

**THE SAUDI ARABIAN AMIANTIT COMPANY  
AND SUBSIDAIRIES  
(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED  
MARCH 31, 2011 AND INDEPENDENT ACCOUNTANTS'  
LIMITED REVIEW REPORT**

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011**

	<b>Page</b>
Independent accountants' limited review report	2
Interim consolidated balance sheet	3
Interim consolidated income statement	4
Interim consolidated cash flow statement	5
Notes to the interim consolidated financial statements	6 - 12

## INDEPENDENT ACCOUNTANTS LIMITED REVIEW REPORT

To the shareholders of  
The Saudi Arabian Amiantit Company  
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim consolidated balance sheet of The Saudi Arabian Amiantit Company and Subsidiaries (the Group) as at 31 March 2011 and the related interim consolidated statements of income and the related interim consolidated cash flows statement for the three months period then ended including the related notes (1) to (6). These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all information and explanations which we required. The interim consolidated financial statements for the three months period ended 31 March 2010 by other independent accountants who issued their limited review report dated on 13 April 2010 without any qualification.

We conducted our limited review in accordance with the standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters.

This review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements of the Group for them to be in conformity with accounting standards generally accepted in the kingdom of Saudi Arabia appropriate to the circumstances of the Group.

Dammam, Jummada I 9, 1432  
Corresponding to April 13, 2011

Boodai & Alomar CPA



Adel A. Boodai  
Certified Public Accountant  
(License No. 303)



**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated balance sheet**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)	March 31, 2010 (Unaudited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		369,205	241,576	403,606
Short-term bank deposit		644	133,133	-
Accounts receivable	2	1,568,874	1,556,968	1,585,826
Inventories		931,329	922,012	708,328
Prepayments and other receivables		37,228	31,451	38,444
Non-current assets held for sale	1	21,298	-	52,811
		<u>2,928,578</u>	<u>2,885,140</u>	<u>2,789,015</u>
<b>Non-current assets</b>				
Investments in associates		263,540	295,246	331,590
Property, plant and equipment		832,851	837,942	875,421
Intangible assets		6,759	7,060	7,555
Deferred income tax assets		12,394	11,264	15,199
Other non-current assets		31,139	34,252	15,084
		<u>1,146,683</u>	<u>1,185,764</u>	<u>1,244,849</u>
<b>Total assets</b>		<u><b>4,075,261</b></u>	<u><b>4,070,904</b></u>	<u><b>4,033,864</b></u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term borrowings		978,393	887,193	769,129
Current maturity of long-term borrowings		29,193	32,834	42,025
Current maturity of liabilities against capital leases		12,188	12,188	12,188
Accounts payable		544,044	445,778	400,041
Accrued and other liabilities		350,916	387,822	472,300
Zakat and tax payable		158,424	190,571	160,454
Liabilities associated with non-current assets held for sale	1	-	-	14,355
		<u>2,073,158</u>	<u>1,956,386</u>	<u>1,870,492</u>
<b>Non-current liabilities</b>				
Long-term borrowings		66,406	75,102	78,993
Liabilities against capital leases		6,093	12,186	18,281
Employee termination benefits		94,132	92,870	95,392
Warranty provisions		50,971	50,447	45,351
Other non-current liabilities		2,848	4,652	8,500
		<u>220,450</u>	<u>235,257</u>	<u>246,517</u>
<b>Total liabilities</b>		<u><b>2,293,608</b></u>	<u><b>2,191,643</b></u>	<u><b>2,117,009</b></u>
<b>Equity</b>				
Equity attributable to shareholders of the Company:				
Share capital		1,155,000	1,155,000	1,155,000
Statutory reserve		133,553	133,553	117,043
Retained earnings	5	247,173	387,669	406,050
Currency translation differences		41,912	7,613	7,337
<b>Total shareholders' equity</b>		<u><b>1,577,638</b></u>	<u><b>1,683,835</b></u>	<u><b>1,685,430</b></u>
Minority interest		204,015	195,426	231,425
<b>Total equity</b>		<u><b>1,781,653</b></u>	<u><b>1,879,261</b></u>	<u><b>1,916,855</b></u>
<b>Total liabilities and equity</b>		<u><b>4,075,261</b></u>	<u><b>4,070,904</b></u>	<u><b>4,033,864</b></u>
<b>Contingencies and commitments</b>	6			

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated income statement**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2011 (Unaudited)	March 31, 2010 (Unaudited)
Sales	4	778,876	732,741
Cost of sales		(622,399)	(525,201)
Gross profit		156,477	207,540
<b>Operating expenses</b>			
Selling and marketing		(23,252)	(23,793)
General and administrative		(56,503)	(58,055)
Income from operations		76,722	125,692
<b>Other income (expenses)</b>			
Share in net income of associates		(1,131)	(686)
Financial charges		(13,696)	(15,913)
Other	3	(5,083)	(28,205)
Income before foreign income tax, zakat and minority interest		56,812	80,888
Foreign income tax		(2,820)	(4,677)
Zakat		(15,000)	(14,746)
Income before minority interest		38,992	61,465
Minority interest		(4,688)	(11,459)
<b>Net income for the period</b>		<b>34,304</b>	<b>50,006</b>
<b>Earnings (loss) per share (Saudi Riyals):</b>			
• Operating income		0.66	1.09
• Non-operating loss		(0.36)	(0.66)
• Net income for the period		0.30	0.43

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Interim consolidated cash flow statement**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	March 31, 2011 <i>(Unaudited)</i>	March 31, 2010 <i>Unaudited)</i>
<b>Cash flow from operating activities</b>		
Net income for the period	34,304	50,006
<u>Adjustments for non-cash items</u>		
Share in net income of associates	1,131	686
Gain from sale of an investment	(2,600)	-
Depreciation, amortization and provisions	40,819	74,834
Deferred income tax charges	(501)	(2,014)
Income applicable to minority interest	4,688	11,459
<u>Changes in working capital</u>		
Accounts receivable	(67,672)	(150,130)
Inventories	(13,408)	45,403
Prepayments and other receivables	(3,763)	(345)
Accounts payable	113,530	331
Accrued and other liabilities	(7,511)	86,542
Employee termination benefits	736	(499)
Net cash generated from operating activities	<u>99,753</u>	<u>116,273</u>
<b>Cash flow from investing activities</b>		
Maturity of short-term bank deposit	132,489	-
Dividends received from associates	-	6,806
Proceeds from sale of an investment	2,600	-
Purchase of property, plant and equipment	(13,229)	(2,771)
Intangible assets and other	538	2,039
Net cash generated from investing activities	<u>122,398</u>	<u>6,074</u>
<b>Cash flow from financing activities</b>		
Change in short-term borrowings	89,995	(127,909)
Proceeds from long-term borrowings	6,196	7,190
Repayments of long-term borrowings	(10,808)	(18,696)
Repayments of liabilities against capital leases	(6,093)	(6,093)
Dividends paid	(173,250)	-
Board of Directors' fee paid	(1,550)	-
Changes in minority interests and other	988	1,443
Net cash utilized in financing activities	<u>(94,522)</u>	<u>(144,065)</u>
<b>Net change in cash and cash equivalents</b>	<b>127,629</b>	<b>(21,718)</b>
Cash and cash equivalents at beginning of period	<u>241,576</u>	<u>425,324</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>369,205</u></b>	<b><u>403,606</u></b>

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

**1 General information**

The Saudi Arabian Amiantit Company (the "Company" or "SAAC") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The Group is principally engaged in manufacturing and selling various types of pipes and related products, licensing of related technologies and supply of pipe manufacturing machines, and water management services including related consultancy, engineering and operations.

The Company is a joint stock company, registered in the Kingdom of Saudi Arabia, operating under Commercial Registration No. 2050002103 issued in Dammam on 17 Rabi'ul 1388 AH (June 13, 1968). The registered address of the Company is P.O. Box 589, First Industrial Area, Dammam 31421, Kingdom of Saudi Arabia.

During the three-month period ended March 31, 2011:

- the Group sold its wholly owned subsidiary in South Africa for a value of Saudi Riyals 7.9 million out of which Saudi Riyals 2.6 have been received. The remaining amount is due in the second quarter on 2011 as per the sale purchase agreement.
- the majority shareholder of the Latin American entities has exercised its right to acquire the equity interests held by the Group under an agreement signed earlier. The legal formalities for this sale are expected to be completed in April 2011. Consequently, the equity interests in the Latin American entities is presented as "Non-current assets held for sale" in the accompanying balance sheet at March 31, 2011 at a value determined under the terms of the agreement.

The above sale of investments has resulted in a net gain of Saudi Riyals 2.6 million to the Group in the first quarter of 2011.

During 2009, the Group decided to offer to sell its 51% equity interest in Composite Pipes Industries LLC ("CPI") and certain items of plant and equipment of certain subsidiaries in South Africa. Consequent to such decisions, the assets and liabilities of CPI and items of plant and equipment have been presented as held for sale. Equity interest in CPI was sold during 2010.

The accompanying interim consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair statement of the financial position, results of operations and cash flows. The interim results of the operations for the three-month period ended March 31, 2011 may not represent a proper indication for the annual results of operations. These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2010.

The accompanying interim consolidated financial statements were authorized for issue by the Company's management on April 13, 2011.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

**2.1 Basis of preparation**

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of derivative financial instruments to fair value, and in compliance with the Standard of Accounting for Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. Significant accounting policies adopted by the Group for preparing such interim consolidated financial statements are consistent with the accounting policies described in the 2010 annual audited consolidated financial statements of the Group.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
(A Saudi Joint Stock Company)  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
(All amounts in Saudi riyals thousands unless otherwise stated)

**2.2 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future which, by definition, seldom equal the related actual results.

**2.3 Investments**

(a) **Subsidiaries**

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "Intangible assets" in the balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

(b) **Associates**

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, which is adjusted subsequently for impairment loss, if any.

**2.4 Segment reporting**

(a) **Business segment**

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(b) **Geographical segment**

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

**2.5 Foreign currencies**

(a) **Reporting currency**

These interim consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) **Transactions and balances**

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period-end exchange rates are recognized in the income statement.



**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

(c) **Group companies**

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of equity.

Dividends received from foreign subsidiaries and associates are translated at the exchange rate in effect at the transaction date.

**2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

**2.7 Accounts receivable**

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

At March 31, 2011 approximately 40% (2010: 33%) of accounts receivable were related to government projects.

**2.8 Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads.

**2.9 Non-current assets held for sale**

Non-current assets held for sale are assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Liabilities associated with non-current assets held for sale are presented separately under current liabilities in the balance sheet.

**2.10 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except construction in progress which is stated at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the cost of the related assets to their estimated useful lives.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**2.11 Deferred charges**

Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the balance sheet, include certain indirect construction costs and pre-operating expenses which are amortized over periods which do not exceed seven years.

**2.12 Patents, trademarks and licenses**

Expenditure to acquire patents, trademarks and licenses, included under "Intangible assets" is capitalized and amortized using the straight-line method over their useful lives, but not exceeding twenty years.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

**2.13 Impairment of non-current assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. 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, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the income statement. Impairment losses recognized on intangible assets are not reversible.

**2.14 Borrowings**

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

**2.15 Capital leases**

The Group accounts for property, plant and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to the income statement by applying the straight-line method at the rates applicable to the related assets.

**2.16 Accounts payable and accruals**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

**2.17 Provisions**

Warranty provisions - The Group offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Warranty provisions are charged to "Cost of sales" in the income statement.

Onerous contracts - Provision against onerous contracts are recognized when the Group expects that the costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Such provisions are charged to "Cost of sales" in the income statement.

**2.18 Zakat and tax**

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income tax. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest.

Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the income statement. Additional amounts payable, if any, at the finalization of assessments are accounted for when such amounts are determined.

The Company and its Saudi Arabian subsidiaries withhold tax on certain transactions with non-resident parties, including dividend payments to foreign shareholders of the Saudi Arabian subsidiaries, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income tax in their respective countries of domicile which are charged to the income statement.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

Deferred income tax are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against such carry-forward tax losses. Deferred income tax are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

**2.19 Employee termination benefits**

Employee termination benefits required by the Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the income statement.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

**2.20 Revenues**

Sales are recognized upon delivery of products or on the performance of services. Revenues on long-term contracts are recognized on the percentage of completion basis. Revenues are shown net of certain expenses and after eliminating sales within the Group.

**2.21 Selling, marketing and general and administrative expenses**

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

**2.22 Dividends**

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Company.

**2.23 Derivative financial instruments**

Derivative financial instruments are initially recorded at cost, if any, and are re-measured to their fair values at subsequent reporting dates. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in the income statement as they arise and the resulting positive and negative fair values are reported under current assets and liabilities, respectively, in the balance sheet.

**2.24 Operating leases**

Rental expense under operating leases are charged to the income statement over the period of the respective lease.

**2.25 Statutory reserve**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of their net income to a statutory reserve until such reserve equals 50% of share capital. The statutory reserve in the accompanying interim consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

**2.26 Earnings (loss) per share**

Earnings (loss) per share for the three-month periods ended March 31, 2011 and 2010 has been computed by dividing the operating income, non-operating loss and net income for each period by weighted average number of 115,500,000 shares outstanding at March 31, 2011 and 2010.

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

**3 Other income (expenses)**

	2011	2010
Impairment losses against investments, plant and equipment	(6,854)	(25,076)
Gain on sale of investment	2,600	-
Provision for settlement of claims	-	(2,318)
Foreign exchange loss	(7,365)	(1,224)
Miscellaneous income	6,536	413
	<u>(5,083)</u>	<u>(28,205)</u>

**4 Segment information**

The Group operates principally in the following business segments:

- (i) Manufacturing and selling various types of pipes;
- (ii) Development and licensing of technologies related to production of various types of pipes, construction and supply of related pipe manufacturing machines; and
- (iii) Water management and related consultancy, engineering and operations.

Selected financial information as of March 31, 2011 and 2010 and for the periods then ended, summarized by the above business segments, was as follows:

	Pipe manufacturing	Technology	Water management	Total
<b>2011</b>				
Sales	683,749	9,727	85,400	778,876
Net income (loss)	33,769	(298)	833	34,304
Total assets	3,649,900	70,698	354,663	4,075,261
<b>2010</b>				
Sales	661,338	10,263	61,140	732,741
Net income (loss)	58,363	(5,306)	(3,051)	50,006
Total assets	3,519,125	120,823	393,916	4,033,864

The Group's operations are conducted in Saudi Arabia, Europe and certain other geographical areas. Selected financial information as of March 31, 2011 and 2010 and for the periods then ended, summarized by geographic area, was as follows:

	Saudi Arabia	Europe	Other countries	Total
<b>2011</b>				
Sales	477,770	265,776	35,330	778,876
Non-current assets:				
Property, plant and equipment	487,833	251,217	93,801	832,851
Other non-current assets	244,135	27,789	41,908	313,832
<b>2010</b>				
Sales	459,297	216,282	57,162	732,741
Non-current assets:				
Property, plant and equipment	508,484	255,757	111,180	875,421
Other non-current assets	268,637	24,893	75,898	369,428

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim consolidated financial statements**  
**For the three-month period ended March 31, 2011 (Unaudited)**  
**(All amounts in Saudi riyals thousands unless otherwise stated)**

**5 Proposed dividends**

The shareholders have approved a dividend of Saudi Riyal 1.5 per share, amounting to Saudi Riyals 173.3 million, in their meeting held of February 27, 2011. Such dividend were fully paid during the period.

**6 Contingencies and commitments**

- (i) The Group was contingently liable for bank guarantees issued in the normal course of the business amounting Saudi Riyals 508.1 million at March 31, 2011. SAAC, collectively with other shareholder of an associate, is also contingently liable for a corporate guarantee amounting to Saudi Riyals 260 million in relation to borrowing facilities of the associate.
- (ii) SAAC and certain Saudi Arabian subsidiaries have received additional zakat and income tax assessments for years 2002 to 2009. SAAC Based on inquiries received and discussions held with the DZIT the Group's management has agreed on certain add-backs in zakat filings related to such years and, accordingly, the required provisions have been recorded in the accompanying interim consolidated financial statements. Certain foreign subsidiaries have outstanding assessments related to income tax and other local taxes in their respective countries of domicile. Such assessments are in various stages of appeal process. Group management believes that no material gain or loss will arise upon the ultimate resolution of these matters. Certain foreign subsidiaries also have contingent carry over tax benefits.
- (iii) The capital expenditure contracted by the Group but not yet incurred till March 31, 2011 was approximately Saudi Riyals 10.4 million.