

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012**

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

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YEAR ENDED DECEMBER 31, 2012

INDEX	PAGE
Independent auditor's report	1
Balance sheet	2
Statement of income	3
Statement of changes in shareholders' equity	4
Statement of cash flows	5 - 6
Notes to the financial statements	7 - 15

INDEPENDENT AUDITOR'S REPORT

**To: THE SHAREHOLDERS OF
SAUDI CEMENT COMPANY
Dammam, Saudi Arabia**

AUDIT SCOPE:

We have audited the accompanying balance sheet of Saudi Cement Company (A Saudi Joint Stock Company) as of December 31, 2012 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended including the related notes from 1 to 22. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of the Regulations for Companies and presented to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

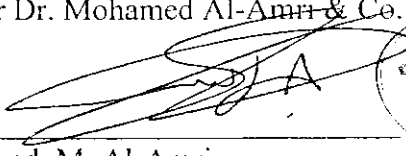
We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

UNQUALIFIED OPINION:

In our opinion, the accompanying financial statements taken as a whole:

- present fairly, in all material respects, the financial position of Saudi Cement Company as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia; and
- comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

For Dr. Mohamed Al-Amri & Co.


Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



Rabi 'I, 28, 1434
February 9, 2013

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

BALANCE SHEET
AS OF DECEMBER 31, 2012

	Notes	2012 SR 000	2011 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	226,682	231,717
Accounts receivable	4	205,434	173,830
Inventories	5	322,714	478,867
Prepaid expenses and other debit balances		46,777	51,681
Total current assets		801,607	936,095
Non-current assets			
Investments	6	97,506	79,215
Fixed assets, net	7	3,345,805	3,516,146
Capital work in progress	8	88,244	67,463
Total non-current assets		3,531,555	3,662,824
TOTAL ASSETS		4,333,162	4,598,919
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Islamic Tawarruq loans	9	400,000	440,000
Saudi Industrial Development Fund (SIDF) loan - current portion	12	85,000	110,000
Accounts payable	10	32,891	43,512
Dividends and other payables to shareholders		110,664	112,637
Accruals and other credit balances	11	138,831	118,328
Total current liabilities		767,386	824,477
Non-current liabilities			
Saudi Industrial Development Fund (SIDF) loan	12	335,000	420,000
End-of-service indemnities	13	72,922	72,177
Total non-current liabilities		407,922	492,177
Shareholders' equity			
Paid up capital	1	1,530,000	1,530,000
Statutory reserve	14(a)	765,000	659,075
Voluntary reserve – appropriated for Trauma Center	14(b)	50,000	50,000
Voluntary reserve – un appropriated	14(b)	20,000	20,000
Retained earnings		792,854	1,023,190
Total shareholders' equity		3,157,854	3,282,265
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,333,162	4,598,919

The accompanying notes form an integral part of these financial statements

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012

	Notes	2012 SR 000	2011 SR 000
Sales	4,6	2,203,447	1,716,095
Cost of sales	6	(974,237)	(765,095)
Gross profit		1,229,210	951,000
Selling and distribution expenses	16	(32,935)	(35,809)
General and administrative expenses	17	(54,218)	(50,119)
Operating income		1,142,057	865,072
Company's share in profit (loss) of associated companies	6	2,139	(2,440)
Islamic Murabaha income		371	163
Islamic loans charges		(14,585)	(17,414)
Others, net		12,470	7,183
Net income before zakat		1,142,452	852,564
Zakat	15	(40,663)	(21,337)
NET INCOME		1,101,789	831,227
Earning per share (SR)	20		
Earning per share from net income		7.20	5.43
Earning per share from continuing main operations		7.10	5.40
Earning per share from continuing other operations		0.10	0.03
Weighted average number of shares		153,000,000	153,000,000

The accompanying notes form an integral part of these financial statements





SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2012

	Notes	Share capital SR 000	Statutory reserve SR 000	Voluntary reserve Trauma Center SR 000	Voluntary reserve un appropriated SR 000	Retained earnings SR 000	Total SR 000
January 1, 2011		1,530,000	575,953	50,000	20,000	1,195,285	3,371,238
Appropriation from retained earnings approved by the general assembly in 2011							
Dividends	19	-	-	-	-	(918,000)	(918,000)
Directors' remuneration	19	-	-	-	-	(2,200)	(2,200)
Transfer to statutory reserve		-	83,122	-	-	(83,122)	-
Net income for 2011		-	-	-	-	831,227	831,227
December 31, 2011		1,530,000	659,075	50,000	20,000	1,023,190	3,282,265
Appropriation from retained earnings approved by the general assembly in 2012							
Dividends	19	-	-	-	-	(1,224,000)	(1,224,000)
Directors' remuneration	19	-	-	-	-	(2,200)	(2,200)
Transfer to statutory reserve		-	105,925	-	-	(105,925)	-
Net income for 2012		-	-	-	-	1,101,789	1,101,789
December 31, 2012		1,530,000	765,000	50,000	20,000	792,854	3,157,854

The accompanying notes form an integral part of these financial statements



- 4 -

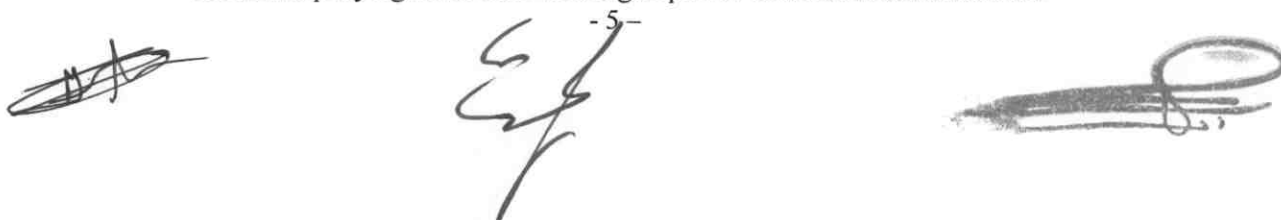



SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

	2012 SR 000	2011 SR 000
OPERATING ACTIVITIES		
Net income before zakat	1,142,452	852,564
Adjustments for:		
Depreciation	200,747	186,263
End-of-service indemnities	7,816	10,587
Islamic Murabaha income	(371)	(163)
Company's share in (profit) loss of associated companies	(2,139)	2,440
Islamic loans charges	14,585	17,414
Gain on disposal of fixed assets	(8,149)	(1,250)
	1,354,941	1,067,855
Changes in operating assets and liabilities:		
Accounts receivable	(31,604)	39,679
Inventories	156,153	46,514
Prepaid expenses and other debit balances	4,904	(10,761)
Accounts payable	(10,621)	2,443
Accruals and other credit balances	16,803	18,962
Cash from operations	1,490,576	1,164,692
Islamic loans charges paid	(16,890)	(15,580)
End-of-service indemnities paid	(7,071)	(7,490)
Zakat paid	(34,655)	(23,632)
Net cash from operating activities	1,431,960	1,117,990
INVESTING ACTIVITIES		
Additions to fixed assets and capital work in progress	(59,021)	(92,586)
Proceeds from disposal of fixed assets	15,983	1,325
Dividends received from associated companies	3,575	5,366
Islamic Murabaha income received	371	90
Investments in associated companies	(19,727)	(18,185)
Net cash used in investing activities	(58,819)	(103,990)

The accompanying notes form an integral part of these financial statements

- 5 -



SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

(Continued)

	2012 SR 000	2011 SR 000
FINANCING ACTIVITIES		
Islamic Tawarruq loans	(40,000)	-
Saudi Industrial Development Fund (SIDF) loan (net)	(110,000)	43,200
Directors' remuneration paid	(2,200)	(2,200)
Dividends paid	(1,225,976)	(914,022)
Net cash used in financing activities	(1,378,176)	(873,022)
Net change in cash and cash equivalents	(5,035)	140,978
Cash and cash equivalents, January 1	231,717	90,739
CASH AND CASH EQUIVALENTS, DECEMBER 31	226,682	231,717

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

1. ORGANIZATION AND ACTIVITIES

Saudi Cement Company ("the Company") was established as a Saudi Joint Stock Company in accordance with the Royal Decree No. 6/6/10/726 issued on 8 Rabi II, 1375H corresponding to November 23, 1955.

The principal activity of the Company is the manufacturing and selling of cement and related products.

The Company's share capital of SR 1,530,000,000 (2011: SR 1,530,000,000) consists of 153 million (2011: 153 million) fully paid shares of SR 10 each.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. The following is a summary of significant accounting policies applied by the Company:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) Accounting convention

The financial statements are prepared under the historical cost convention and on the accrual basis of accounting.

c) Cash and cash equivalents

Islamic Murabaha that have a maturity date up to three months from the purchasing date are considered as cash and cash equivalents. Islamic Murabaha that have a maturity date of more than three months but less than one year from the purchasing date are classified as Islamic Murabaha in banks in a separate line under the current assets.

d) Inventories

Finished goods and work in process inventories represent the cost of raw materials, labour, materials and other overhead expenses. Raw material inventories are stated at the lower of weighted average cost or net realizable value. Paper bags, spare parts, maintenance consumables and others are valued on weighted average cost basis.

e) Investments

Investments in companies which are at least 20% owned and in which the Company exercises significant influence are recorded using the equity method, under which the investment is stated initially at cost and adjusted thereafter in the light of change in the Company's share of the net assets of the investee based on recent available financial statements of the investee company. These are referred to as associated companies. The Company's share in the associated companies' net income or losses for the year is included in the statement of income.

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

f) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Major expenditure incurred to improve the performance of machinery and equipment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Following are the annual depreciation rates:

Buildings, structures and installations	3% - 5%
Machinery, equipment and improvements	3.25% - 33%
Tools and transportation equipment	10% - 25%
Furniture and fixtures	10% - 25%

g) End-of-service indemnities

End of service indemnities, payable to employees upon their termination, are provided in the financial statements based on the employees' length of service, in accordance with Saudi Arabian Labor Law.

h) Sales

Sales are recognized upon delivery of the product (cement/clinker) to customers.

i) Selling and distribution and general and administrative expenses

Selling and distribution expenses represent, mainly, salaries and wages, transportation and other related expenses. All other expenses (other than production costs), are classified as general and administrative expenses. Allocations between general and administrative expenses and selling and distribution expenses are made on a consistent basis.

j) Employees' early retirement program

The Company has a voluntary early retirement program, which is granted to eligible employees at the Company's discretion. Employees qualifying for the early retirement scheme are required to choose one of two payment options, either in lump sum payment or monthly instalments. Under the lump sum payment option, the total amount paid is expensed in the year the employee retires. Under the monthly instalment payment option, a liability is established in the year of retirement for all future payments.

k) Foreign currency translation

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

l) Impairment

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

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

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

m) Zakat

The Company is subject to the regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Zakat is provided on accrual basis. The zakat provision is computed on the zakat base or adjusted net income whichever is higher. Any difference in the estimate is recorded in the income statement when the final assessment is approved.

n) Dividends

Final dividends distributions are recorded in the year in which the general assembly approves such distributions. Interim dividends are resolved by the Board of Directors in accordance with Ministry of Trade Directive # 222/221/9/1288 dated 2/4/1421H and are recorded in the year in which the resolution is made.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and Islamic Murabaha with original maturities of three months or less:

	2012	2011
	SR 000	SR 000
Cash in hand and banks	226,682	131,717
Islamic Murabaha with maturity not exceeding three months	-	100,000
	<u>226,682</u>	<u>231,717</u>

4. ACCOUNTS RECEIVABLE

	2012	2011
	SR 000	SR 000
Trade receivable	194,398	163,754
Due from related parties	11,036	10,076
	<u>205,434</u>	<u>173,830</u>

Sales to four major customers represent 38 % (2011: 42%) of total sales. Dues from these customers at December 31, 2012 amounted to SR 88,6 million (2011: SR 94.7million). These balances are fully covered by bank guarantees in favour of the Company.

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

5. INVENTORIES

	2012	2011
	SR 000	SR 000
Finished and cement under process	68,107	191,879
Raw materials and paper bags	23,872	39,334
Spare parts, fuel and consumables	230,735	247,654
	322,714	478,867

The spare parts inventory primarily relates to plant and machinery and, accordingly, it is expected to be utilized over a period exceeding one year.

6. INVESTMENTS

	<u>Ownership Percentages</u>	2012	2011
		SR 000	SR 000
United Cement Company (Bahraini Closed Joint Stock Company)	36%	33,177	37,172
Cement Product Industry Co. Ltd. (Saudi Limited Liability Company)	33.33%	26,417	23,858
Group International Cement Company (a Kuwaiti Closed Joint Stock Company)	40%	37,912	18,185
		97,506	79,215

The transactions entered into by the Company with associated companies (United Cement Company and Cement Product Industry Co. Ltd) are on an arm's length basis and are transacted in the normal course of the Company's activities. Such transactions are classified under regular account classifications. Following are the major transactions with related parties:

- 1) Sales to an associated company during the year amounted to approximately SR 83.3 million (2011: SR 79.5 million).
- 2) Purchases from an associated company during the year amounted to approximately SR 47.7 million (2011: SR 36.6 million), representing paper bags for cement packaging.

Subsequent to Saudi Cement Company's Board of directors' approval on 9/11/2010 G (3/12/1431H) of an investment in the State of Kuwait amounting to Kuwaiti Dinars (KD) 4 million, the Company has subscribed to a share of 40% in the formation of International Group Cement Company (a Kuwaiti Closed Joint Stock Company). The Articles of Association of this Company was signed on 23/10/2011 (25/11/1432 H). The authorized share capital of the Company amounts to KD 10 million divided into 100 million shares of 100 fils per share. The Saudi Cement Company paid an amount of KD 2,400,000 for its 40% share in the total paid up capital of the Company amounting to KD 6 million.

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

7. FIXED ASSETS, NET

	Land SR 000	Buildings, structures and installations SR 000	Machinery, equipment and improvements SR 000	Tools and transportation equipment SR 000	Furniture and fixtures SR 000	Total SR 000
Cost						
January 1, 2012	77,266	1,837,810	4,831,031	277,674	51,756	7,075,537
Additions/transfers	-	1,035	25,075	1,488	10,642	38,240
Disposals	(7,804)	(53)	(70)	(14,520)	(1,322)	(23,769)
December 31, 2012	69,462	1,838,792	4,856,036	264,642	61,076	7,090,008
Depreciation						
January 1, 2012	-	1,000,440	2,341,720	176,200	41,031	3,559,391
Charge for year	-	35,769	141,778	20,044	3,156	200,747
Disposals	-	(47)	(70)	(14,510)	(1,308)	(15,935)
December 31, 2012	-	1,036,162	2,483,428	181,734	42,879	3,744,203
Net book value						
December 31, 2012	69,462	802,630	2,372,608	82,908	18,197	3,345,805
December 31, 2011	77,266	837,370	2,489,311	101,474	10,725	3,516,146

- a) "Buildings, structures and installations" include buildings and structures relating to Ain Dar plant and the export terminal at the Dammam port, with an approximate net book value of SR 28.6 million (2011: SR 33.1 million), which were constructed on land owned by the Government under a lease contract expiring on Rabi II, 1435H and a contract expiring on Rabi I, 1439H, (corresponding to February 2014 and December 2017, respectively).
- b) The cost of fully depreciated property and equipment that are still in service amounted to SR 2,545 million as of December 31, 2012 (2011: SR 2,507 million).

8. CAPITAL WORK IN PROGRESS

- a) During the year an amount of SR 35.08 million (2011: 235 million) was transferred from capital work-in-progress to fixed assets.
- b) Borrowing cost capitalized in capital work in progress during the year was Nil (2011: SR 22.5).

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

9. ISLAMIC TAWARRUQ LOANS

Some local banks have granted the Company various revolving Islamic Tawaruq loans facilities for the purpose of financing its working capital with a total limit amounting to SR 1,750 million (2011 : SR 1,050 million) . The outstanding loan balances at the year end 2012 is SR 400 million (2011: 440 million) .

Management has the ability to rollover these loans on their maturity dates if the need arises. Therefore, it is possible that these loans may be repaid over a period exceeding one year.

10. ACCOUNTS PAYABLE

	2012	2011
	SR 000	SR 000
Trade payables	15,461	27,412
Due to related parties	3,791	2,351
Retentions on expansion contracts and supporting projects	13,639	13,749
	32,891	43,512

Retentions on expansion contracts and supporting projects represent a specified percentage retained from invoices received from the contractors against the work done. These amounts are retained until the construction work is finished.

11. ACCRUALS AND OTHER CREDIT BALANCES

	2012	2011
	SR 000	SR 000
Accrued expenses	74,117	72,522
Zakat payable (note 15)	28,591	22,583
Accrued vacations	3,773	4,786
Advances against cement sales	11,951	8,353
Other credit balances	20,399	10,084
	138,831	118,328

12. SAUDI INDUSTRIAL DEVELOPMENT FUND ("SIDF") LOAN

The Company obtained a loan from SIDF amounting to SR 596 million to finance the two expansion projects and supporting projects. The loan is repayable in 15 unequal semi-annual installments commencing in February 2010 and ending in November 2016. The loan is secured by promissory notes and a primary mortgage of the related projects land and assets. The loan agreement requires the Company to maintain certain financial ratios during the loan period. During 2012, loan amount received was SR Nil (2011: 89.2 million) and loan amount repaid was SR 110 million (2011: SR 46 million).

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

13. END-OF-SERVICES INDEMNITIES

	2012	2011
	SR 000	SR 000
At January 1	72,177	69,080
Provision for end of service for the year	7,816	10,587
End of service paid during the year	(7,071)	(7,490)
At December 31,	72,922	72,177

14. RESERVES

a) **Statutory reserve**

In accordance with the Regulations for Companies and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of net income until such reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

b) **Voluntary reserve**

The Shareholders in their General Assembly Meeting held on March 25, 1995 (24 Shawwal 1415H) approved the Board of Directors' proposal to establish a reserve for the expansion of the Company's plant in Hofuf. After the completion of the expansion in 1996, the reserve was carried forward as a voluntary reserve.

The Shareholders in an Extra-ordinary General Meeting held on 18/5/2010 G (4/6/1431H) approved the appropriation of SR 50 million from the voluntary reserve for the purpose of building a Trauma Centre in the National Guards Hospital in Al-Ahsa for the treatment of people injured in accidents, as part of the social services provided by the Company to the community.

15. ZAKAT

a) **Components of Zakat Base**

Zakat base for the Company is comprised of the following:

	2012	2011
	SR 000	SR 000
Non-current assets	3,531,555	3,662,824
Non-current liabilities	407,922	492,177
Shareholders' equity - opening balance	3,282,265	3,371,238
Net income before zakat	1,142,452	852,564

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

b) Provision for zakat

	2012	2011
	SR 000	SR 000
At January 1	22,583	24,878
Provision for the year	40,663	21,337
Payments during the year	(34,655)	(23,632)
At December 31	28,591	22,583

c) Zakat status:

The Company has finalized its Zakat assessments up to 2010. Final assessment for year 2011 is still under review by the DZIT.

16. SELLING AND DISTRIBUTION EXPENSES

	2012	2011
	SR 000	SR 000
Salaries, wages and benefits	10,619	8,468
Transportation fees and export expenses	6,462	14,822
Depreciation	7,550	8,781
Other	8,304	3,738
	32,935	35,809

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011
	SR 000	SR 000
Salaries, wages and benefits	36,966	34,868
Training, employment and professional fees	3,546	1,434
Depreciation	2,463	1,741
Postage and phone	583	693
Stationery and printing	543	1,278
Board of directors' meeting expenses and remuneration	481	32
Insurance	242	278
Travel and transportation	612	522
Others	8,782	9,273
	54,218	50,119

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2012

18. COMMITMENTS AND CONTINGENCIES

Outstanding commitments and contingencies as of December 31 were as follows:

	2012	2011
	SR 000	SR 000
Capital commitments	24,273	52,178
Letters of credit	1,141	20,706
Letters of guarantee	67,956	57,738

19. DIVIDENDS

The shareholders in their general assembly meeting held on 14/03/2012 G (21/04/1433 H) approved the interim dividends for second half of 2011 proposed by the board of directors amounted to SR 688.5 million at the rate of SR 4.5 per share representing 45% of the nominal share value (SR 4 per share for year 2010). Disbursement commenced on Tuesday 27/3/2012 G.

The Board of Directors resolved during its meeting held on 02/06/2012 G (12/07/1433 H) to pay interim dividends for first half of 2012 amounted to SR 535.5 million at the rate of SAR 3.5 per share, representing 35% of the nominal share value (SR 2 per share for first half of year 2011). Disbursement commenced on Monday 16/07/2012 G(26/08/1433 H) .

The Board of Directors proposed during its meeting held on 05/02/2013 G (24/03/1434 H) to pay cash dividends for second half of 2012 amounted to SR 535.5 million at the rate of SAR 3.5 per share representing 35% of the nominal share value (SR 4.5 per share for second half of year 2011).

20. EARNING PER SHARE

- Earning per share is computed by dividing net income for the year by the weighted average number of shares outstanding.
- Earning per share from continuing main operations is computed by dividing operating income less finance charges and zakat by the weighted average number of shares outstanding.
- Earning per share for continuing other operations is computed by dividing total other income and expenses which are not directly attributable to the Company's main operations by the weighted average number of shares outstanding.
- If the number of shares changed without changing the shareholders equity (as the case of stock dividends), then the effect of this change on the number of shares outstanding is regarded as if this change has happened at the beginning of the year and the earnings per share for all comparative periods is re-calculated using the new number of shares outstanding.

21. SEGMENTAL INFORMATION

The Company has one operating segment engaged in the production of cement and related products. The Company carries out its activities mainly in the Kingdom of Saudi Arabia.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified wherever necessary to conform with the current year's presentation.