

Hail Cement Company
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2012

HAIL CEMENT COMPANY
(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED 31 DECEMBER 2012

INDEX	PAGE
Auditors' Report	2
Balance Sheet	3
Statement of Income	4
Statement of Cash Flows	5
Statement of Shareholders' Equity	6
Notes to the Financial Statements	7-14

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
HAIL CEMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

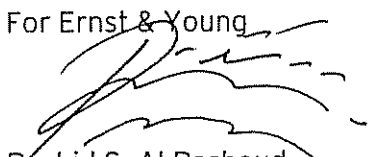
Scope of Audit

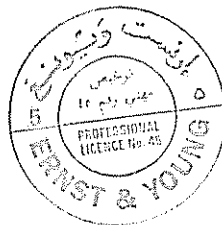
We have audited the accompanying balance sheet of Hail Cement Company, a Saudi Joint Stock Company, (the "Company") as at 31 December 2012 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified Opinion

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

- i) present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's By-laws in so far as they affect the preparation and presentation of the financial statements.

For Ernst & Young

Rashid S. Al Rashoud
Certified Public Accountant
Registration No. 366



Riyadh: 30 Safar 1434H
(12 January 2013)

Hail Cement Company
(A Saudi Joint Stock Company)

BALANCE SHEET

As at 31 December 2012

	Note	2012 SR	2011 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	67,804,014	646,069,803
Prepayments and other current assets	5	26,819,597	130,956,886
Inventories	6	2,085,759	-
TOTAL CURRENT ASSETS		96,709,370	777,026,689
NON-CURRENT ASSETS			
Projects in-progress	7	971,267,548	246,940,178
Fixed assets	8	46,848,308	1,378,605
TOTAL NON-CURRENT ASSETS		1,018,115,856	248,318,783
TOTAL ASSETS		1,114,825,226	1,025,345,472
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accruals	9	189,487,372	71,469,605
Accrued zakat	10	13,360,096	15,624,778
TOTAL CURRENT LIABILITIES		202,847,468	87,094,383
NON-CURRENT LIABILITY			
Employees' terminal benefits		700,213	192,547
TOTAL LIABILITIES		203,547,681	87,286,930
SHAREHOLDERS' EQUITY			
Share capital	11	979,000,000	979,000,000
Accumulated losses		(67,722,455)	(40,941,458)
TOTAL SHAREHOLDERS' EQUITY		911,277,545	938,058,542
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,114,825,226	1,025,345,472

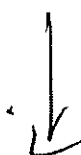
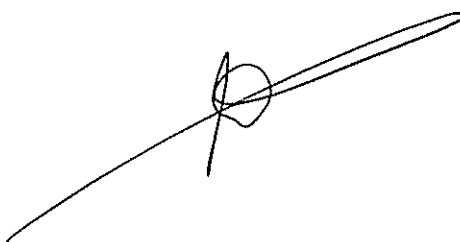
The attached notes 1 to 20 form part of these financial statements

Hail Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF INCOME

For the Year Ended 31 December 2012

	Note	2012 SR	For the period from 30 November 2010 to 31 December 2011 SR
PRE-OPERATING INCOME			
Income from Murabaha deposits	4	<u>1,468,653</u>	<u>2,085,284</u>
Pre-operating expenses	12	<u>(26,580,179)</u>	<u>(12,981,135)</u>
Initial public offering expenses		<u>-</u>	<u>(13,367,125)</u>
		<u>(26,580,179)</u>	<u>(26,348,260)</u>
LOSSES INCURRED DURING THE PRE-OPERATING YEAR/PERIOD		<u>(25,111,526)</u>	<u>(24,262,976)</u>
Pre-incorporation expenses, net	13	<u>-</u>	<u>(1,053,704)</u>
LOSS BEFORE ZAKAT		<u>(25,111,526)</u>	<u>(25,316,680)</u>
Zakat	10	<u>(1,669,471)</u>	<u>(15,624,778)</u>
NET LOSS FOR THE YEAR/PERIOD		<u><u>(26,780,997)</u></u>	<u><u>(40,941,458)</u></u>
Loss per share	14	<u><u>(0.27)</u></u>	<u><u>(0.70)</u></u>

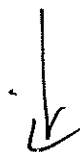
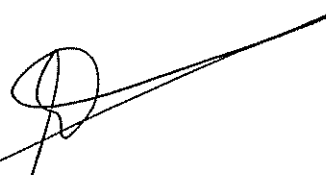




The attached notes 1 to 20 form part of these financial statements

Hail Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2012

	Note	2012 SR	For the period from 30 November 2010 to 31 December 2011 SR
PRE-OPERATING ACTIVITIES			
Loss before zakat		(25,111,526)	(25,316,680)
Adjustments for:			
Depreciation		1,202,718	238,561
Provision for employees' terminal benefits		507,666	192,547
		(23,401,142)	(24,885,572)
Changes in pre-operating assets and liabilities:			
Prepayments and other current assets		104,137,289	(130,956,886)
Inventories		(2,085,759)	-
Accounts payable and accruals		118,017,767	71,469,605
Cash from pre-operating activities		196,668,155	(84,372,853)
Zakat paid		(3,934,153)	-
Net cash from (used in) pre-operating activities		192,734,002	(84,372,853)
INVESTING ACTIVITIES			
Capital expenditure in projects in-progress		(724,327,370)	(246,940,178)
Purchase of fixed assets		(46,672,421)	(1,617,166)
Net cash used in investing activities		(770,999,791)	(248,557,344)
FINANCING ACTIVITY			
Proceeds from issuance of share capital	11	-	979,000,000
Net cash from financing activity		-	979,000,000
NET CHANGE IN CASH AND CASH EQUIVALENTS		(578,265,789)	646,069,803
Cash and cash equivalents at the beginning of the year/period		646,069,803	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	4	67,804,014	646,069,803

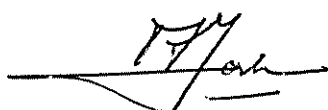




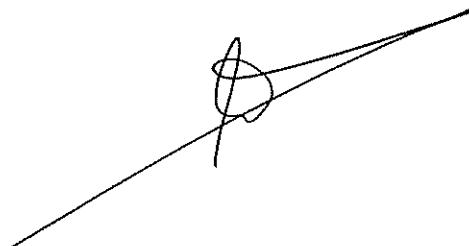
The attached notes 1 to 20 form part of these financial statements

Hail Cement Company
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Year Ended 31 December 2012

	<i>Share capital</i> SR	<i>Accumulated</i> <i>losses</i> SR	<i>Total</i> SR
Issuance of share capital	979,000,000	-	979,000,000
Net loss for the period	-	(40,941,458)	(40,941,458)
Balance at 31 December 2011	979,000,000	(40,941,458)	938,058,542
Net loss for the year	-	(26,780,997)	(26,780,997)
Balance at 31 December 2012	979,000,000	(67,722,455)	911,277,545





The attached notes 1 to 20 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

1 ACTIVITIES

Hail Cement Company (the "Company") is a Saudi Joint Stock Company, registered in Hail, Kingdom of Saudi Arabia. The Company has obtained an Industrial Investment License numbered 141931098717 dated 16 Ramadan 1431H (corresponding to 26 August 2010) from the Saudi Arabian General Investment Authority. The Company is registered under commercial registration number 3350026399 dated 24 Dhul Hijjah 1431H (corresponding to 30 November 2010) pursuant to the Ministerial Resolution number 384/G dated 24 Dhul Hijjah 1431H (corresponding to 30 November 2010) from the Ministry of Commerce and Industry. The Company is engaged in the production and distribution of all types of cements and trading in cement and building materials and their derivatives inside and outside the Kingdom of Saudi Arabia and the Company has the right to engage in all types of real estate contracts which it may need to achieve its objectives. The Company is currently in its pre-operating phase and the operations are expected to commence on the completion of the cement factory which is expected to be ready during the first quarter of 2013.

According to the Company's By-laws, the first fiscal period for the Company starts from the Ministerial Resolution date (mentioned above) and ends on 31 December of the following calendar year. Therefore the Company's first fiscal period covers the period from 30 November 2010 to 31 December 2011.

As approved by the Capital Market Authority, the Company offered for sale in its Initial Public Offering 48,950,000 shares representing fifty percent (50 %) of the issued share capital of the Company. The shares of the Company commenced trading on the Saudi Stock Exchange on 16 October 2011.

2 BASIS OF PRESENTATION

The Company did not start its operations during the year of 2012. Income earned and expenses incurred during the year are accounted for as pre-operating income and expenses.

Pursuant to the incorporation, the first fiscal period covers the period from 30 November 2010 to 31 December 2011. The Company has incurred pre-incorporation expenses and earned income on its murabaha deposits. These are accounted for as pre-incorporation income and expenses and are included in the statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

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

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of bank balances, cash on hand, and murabaha deposits that have a maturity of three months or less when purchased.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Projects in-progress

Projects under progress are recorded based on the cost of material and services necessary to perform the project, in addition to salaries and other costs that can be specifically considered necessary for the preparation of project for its intended usage, and other indirect costs related to the project.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost less estimated residual value of fixed assets is depreciated on a straight line basis over the estimated useful lives of the assets.

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

Financing costs

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

Impairment and un-collectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the statement of income.
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

There is no un-collectability issues related to the financial assets as at the balance sheet date.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Zakat

Zakat is provided for in accordance with the rules of the Department of Zakat and Income Tax (DZIT). The provision, if any is charged to the statement of income.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the balance sheet date.

Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the income for the year after deducting losses brought forward has to be transferred to the statutory reserve until it has built up a reserve equal to one half of the capital. Due to the losses incurred by the Company in the current year, no such transfer is made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income from Murabaha deposits

Income from murabaha deposits is recognised when earned.

Pre-operating expenses

Expenses incurred by the Company after the incorporation stage up to the date of the commencement of the production are recognized as expenses in the statement of income when incurred.

Operating lease

Operating lease payments are recognised as an expense in the statement of income on a straight line basis over the lease term.

Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. No segment reporting is disclosed by the Company, since it is still in the pre-operating stage.

Foreign currencies transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Gains and losses from settlement and translation of foreign currencies transactions are included in the statement of income.

4 CASH AND CASH EQUIVALENTS

	2012 SR	2011 SR
Murabaha deposits	60,281,599	643,937,597
Bank balances	7,520,415	2,130,206
Cash in hand	2,000	2,000
	<u>67,804,014</u>	<u>646,069,803</u>

Murabaha deposits, which are denominated in Saudi Riyals, are made for periods from one month to three months, and earn commission at an average effective rate of 0.75%. Murabaha deposits and bank balances are placed with local banks which have investment grade credit ratings.

5 PREPAYMENTS AND OTHER CURRENT ASSETS

	2012 SR	2011 SR
Advances to suppliers and contractors	24,705,187	129,646,095
Prepaid expenses	1,912,730	302,205
Accrued income	33,908	935,133
Others	167,772	73,453
	<u>26,819,597</u>	<u>130,956,886</u>

6 INVENTORIES

Inventories consist of fuel and raw materials held at the end of the year for commissioning and trial production stage.

Hail Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

7 PROJECTS IN-PROGRESS

The projects in-progress represent costs incurred for the construction of the Company's factory in Hail. It is expected that the construction of the cement factory will be completed in the first quarter of 2013. The land, which the factory is being constructed on, is leased from the Ministry of Petroleum and Minerals for a period of 30 years. The mining license from the Ministry of Petroleum and Minerals confers the exclusive right to produce and exploit specified minerals in the licensed area. The total area is 46.4 sq km. The rent is SR 10,000 per square kilometer per annum amounting to total of SR 464,000 per year and is payable starting the date of the order issued by the Ministry.

The Company has entered into a lump sum contract with Chengdu Design and Research Institute of Building Materials Industry Company Limited, China ("CDI"), for engineering, supply, construction, erection and implementation of a Green field cement plant on turn-key basis with a nominal capacity of 5,000 tpd OPC/SRC Clinker. The contract value is SR 751,440,000 out of which SR 162,426,020 is a capital commitment as at 31 December 2012 (2011: SR 485,053,708).

The Company has also entered into a lump sum contract with Wartsila Power Contracting Company ("WPC") for engineering and supply of equipment and construction of a power plant. This power plant will provide 52.5 MW electricity for the Company's own use. The contract value is SR 200,000,000 out of which SR 43,449,008 is a capital commitment as at 31 December 2012 (2011: SR 170,000,000).

The Company has also entered into a contract with Tebrak Trading and Contracting Company and M.O.B. Company to construct an employee housing project. The contract value is SR 117,780,850 out of which SR 42,970,105 is a capital commitment as at 31 December 2012 (2011: SR 117,780,850).

Projects in progress also include an amount of SR 51,120,377 for other Contractors for works related to plant and accommodation buildings and expansion of road leading to the Factory and SR 6,772,915 being commission charged by the bank for issuing letters of credit and letter of guarantees in favor of CDI, Wartsila and Customs Department (note 18).

8 FIXED ASSETS

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Machinery and equipment	10 years
Computers and office equipment	2 - 5 years
Motor vehicles	5 years
Leasehold improvements	5 years or the period of lease, whichever is shorter
Furniture & fixtures	5 years

	<i>Machinery and equipment</i> SR	<i>Computers and office equipment</i> SR	<i>Motor vehicles</i> SR	<i>Leasehold improvements</i> SR	<i>Furniture and fixtures</i> SR	<i>2012 Total</i> SR	<i>2011 Total</i> SR
<i>Cost:</i>							
At the beginning of the year/period	-	149,668	414,000	399,682	653,816	1,617,166	-
Additions	45,010,321	449,135	-	42,415	1,170,550	46,672,421	1,617,166
At the end of the year/period	45,010,321	598,803	414,000	442,097	1,824,366	48,289,587	1,617,166
<i>Depreciation:</i>							
At the beginning of the year/period	-	40,589	51,722	59,788	86,462	238,561	-
Charge for year/period	661,346	110,655	83,027	116,120	231,570	1,202,718	238,561
At the end of the year/period	661,346	151,244	134,749	175,908	318,032	1,441,279	238,561
Net book value:							
At 31 December 2012	44,348,975	447,559	279,251	266,189	1,506,334	46,848,308	
At 31 December 2011	-	109,079	362,278	339,894	567,354		1,378,605

An Amount of SR 2,217 of the depreciation expense for the period from 30 November 2010 to 31 December 2011 related to pre-incorporation expenses (note 13).

Hail Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

9 ACCOUNTS PAYABLE AND ACCRUALS

	2012 SR	2011 SR
Retention payable	150,896,915	38,147,425
Accounts payable	36,373,270	33,014,998
Accrued expenses	1,294,524	307,182
Others	922,663	-
	<u>189,487,372</u>	<u>71,469,605</u>

10 ZAKAT

Charge for the year/period

Zakat charge of SR 1,669,471 (2011: SR 15,624,778) consists of the current year/period provision.

The current year's/period's zakat provision is based on the following:

	2012 SR	2011 SR
Shareholders' equity	938,058,542	1,028,080,133
Opening provisions and other adjustments	196,035,518	-
Book value of long term assets	(1,037,949,528)	(377,964,878)
	<u>96,144,532</u>	<u>650,115,255</u>
Adjusted loss for the year/period	(29,365,700)	(25,124,133)
	<u>66,778,832</u>	<u>624,991,122</u>

The differences between the financial and the zakatable results are mainly due to provisions, which are not allowed in the calculation of adjusted loss.

Shareholders' equity amount for the period ended 31 December 2011 has been calculated, for zakat base purposes, from the date when the founders' capital was deposited in the bank.

Movements in provision during the year/period

The movement in the zakat provision for the year/period was as follows:

	2012 SR	2011 SR
At the beginning of the year/period	15,624,778	-
Provided during the year/period	1,669,471	15,624,778
Payments during the year/period	(3,934,153)	-
	<u>13,360,096</u>	<u>15,624,778</u>

Status of assessments

The Company has filed zakat return to the Department of Zakat and Income Tax ("the DZIT") and has obtained the final zakat certificate for the period ended 31 December 2011.

Hail Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

11 SHARE CAPITAL

The authorised, issued and paid up share capital consists of 97.9 million shares of SR 10 each. During the period from 30 November 2010 to 31 December 2011, the Company successfully completed its Initial Public Offering and increased its share capital from 48.95 million shares to 97.9 million shares.

12 PRE-OPERATING EXPENSES

	2012 SR	For the period from 30 November 2010 to 31 December 2011 SR
Employees salary and other benefits	16,296,730	5,494,379
Professional fees	3,764,643	4,017,163
Travel and accommodation	1,710,727	1,250,501
Depreciation (note 8)	1,202,718	236,344
Commissioning cost	838,029	-
Withholding Tax	582,383	-
Rent of vehicles	553,905	138,625
Recruitment	385,102	625,974
Housing rent	271,181	178,531
Advertising	269,520	676,371
Banking charges	42,945	8,992
Others	662,296	354,255
	<u>26,580,179</u>	<u>12,981,135</u>

13 PRE-INCORPORATION EXPENSES, NET

	For the period from 30 November 2010 to 31 December 2011 SR
INCOME	
Income from Murabaha deposits (note 4)	<u>4,820,750</u>
EXPENSES	
Professional fees	(3,447,923)
Employees salary and other benefits	(1,896,807)
Travel and accommodation	(281,398)
Advertising	(26,000)
Rent	(12,264)
Subscription, registration and license fees	(12,000)
Medical	(2,366)
Depreciation (note 8)	(2,217)
Banking charges	(1,150)
Others	(192,329)
	<u>(5,874,454)</u>
Pre-incorporation expenses, net	<u><u>(1,053,704)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

14 LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year divided by the number of outstanding shares at the end of the year.

For the period from 30 November 2010 to 31 December 2011, loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares of 58,344,444 outstanding during the period.

The Company did not start its operations during the year and accordingly does not have any earnings/loss per share from main operations to be disclosed.

15 RISK MANAGEMENT

Special commission rate risk

The Company is subject to special commission risk on its special commission bearing assets, including Murabaha deposits and credit facilities.

Liquidity risk

As the Company has not commenced commercial operations, the Company is not exposed to significant liquidity risk. Deposits are generally placed for a short periods to manage the Company's liquidity requirements. All liabilities on the Company's balance sheet, other than employee terminal benefits, are contractually payable on a current basis.

Credit risk

The Company has not commenced commercial operations. Murabaha deposits are placed with a single counterparty. With respect to credit risk arising from the other financial assets of the Company, including cash and cash equivalents, the Company's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyal, US Dollar and Euro during the year.

16 CONTINGENT LIABILITIES

The Company's banker has issued letters of credit amounting to SR 7.4 million in favour of CDI for engineering supplies and SR 51.6 million in favour of WPC and SR 6.6 million in favour of Zahid Tractors for supply of heavy equipments (notes 7 and 18), and SR 1.6 million in favour of European suppliers for supply of fixed assets and spare parts. The Company's banker has issued letters of guarantee amounting to SR 34 million in favour of Customs Department for custom duties.

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets consist of cash and cash equivalents and prepayments. Its financial liabilities consist of accounts payable and accrued expenses.

The fair values of financial instruments are not materially different from their carrying values.

18 BANK FACILITY

Credit facilities were approved by a local bank to meet capital and operating expenditures of the Company. The total approved facilities of SR 501 million are available for utilisation. The credit facilities carry a special commission rate of SIBOR plus a margin. The facility agreement includes certain covenants. The Company has utilised these facilities to issue letters of credit to CDI and Wartsila for engineering and supplies and to Zahid Tractors for supply of heavy equipments and letters of guarantee to the Customs Department for customs duties (see note 16).

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2012

19 SAUDI INDUSTRIAL DEVELOPMENT FUND (SIDF) LOAN

On 28 Muharram 1434H corresponding to 12 December 2012, the Company has signed a loan agreement with SIDF under number 2389 for an amount of SR 300 million. The loan is secured by the factory's assets built on the leased land from the Ministry of Petroleum and Mineral including all additions and expansions. The loan is payable on semi-annual installments commencing on 8 December 2014, and ends on 25 February 2024. As at 31 December 2012, the loan has not been utilized yet.

20 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 30 Safar 1434H (12 January 2013).