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BOARD OF DIRECTORS



**Chairman & Managing Director
Ahmed Abdullah Al Thonayan**



**Director & Audit Committee Member
Mohammed Bin Saleh Al-Awad**



**Director & Audit Committee Chairman
Nawaf Abdulmageed Khashgqe**



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



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



**Director & Nomination Committee
Nominat
Fahed Bin Mohammed Al Huraidi**

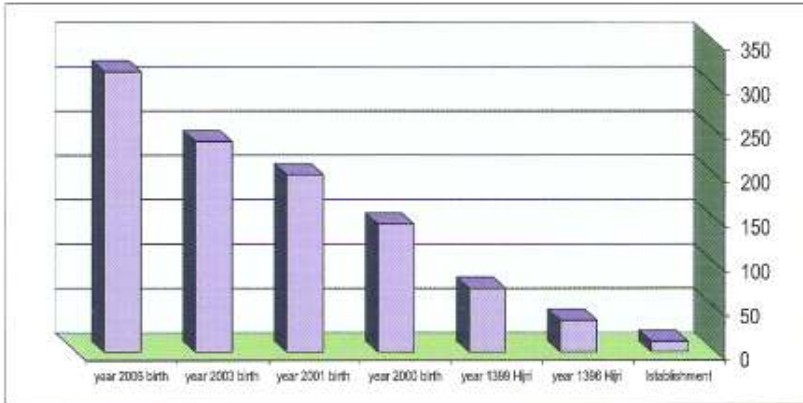
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National Gypsum Company

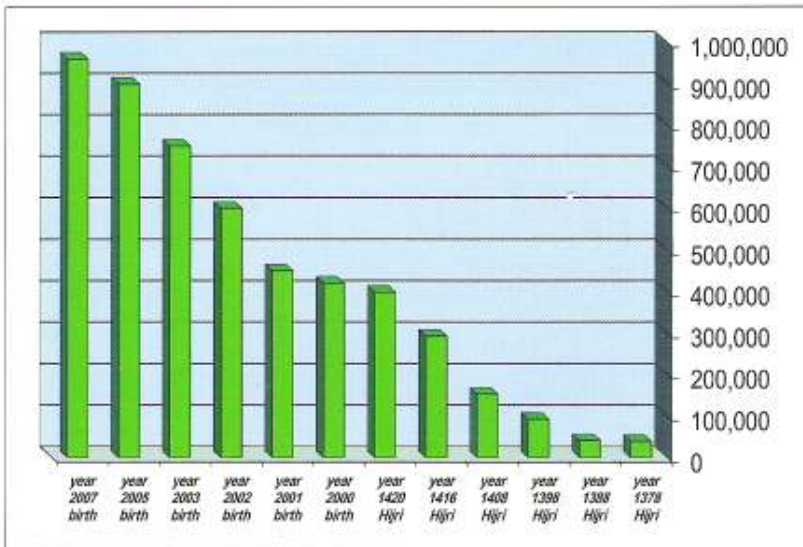
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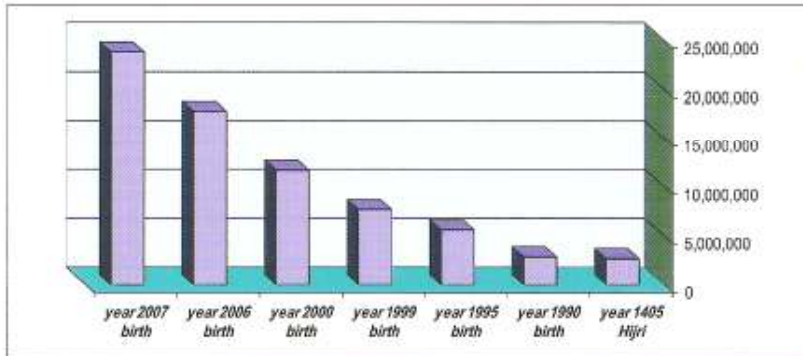
THE NATIONAL GYPSUM COMPANY IN BRIEF



Development Of Capital		
Million Riyal	12	Istablishment
Million Riyal	36	year 1396 Hijri
Million Riyal	72	year 1399 Hijri
Million Riyal	144	year 2000 birth
Million Riyal	200	year 2001 birth
Million Riyal	237.5	year 2003 birth
Million Riyal	316.6	year 2006 birth



Development Of Gypsum Plant Production Capacity		
Ton Yearly	38,593	year 1378 Hijri Istablishment
Ton Yearly	40,302	year 1388 Hijri
Ton Yearly	91,567	year 1398 Hijri
Ton Yearly	151,631	year 1408 Hijri
Ton Yearly	292,729	year 1416 Hijri
Ton Yearly	397,876	year 1420 Hijri
Ton Yearly	420,000	year 2000 birth
Ton Yearly	450,000	year 2001 birth
Ton Yearly	600,000	year 2002 birth
Ton Yearly	750,000	year 2003 birth
Ton Yearly	900,000	year 2005 birth
Ton Yearly	960,000	year 2007 birth



Development Of Plaster Board Production Capacity		
Squire M	2,654,191	year 1405 Hijri Start of Production
Squire M	2,842,282	year 1990 birth
Squire M	5,600,000	year 1995 birth
Squire M	7,664,181	year 1999 birth
Squire M	11,670,000	year 2000 birth
Squire M	17,760,000	year 2006 birth
Squire M	23,760,000	year 2007 birth



Chairman's statement

Dear shareholders,

Greeting ,

I would like to welcome you for attending the (49) 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 31/12/2013 G .

Dear brothers.

Praise be to Allah the Almighty for the favorable results that achieved by the company, the net profit that amounted 26,934,286 SR and the net profit that amounted 20,981,179 Saudi Riyals before deducting Zalat on sales. the Zakat on sales amounted 2,924,701 SR.

We would like you that the profits will distributed as for (80 halah) per share that equal to 8% of the company's capital. You will find in the board of director's report this year 2013G, which presented to you a long with the financial statements, a detailed explanation for work executed and the achieved results.

We like you that the company this year got environmental certification for the company's factories in Riyadh and Yanbu

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 49th Ordinary Session of the General Assembly

Held on Thursday afternoon, 10 Jumda 'II 1435 H corresponding 10 of April 2014 G

Dear Shareholders,

Greeting

It's of immense pleasure to welcome you in the meeting of your ordinary session of the general assembly No.(49). 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 31/12/2013G. 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 2013G (**Talal Abu Ghazaleh & co global company for auditing**) . 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 2013 G

First : Production & production Capacity

A - Primary Products

Products	Unit	capacity year	Current Year	Previous Year
Gypsum Powder	Ton	900.000	455,432	436,455
Plaster Board	M2	23.760.000	344,110	1,320,248

Second : Sales

The total sales, for this year reached the sum of 80,537,484 SR while they were SR 82,267,797 in the previous year as per the followings :

Products	Current Year 2013	Previous Year 2012	%of sales the previous year
Value of domestic market sales	72,870,863	72,113,419	- 90,84 %
Value of Export sales	6,524,683	6,435,828	- 8,10 %
Value of sales for (internal use)	2,141,938	3,718,550	- 1,42 %
Total sales	80,537,484	82,267,797	

The Sales particulars were as follows

A – Primary Products sales

Products	Current Year 2013	Previous Year 2012	Percentage
Gypsum Powder sales	77,901,223	73,338,012	- 96,73 %
Plaster Board sales	2,636,261	8,929,785	- 3,27 %
Total sales	80,537,484	82,222,177	
Total sales	80,537,484	82,267,797	

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) .

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 . participation amount had been paid completely in cash, in addition to 6% out of the value as projects development fees.

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.

- 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.
- The due date for the tenth premium payment will be on 15/8/1435 H which is equal to 5.000.000 SR.
- The due date for the eleventh premium payment will be on 15/2/1436 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 – contingent Liabilities, Obligations and Guarantees Provided by others

- A. The company has important financial contingent liabilities as at statement of 13/12/2013, 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 31/12/2013 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 8,721,400 , some of which provided by the customers against credit facilities ,

3 – Regular payment

- a. The company has been paying the Zakat as the rules and regulations. The total amount of Zakat for this year is 2,924,701 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 1/1/2013 up 31/12/2013 is 1,301,664 SR.
- D. The company has been paid fees for The basic services for the period from 1/1/2013G until 31/12/2013G for Tadwul, according to the invoice sent from the Tadwul, 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 560.068 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 2013G the total amount is 327,414 S.R as well as health insurance to employees of the company the total amount is 731,189 S.R.

Regular payment schedule

	Paid	Deserved
Zakat		2,924,701 S.R
Fees for ministry of Peterol and mineral resources		1,301,664 S.R
Charge of basic service –Tadwul 2013	300,000 S.R	
eighth installment No(2008) SIDF	5,000,000S.R	
ninth installment No(2008) SIDF	5,000,000S.R	
Social insurance	560,068 S.R	
general insurance on the property of the company2011	327,414 S.R	
health insurance to employees of the company 2011	731,189 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

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 aboard (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.

* 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

Seventh : The Board of Director Meeting during the fiscal year 2013 G

S.No	Name of member	Number of sessions attended			
1	Abdullah Bin Fahd Al Thanayan	Chairman, Board of Directors	nonexecutive	3	Full Attendance
2	Thanyan Bin Fahd Al Thanayan	Managing Director & General Manager	Executive	3	Full Attendance
3	Mohammed H. Al Essa	Director & audit committee chairman	independent	3	Full Attendance
4	Dawood Bin Sulaiman Al - Sabti	Director& audit committee member nomination committee	independent	3	Full Attendance
5	Ahmed Bin Abdullah Al Thanayan	Director& audit committee member chairman committee	Executive	3	Full Attendance
6	Fahd bin Al Thanayan	Director& executive committee member nomination committee	nonexecutive	3	Full Attendance
7	Naser Bin Zaid Al – Razook	Director& asst. Gen Manger executive committee member	Executive	3	Full Attendance
8	Suad Bin Abdullah Al Thaonayan	Director & audit committee member	nonexecutive	3	Full Attendance
9	Mohamed Bin Salih A. Al Awad	Director& executive committee member	nonexecutive	3	Full Attendance

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 .

Schedule meeting	(1)	(2)	(3)
	5/2/2013	17/3/2013	18/3/2013

Seventh : The Board of Director Meeting during the fiscal year 2013 G

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

Schedule meeting	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	1/4/2013	9/4/2013	15/4/2013	17/7/2013	17/9/2013	27/10/2013	15/12/2013

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	
	Share	%	share	%	share	%
Nothing						

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 2012

Thirteenth : **Committees**

1 – Auditing Committee ending in 1/4/2013

1	Mohamed H Al Eisa	Head	1	Full Attendance
2	Dawoud S. Al – Sabti	Member	1	Full Attendance
3	Suad Bin Abdullah Al Thanyan	Member	1	Full Attendance

Schedule meeting	(1)
	12/3/2013

2 – Auditing Committee beginning in 1/4/2013 for their years

1	Nawaf Abdul Majeed Khashoggi	Head	1	Full Attendance
2	Mohamed Bin Salih A. Al Awad	Member	1	Full Attendance
3	Suad Bin Abdullah Al Thanyan	Member	1	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)
	15/4/2013	17/7/2013	27/10/2013	11/12/2013	16/12/2013

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.

2 - Nominations & Remuneration Committee

Nominations & Remuneration Committee ending in 1/4/2013

1	Ahmed Bin A Al thanayan	Head	2	Full Attendance
2	Dawoud S. Al Sabti	Member	2	Full Attendance
3	Fahd Bin A. Al Thanyan	Member	2	Full Attendance

Schedule meeting	(1)	(2)
	27/2/2013	18/3/2013

Nominations & Remuneration Committee beginning in 1/4/2013

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

Schedule meeting	(3)	(4)
	12/6/2013	17/8/2013

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

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) 24/6/2013	(2) 26/11/2013	(3) 21/12/2013
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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 1.90 million Riyals compared to corresponding quarter of previous year 1.73 million Riyals decrease of 8,95%
- Operational profit reached during the twelve month 18,59 million Riyals compared to corresponding quarter of previous year 18,08 million Riyals decrease of 2,74%

***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 2013 G as shown in the following table

Firstly : Remuneration for the period ending 31/12/2013

Executive member	Salaries & Rem	Allowan ce	Annual Re	Increment	Others	Total
Thanyan Bin Fahd Al Thanayan	93,000					93,000
Naser Bin Zaid Al – Razook	60,000	16,500				76,500
Ahmed Bin Abdullah Al Thanayan	20,490	6,630				27,120
nonexecutive member						
Financial &Administration Manger	38,895	11,223				50,118
Sales plaster Board Manager	36,000	10.500				46,500
Technical factory Manager	21,000	-----				21,000
Board of directors remuneration as per the regulation			17,591	Explained in article 18. total amount for each member 24,793		

secondly : Remuneration for the new period beginning 1/1/2013 for three years

Executive member	Salaries & Rem	Allowance	Annual Re	Increment	Others	Total
Ahmed Bin Abdullah Al Thanayan	270,000	9,000			2,931	281,931
Fahd Mohammed Barak al-Habardi	48,600	14,400			2,931	65,931
nonexecutive member						
Dammam manager	109,500	27,000				136,500
Sales gypus Manager	108,000	31,800				139,800
Technical factory Manager	63,000	---				63,000
Board of directors remuneration as per the regulation			17,591	Explained in article 18. total amount for each member 2,931		

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 boards 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	20,981,179
Minus : Zakat	(2,924,701)
Net profit after deduction of Zakat	18,056,478
Minus 10% from statutory reserve	<u>(1,805,648)</u>
Balance	<u>16,250,830</u>
Minus : First payment of dividend distribution to shareholders at the rate of 5% of capital	(15,833,334)
Balance	<u>417,496</u>
Minus : Board of directors' Remuneration	(17,589)
Balance	<u>399,907</u>
Add: Carried over from last year's profit	<u>10,817,678</u>
Total	<u>11,217,585</u>
Minus : First payment of dividend distribution to shareholders at the rate of 3% of capital	<u>(9,500,000)</u>
Retained Earning	<u>1,717,585</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 31/12/2013 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 31/12/2013 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 100 thousand riyals and as remarks in directors' report for the year 2012

- 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) paragraph (h)	Develop a written policy governing the relationship of the owners of interests in order to protect them and save their rights to cover compensation mechanisms stakeholders and mechanisms for settling complaints or disputes and mechanisms to establish a good relationship with customers, suppliers and the rules of professional conduct for managers and employees	Under study the Policy action will be written and approved by the Board of Directors in the future. But now the company reservation of rights through bank guarantees, agreements and contracts and follow-up and direct with customers and suppliers, according to a system of custom and bylaws and contracts with employees of the company of professional conduct for managers and employees and maintaining the confidentiality of the work and will be working a written policy, God willing
Article (8)	Disclosure policy, procedures and supervision systems are written in accordance with the system	Now been announced by capital market authority system and will be later put written policies for approval
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 and study of risk policy
Article (10) section (4)	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
Article (10) section (d)	Written policies, standards and procedures are clear and specific in the membership of the Governing Council and put	Nomination will be according to the biography on the form from the Ministry of Commerce as well as the Capital Market Authority (CMA) and are packaged by the candidate and sent to the Ministry

	into effect	of Commerce and the Capital Market Authority for approval. The membership of the Council to be by the statutes of the company Section III Article 21 and 22 will be presented to next general Assembly in 10/4/2014
Article (14) section (c)	Supervision of auditing the company's activities to ensure its effectiveness regarding execution of assigned tasks and internal control by laws Evaluation of internal auditing reports and follows up the corrections required. Follow up of chartered accountants activities and approval of any work out of their duties that assigned to them while performing their auditing activities They study the plan auditing with chartered accountant and addition to their opinion and recommendations They study the annual and quarter financial statement status and addition to their opinion and recommendations They Study of applied accounting policies and providing their comments and recommendations.	will be presented to next general Assembly in 10/4/2014
	They Study of the internal control system and written report and recommendations in it is opinion	Will display on the General assembly of the company which held in 10/4/2014

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 31/12/2012G
2. To approve the balance sheet and statement of income for the fiscal year ending on 131/12/2012G
3. To exonerate the members of the current board of directors for the fiscal year 2012G
4. To approve the distribution of profits as pre the proposal of the Board of directors, which is half riyal (50 halala) per share (5% out of capital). Effective Tuesday 30/4/2012G corresponding 20/06/1434H. 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 2012G and to determine his fees.
6. In addition to thr functions of audit committee as well as predecessors
7. Approval of policy and criteria for nominations to the Board of Directors
8. The ratification of the governance system National gypsum company in line with the corporate governance CMA

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 Abdullah Bin Abdul Aziz, and His Crown Prince Salman Bin Abdul Aziz, Minister of defense, 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

the company's development since 2006 G

YEAR2013	YEAR2012	YEAR2011	YEAR2010	YEAR2009	YEAR2008	YEAR2007	YEAR2006
80,538,484	82,267,797	107,624,792	154,115,097	202,708,748	259,993,465	223,275,041	256,913,521
17,788,043	20,071,918	29,602,475	52,525,336	88,560,578	112,315,141	94,845,061	128,142,531
25,333,333	15,833,333	38,000,000	63,333,333	79,166,667	79,166,667	79,166,667	71,250,000
suggestion	suggestion						

458,775,073	451,335,365	452,829,804	462,440,776	474,285,096	457,632,391	447,229,915	415,481,045
316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	237,500,000
31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	23,750,000
0	0	0	0	0	0	0	79,166,667

868,556,021	864,028,847	861,898,132	862,430,242	860,622,944	819,621,628	790,022,728	700,838,026
748,658,244	747,718,137	743,743,171	740,997,244	731,151,155	731,015,511	724,524,775	712,836,504
15,700,000	25,700,000	37,700,000	43,700,000	48,700,000	38,960,000	38,960,000	0

960,000	960,000	960,000	960,000	960,000	900,000	900,000	900,000
23,760,000	23,760,000	23,760,000	23,760,000	23,760,000	17,760,000	17,760,000	17,760,000

455,432	436,455	571,333	558,999	578,358	615,460	527,140	650,058
344,110	1,320,248	3,268,547	7,146,082	11,327,053	17,795,452	14,496,941	15,057,787

519,995,252	517,440,679	552,975,907	595,790,523	628,572,965	602,011,945	597,234,777	548,003,400
61,220,179	66,105,314	100,865,214	133,349,747	154,287,869	144,379,554	150,004,862	132,522,355

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 PRODUCTIONCAPCITY

GYPSUM PRODUCTION CAPCITY-TON
PLASTER BOARD PRODUCTION CAPCITY-M2

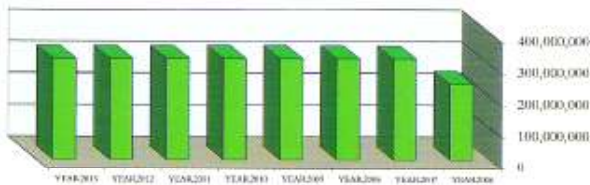
PRODUCTION

QT OF GYPSUM POWDER
QT OF PLASTER BOARD

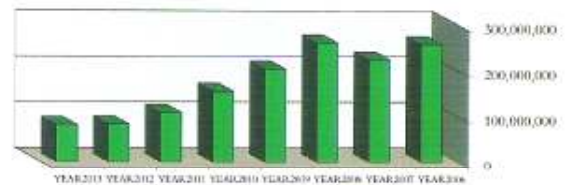
liabilities and shareholders Equity

total liabilities
total assets

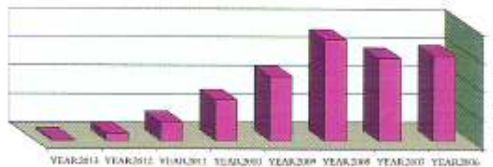
DEVELOPMENT OF CAPITAL SINCE 2006



NET SALLES SINCE 2006G



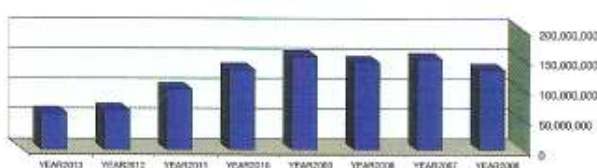
DEVELOPMENT OF PLASTER BOARD PRODUCTION SINCE 2006G



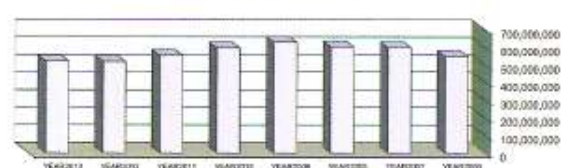
DEVELOPMENT OF POWDER GYPSUM PRODUCTION SINCE 2006G



TOTAL ASSETS 2006 G



TOTAL LIABILITIES 2006 G





National Gypsum Company
Saudi Joint – Stock Company
Balance Sheet

As on 31 December	Notes	2013		2012	
		SR		SR	
Assets					
Cash in Hand & at Banks	(3)	9,107,505		9,419,537	
Murabaha investment	(4)	47,000,000		45,000,000	
Account receivable	(5)	8,791,296		9,242,976	
Inventory	(6)	<u>39,772,427</u>		<u>39,686,207</u>	
Other debit balances	(7)	<u>6,041,990</u>		<u>4,463,773</u>	
A related party	(8)	<u>794,220</u>		<u>138,368</u>	
Total current assets		<u>111,507,438</u>		<u>107,950,861</u>	

Non current assets

As on 31 December	Notes	2013		2012	
		SR		SR	
Investment according to ownership rights	(9)	58,442,970		50,690,253	
Net value of fixed assets, under Execution projects and spare parts	(10)	347,939,849		356,212,836	
Net deferred charges	(11)	2,104,995		2,586,729	
Total non current assets		<u>408,487,814</u>		<u>409,489,818</u>	
Total current assets		<u>519,995,252</u>		<u>517,440,679</u>	

Liabilities and Shareholder's equity

As on 31 December	Notes	<u>2013</u> <u>SR</u>	<u>2012</u> <u>SR</u>
Current part of long terms loans	(12)	10,000,000	10,000,000
Accounts payable	(13)	5,137,328	5,967,634
Other credit balance	(14)	2,399,116	3,631,862
Zakat Provisions	(23)	2,937,553	3,240,355
Proposed dividend		6,064,269	6,020,810
Total current liabilities		<u>26,538,266</u>	<u>28,860,661</u>

Non current Liabilities

As on 31 December	Notes	<u>2013</u> <u>SR</u>	<u>2012</u> <u>SR</u>
Long term loans	(12)	5,700,000	15,700,000
End – of – service provision	(15)	3,630,989	5,488,181
Total non current liabilities		<u>9,330,989</u>	<u>21,188,181</u>
Total liabilities		<u>35,869,255</u>	<u>50,048,842</u>

Shareholders Equity

As on 31 December	Notes	<u>2013</u> <u>SR</u>	<u>2012</u> <u>SR</u>
Paid up capital	(16)	316.666.667	316.666.667
Statutory reserve	(17)	126,216,210	124,410.562
Unrealized gain from (investment)		14,174,611	6,933,947
Proposed dividend	(18)	<u>25,350,924</u>	<u>16,056,472</u>
Retained earnings		<u>1,717,585</u>	<u>3,324,189</u>
Total Shareholders equity		<u>484,125,997</u>	<u>467,391,837</u>
Total Liabilities and Shareholders equity		<u>519,995,252</u>	<u>517,440,679</u>

National Gypsum Company
Saudi Joint – stock company
Statement of income

As on 31 December	Notes	2013		2012	
		SR		SR	
Revenues		80,538,484		82,267,797	
cost of revenues	(19)	<u>(53,604,198)</u>		<u>(55,811,563)</u>	
Cross margin		<u>26,934,286</u>		<u>26,456,234</u>	
Less					
General and administrative expense	(20)	(4,578,465)		(4,923,407)	
Sales and distribution expense	(21)	(1,476,006)		(1,138,776)	
Depreciation of administrative assets		(731,898)		(759,438)	
Amortization of deferred charges		(1,553,304)		(1,553,320)	
Net income of operation		<u>18,594,613</u>		<u>18,081,293</u>	
Results of other business					
Other revenues	(22)	<u>2,386,566</u>		<u>5,218,128</u>	
Net income before Zakat		<u>20,981,179</u>		<u>23,299,421</u>	
Less					
Zakat provision	(23)	<u>(2,924,701)</u>		<u>(3,237,503)</u>	
Net income		<u>18,056,478</u>		<u>20,071,918</u>	
Total ordinary share profit		<u>0.59</u>		<u>0.57</u>	
Net ordinary share profit		<u>0.57</u>		<u>0.63</u>	

National Gypsum Company

Saudi Joint – Stock Company

Cash Flow Statement

For the Fiscal Year ended on 31 December	Notes	<u>2013</u> <u>SR</u>	<u>2012</u> <u>SR</u>
Operating Activities			
Net profit income		<u>18,056,478</u>	<u>20,071,918</u>
Adjustment for non cash items:			
Depreciation		17,446,719	17,820,545
Amortization of deferred charges		1,553,304	1,553,320
Gain on sale of fixed assets		(120,000)	
End – of – service provision		174,273	750,251
Zakat provision		<u>(2,924,701)</u>	<u>(3,227,503)</u>
Changes in current assets & liabilities			
Marabha investments		-	3,029,257
Accounts receivable		451,680	10,462,959
Inventory	(86,220)		887,190
Other debit balance	(1,578,217)	(258,922)	
Due form related parties	(655,855)	(138,368)	
Accounts payable		830,306	1,269,994
Other credit balance	(1,232,742)		257,805
End – of – service provision	(2,031,465)	(1,609,264)	
Payment for Zakat department	(3,227,503)	(2,844,126)	
Net cash flow from operating activities		<u>30,844,847</u>	<u>54,480,062</u>

Cash flow from Investing Activities	Notes	2013 SR	2012 SR
Investments		2,000,000,	-
Net movement on investments and financial assets		512,054	4,414,791
Additive fixed assets	(3,663,458	(
Proceeds from sale of fixed assets		<u>2,103,216</u>	<u>1,641,064</u>
Deferred charges		<u>1,071,570</u>	<u>9,866</u>
Net cash flow from investment activities		<u>5,143,866</u>	<u>8,455,112</u>
Financing Activities			
Dividends distributed	(43,459	(
Paid loans	(<u>10,000,000</u>	(
Dividends to shareholder and remuneration of the board director	(16,056,472	(
Net cash flow from financing activities	(<u>26,013,013</u>	(
Net cash and cash alike flow	(312,032	(
Cash and cash alike at the beginning of th year		<u>9,419,537</u>	<u>14,544,011</u>
Cash and cash alike at the end of the year		<u>9,107,505</u>	<u>9,419,537</u>
Additional information on the activities of non – cash			
Gains (losses) on investment available for sale		<u>7,240,664</u>	<u>5,509,880</u>
The impact of the amendment on fixed assets		<u>7,493,490</u>	

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	122,403,370	12,443,832	-	1,315,935	452,829,804
Unrealized earnings of investment	-	-	(5,509,885)			(5,509,885)
Dividends distributed				16,056,472	(16,056,472)	
Transferred from year profit		2,007,192			(2,007,192)	
Net income of the year 2013					20,071,918	20,071,918
Shareholder's equity as of 31 December 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
Transfer to statutory reserve		1,805,648			(1,805,648)	
Dividends and management compensation				(16,056,472)		(16,056,472)
Dividends distributed	-		-	25,350,924	(25,350,924)	
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

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. Further more, 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 polpcpes 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 affair value

(B) use of estimats

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 installed on 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 :

Cash and cash alike are comprised from cash in bank balance , and investments that can be converted into cash which their due date is during four short period

(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:

Inventory is valued by cost or market value whichever is lower, cost is determined according to weighted average method.

Spare parts . raw materials , packing utilities and fuel are valued at cost on the basis of moving weighted average

(G) nvestments and financial assets

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.

(H) 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 unitl the date of the balance sheet , fixed assets are depreciated on a straight – line basis at rasts , 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.%

The cost of Spare parts appear as weighted average basis , although this value is equal to the book value after deducting the value used during the period . repairs and maintenance of fixed assets are recorded within the period expense

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

(I) Impairment of non - current assets :

At each statement of financial position. Make a calendar to make sure there is no objective evidence of any decline in the value of any class or group of non-current assets. In the case of such evidence determine the estimated value of the recoverable amount of the asset. The impairment loss is recognized as the difference between the recoverable amount and the carrying amount of books and impairment losses included in the income statement (if any)

(J) Deferred charges

Considered the costs that have no future benefits expense in the income statement, while those costs are capitalized, which is expected to benefit from them in future periods. Be deferred expenses of expenses incurred by the company in relation to the

establishment of Alpha Gypsum Project In addition to the costs of testing and trial operation and evaluation expenses industrial Industrial Development Fund. Amortisation 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 :

<u>Cash & cash a like:</u>	Notes	<u>2013</u>	<u>2012</u>
		<u>SR</u>	<u>SR</u>
Cash in Hand		603,155	2,992,261
Cash in the Banks		5,372,550	6,427,276
Checks under collection		<u>3,131,800</u>	
Total		<u>9,107,505</u>	<u>9,419,537</u>

(4) Murabha investments

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

<u>(5). Accounts Receivable: :</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>S.R</u>	<u>SR</u>
Customers	9,415,082	9,866,792
Provisions for doubtful debts	(623,786)	(623,786)
Total	<u>8,791,296</u>	<u>9,242,976</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

<u>(6). Inventory:</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
	<u>S.R</u>	<u>SR</u>
Finished Products	1,692,950	3,070,341
Raw Materials	30,011,757	30,686,045
Oil & Fuel & Other Materials	8,227,868	7,089,969
Less		
Provision for dormant Inventory	(160,148)	(160,148)
Net stocks	<u>39,772,427</u>	<u>39,686,207</u>

<u>(7). Prepaid expenses & Other:</u>	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Insurance Fees		1,002,548	1,002,548
Advance to suppliers		4,126,605	2,585,537
Advance to employees		386,838	87,293
Accrued Income		198,095	452,792
Housing allowance		194,972	249,087
Others		132,932	86,516
Total		<u>6,041,990</u>	<u>4,463,773</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>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Qatar Saudi Co. for gypsum		794,220	138,368
Total		<u>794,220</u>	<u>138,368</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	3,388,750
		collection	1,660,338
		Commission accrued	81,360
Mr. Ahmed al thonayan	Chairman of the Board	Salaries	360,000
		Accrued vacations	268,00

(9) Investments and financial assets

This item consists of	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Investment in allied company (9-B)		27,945,277	25,086,631
Investments in securities available for sale		20,497,693	15,603,622
Real estate investment		10,000,000	10,000,000
Total		<u>58,442,970</u>	<u>50,690,253</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>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Balance at the year Beginning		25,086,631	21,596,468
Realized gains from investments		512,054	4,414,791
Gain (losses) from investment		(2,349,592)	(924,628)
End of the year balance		<u>27,945,277</u>	<u>25,086,631</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>31/12/2013</u>	<u>31/12/2012</u>
	<u>SR</u>	<u>SR</u>
Balance at the year Beginning	15,603,622	20,188,879
Gain (losses) from investment	4,894,071	4,585,257
End of the year balance	<u>20,497,693</u>	<u>15,603,622</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

(9/1) 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 1/1/2013	Additions During the year	Disposal During the year	Cost as at 31/12/2013.	Accumulated Depreciation as at 1/1/2013	Depreciation for year SR	Accumulated Depreciation for disposal	Impact of modified	Accumulated Depreciation at 31/12/2011	Net Book value as at 31/12/2013 SR	Net Book value as at 31/12/2010
Lands	22,438,326	-	-	22,438,326	-	-	-		-	22,438,326	22,438,326
Building	123,249,370	-	-	123,249,370	76,508,911	3,692,509	-		80,201,420	43,047,950	46,740,459
Inter Road	5,226,494	-	-	5,226,494	4,149,405	230,558	-		4,379,963	846,531	1,077,089
Machinery & Equipment	503,809,455	84,000	-	503,893,455	283,067,532	12,570,761	-	7,493,490	288,144,803	215,747,652	220,741,923
Water net work	2,505,495	-	-	2,505,495	2,241,340	121,832	-		2,363,172	142,323	264,155
Electrical net work	8,200,627	-	-	8,200,627	4,077,407	297,456	-		4,374,863	3,825,764	4,123,220
Equipment of conveyance	12,909,271	648,850	721,319	12,836,802	11,852,208	429,396	721,316		11,560,288	1,276,514	1,057,063
Tools	1,322,752	12,305	1,920	1,333,137	1,319,644	1,634	852		1,320,426	12,711	3,108
Furniture	8,577,053	71,468	19,004	8,629,517	8,288,854	102,573	17,967		8,373,460	256,057	288,199
Project under execution	36,618,439	949,502	-	37,567,941	-	-	-		-	37,567,941	36,618,439
Spair part	22,860,855	1,897,333	1,981,108	22,777,080	-	-	-		-	22,777,080	22,860,855
total	747,718,137	3,663,458	2,723,351	748,658,244	391,505,301	17,446,719	740,135	7,493,490	400,718,395	347,939,849	356,212,836

(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

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		SR	SR
Balance at the year Beginning		2,586,729	4,130,183
Additions during the year		1,071,570	9,866
Amortizations during the year		(1,553,304)	(1,553,320)
Net Deferred charges		<u>2,104,995</u>	<u>2,586,729</u>

(12) Saudi Industrial Fund loan:

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

- loan maximum limit** : SR 48.700.000
- purpose of the loan** Financing of plaster board factory and gulf gypsum powder factory in Dammam.
- guarantee of the loan** Lands and the constructed buildings and the entire plaster board and gypsum powder factories in addition to two plots of land in Dammam that mortgaged to Saudi industrial fund.
- Fidelity of the loan:** The loan shall be pay in semiannual installments that commence in 15/02/1431 H, corresponding to 30/01/2010 G, and ends in 15/08/1436 H, Corresponding to 02/06/2015G.The The company paid the first installment until the fourth during this year 2010G ,2011G total amount 11.000,000

Description	2013 .SR	2012 SR
Current portion of long-term loan	10,000,000	10,000,000
Long-term loans	5,700,000	15,700,000

(13). Accounts Payable:

this item includes receivables of 5,137,328 SR balance for the two suppliers in the amount of SAR 4,358,324 which represents 85% of total accounts receivable

(14). Other accrued expenses:

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Securities for others		261,100	674,850
Pre payments from clients		556,417	821,974
Provision for Development and Quarries		84,703	84.703
Researches			
Fees for ministry of Peterol and mineral resources		<u>1,301,664</u>	<u>1,830,574</u>
Other		<u>195,232</u>	<u>219,761</u>
Total		<u>2,399,116</u>	<u>3,631,862</u>

(15) Provision for end of service:

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Balance at the beginning of the year		5,488,181	6,347,194
Charge for Expenses		<u>174,273</u>	<u>750,251</u>
Repayments during the year		(<u>2,031,465</u>)	(<u>1,609,264</u>)
Balance at the end of the year		<u>3,630,989</u>	<u>5,488,181</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) Dividend proposed

The board directors recmmend distribution to shareholders in the amount of SR 25,352,324 until presented and approved at the general assembly of Shareholders

(19) Revenues cost

This items consists of

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Industrial Fixed assets depreciation		16,714,821	17,061,107
Industrial Cost		<u>36,889,377</u>	<u>38,750,456</u>
End of the year Balance		<u>53,604,198</u>	<u>55,811,563</u>

(20) General Administrative Expenses:

This items consists of

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Salaries, wages and the like		2,517,152	2,691,051
Provision for end of Service Benefit		174,273	750,251
Salaries and rewards of the managing director		820,000	372,000
Water and electricity		146,511	164,760
Repair and maintenance		105,451	113,839
Fess and subscriptions		369,822	395,228
Other expenses		445,256	436,278
Total		<u>4,578,465</u>	<u>4,923,407</u>

(21) sales and distribution expenses:

This items consists of

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Salaries, wages and the like		1,005,019	1,057,483
Repair and maintenance		344,687	3,141
Other expenses		126,300	78,152
Total		<u>1,476,006</u>	<u>1,138,776</u>

(22) Other Revenues

This items consists of

	Notes	<u>31/12/2013</u>	<u>31/12/2012</u>
		<u>SR</u>	<u>SR</u>
Investment income and dividends		643,195	3,521,293
Revenue vacations		1,050,543	1,144,831
Investment income in the Islamic Murabaha		362,021	311,165
Gain on sale of fixed assets		12,000	-
Revenue from sale of waste		72,626	90,405
Other		138,181	150,434
Total		<u>2,386,566</u>	<u>5,218,128</u>

(23) Zakat provision:

(A) Calculation of Zakat Base	Notes	2013 SR	2012 SR	
Adjusted net income		21,155,453	24,049,671	
Total items subject to zakat		485,829,720	477,726,202	
Total items not subject to zakat	(389,997,121) (372,675,750
Zakat net Base		116,988,052	129,100,123	
Zakat is (2.5%)		<u>2,924,701</u>	<u>3,227,503</u>	
(B) Movement During the year				
Balance at the beginning of the year		<u>3,240,355</u>	<u>2,856,978</u>	
Transferred from income statement during the year		2,924,701	3,227,503	
Zakat paid during of the year		3,227,503	2,844,126	
Balance at the end of the year		2,937,553	3,240,355	

(C) Zakat Status:

The company submitted its zakat returns up to 30/4/2014

No balances zakat issued by the Department of Zakat previous years

No d suspensions or inquiries issued by the Department of Zakat unanswered

(24) 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

Explanatory (25) Contingent liabilities, obligation and Guarantees provided by others:

The company has important financial contingent liabilities as at 31/12/2013G, 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 31/12/2013G financial statement which values 1,700,000 S.R
- The company received guarantees from third parties that totaled the sum of 11,471,400 S.R, some of them provided by the customers against credit facilities
- **(26) The modified effect of the previous year related to fixed assets:**

During the year was the consumption of certain machinery and equipment fully but it turns out the company that machinery and equipment are still used for more than was expected previously unknown when the purchase of machinery and equipment, and the adjusted book value of the asset and

that retroactively based on an internal study by the technical committee of the company's engineers

Based on that has been modified retroactively depreciation expense in the amount of SAR 7,493,490 which was amended in retained profits

If there were no changes in consumption to the net book value of machinery and equipment, less the amount of 7.493.490 SR as well as the profits were retained in the December 31, 2013 less the same amount

(27) Segment information:

the company consists of the following main business segments

A - Gypsum Powder Production

B - Plaster Board

C - Gypsum Spray & Fixing gypsum

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

(28) Dividends

General Assembly approved in its meeting held on 04.01.2013 dividend for the year 2012 the distribution of profit according to the proposed of the Board of Directors which (0.5) SR per share, accounting for 5% of the nominal value of shares and the total amount of SR 15,833,333 effective Tuesday, 20/06/1435 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

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 develop 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.

C - cash Risk

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

(30) 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

(31)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, 2012 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 (31) 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, 2013 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 (2) 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