

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2015



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LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF SAUDI CEMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope of limited review:

We have reviewed the accompanying interim balance sheet of Saudi Cement Company (the "Company"), a Saudi Joint Stock Company as at 30 June 2015, and the related interim statements of income for the three and six months periods then ended and the interim statement of cash flows for the six months period then ended. These interim financial statements have been prepared by the Company's management and submitted to us together with the information and explanations which we required. 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 (SOCPA). The limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, 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.

Conclusion of limited review:

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

for Ernst & Young


Abdulaziz Saud Alshubaibi
Certified Public Accountant
Registration No.339

26 Ramadan 1436H
13 July 2015

Al-Khobar



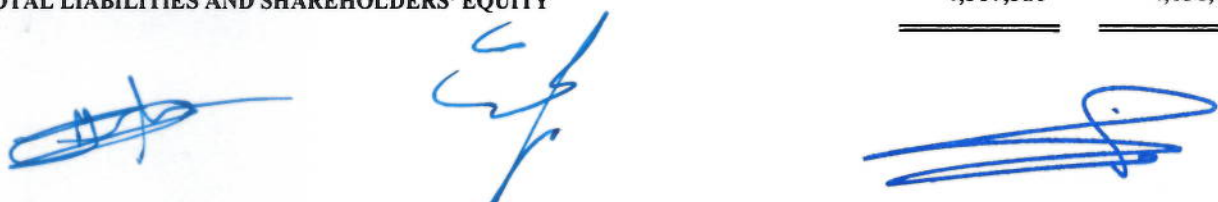
Saudi Cement Company

(A Saudi Joint Stock Company)

INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2015

	Note	30 June 2015 SR "000"	30 June 2014 SR "000"
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		408,211	376,500
Trade accounts receivable		227,128	213,353
Inventories		679,064	604,887
Prepayments and other receivables		81,015	135,754
TOTAL CURRENT ASSETS		1,395,418	1,330,494
NON-CURRENT ASSETS			
Investment in associated companies		84,496	85,668
Property, plant and equipment		3,041,003	3,113,816
Capital work in progress		66,593	101,913
TOTAL NON-CURRENT ASSETS		3,192,092	3,301,397
TOTAL ASSETS		4,587,510	4,631,891
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable		48,702	61,625
Short term loans		600,000	700,000
Dividends payable	5	637,925	685,849
Current portion of Saudi Industrial Development Fund loan		120,000	110,000
Liabilities for charitable contribution - current portion	3	20,000	10,000
Accruals and other payables		89,858	81,239
Zakat provision		22,916	14,704
TOTAL CURRENT LIABILITIES		1,539,401	1,663,417
NON-CURRENT LIABILITIES			
Saudi Industrial Development Fund loan		60,000	180,000
Liabilities for charitable contribution	3	20,000	40,000
Employees' terminal benefits		95,559	88,884
TOTAL NON-CURRENT LIABILITIES		175,559	308,884
TOTAL LIABILITIES		1,714,960	1,972,301
SHAREHOLDERS' EQUITY			
Share capital		1,530,000	1,530,000
Statutory reserve		765,000	765,000
General reserve	4	20,000	20,000
Retained earnings		557,550	344,590
TOTAL SHAREHOLDERS' EQUITY		2,872,550	2,659,590
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,587,510	4,631,891



The attached notes form an integral part of these interim financial statements.

Saudi Cement Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three and six months periods ended 30 June 2015

	<i>For the three months period ended 30 June 2015 SR "000"</i>	<i>For the three months period ended 30 June 2014 SR "000"</i>	<i>For the six months period ended 30 June 2015 SR "000"</i>	<i>For the six months period ended 30 June 2014 SR "000"</i>
Sales	499,625	538,382	1,050,505	1,073,142
Cost of sales	(215,699)	(215,558)	(427,321)	(424,241)
GROSS PROFIT	283,926	322,824	623,184	648,901
EXPENSES				
Selling and distribution	(8,962)	(10,386)	(18,831)	(17,791)
General and administration	(16,523)	(16,657)	(35,694)	(31,735)
INCOME FROM MAIN OPERATIONS	258,441	295,781	568,659	599,375
Other income, net	3,444	1,395	5,747	1,476
Financial charges	(3,233)	(3,864)	(6,190)	(6,901)
INCOME BEFORE SHARE IN RESULTS OF ASSOCIATED COMPANIES AND ZAKAT	258,652	293,312	568,216	593,950
Share in results of associated companies	1,700	2,353	2,984	(4,902)
INCOME BEFORE ZAKAT	260,352	295,665	571,200	589,048
Zakat	(6,534)	(7,369)	(14,280)	(14,704)
NET INCOME FOR THE PERIOD	253,818	288,296	556,920	574,344
EARNINGS PER SHARE (SR):				
Earnings per share from main operations	1.69	1.93	3.72	3.92
Earnings per share from net income	1.66	1.88	3.64	3.75
Number of shares outstanding (in thousands)	153,000	153,000	153,000	153,000

Saudi Cement Company
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INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2015

	<i>For the six months period ended 30 June 2015 SR "000"</i>	<i>For the six months period ended 30 June 2014 SR "000"</i>
OPERATING ACTIVITIES		
Income before zakat	571,200	589,048
Adjustments for:		
Depreciation	109,412	100,803
Share in results of associated companies	(2,984)	4,902
Employees' terminal benefits, net	4,193	3,932
Financial charges	6,190	6,901
Gain on disposal of property, plant and equipment	(133)	(1,539)
	687,878	704,047
Changes in operating assets and liabilities:		
Receivables	(34,986)	(12,626)
Inventories	(21,101)	(68,333)
Payables	5,668	15,129
Cash from operations	637,459	638,217
Financial charges paid	(6,190)	(6,132)
Zakat paid	(28,291)	(37,893)
Net cash from operating activities	602,978	594,192
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(46,430)	(23,509)
Additions to capital work in progress	(2,486)	-
Proceeds from disposal of property, plant and equipment	134	1,605
Dividends received from associated companies	5,366	894
Net cash used in investing activities	(43,416)	(21,010)
FINANCING ACTIVITIES		
Net movement in short term loans	-	275,000
Charitable contribution paid	(10,000)	-
Net movement in Saudi Industrial Development Fund loan	(55,000)	(45,000)
Dividends and board of directors' remuneration	(384,700)	(540,055)
Net cash used in financing activities	(449,700)	(310,055)
INCREASE IN CASH AND CASH EQUIVALENTS	109,862	263,127
Cash and cash equivalents at the beginning of the period	298,349	113,373
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	408,211	376,500

Supplemental non-cash transaction:

Dividends payable	459,000	535,500
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The attached notes form an integral part of these interim financial statements.

Saudi Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

30 June 2015

1 ACTIVITIES

Saudi Cement Company (the "Company") is a Saudi Joint Stock Company incorporated under Royal Decree No. 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered under Commercial Registration No. 2050000602 dated 6 Dhul Qaidah 1377 H (corresponding to 24 May 1958) in the city of Dammam.

The Company is engaged in manufacturing and selling cement and its related products.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

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

Use of estimates

The preparation of interim 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 amounts of revenues and expenses during the reporting period.

Cash and cash equivalents

For the purpose of interim cash flow statement, cash and cash equivalents consist of bank balances and cash, Murabaha investment that is readily convertible into known amounts of cash and have original maturities of three months or less.

Accounts receivable

Accounts receivable are stated at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when the collection of the account receivable amount is considered doubtful. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost and market value. Cost is determined as follows:

Raw materials and consumables	-	purchase cost on a weighted average basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overhead based on normal level of activity.

Investment in associated companies

Investment in associated companies where the Company has significant influence over the investees' financial and operation decisions, normally when the Company owns stake between 20% to 50% of the capital of the investee company, is accounted for using the equity method.

Property, plant and equipment/depreciation

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. The cost of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure for repair and maintenance are charged to interim statement of income. Improvements that increase the value or the materially extend the useful life of the related assets are capitalised.

Capital work in progress

Capital work in progress is stated at cost and includes all costs relating directly and indirectly to the construction projects in progress and is capitalized as property, plant and equipment when the project is completed.

30 June 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the interim statement of income.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of the net income for the year in each year until it has built up a reserve equal to half of the share capital. This having been achieved, the Company may resolve to discontinue such transfer as the reserve equals to half of the share capital. The reserve is not available for distribution.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the interim statement of income. Additional amounts, if any that may become due on finalisation of the assessment are accounted for in the period in which assessment is finalised.

Employees' terminal benefits

Provision is made for amounts payable at the interim balance sheet date in accordance with the employees' contracts of employment.

Dividends

Dividends are recognized as a liability at the time of their approval by the Annual General Meeting. Interim dividends are recorded as and when approved by the Board of Directors.

Revenue recognition

Sales represent the invoiced value of goods supplied by the Company during the year. Revenues from sale of goods are recognized when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably, normally on delivery to the customer.

Expenses

Selling and distribution expenses are those that specifically relate to marketing personnel, advertisements, promotions as well as bad debts expense. All other expenses, other than cost of sales and financial charges, are classified as general and administration expenses.

Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the interim statement of income.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to interim statement of income.

Earnings per share

Earnings per share from main operations is calculated by dividing the income from main operations for the period by the weighted average number of ordinary shares outstanding during the period.

Earnings per share from net income is calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period.

30 June 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographical segment), which is subject to risks and rewards that are different from the those of other segments.

Results of the interim period

The Company has made all necessary adjustments which are important in order to present fairly in all material respects the interim financial position and results of operations. The interim financial results may not be considered an accurate basis for the actual results for the whole year.

3 LIABILITIES FOR CHARITABLE CONTRIBUTION

The Shareholders in their Extra-ordinary General Assembly Meeting held on May 18, 2010 (4 Jumada II, 1431H) approved the appropriation of SR 50 million from the general reserve for the purpose of building a Trauma Centre in the National Guards Hospital in Al-Ahsa for the treatment of people injured in accident, as part of the social services provided by the Company to the community. The Company signed an agreement during 2014 with the National Guard's Health Affair, whereby the amount of SR 50 million shall be disbursed through five equal installments during 2015 and 2016.

4 GENERAL 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 general reserve.

5 DIVIDENDS

On 26 Jumada' I 1436 H corresponding to 17 March 2015, the General Assembly approved the Board of Directors proposal to distribute cash dividends amounting to SR 2.5 per share (SR 382.5 million in total) for the second half of 2014.

On 7 Sha'ban 1436 H corresponding to 25 May 2015, the Board of Directors resolved to distribute cash dividends amounting to SR 3 per share (SR 459 million in total) for the first half of 2015.

On 16 Jumada' I 1435 H corresponding to 17 March 2014, the General Assembly approved Board of Directors proposal to distribute cash dividends amounting to SR 3.5 per share (SR 535.5 million in total) for the second half of 2013.

On 30 Rajab 1435 H corresponding to 29 May 2014, the Board of Directors resolved to distribute cash dividends amounting to SR 3.5 per share (SR 535.5 million in total) for the first half of 2014.

6 CAPITAL COMMITMENTS

Management approved future capital expenditure amounting to SR 122.7 million (2014: SR 36.4 million).

7 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.

8 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.