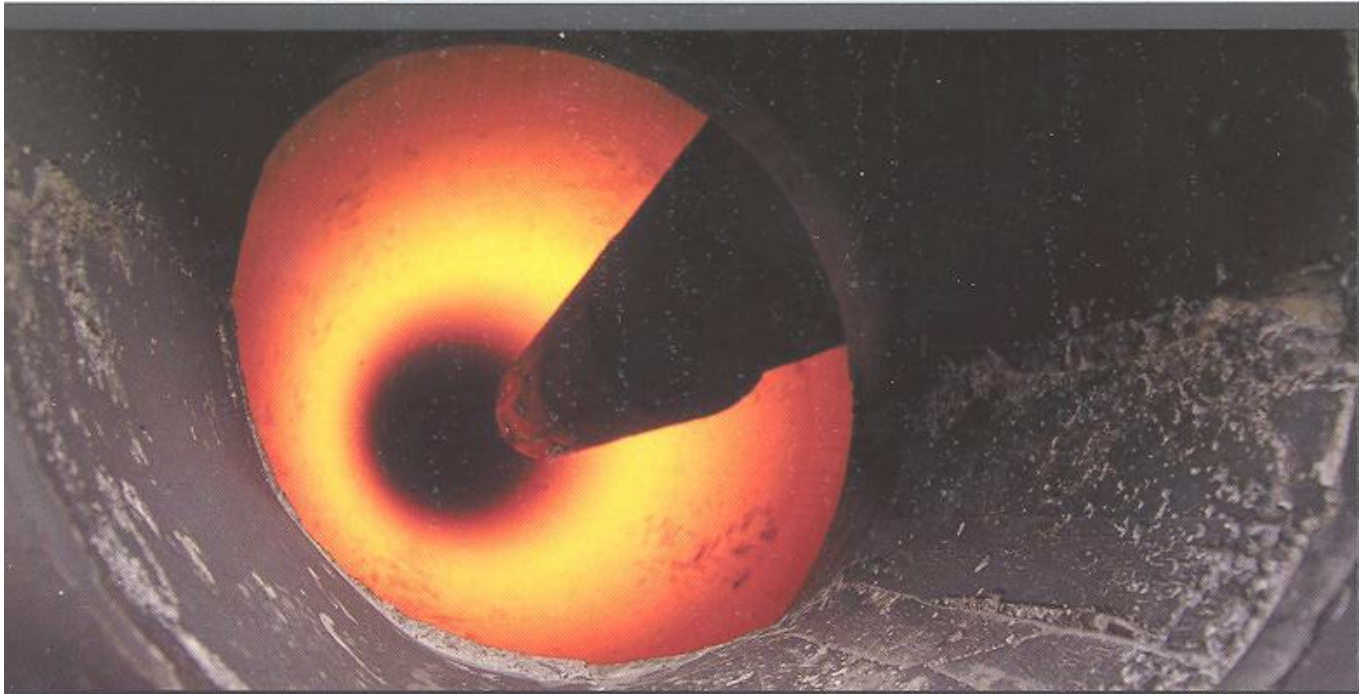




qcc@qcc.com.sa

شركة أسمنت القصيم
Qassim cement co.

التقرير السنوي
التاسع والعشرون



2007



خادم الحرمين الشريفين
الملك عبد الله بن عبد العزيز آل سعود



صاحب السمو الملكي
الأمير سلطان بن عبد العزيز آل سعود
ولي العهد ونائب رئيس مجلس الوزراء
ووزير الدفاع والطيران والمفتش العام

أعضاء مجلس الإدارة



صاحب السمو الملكي الأمير
عبدالرحمن العبدالله الفيصل آل سعود
(رئيس مجلس الإدارة)



الاستاذ/
عبد العزيز بن عمير العمير
(عضو) ممثل صندوق الإستثمارات العامة



المهندس/
عبد العزيز بن عبد الله الزيد
(عضو) ممثل المؤسسة العامة للتأمينات الإجتماعية



المهندس/
عبد الله بن عبد اللطيف السيف
(نائب رئيس مجلس الإدارة)



المهندس/
عبد المجيد بن إبراهيم السلطان
(عضو)



الاستاذ/
عبد المحسن بن صالح السليم
(عضو)



المهندس/
خالد بن صالح المديفر
(عضو)



الاستاذ/
محمد بن سليمان أبا نمي
(عضو)





QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2007

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2007

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AUDITORS' REPORT

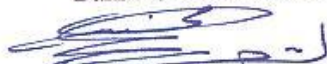
To the shareholders
Qassim Cement Company
Buraydah, Saudi Arabia

We have audited the accompanying balance sheet of Qassim Cement Company (a Saudi Joint Stock company) as of December 31, 2007, and the related statements of income, shareholders' equity and cash flows for the year then ended, and notes 1 to 25 which form an integral part of these financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.



Ehsan A. Makhdoum
License No. 358

BOODAI CPA



Dr. Adel Abdulaziz Boodai
License No. 303

Muharram 3, 1429 H
January 12, 2008



QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

BALANCE SHEET
AS OF DECEMBER 31, 2007

	Note	2007 SR	2006 SR
ASSETS			
Current assets			
Cash and cash equivalents		207,000,333	204,760,839
Time deposits		313,220,986	19,093,600
Investments in trading securities		11,668,771	8,478,968
Trade receivables		32,462,182	19,587,336
Other debit balances	3	13,984,282	10,351,812
Finished and under process cement		35,041,035	27,522,239
Spare parts and other inventories	4	93,597,277	82,197,954
Total current assets		706,974,866	371,992,748
Non-current assets			
Investment in subsidiary	5	44,422,218	-
Property, plant and equipment	7	1,143,966,024	369,325,760
Projects under progress	6	109,648,586	952,510,801
Deferred charges	8	54,222,852	61,428,431
Total non-current assets		1,352,259,680	1,383,264,992
TOTAL ASSETS		2,059,234,546	1,755,257,740
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Current portion of Saudi Development Fund loan	12	26,000,000	19,000,000
Trade payables		11,235,462	5,306,839
Accrued expenses and other credit balances	9	211,257,780	188,487,986
Dividend payable		25,480,132	18,007,410
Zakat	10	29,474,356	13,854,686
Total current liabilities		303,447,730	244,656,921
Non-current liabilities			
End-of-service indemnities	11	16,252,676	16,064,564
Saudi Industrial Development Fund loan	12	216,150,000	199,800,000
Total non-current liabilities		232,402,676	215,864,564
Total liabilities		535,850,406	460,521,485
Shareholders' equity			
Share capital	1	450,000,000	450,000,000
Statutory reserve	13	225,000,000	225,000,000
General reserve	13	375,753,300	275,353,300
Retained earnings		472,630,840	344,382,955
Total shareholders' equity		1,523,384,140	1,294,736,255
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,059,234,546	1,755,257,740

The accompanying notes form an integral part of these financial statements

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2007

	Note	2007 SR	2006 SR
Sales		847,004,246	543,078,955
Cost of sales		(289,618,338)	(208,292,887)
Gross profit		557,385,908	334,786,068
Selling and distribution expenses	14	(5,748,178)	(4,550,141)
General and administrative expenses	15	(13,977,688)	(10,709,039)
Operating income		537,660,042	319,526,888
Other income - net	18	25,978,814	4,150,184
Income before zakat		563,638,856	323,677,072
Zakat	10	(23,090,971)	(8,091,927)
NET INCOME		540,547,885	315,585,145
Earnings per share	19	12.01	7.01

The accompanying notes form an integral part of these financial statements

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2007

	Note	Share capital SR	Statutory reserve SR	General reserve SR	Retained earnings SR	Total SR
January 1, 2006		450,000,000	225,000,000	212,153,300	300,597,810	1,187,751,110
Net income for 2006		-	-	-	315,585,145	315,585,145
Dividends paid	16	-	-	-	(207,000,000)	(207,000,000)
Board of Directors' remuneration		-	-	-	(1,800,000)	(1,800,000)
Transfer from Board of Directors' remuneration		-	-	200,000	-	200,000
Transfer to general reserve	13	-	-	63,000,000	(63,000,000)	-
December 31, 2006		450,000,000	225,000,000	275,353,300	344,382,955	1,294,736,255
Net income for 2007		-	-	-	540,547,885	540,547,885
Dividends paid	16	-	-	-	(207,000,000)	(207,000,000)
Interim dividends	16	-	-	-	(103,500,000)	(103,500,000)
Board of Directors' remuneration		-	-	-	(1,800,000)	(1,800,000)
Transfer from Board of Directors' remuneration		-	-	400,000	-	400,000
Transfer to general reserve	13	-	-	100,000,000	(100,000,000)	-
December 31, 2007		450,000,000	225,000,000	375,753,300	472,630,840	1,523,384,140

The accompanying notes form an integral part of these financial statements

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2007

	2007 SR	2006 SR
OPERATING ACTIVITIES		
Income before zakat	563,638,856	323,677,072
Adjustments for:		
Depreciation	63,889,364	37,930,025
Amortization of deferred charges	7,461,582	7,188,016
Unrealized (gain) loss from investments in trading securities	(3,189,803)	3,160,392
End-of-service indemnities	3,248,797	4,223,669
Changes in operating assets and liabilities:		
Receivables and other debit balances	(16,507,316)	(910,589)
Spare parts and other inventories	(4,433,499)	5,948,588
Payables, accrued expenses and other credit balances	28,698,417	14,967,568
Cash from operations	642,806,398	396,184,741
End-of-service indemnities paid	(3,060,685)	(2,773,076)
Zakat paid	(7,471,301)	(7,172,876)
Net cash from operating activities	632,274,412	386,238,789
INVESTING ACTIVITIES		
Time deposits	(294,127,386)	1,160,722
Investments in subsidiary	(44,422,218)	-
Addition of property, plant and equipment	(7,521,970)	(59,341,988)
Projects under progress and deferred charges	(2,886,066)	(90,239,381)
Net cash used in investing activities	(348,957,540)	(148,420,647)
FINANCING ACTIVITIES		
Dividends paid	(303,027,278)	(207,195,761)
Board of Directors' remuneration paid	(1,400,000)	(1,600,000)
Saudi Industrial Development Fund loan	23,350,000	-
Net cash used in financing activities	(281,077,278)	(208,795,761)
Change in cash and cash equivalents	2,239,494	29,022,381
Cash and cash equivalents, January 1	204,760,839	175,738,458
CASH AND CASH EQUIVALENTS, DECEMBER 31	207,000,333	204,760,839
Non-cash transactions:		
Transfer from project under progress to inventory	14,484,620	-
Transfer from project under progress to property and equipment	831,007,658	-

The accompanying notes form an integral part of these financial statements

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

1. ORGANIZATION AND ACTIVITIES

Qassim Cement Company ("the Company") is a Saudi Joint Stock company, established in accordance with the Royal Decree No. M/62 on 15 Sha'aban, 1396H (August 11, 1976) and registered in Buraydah City under commercial registration number 1131001224 on 28 Sha'aban, 1398 (August 2, 1978). The share capital of the Company amounting to SR 450 million is divided into 45 million shares of SR 10 each.

The principal activity of the Company is to manufacture and sell cement and its related products and perform all related directly or indirectly works to achieve those purposes. The Company may have interest or participate, in all respects, with other entities or companies having similar activities that may help the Company to achieve its goals. Also, the Company may own shares or interest in these companies or merge with or into or acquire such companies. The Company may have interest or participate, in all respect, with other companies for maximum of 20% of its unrestricted reserves and maximum of 10% of investee share capital, provided that gross investments should not exceed the unrestricted reserves and should be disclosed to the General Assembly in its first meeting. The Company does its activities through the Cement factory located in Buraydah city – Al Qassim.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the Standard of General Presentation and Disclosure issued by the Ministry of Commerce and in compliance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost and accrual bases conventions.

Sales

Sales are recognized upon delivery of goods to customers.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash and demand deposits, with original maturities of three months or less.

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined, for finished goods, on a weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

Investments

Investments in financial instruments are classified according to the Company's intent with respect to those securities. Financial instruments (investment funds) held for trading are stated at fair value, and unrealized gains and losses thereon are included in the statement of income. Where the fair value is not readily determinable, such financial instruments are stated at cost.

Income from the investments in financial instruments is recognized when dividends are declared.

Deferred charges

Deferred charges comprise capital expenditure related to the overhaul expenses to the power plant and production lines. These are amortized, by using the straight line method, over a period of 3 to 20 years since overhaul dated.

Deferred charges, also, include the prepaid management fees of Saudi Industrial Development Fund loans. These fees will be amortized over the loan period using straight line method and charged to the project cost during the construction period, and will be charged to the expense upon the commencement of commercial production.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated lives of depreciation of the principal classes of assets are as follows:

	<i>Years</i>
Plant and machinery	20
Buildings	33
Prefabricated buildings	10
Vehicles	4
Furniture, fixtures and office equipment	4 – 10
Tools	10 – 13

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

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

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

Foreign currency translation

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

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the financial statements based on the employees' length of service.

Zakat

The Company is subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accruals basis. The zakat charge is computed on the zakat base. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Dividends

Profit distributions are recorded in the year in which the general assembly approves such distributions. Interim dividends are recorded as approved by the Board of Directors.

3. OTHER DEBIT BALANCES

	2007 SR	2006 SR
Advances to suppliers	3,573,554	1,841,957
Accrued revenues	2,058,874	1,086,708
Prepaid expenses	2,342,498	3,342,897
Refundable custom deposits	268,603	183,773
Employees receivable	802,206	569,577
Other receivables – non trading	5,099,253	3,518,529
	14,144,988	10,543,441
Less: Allowance for doubtful debt	160,706	191,629
	13,984,282	10,351,812

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

4. SPARE PARTS AND OTHER INVENTORIES

	2007 SR	2006 SR
Spare parts	99,292,735	80,933,453
Packing materials and fuel	3,078,945	3,164,960
Other materials and supplies	543,466	571,687
	<u>102,915,146</u>	<u>84,670,100</u>
Less: Provision for slow moving spare parts inventory	9,317,869	2,472,146
	<u>93,597,277</u>	<u>82,197,954</u>

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

5. INVESTMENT IN SUBSIDIARY

	2007 SR
Paid up capital	475,000
Advances against investment	43,947,218
	<u>44,422,218</u>

During 2007, the Company invested in 95% of the share capital of Cement Industries Company established in August 5, 2007 with a capital of SR 500,000. The investment recorded at cost as the Company still under development.

Advances against investment represent amounts paid by the Company to purchase ready mix plant for the Cement Industries Company amounting to SR 52 million.

6. PROJECTS UNDER PROGRESS

Projects under progress mainly comprise invoices to contractors for the supply and installation of the third production line, upgrading of the second production line and development of the information system. During the year the Company capitalized the third production line and management building. Other main projects are expected to be completed during 2008 (note 20).

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

7. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Plant & machinery SR	Buildings SR	Vehicles SR	Furniture, fixtures and office equipment SR	Tools SR	Total SR
Cost							
January 1, 2007	15,024,200	682,059,663	341,872,244	3,493,740	23,773,006	3,723,285	1,069,946,138
Additions	-	594,390,888	240,818,874	17,800	2,892,767	947,821	839,068,150
Disposals	-	(268,202)	-	(311,100)	(1,441,490)	(73,834)	(2,094,626)
December 31, 2007	15,024,200	1,276,182,349	582,691,118	3,200,440	25,224,283	4,597,272	1,906,919,662
Depreciation							
January 1, 2007	-	456,235,239	220,957,794	3,226,187	17,733,505	2,467,653	700,620,378
Charge for the year	-	46,921,856	15,003,755	96,854	1,696,540	170,359	63,889,364
Disposals	-	(268,153)	-	(191,131)	(1,027,168)	(69,652)	(1,556,104)
December 31, 2007	-	502,888,942	235,961,549	3,131,910	18,402,877	2,568,360	762,953,638
Net book value							
December 31, 2007	15,024,200	773,293,407	346,729,569	68,530	6,821,406	2,028,912	1,143,966,024
December 31, 2006	15,024,200	225,824,424	120,914,450	267,553	6,039,501	1,255,632	369,325,760

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

8. DEFERRED CHARGES

	2007 SR	2006 SR
Prepaid management fees of Saudi Industrial Development Fund Loan No. 1	12,000,000	12,000,000
Overhaul deferred charges	75,543,093	61,373,846
Prepaid management fees of Saudi Industrial Development Fund Loan No. 2	4,500,000	4,500,000
Additions to overhaul deferred charges during the year	256,003	14,169,247
Total deferred charges	92,299,096	92,043,093
Less:		
Accumulated amortization of loans management fees	(6,899,681)	(4,699,681)
Accumulated amortization of overhaul deferred cost	(31,176,563)	(25,914,981)
Deferred charges, net	54,222,852	61,428,431

The management fees of Saudi Industrial Development Fund were deducted in advanced from the first payment obtained from the loans. These fees will be amortized over the loans period and charged to the project cost during the construction period and to the expenses upon the commencement of commercial production.

The overhaul expenses comprised mainly the major maintenance expenses for the power plant and production lines. These are amortized over a period of three to twenty years.

9. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2007 SR	2006 SR
Accrued expenses	58,195,904	37,719,991
Advances from customers	6,523,315	5,054,822
Retentions from contractors	146,476,061	145,671,492
Other payables	62,500	41,681
	211,257,780	188,487,986

10. ZAKAT

The principal elements of the zakat base are as follows:

	2007 SR	2006 SR
Non-current assets	1,451,552,415	1,464,198,445
Non-current liabilities and provisions	267,881,251	237,528,339
Shareholders' equity	1,050,753,300	980,751,110
Adjusted net income before zakat	563,638,856	323,677,072

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

The movement in zakat provision is as follows:

	2007 SR	2006 SR
January 1	13,854,686	12,935,635
Payments during the year	(7,471,301)	(7,172,876)
Zakat provision for the year	14,090,971	8,091,927
Additional zakat provision for previous years	9,000,000	-
December 31	29,474,356	13,854,686

The Company has received the final zakat assessment till 2004 from the Department of Zakat and Income Tax (DZIT) which show difference in zakat amounting to SR 22,059,707 for the years 2000 till 2004, these differences are resulted mainly because the DZIT has not deducted the current portion of the long term government development bonds (which exceed one year) from the Zakat base. The Company objected on these assessments to the Preliminary Objection Committee. Management believes that the Company has the right to deduct the current portion of the long-term government development bonds from the zakat base.

During 2006, the Company received the decision of the Preliminary Objection Committee which is in agreement with the Company's view to deduct the current portion of long-term government development bonds from the zakat base. DZIT appealed the decision of the Preliminary Objection Committee at the Higher Appellate Committee.

The Company filed its zakat returns for the years 2005 and 2006 which is still under review by DZIT.

11. END-OF-SERVICE INDEMNITIES

	2007 SR	2006 SR
January 1	16,064,564	14,613,971
Payments during the year	(3,060,685)	(2,773,076)
Charge for the year	3,248,797	4,223,669
December 31	16,252,676	16,064,564

12. SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN

During 2004, the Company obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 200,000,000 to finance the third production line project and to develop and renew the factory. During 2006 the loan limit was increased to SR 273,500,000 of which SR 242,150,000 was utilized as of December 31, 2007. During the year, the Company rescheduled the loan to be paid in twelve installments commencing on Sha'aban 15, 1428 H (corresponding August 28, 2007) with the last installment maturing on December 28, 2012. Amount paid as of December 31, 2007 is SR 4,000,000.

The loan is secured by a mortgage on some of the Company's machinery and equipment. The loan agreement contains various covenants for which the Company was in compliance at December 31, 2007.

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

	2007 SR	2006 SR
Saudi Industrial Development Fund loan	242,150,000	218,800,000
Less: Current portion	(26,000,000)	(19,000,000)
	<u>216,150,000</u>	<u>199,800,000</u>

The maturity dates for loan settlement are as follows:

	SR
2007	4,000,000
2008	26,000,000
2009	44,000,000
2010	55,000,000
2011	58,000,000
2012	86,500,000
	<u>273,500,000</u>

13. RESERVES

Statutory reserve

In accordance with Regulations for Companies in Saudi Arabia and the Company's article of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 50% of the share capital. This reserve is not available for dividend distribution.

General reserve

Pursuant to the resolution of the General Assembly, a general reserve is established through transfers from retained earnings.

14. SELLING AND DISTRIBUTION EXPENSES

	2007 SR	2006 SR
Employees expenses	4,270,243	3,872,766
Advertising and public relationship expenses	146,950	95,890
Communications	47,655	30,111
Depreciation of fixed assets	154,250	39,254
Printing and stationery	50,113	31,198
Fuel and maintenance	76,701	31,583
Others	1,002,266	449,339
	<u>5,748,178</u>	<u>4,550,141</u>

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2007 SR	2006 SR
Employees expenses	7,143,745	6,826,348
Depreciation of fixed assets	268,680	76,880
Financial and managerial consultation	3,480,263	1,405,741
Entertainment and public relationship	118,026	91,769
Donations	1,164,499	644,922
Communications	106,394	132,089
Printing and publishing	215,089	323,460
Electricity, fuel and maintenance	336,666	119,733
Rentals	42,868	47,667
Board of directors attendance fees	532,510	450,890
Others	568,948	589,540
	13,977,688	10,709,039

16. DIVIDENDS

The Company distributed SR 207,000,000 from 2006 net income; SR 4.6 per share (SR 207,000,000 from 2005 net income; SR 4.6 per share).

During the year, the Board of Director approved on June 16, 2007 to distribute interim dividends of SR 2.3 per share.

17. TRANSACTIONS WITH MAJOR CUSTOMERS/SUPPLIERS

- The Company's sales during the year to two major customers amounted to approximately 26% of gross sales (2006: 33%).
- The Company's purchases during the year from Saudi Aramco amounted to SR 39.5 million (2006: SR 24 million).

18. OTHER INCOME

	2007 SR	2006 SR
Revenue from time deposit and investments	12,343,440	5,368,386
Gain on sale of property and equipments	185,760	2,824,259
Gain on foreign currency translation	2,064,516	628,852
Unrealized gain (loss) from trading investments	3,189,803	(3,160,392)
Financial charges	(3,463,622)	(3,079,991)
Income from trial operations (a)	9,714,514	-
Others	1,944,403	1,569,070
	25,978,814	4,150,184

- (a) This amount represents revenue resulted from trial period operation, net of the related pre-operating expenses for production line 3.

QASSIM CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2007

19. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year over the weighted average number of shares for the year ended December 31, 2007 amounting to 45 million shares.

20. CAPITAL COMMITMENTS

The Company had capital commitments as of December 31, 2007 amounted to SR 1,202 million (2006: SR 999 million) for supply, supervision and installation of production line and for development of electrical equipment and management building. Progress work and advances for these projects amounted to SR 1,113 million (2006: SR 953 million) as of December 31, 2007.

21. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, the Company had the following commitments and contingent liabilities:

	2007 SR	2006 SR
Letters of credit	231,234,221	38,112,480
Letters of guarantee	8,357,712	6,349,909

22. SEGMENTAL INFORMATION

The Company is administered as one operating segment engaged in the production of cement and related products. The company carries out its activities in the Kingdom of Saudi Arabia.

23. FAIR VALUE

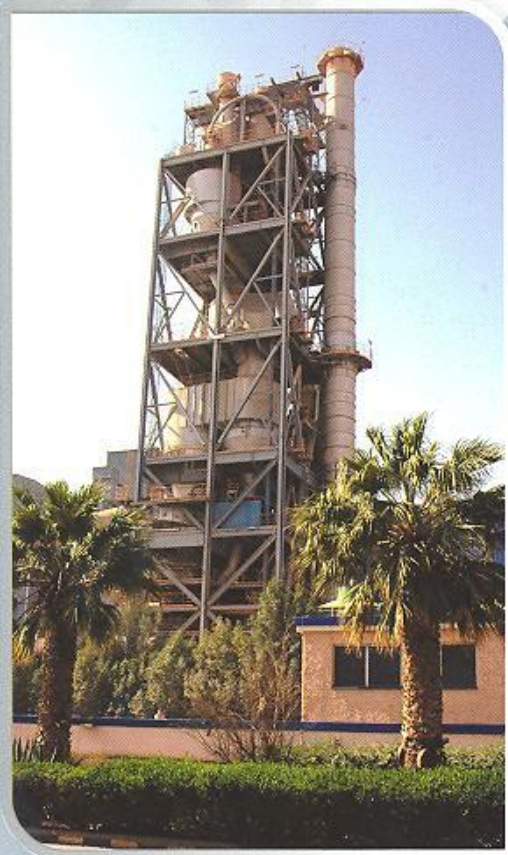
The fair value of the Company's financial assets and liabilities, other than investment in subsidiary, approximate their carrying amounts.

24. APPROVING THE FINANCIAL STATEMENTS

The financial statements have been approved by the board of directors on January 30, 2008.

25. COMPARATIVE FIGURES

Certain figures for 2006 have been reclassified to conform with the presentation in the current year.



المملكة العربية السعودية - القصيم - بريدة - طريق الطرفية
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شركة أسمنت القصيم
Qassim cement co.

29th. Annual Report 2007

