 – Contingent Liabilities, Obligations and Guarantees Provided by others

- A. The company has important financial contingent liabilities as at statement of 13/12/2014, the most important are represented in commissioning and operation contracts of Alfa & Beta plants in Dammam with a total amount of 1,305,000 Euro .
- B. Letter of credits issued for third parties up to 31/12/2014 G with a total value of SR 1.700.000. For Aramco supply of crude oil to the company's factories
- C. The company received guarantees from third parties with a total value of SR 4,621,400 , some of which provided by the customers against credit facilities ,

4 – Regular payment

- a. The company has been paying the Zakat as the rules and regulations. The total amount of Zakat for this year is 3,453,945 SR as indicated in the annual balance sheet.

b.The company has been paying fees for ministry of Petrol and mineral resources in return of extracting raw stones in concordance to council minister resolution No. 11 dated 14/1/1424 H wherein fees shall be paid for utilizing all types of minerals and stones (2.25 SR) for each ton of gypsum . The minimum total annual amount to be utilized is 40 thousand with total fees of 90.000 SR. The resolution also pointed out that the amount of the annual rent required by mining license holders which is 10.000 SR for each square kilometer or part of it. The total estimated amount to be paid the period from 1/1/2014 up 31/12/2014 is 1,115,412 SR.

D.The company has been paid fees for The basic services for the period from 1/1/2014G until 31/12/2014G for Tadmuk, according to the invoice sent from the Tadmuk, the total amount is 300, 000 SR

E. The company has been paying fees for the social insurance during this year the total amount is 854,752 SR as the rules and regulations.

F. The company has been paying fees for the general insurance on the property of the company in Riyadh, dammam, Yanbu and Omlug during this year 2014G the total amount is 381,784 S.R as well as health insurance to employees of the company the total amount is 1,110,642 S.R.

Regular payment schedule

	Paid	Deserved
Zakat		3,453,945 SR
Fees for ministry of Peterol and mineral resources		1,115,412 S.R
Charge of basic service –Tadmuk 2013	300,000 S.R	
tenth installment No(2008) SIDF	5,000,000S.R	
eleventh installment No(2008) SIDF	5,000,000S.R	
Social insurance	854,752 S.R	
general insurance on the property of the company2011	381,784 S.R	
health insurance to employees of the company 2011	1,110,642 S.R	

Fifth : The capital investment projects

Your company has always been keen in upgrading of these factories so as to be in line with the development and also for supporting the company's profits and development in the long run.

Sixth : Risk Encounter the company

1-Your company encounter tough competition in the domestic and overseas markets for their products from gypsum powder and gypsum boards, that represented in of construction new plants in our distribution always in the kingdom and abroad (Gulf Countries) in addition to permission of imports. As result of application of free trade policy and its sequences of reducing customs and opening channels for foreign investment, in addition to high increase of raw materials cost and continuous increase in Euro exchange rate. The company's management is working to reduce the cost of production.

2-Some of quarters try to transfer the plant from the current location in Karj road kilo 10 for the fear that the plant harmful to the environment surrounding. the company has obligation to wards the application of the environment standard . the national gypsum company commits to apply the international standard and Saudi standard to preserve the environment this is under the supervision and follow –up – by SMD and environmental protection in Riyadh where the company takes into account all the instruction and basic requirement and it is policy of operating plant

Always keen on the maintenance and safety of the filter in factories firstly in order to operate efficiently according to specialized by SMD protection of environment in the kingdom the company has been contracted with the one of the specialized office to affection environmental measurements for factories in Riyadh and obtain a certificate of environmental. The company has obtained an environmental certificate (environmental license for operation 159sh/35/11702

Seventh : The Board of Director Meeting during the fiscal year 2014 Q

S.No	Name of member	Number of sessions attended			
1	Ahmed Bin Abdullah Al Thanayan	Chairman, Board of Directors	Executive	9	Full Attendance
2	Nawaf Abdul Majeed Khashoggi	Director & audit committee chairman	independent	9	Full Attendance
3	Suad Bin Abdullah Al Thaonayan	Director& audit committee member chairman committee	independent	9	Full Attendance
4	Mohamed Bin Salih A. Al Awad	Director & audit committee member	independent	9	Full Attendance
5	Khalid Abdullah Ibrahim al Ghadeer	Director& audit committee member nomination committee	independent	9	Full Attendance
6	Fahd Mohammed Barak al-Habardi	Director& nomination committee	nonexecutive	9	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	7/1/2014	18/1/2014	23/2/2014	2/3/2014	7/4/2014	20/4/2014	9/6/2014	19/7/2014	27/10/2014

As per clause No (23) of company's article of association, the board of directors shall conduct at least 6 meeting during the fiscal year .

Eighth : All board members are committed of not being board members for more than five joint stock companies at the same time

Name of Member	Name of the companies			
	First Co	Second Co	Third Co	Fourth Co
1	Nothing			

Ninth : The percentage of board members and top executive , their wives and dependants in the company's shares(2014)

NO	Name of member	Number of shares *%		Change of share &% the begin of year				Change of share &%the end of year		
1	Ahmed Bin Abdullah Al Thanayan	1000	share	0.003	%	share	%	1000	share	0.003%
2	Nawaf Abdul Majeed Khashoggi	1000	share	0.003	%	share	%	1000	share	0.003%
3	Suad Bin Abdullah Al Thaonayan	1000	share	0.003	%	share	%	1000	share	0.003%
4	Mohamed Bin Salih A. Al Awad	1133	share	0.004	%	share	%	1133	share	0.004%
5	Khalid Abdullah Ibrahim al Ghadeer	1000	share	0.003	%	share	%	1000	share	0.003%
6	Fahd Mohammed Barak al-Habardi	1000	share	0.003	%	share	%	1000	share	0.003%

• Executive Members

1	Ahmed Bin Abdullah Al Thonayan	1000	share	0.003%	share	%	1000	share	0.003%
2	Fahd Mohammed Barak al-Habardi	1000	share	0.003%	share	%	1000	share	0.003%

Tenth: description of any benefit belong to board members and top executive , their wives and dependants in the company's shares or consequent to any one off their companies.

Name of member	Change of share &% the begin of year			Change of share &% at the end of year			Change of share &% at the end of year		
Nothing		Share	%		share	%		share	%

Eleventh: description of any benefit belong to board members and top executive , their wives and dependants in the company's

Name of member	Change of share &% t the begin of year			Change of share &% t the end of year			Change of share &% t the end of year		
Nothing		Share	%		share	%		share	%

Twelfth: **Contracts to the board's member:**

The company confirms that there are no contracts have been signed of that have related to the board members and top executive during the year 2014

Thirteenth : **Committees (2014)**

1 – Auditing Committee in 31/12/2014

1	Nawaf Abdul Majeed Khashoggi	Head	9	Full Attendance
2	Mohamed Bin Salih A. Al Awad	Member	9	Full Attendance
3	Khalid Abdullah Ibrahim al Ghadeer	Member	9	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	6/1/2014	18/1/2014	23/2/2014	2/3/2014	6/4/2014	20/4/2014	9/6/2014	19/7/2014	27/10/2014

Responsibilities of the committee .

- 1-Supervision of auditing the company's activities to ensure its effectiveness regarding execution of assigned tasks and internal control by laws.
- 2-Conduct the study of internal control system and preparing a written report including its evaluation and recommendations thereof.
- 3-Evaluation of internal auditing reports and follows up the corrections required.
- 4-Recommendation of appointing and termination of chartered accountants and their rewards.
- 5-Follow up of chartered accountants activities and approval of any work out of their duties that assigned to them while performing their auditing activities.
- 6-Study of remarks and discussion of chartered accountant about the annual and quarter statements status and addition to their opinion and recommendations therein
- 7-They Study of applied accounting policies and providing their comments and recommendations.
- 8-Review the audit with the chartered accountant and make them observable
- 9-Study notes chartered accountant statement and follow up the action

2 – Nominations & Remuneration Committee

Nominations & Remuneration Committee 2014

1	Saud Bin Abdullah Al Thanyan	Head	3	Full Attendance
2	Khalid Abdullah Ibrahim al Ghadeer	Member	3	Full Attendance
3	Fahd Mohammed Barak al-Habardi	Member	3	Full Attendance

	(1)	(2)	(3)
Schedule meeting	6/5/2014	4/8/2014	7/9/2014

Responsibilities of the committee.

1. Recommendations regarding board of directors nominations according to approved standards and policies. And taking care not to nominate any person previously convicted of a crime involving moral turpitude and dishonesty
2. Annual auditing regarding the suitable qualifications required for the board membership and setting of abilities and qualification criteria required including the time that shall be allocated by the member for carrying out the board of directors' activities.
3. Revision and forwarding of recommendations to the board of directors regarding any changeable modifications in addition to defining of weakness and strength and providing the suggested remedial solutions that in concordance with the company's interests.
4. to ensure, on annual basis, the independency of the board members and nonexistence of any member hold a board membership in any other company .
5. Setting of policies regarding remuneration of board of directors and top executives as per the standards related to their performance.

3-Executive Committee (2014)

1	Mohamed Salih A. Al Awad	Head	3	Meetings
2	Khalid Abdullah Ibrahim al Ghadeer	Member	3	Meetings
3	Fahd Mohammed Barak al-Habardi	Member	3	Meetings

Schedule meeting	(1)	(2)	(3)
	14/6/2014	26/10/2014	9/12/2014

Responsibilities of the committee

- Represent company in exhibitions and conferences so that it does not conflict with the sub-committees of the company.
- Supervision and follow-up with the company management to the sections and development of human resources and strategic priorities and allocation of resources and reports relevant workflow.
- The issuance of the regulations and instructions and take decisions on the organization of work of urgent company, that would not be inconsistent with the statute other commissions and powers of the Managing Director and the Director General and Assistant Director-General.
- To follow up the implementation of the policy and administrative financial, technical and marketing executive committee and undertake all the responsibilities of management of the company according to general plans and decisions of the Council of Administration with the company management.
- The Executive Committee of the company's daily go and play the role the company's general manager in the case of vacated this function.

- The Executive Committee closer relations and coordination of work between the company and of all the relationship so as not contrary to regulations of the company and the Statute, in order to achieve the purposes of the company and stimulate sales and develop the production.
- The committee had the right to interrogate other administrative sections and structures to their work by providing reports to the Governing Council so as not contrary to the work of the other Committees (Audit Committee and the Commission, nominations.
- The committee consists of three members and the quorum of two executive committee members and shall take its decisions by majority vote of Members present.

fourteenth : operating profit

- Operational profit reached during the fourth quarter 4,52 million Riyals compared to corresponding quarter of previous year 1,90 million Riyals decrease of 137,89%
- Operational profit reached during the twelve month 20,29 million Riyals compared to corresponding quarter of previous year 18,59 million Riyals decrease of 9,14%

Fifteenth: Remuneration of Boar of directors

The board of directors would like to clarify that the chairman and the members haven't received any allowances or other benefits other than the following:

- 1 – The amounts specified by the ministerial resolution number 1071 in 5/11/1412 H which is shown in the proposal of profits distribution that submitted to you .
- 2 – The financial statements included some provisions and remuneration paid to the members of the Council and senior executives of the company during the fiscal year 2014 G as shown in the following table

secondly : Remuneration for the Board of directors and five senior executives

Executive member	Salaries & Rem	Allowance	Annual Re	Increment	Others	Total
Ahmed Bin Abdullah Al Thanayan	360,000	12,000			62.016	434.016
Fahd Mohammed Barak al-Habardi	32.400	8,100	resigned form executive work in 1/7/2014		62.016	102.516
nonexecutive member						
Dammam manager	144,000	42,000				186,000
Director of administrative affairs	60,000	15,000				75,000
Sales gypus Manager	108,000	31,800				139,800
Administration and financial affairs	69,600	17,400				87,000
Technical factory Manager	168,000	42,000				210,000
Board of directors remuneration as per the regulation			372,098	Explained in article 18. total amount for each member 62,016		

Sixteenth, The Net Profit & the Suggested Distribution:

As per the company's articles of association issued as per the royal decree No. 5/5/2348 dated 18/9/1387 H, and the council of ministers resolution No. 111, dated 9/9/1378 which states the following:

Article (47) : annual profits shall be distributed , among share holders ,after deducting depreciations, all expenses and costs including the Zakat, as follows:

- 1- 10% out of the net profits shall be kept as statutory reserves. The general assembly reserves the right to stop this if such reserve is equal to 50% of capital. The statutory reserve shall be used to cover the company's loss or increase the company's capital.
- 2 - 5% out of the balance shall be distributed, as first payment of dividend distribution to share holders
- 3 – 10% of the balance shall be allocated for board director's remuneration .
- 4 – After deducting the above mentioned percentage, the balance shall be distributed among share holders. The ordinary general assembly reserve the right to decide about any other reserves or allowance, while its permitted, as per the board's recommendations, that total or partial amount of profit can be posted to the next year, or can be fully or partially utilized for shares depreciation or creating emergency reserve fund .

Article (48) : prescribed profit shall be paid at the time and place specified by the Board of directors

Seventeenth: Net profit and Suggested Distribution

Praise be to Allah for the profit gained this year 2012 G. the net profit before deducting the Zakat is 23,299,421 SR while it was 32,446,601 SR in the previous year 2011G.

The Board of directors recommends distributing the net profit as follows:

Net profit before deduction of Zakat	25,180,975
Minus : Zakat	(3,453,945)
Net profit after deduction of Zakat	21,727,030
Minus 10% from statutory reserve	<u>(2,172,703)</u>
Balance	<u>19,554,317</u>
Minus : First payment of dividend distribution to shareholders at the rate of 5% of capital	(15,833,334)
Balance	<u>3,720,993</u>
Minus : Board of directors' Remuneration	(372,098)
Balance	<u>(3,348,895)</u>
Add: Carried over from last year's profit	<u>1,717,585</u>
Total	<u>5,066,480</u>
Minus : First payment of dividend distribution to shareholders at the rate of 1% of capital	<u>(3,166,666)</u>
Retained Earning	<u>1,899,814</u>

Eighteenth. Confirmation of Internal Auditing:

- 1- The National Gypsum Company's internal auditing committee confirms that the financial accounts for the fiscal year ending in 31/12/2014 G, have been prepared in a proper manner and the internal control system has been set up in a proper efficient basis. The internal auditing has been carried out according the standard accounting principles which, includes examining and reviewing accounts and other required procedures in accordance with company's regulations and articles of association. There is no doubt about the company's abilities to continue its activities.
- 2- The financial statements has been prepared, as of 31/12/2014 G as per the standard accounting principles that issued by Saudi Chartered Accountants authority. The financial statement has been prepared in a way that reflects the real status of the company.
- 3- It appears from the report of the Auditors that the financial statements are free from significant mistakes.
- 4- There is also no punishment or penalty imposed or under reserve of the company from the Commission or any other supervisory or regulatory or other jurisdiction.

Except for a fine assessed from capital market in the amount of 10 thousand riyals and as remarks in directors' report for the year 2013

- all remarks for internal control forwarded by the Audit Committee for the Board of Directors ,There is no substantive remarks could be stated, and all the remarks forwarded are being studied and discussed and resolved immediately
- **The board directors approved the following :-**
 1. that the financial accounts , have been prepared in a proper manner
 2. The internal control system has been set up in a proper efficient basis.
 3. There is no doubt about the company's abilities to continue its activities

Nineteenth. Companies Governance Regulations issued by the capital market authority (CMA) NO

31/10/1427 H corresponded 13/11/2006 G

The company has been applying all articles set forth in companies' governance regulation in concordance with the company's articles of association and corporate regulations issued by ministry of commerce, especially the articles related to share holders right. Expect for a few items and include the following

Article	Text	Notes
section (B) in article (6)	Cumulative voting	The company currently tracking the normal voting system according to basic system
Article 10(A) d	Periodic review of the organizational structures in the company and adoption	Will be prepared within the regulations and policies of the company for the corporate governance system
Article (10) section (1)	Develop a comprehensive strategy for the company and the main action plans and risk management policy and review and direct it	Now completion of the preparation and study of risk policy
Article (10) section (3)	Ensure the application of appropriate control systems to manage risk, and through the identification of the public perception of the risks that the company may face and put it transparently	Now completion of the preparation to permission combining Chairman of the Board and Managing Director and study of risk policy
Article (12) section (d)	Annual review of the effectiveness of internal control procedure in the company	Now completion the work of the amendments to the internal politics of the pervious
	They study the annual and quarter financial statement status and addition to their opinion and recommendations	According to the company's governance system came in Article 12 (Composition of the Board) and in line with the basic system of Article (22) as well as Article 19 of the system of joint stock companies

The board of directors would be pleased to submit the following proposals:

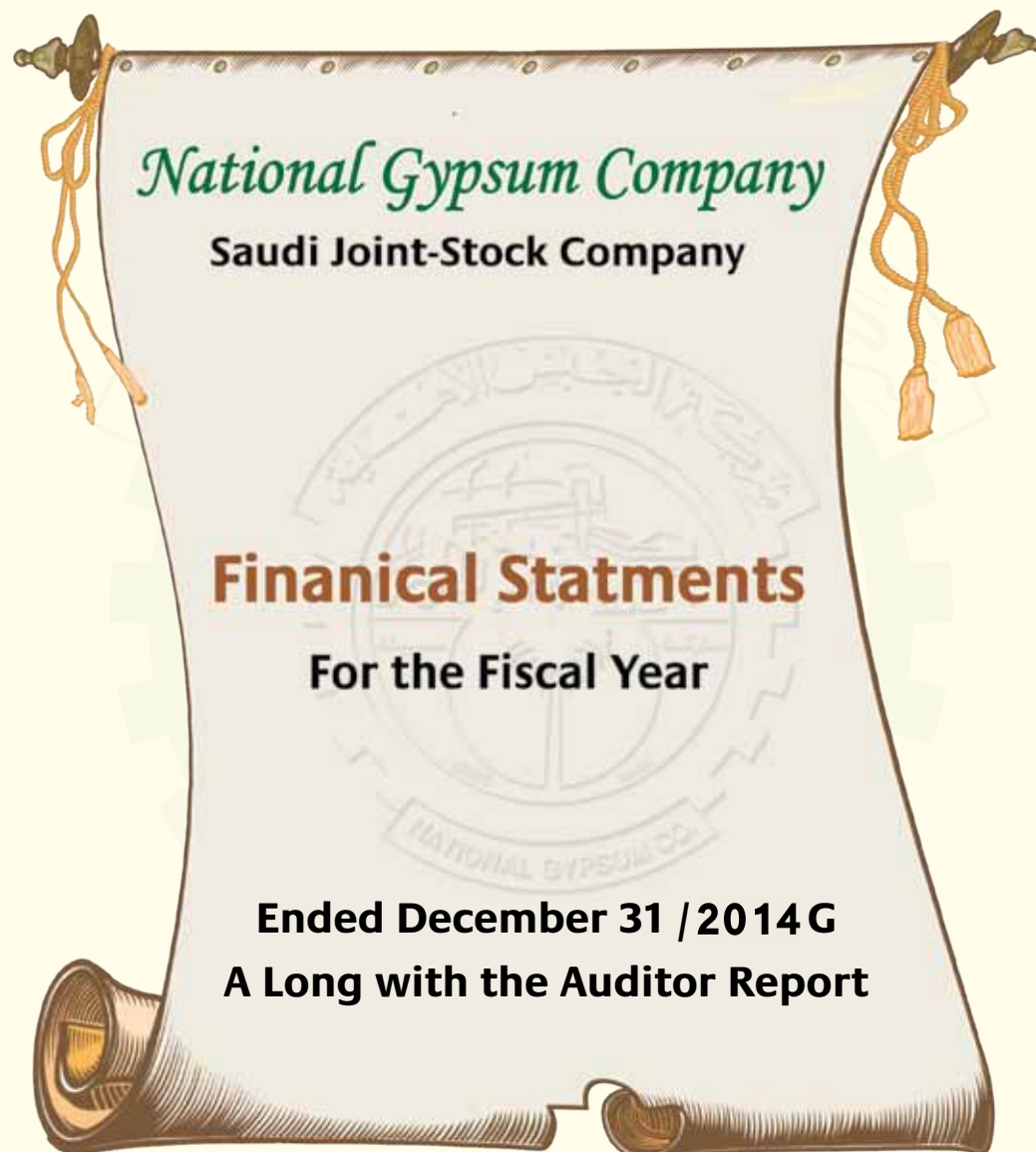
- 1.To approve the annual report of the board of Directors for the fiscal year ending on 31/12/2014G
- 2.To approve the balance sheet and statement of income for the fiscal year ending on 131/12/2014G
- 3.To exonerate the members of the current board of directors for the fiscal year 2014G

- 4.To approve the distribution of profits as pre the proposal of the Board of directors, which is half riyal (60 halala) per share (6% out of capital). Effective Thursday 30/4/2015G corresponding 11/07/1436H. The priority for profit distribution will be the company's shares owners upon approval of the general assembly for profits distribution.
- 5.To approve the appointment of the auditor who has been nominated by the Auditing committee. To audit the company's accounts ledgers for that fiscal year 2015G and to determine his fees.
- 6.To approve the disbursement of SR 372.098 reward for members of the Board of Directors in 2014 AD by SR 62 016 for each member
- 7.The ratification of the selection of Talal Abu-Ghazaleh office to review the company's accounts for the year 2014 AD, based on the choice of the Audit Committee and the Board of Directors assigned to them and to apologize Talal Mohsen Al-Otaibi Office is related emergency Circumstances outside the kingdom by the letter dated 9/6/2014 of AD The ratification

The board of directors takes this opportunity to thank you for accepting our invitation to attend this general assembly session, and for your trust and confidence. We pray to Allah the almighty that our country continues to enjoy the security, prosperity under the leadership of the Custodian of the two holy mosques. King Salman Bin Abdul Aziz, and His Crown Prince Muqrin Bin Abdul Aziz, first deputy Prime Minister and his crown prince Mohammed Bin Naif Bin Abdul Aziz Second Deputy Prime Minister and Minister of interior , and their righteous government, and to help them all towards the achievement of success and prosperity of our beloved country.

Best regards

Board of Director



National Gypsum Company
Saudi Joint – Stock Company

Balance Sheet

As on 31 December	Notes	<u>2014</u> <u>SR</u>	<u>2013</u> <u>SR</u>
Assets			
Cash in Hand & at Banks	(3)	27,119,023	9,107,505
Murabaha investment	(4)	23,000,000	47,000,000
Account receivable	(5)	11,293,553	8,791,296
Inventory	(6)	38,029,143	39,772,427
Other debit balances	(7)	13,820,433	6,041,990
A related party	(8)	<u>1,268,576,</u>	<u>794,220</u>
Total current assets		<u>114,530,728</u>	<u>111,507,438</u>
Non current assets			
As on 31 December	Notes	<u>2014</u> <u>SR</u>	<u>2013</u> <u>SR</u>
Investment according to ownership rights	(9)	52,872,770	58,442,970
Net value of fixed assets, under Execution projects and spare parts	(10)	330,909,002	347,939,849
Net deferred charges	(11)	3,719,713	2,104,995
Total non current assets		<u>387,501,485</u>	<u>408,487,814</u>
Total current assets		<u>502,032,213</u>	<u>519,995,252</u>

The attached notes from No.1-29 are integral part of these financial statements

Liabilities and Shareholder's equity

As on 31 December	Notes	<u>2014</u> <u>SR</u>	<u>2013</u> <u>SR</u>
Current part of long terms loans	(12)	5,700,000	10,000,000
Accounts payable	(13)	2,844,790	5,137,328
Other credit balance	(14)	3,186,057	2,399,116
Zakat Provisions	(22)	3,453,945	2,937,553
Proposed dividend		<u>6,048,391</u>	6,064,269
Total current liabilities		<u>21,233,183</u>	<u>26,538,266</u>
Non current Liabilities			
As on 31 December	Notes	<u>2014 SR</u>	<u>2013 SR</u>
Long term loans	(12)		5,700,000
End – of – service provision	(15)	4,264,227	3,630,989
Total non current liabilities		<u>4,264,227</u>	<u>9,330,989</u>
Total liabilities		<u>25,497,410</u>	<u>35,869,255</u>
Shareholders' Equity			
As on 31 December	Notes	<u>2014 SR</u>	<u>2013 SR</u>
Paid up capital	(16)	316.666.667	316.666.667
Statutory reserve	(17)	128,388,913	126,216,210
Unrealized gain from (investment)		10,207,311	14,174,611
Proposed dividend	(26)	<u>19,372,098</u>	<u>25,350,924</u>
Retained earnings		<u>1,899,814</u>	<u>1,717,585</u>
Total Shareholders' equity		<u>476,534,803</u>	<u>484,125,997</u>
Total Liabilities and Shareholder's equity		<u>502,032,213</u>	<u>519,995,252</u>

The attached notes from No.1-29 are integral part of these financial statements

**National Gypsum Company
Saudi Joint – stock company
Statement of income**

As on 31 December	Notes	<u>2014</u> <u>SR</u>	<u>2013</u> <u>SR</u>
Revenues		82,861,951	80,538,484
cost of revenues	(18)	<u>(52,652,476)</u>	<u>(53,604,198)</u>
Cross margin		<u>30,209,475</u>	<u>26,934,286</u>
<u>Less</u>			
General and administrative expense	(19)	(8,356,559)	(6,863,667)
Sales and distribution expense	(20)	(1,567,114)	(1,476,006)
Net income of operation		<u>20,285,802</u>	<u>18,594,613</u>
Results of other business			
Other revenues	(21)	<u>4,895,173</u>	<u>2,386,566</u>
Net income before Zakat		<u>25,180,975</u>	<u>20,981,179</u>
<u>Less</u>			
Zakat provision	(22)	<u>(3,453,945)</u>	<u>(2,924,701)</u>
Net income		<u>21,727,030</u>	<u>18,056,478</u>
Total ordinary share profit		<u>0.64</u>	<u>0.59</u>
Net ordinary share profit		<u>0.69</u>	<u>0.57</u>

The attached notes from No.1-29 are integral part of these financial statements

**National Gypsum Company
Saudi Joint – Stock Company
Cash Flow Statement**

For the Fiscal Year ended on 31 December	Notes	<u>2014 SR</u>	<u>2013 SR</u>
Operating Activities			
Net profit income		<u>21,727,030</u>	<u>18,056,478</u>
<u>Adjustment for non cash items:</u>			
Depreciation		17,432,604	17,446,719
Amortization of deferred charges		1,379,980	1,553,304
Gain on sale of fixed assets		(1,062,568)	(120,000)
Realized gain on investments in associated companies		(581,284)	(512,054)
End – of – service provision		(1,729,594)	(174,273)
Zakat provision		<u>(3,453,945)</u>	<u>(2,924,701)</u>
<u>Changes in current assets & liabilities</u>			
Accounts receivable		(2,502,257)	451,680
Inventory		1,743,284	(86,220)
Other debit balance		(7,778,443)	(1,578,217)
Due from related parties		(474,356)	(655,855)
Accounts payable		(2,292,538)	(830,306)
Other credit balance		786,941	(1,232,742)
End – of – service provision		(1,096,356)	(2,031,465)
Payment for Zakat department		<u>(2,937,553)</u>	<u>(3,227,503)</u>
Net cash flow from operating activities		<u>29,528,023</u>	<u>30,332,793</u>

The attached notes from No.1-29 are integral part of these financial statements

Cash flow from Investing Activities Notes

	<u>2014</u>	<u>2013</u>
	<u>SR</u>	<u>SR</u>
Investments	24,000,000	2,000,000
Earned from real estate investment	2,184,184	
Additive fixed assets	2,652,952	3,663,458
Proceeds from sale of fixed assets	<u>3,313,763</u>	<u>2,103,216</u>
Deferred charges	<u>(2,994,698)</u>	<u>(1,071,570)</u>
Net cash flow from investment activities	<u>23,850,297</u>	<u>4,361,812</u>
Financing Activities		
Dividends distributed	(15,878)	43,459
Paid loans	<u>10,000,000</u>	<u>10,000,000</u>
Dividends to shareholder and remuneration of the board director	(25,350,924)	16,056,472
Net cash flow from financing activities	<u>(35,366,802)</u>	<u>26,013,013</u>
Net cash and cash alike flow	18,011,518	312,032
Cash and cash alike at the beginning of the year	<u>9,107,505</u>	<u>9,419,537</u>
Cash and cash alike at the end of year	<u>27,119,023</u>	<u>9,107,505</u>
Additional information on the activities of non – cash		
Gains (losses) on investment available for sale	<u>(3,967,300)</u>	<u>7,240,664</u>
The impact of the amendment on fixed assets		<u>7,493,490</u>

The attached notes from No.1-29 are integral part of these financial statements

Statement of changes in shareholders equity

Description	Paid up capital S.R	Statutory reserve S.R	Unrealized gains from investments S.R	Dividends distributed	Retained earnings S.R	Total SR
Shareholder's equity as of 1th January 2013	316,666,667	124,410,562	6,933,947	16,056,472	3,324,189	467,391,837
Net effect of modification of fixed assets					7,493,490	7,493,490
Unrealized earnings of investment			7,240,664			7,240,664
Dividends and management compensation 2013				(16,056,472)		(16,056,472)
Dividends distributed				25,350,924	(25,350,924)	
Transfer to statutory reserve		1,805,648			(1,805,648)	
Net income of the year 2013					18,056,478	18,056,478
Shareholder's equity as of 31 December 2013	316,666,667	126,216,210	14,174,611	25,350,924	1,717,585	484,125,997
Unrealized earnings of investment			(3,967,300)			(3,967,300)
Dividends and management compensation 2014				(25,350,924)		(25,350,924)
Dividends distributed				19,372,098	(19,372,098)	
Transfer to statutory reserve		2,172,703			(2,172,703)	
Net income of the year 2013					21,727,030	21,727,030
Shareholder's equity as of 31 December 2013	316,666,667	128,388,913	10,207,311	19,372,098	1,899,814	476,534,803

The attached notes from 1-29 are integral part of these financial statements

National Gypsum Company

Saudi Joint-Stock Company

Explanatory Notes Attached to the Financial Statements in

I. The Company

National Gypsum Company is a Saudi Joint-Stock Company that has been established in Riyadh city as per the Commercial Registration No. 1010001487 dated 19 Shawal 1378 H. The activity of the company is the fabrication as well as the production of gypsum and its derivatives. The company's activity is extracted from an area of excellence in the field of gypsum and trading in the materials and fabrication related to it, including the chemical and mechanical production of its derivative materials. Furthermore, the company specializes in the activities that are helpful and necessary for achieving such purpose. The company may be benefited from other establishments and organizations specialized in the similar activities in the kingdom of Saudi Arabia or abroad, by augmentation, buying or being attached to them.

Company's Factories & Branches:

The company has many registered branches as follows:

Yanbu Branch	Reg. No.	470000546, dated 18/3/1400H
Jeddah Branch	Reg. No.	4030007100, dated 26/1/1392 H.
Dammam Branch	Reg. No.	2050003512, dated 6/7/1395 H
Dammam Gulf Gypsum Plant	Reg. No.	2050048707, dated 04/06/1426 H.
National Plaster Board factory, Riyadh,	Reg. No.	1010198301, dated 10/04/1425 H
Plaster Board factory, Dammam	Reg. No.	2050053971, dated 04/03/1428 H

Represent the financial statements of assets and liabilities and the results of the business records referred above

(2) The most Significant Accounting Policies:

The preparation of financial statements in according with generally accepted accounting in Saudi Arabia below a summary of significant accounting polices followed by the preparation of financial statements on the basis symmetric

(A) .Basis of Accounting:

The financial statements assets and liabilities for the company are prepared on the historical cost. With the exception of available for sale investments, which are valued at fair value

(B) use of Estimates

The preparation of financial statements by the management of the company requires the use of estimates and assumptions that may affect the value of assets and liabilities that are included in the disclosure of assets and contingent liabilities at the date of the financial statements. And the reported amounts of revenues and expenses disclosed for the period that prepared the financial statements on them and Although The preparation of these assumptions and estimates based on the best information and events available to the administration at the date of the issuance of the financial statements, however, actual results ultimately may differ from these estimates

(D) Cash & Cash Alike :

Consists of cash and cash equivalents on hand and balances with the bank and short-term deposits that are due within three months

(E) Account receivable

Account receivable in the balance sheet net realizable value after deducting provision for doubtful debts ,estimated provision for doubtful for based on study of age balance of account receivable and assessment of the extent to which collected at the end of the fiscal year

(F) Inventories:

Inventories are valued on the basis of cost or net realizable value, whichever is less. The cost of inventories is determined on the basis of the weighted average price method and include the cost of expenses incurred for the acquisition of inventory and other costs incurred to deliver inventory to its current condition

Net realizable value is the estimated selling price in the ordinary course of business after the completion of the estimated costs of sale or discount, is a custom configuration. When necessary .items damaged and slow moving inventory

(G) Investments and financial assets

Investments are classified as follows:

Murabaha Islamic funds and included in current assets and are recognized as revenue results in the income statement

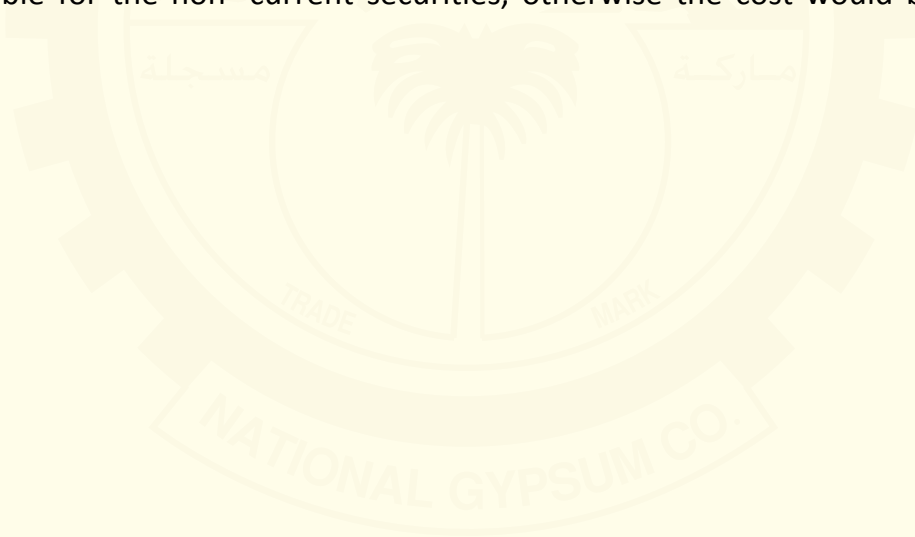
Investments in the company's' capital in which the rate of contribution is equal to or exceeds 20% to 50% are registered according to ownership equity method. Those investments are evaluated according to the latest available audited financial statements until the date of preparation of financial statements

Investments in which the rate contribution is less than 20% , and which the company's administration intends to hold for a period more than one year is recorded among non- current assets.

Those investments would be evaluated on the basis of their fair value as at the date of the financial statements.

recorded among non- current assets. Those investments would be evaluated on the basis of their fair value as at the date of the financial statements.

The unrealized profits and losses resulting from re-evaluation would be included among the shareholders equities as a separate item under the name " unrealized profits and losses". The fair value of the investment is calculated according to the last financial statement available for the non- current securities, otherwise the cost would be regarded as the fair value.



(C) Fixed assets:

Fixed assets are appear in the accompanying balance sheet net cost after deducting accumulated depreciation or by any decrease in the value (if any until the date of the balance sheet , fixed assets are depreciated on a straight – line basis at rats , which approximate estimated useful lives , as follows

Statement	Consumption rate
Building	3-5%
Internal road	10%
Machinery & equipment	5%
Water net work	10%
Extension of electrical power	7%
Equipment of conveyance	17%
Tools	25%
Furniture	10-20.%

deleted Fixed assets sold or disposed of and consumption of accounts sold on or excluded, and are recognized as gains or losses in the income statement.

Restricting normal maintenance and reform expenses that do not materially exceed the estimated useful lives of the asset or production capacity in the income statement. As important improvements and renovations are capitalized and the expenses is derecognized origin, who was replaced

Projects under execution, such as the factories are recorded at cost , where they will finish these project in fixed assets when ready

(D) Decline in the value of non-current assets

The company is conducting a periodic review of the carrying value of non-current assets to determine whether there is objective evidence of impairment in the value of those assets in case of such evidence exists, the recoverable amount is estimated of the asset to determine the size of the impairment loss

In cases where the recoverable amount of the asset is estimated for the cash-generating unit for less than its carrying value then the carrying value of the asset decline or cash-generating unit to its recoverable amount and the impairment loss is recognized as an expense in the asset value immediately in the income statement

And if what was subsequent reversed the impairment loss, then you are the carrying value of the asset or cash-generating unit to the revised estimate of its recoverable, that the carrying value of which emanated from the carrying amount that would have been determined not more than if no impairment loss decline in the value of the asset or cash-generating unit in prior years. Is recognized reverses the impairment loss recognized as income immediately in the income statement...

(E) Deferred charges

Deferred expenses primarily consist of pre-incorporation expenses pre-operation, which has a pre-incorporation and before the start of the commercial activity of the company. Deferred expenses that can accrue to future economic benefits . Amortization is calculated using the straight-line path from the estimated utilization of so as not to exceed seven years

(K) Accounts payable and accruals

Obligations include the amounts to be paid in the future for goods or services which are obtained either then submit an invoice from the supplier or it is not

(L) Porovision for End Service Benefit

Provision is made for amount payable as per the Saudi Arabian labor Regulations to employees accumulated period of service at the financial statement date

(M) Revenues:

Revenues from main operations are recorded when products are delivered to the customers and when a sales invoice is issued. Other revenues would be recorded when taking place and according to accrual basis.

(N) Administrative and marketing Expenses :

Include general administrative expenses, selling and distribution costs both direct and indirect, which are not specifically related to the cost of sales in accordance with generally accepted accounting standards. Distribution of these costs between cost of sales and general administrative expenses and selling distribution expenses, if necessary, in a systematic manner.

(O) Provision for Zakat :

Provision for zakat is payable according to Saudi Regulations of Zakat, and deducted from statement of income.

Foreign Currency:

Transactions made through foreign currencies are exchanged into Saudi Arabia Riyal on the basis of current rate of exchange on the date of transactions. Other assets and liabilities existing in foreign currency are also exchanged on the basis of current rate of exchange on the date of financial statements and the resulted difference is charged to the income statement.

(3) Cash & Cash Alike :

	Notes	<u>2014</u>	<u>2013</u>
		<u>SR</u>	<u>SR</u>
Cash in Hand		299,813	603,155
Cash in the Banks		17,219,210	5,372,550
Checks under collection		<u>9,600,000</u>	<u>3,131,800</u>
Total		<u>27,119,023</u>	<u>9,107,505</u>

(4) Murabha investments

This item represents the value of investments in Islamic deposits in local banks maturing within less than one year

	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>S.R</u>	<u>SR</u>
Customers	11,917,339	9,415,082
Provisions for doubtful debt:	<u>(623,786)</u>	<u>623,786</u>
Total	<u>11,293,553</u>	<u>8,791,296</u>

(B) this item includes receivables of 9,415,082 SR balance for the six clients in the amount of SAR 7,830,138 which represents 83% of total accounts receivable

(6). Inventory:

	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>S.R</u>	<u>SR</u>
Raw Materials	28,039,528	30,011,757
Finished Products	3,154,869	1,692,950
Oil & Fuel & Other Materials	6,994,894	8,227,868
Less		
Provision for dormant Inven	<u>160,148</u>	<u>160,148</u>
Net stocks	<u>38,029,143</u>	<u>39,772,427</u>

<u>(7). Prepaid expenses & Other:</u>	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Insurance Fees		1,002,548	1,002,548
Advance to suppliers		9,917,437	4,126,605
Advance to employees		352,281	386,838
Accrued Income		2,234,250	198,095
Housing allowance		231,966	194,972
Others		81,951	132,932
Total		<u>13,820,433</u>	<u>6,041,990</u>

(8) – (A) Debit related party

The company deals with through the normal activities with related parties. The transactions are with related parties at prices estimated by the management of the company are as follows with the statement of account relationship with a party

	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Qatar Saudi Co. for gypsum		1.268.576	794,220
Total		<u>1.268.576</u>	<u>794,220</u>

(B) the most important essential dealing with related party

direction	type of relationship	type of transaction	Amount S.R
Qatar Saudi Co. for gypsum	Allied company	Revenues	1,484,725
		collection	1,010,369
Mr. Ahmed al thonayan	Chairman of the Board	Salaries	387,000

(9) Investments and financial assets

This item consists of	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Investment in allied company (9-B)		30.750.812	27,945,277
Investments in securities available for sale		14.306.142	20.497,693
Real estate investment		7,815,816	10,000,000
Total		<u>52,872,770</u>	<u>58,442,970</u>

(B) the company share in Saudi Qatar gypsum company's capital (limited com) approximately equal to 33.34% of the company's capital which is 40 million Quatri riyals . The movement on this account as follows.

	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Balance at the year Beginning		27,945,277	25,086,631
Realized gains from investments		581,284	512,054
Gain (losses) from investment		2,244,251	2,349,592
End of the year balance		<u>30,750,812</u>	<u>27,945,277</u>

(D) This item represents the value of the investment in the investment portfolios available for sale in Tabuk Cement Co. (Saudi Arabia) the number of shares of 77 142 shares and trans Gulf Industrial Investment (Oman) the number of shares of 1.97336 shares and Kayan Petrochemical Company (Saudi Arabia) number 1000000 shares and movement on this item as follows

	notes	<u>2014 SR</u>	<u>2013 SR</u>
Balance at the year Beginning		20.497,693	15,603,622
Gain (losses) from investment		(6,191,551)	4,894,071
End of the year balance		<u>14,306,142</u>	<u>20,497,693</u>

(E) This item represents the value of the contribution of real estate with Hamad Ibrahim Al-Qasim Real Estate Investment As of December 31, 2013 Movement on this item as follows

	notes	<u>2014 SR</u>	<u>2013 SR</u>
Balance at the year Beginning		10,000,000	10,000,000
Sale of part of the land		(2,184,184)	-
End of the year balance (9/A)		<u>7,815,816</u>	10,000,000

(10) Net Fixed Assets & Projects under execution

(A) The details of the cost and cumulative depreciation and net fixed assets and projects under implementation as follows

Description	Cost as at 1/1/2014	Additions During the year	Disposal During the year	Cost as at 31/12/2014.	Accumulated Depreciation as at 1/1/2014	Depreciation for year SR	Accumulated Depreciation for disposal	Accumulated Depreciation at 31/12/2014	Net Book value as at 31/12/2014 SR	Net Book value as at 31/12/2013
Lands	22,438,326	-	(188,000)	25,250,326	-	-	-	-	22,250.326	22,438.326
Building	123,249,370	-	-	123,249,370	80,201,420	3,301,173	-	83,402,593	79,846,777	43,047,950
Inter Road	5,226,494	102,435	-	5,328,919	4,379,963	233,531	-	4,613,494	715,425	846,531
Machinery & Equipment	503,893,455	30,389	-	503,923,844	288,144,803	12,913,910	-	301,058,713	202,865,131	215,748,652
Water net work	2,505,495	-	-	2,505,495	2,363,172	121,533	-	2,484,705	20,790	142,323
Electrical net work	8,200,627	-	-	8,200,627	4,374,863	450,328	-	4,825,491	3,375,136	3,825,764
Equipment of conveyance	12,836,802	187,102	-	13,023,904	11,560,288	407,481	-	11,967,769	1,056,135	1,276,514
Tools	1,333,137	-	1,652	1,331,485	1,320,426	2,227	(1,329)	1,322,324	9,161	12,711
Furniture	8,629,517	108,782	(16,386)	8,721,913	8,373,460	101,121	(16,277)	8,458,304	263,609	256,057
Project under execution	37,567,941	604,940	-	38,172,881	-	-	-	-	38,172,881	37,567,941
Spare parts	22,777,080	1,619,314	(2,062,763)	22,333,631	-	-	-	-	22,333,631	22,777,080
total	748,658,244	2,652,952	(2,268,801)	749,042,395	400,718,395	17,432,604	(17,606)	418,133,393	330,909,002	347,939,849

(11). Net Value of incorporation & Pre-operating Costs:

Deferred charges represent the experiences of operating Dammam factory . study environmental measurements . manufacturing of industrial and follow-up of the loan and expenses and establishing a factory in Dammam and is calculated on a straight-line basis seven years

	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>SR</u>	<u>SR</u>
Balance at the year Beginning	2,104,995	2,586,729
Additions during the year	2,994,698	1,071,570
Amortizations during the year	(1,379,980)	(1,553,304)
Net Deferred charges	<u>3,719,713</u>	<u>2,104,995</u>

(12) Saudi Industrial Fund loan:

The company has signed long term loan contract with Saudi Industrial Development Fund No. (2008) c 12/6/1428H Corresponding to 27/6/2007 G according to following conditions:

loan maximum | SR 48.700.000

purpose of the | Financing of plaster board factory and gulf gypsum powder factory in Dammam.
guarantee of Lands and the constructed buildings and the entire plaster board and gypsum
loan powder factories in addition to two plots of land in Dammam that mortgaged to Saudi industrial fund.

Fidelity of the The loan shall be pay in semiannual installments that commence in 15/02/1431
loan: H, corresponding to 30/01/2010 G, and ends in 15/08/1436 H, Corresponding to 02/06/2015G. The company paid the first installment until the fourth during this year 2010G ,2011G total amount 11.000,000

Description	<u>2014 .SR</u>	<u>2013 SR</u>
Current portion of long-term loan	5.700.000	10,000,000
Long-term loans		5,700,000

(13). Accounts Payable:

this item includes receivables of 2,844,790 SR balance for the two suppliers in the amount of SAR 2,189,404 which represents 77% of total accounts receivable

(14). Other accrued expenses:

Notes

	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>SR</u>	<u>SR</u>
Securities for others	261,100	261,100
Pre payments from clients	1,048,636	556,417
Provision for Development and Quarries Researches	84,703	84,703
Fees for ministry of Peterol and mineral resources	<u>1,115,412</u>	<u>1,301,664</u>
Other	<u>676,206</u>	<u>219,761</u>
Total	<u>3,186,057</u>	<u>2,399,116</u>

<u>(15) Provision for end of service:</u>	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Balance at the beginning of the year		3,630,989	5,488,181
Charge for Expenses		<u>1,729,594</u>	<u>174,273</u>
Repayments during the year		<u>(1,096,356)</u>	<u>(2,031,465)</u>
Balance at the end of the year		<u><u>4,264,227</u></u>	<u><u>3,630,989</u></u>

(16) capital

The capital amounted to SR 316,666,667 million ,divided into 31.666,667 shares of value SR 10

(17) Statutory Reserve

In accordance with Saudi Companies regulation and the company's Article of Association, 10% of the annual net income is required to be transferred to a statutory reserve which equals 50% from the capital

18) Revenues cost

This items consists of

	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Industrial Fixed assets depreciation		16,703,956	16,714,821
Industrial Cost		<u>35,948,520</u>	<u>36,889,377</u>
End of the year Balance		<u><u>52,652,476</u></u>	<u><u>53,604,198</u></u>

(19) General Administrative Expenses:

This items consists of

Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>SR</u>	<u>SR</u>
Salaries, wages and the like	2,561,702	2,517,152
Provision for end of Service Benefit	1,729,594	174,273
Salaries and rewards of the managing director	830,000	820,000
Consumption of fixed assets	728,648	731,898
Amortization deferred expenses	1,379,980	1,553,304
Water and electricity	70,658	146,511
Repair and maintenance	<u>142,528</u>	105,451
Fess and subscriptions	<u>463,497</u>	369,822
Other expenses	<u>449,952</u>	445,256
Total	<u>8,356,559</u>	<u>6,863,667</u>

(20)sales and distribution expenses:

This items consists of

Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
	<u>SR</u>	<u>SR</u>
Salaries, wages and the like	1,355,199	1,005,019
Repair and maintenance	55,308	344,687
Other expenses	156,607	126,300
Total	<u>1,567,114</u>	<u>1,476,006</u>

(21) Other Revenues

This items consists of

	Notes	<u>31/12/2014</u>	<u>31/12/2013</u>
		<u>SR</u>	<u>SR</u>
Investment income and dividend:		787,145	643,195
Revenue vacations		1,233,857	1.050,543
Investment income in the Islamic Murabaha		1,811,603	362,021
Gain on sale of fixed assets		1,062,568	12.000
Revenue from sale of waste			72,626
Other			138,181
Total		<u>4,895,173</u>	<u>2,386,566</u>

(22) Zakat provision:**(A) Calculation of Zakat Base**

	Notes	<u>31/12/2014</u>	<u>31/12/2014</u>
Total items subject to zakat		486,662,692	506,985,173
Total items not subject to zakat		348,504,900	389,997,121
Zakat net Base		138,157,792	116,988,052
Zakat is (2.5%)		<u>3,453,945</u>	<u>2,924,701</u>

(B) Movement During the year

Balance at the beginning of the year	<u>2,937,553</u>	<u>3,240,355</u>
Charged to expenses	3,453,945	2,924,701
Zakat paid during of the year	2,937,553	3,227,503
Balance at the end of the year	3,453,945	2,937,553

(D) Adjusted net income

This items consists of

	<u>2014 SR</u>	<u>2013 SR</u>
Net income for the year before Zakat	25,180,975	20,981,179
Provision for end of service charged to expense	<u>1,729,594</u>	<u>174,274</u>
Adjusted net income	<u>26,910,569</u>	<u>21,155,453</u>

(E) Zakat status

- The company submitted its zakat returns up to 30/4/2015
- No balances zakat issued by the Department of Zakat previous years
- No d suspensions or inquiries issued by the Department of Zakat unanswered

(23) share profit

Share profit is calculated from the net operating profit on the basis of the weighted average for number of ordinary shares outstanding of 31,666,667

(24) Contingent liabilities, obligation and Guarantees provided by others:

The company has important financial contingent liabilities as at 31/12/2014G, the most important ones are as follows.

- Installment contracts of Alfa & Beta factories with a total amount of 1,305,000 Euro
- Letter of credits in 31/12/2014G financial statement which values 1,700,000 S.R
- The company received guarantees from third parties that totaled the sum of 4,621,400 S.R, some of them provided by the customers against credit facilities as at 31/12/2014(at 2013 total amount 8,721,400 SR)

(25) Segment information:

the company consists of the following main business segments

	Internal	external
	<u>SR</u>	<u>SR</u>
Gypsum Powder Production	72,723,874	8,108,529
Plaster Board	<u>904,008</u>	<u>1,125,540</u>
Net revenue	<u>73,627,882</u>	<u>9,234,069</u>

The Company operates in Saudi Arabia and outside the Kingdom of Saudi

(26) Dividends

Suggested dividends

- A. The Board of Directors suggested dividend shareholders of \$ 19,372,098 SAR until the presentation and approval of the General Assembly of Shareholders Meeting
- B. General Assembly approved in its meeting held on 1.04.2014 dividend for the year 2013 the distribution of profit according to the proposed of the Board of Directors which (0.8) SR per share, accounting for 8% of the nominal value of shares and the total amount of SR 25,333,334 effective Tuesday, 1/7/1435 corresponding to 04/30/2013 date for the distribution of profits, the priority for profit distribution will be for the company's shares owners upon approval for the general assembly for profit distribution

(27) Risk management and financial instruments

A -Credit risk

A is the inability of the party to fulfill its obligations on a financial instrument, which leads to a financial loss to the other party

The Company's management develops procedures for credit risk management, which includes assessing the appropriate credit to customers

B - Currency risk is the fluctuation in the values of a financial instrument as a result of fluctuations in foreign currency exchange rates. The Company is subject to the risk of fluctuations in foreign exchange rates during the normal course of business Arabia

C - cash Risk

aces Cash risk company the difficulty in obtaining funds to meet the obligations associated with its requirements. cash needs are monitored on a regular basis and management is about making sure there are sufficient funds to meet any obligations the event of their occurrence

D -Interest rate risk

Occurs interest rate risk of the possibility that the fluctuation of interest rates affect future profitability or the fair value of financial instruments and the Company is subject to the risks of change to rates of commission of the assets and liabilities associated with the commission of deposits and loans

(28) The fair value

Is the value that asset can be exchanged or a liability settled, between knowledgeable, willing parties in this and are dealing with the same conditions as the other parties. Since it is preparation of financial statements of the company on the basis of historical cost method may produce differences between the carrying value and the fair value estimates.

Management believes that the fair value of the assets and liabilities of the company's current fiscal are not materially different from their

(29)Comparative Figures:

Some of the previous year figures have been re - classified to be in conformity with current year presentation

Have been prepared the figures in the financial statements to the nearest S

National Gypsum Company
Tala Abu – Ghazala & co
REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders

National Gypsum Company

We have audited the financial position of the National Gypsum Company (Saudi Joint Stock Company) as of December 31, 2014 and the Income, Statement changes in shareholders' equities and cash flows statement of the year that ended, including the attached notes from No. (1) to (29) which from an accordance Article 123 of the of companies regulations and provided to us together with all the information that we requested. Our examination was made in accordance with generally accepted auditing standards and includes of the accounting records and such other procedures as we considered necessary to obtain reasonable degree of assurance to enable us to express an opinion , the above mentioned financial statements of the company taken as a whole:

- present fairly, the financial position of the Company as of December 31, 2014 and the result of its operations, cash flows for the year then ended on the presentation and discourse made the financial statements and an accordance with accounting policies illustrated in note and with accepted accounting standards appropriated to the circumstance of company.
- comply with the requirements of regulations for companies and the company's articles of association regarding the preparation and presentation of the financial statements.

For Tala Abu – ghazala & co

Abdu –Algadeer Abdullah al wahabi

Chartered Accountant

Registration No. (48)

Date : 9 - RABI'1-1435 Cors to : 9 FEBRUARY 2014