



*In the Name of Allah  
The Most Beneficent, The Most Merciful*

## General Adminstration

Prince Mohammed Bin Abdu Aziz Road (Tahlia )

Tel: 464 1963 - 4658403 - 462 7489 - Fax: 463 2100

## Commercial Adminstration:

Prince Mohammed Bin Abdu Aziz Road (Tahlia )

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## Factories

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P.O. Box 187, Riyadh – 11411

Kingdom of Saudi Arabia

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Email: [ngc@gypsccon.com](mailto:ngc@gypsccon.com) Internet: [www.gypsccon.com.sa](http://www.gypsccon.com.sa)

## Braches

**Yanbu - Royal Commision Presmises**

P.O. Box 152, Yanbu

Kingdom of Saudi Arabia

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Cable: GYPSCO YANBU

**Dammam - OPP.2nd Industrial Area**

Tel: (03) 868 3610 / 20 / 40 / 50 / 60 / 70 / Fax: 868 3680

Kingdom of Saudi

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*The Custodian of Two Holy Mosques*  
**King Abdullah Ibn Abdulaziz Al Saud**



*His Royal Highness*  
*Crown Prince*  
**Sultan Ibn Abdul Aziz Al Saud**



*First Defuty Prime Minister and*  
*Minstry of Defence and*  
*Aviation and Director General*

*His Royal Highness*  
*Crown Prince*  
**Nife Ibn Abdul Aziz Al Saud**  
*Second Defuty Prime Minister and*  
*Minister of Interior*





## ***BOARD OF DIRECTORS***



**Abdullah F. Al Thonayan**  
Chairman



**Mohammad H. Al-Essa**  
Director & Audit  
Committee Chairman



**Thonayan F. Al-Thonayan**  
Managing Director &  
General Manager



**Dawood Bin Sulaiman Al -Sabti**  
Director &  
Audit Committee Member  
Chairman Committee Nomination



**Dr. Ibrahim Bin Essa Al Alim Essa**  
Director &  
Audit Committee Member



**Abdul Rahma Sul. Al Ruwshd**  
Director &  
Audit Committee Member



**Naser Bin Zaid Razook**  
Director &  
Asst. Gen Manger  
Executive Committee Member

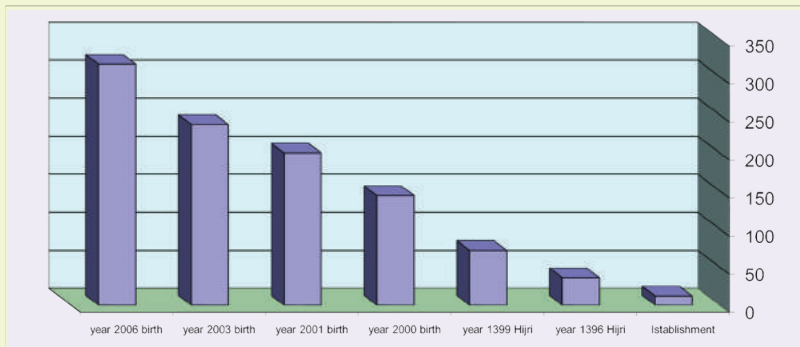


**Fahd Thonayan F. Al Thonayan**  
Director &  
Executive Committee Member  
Nomination Committee Member

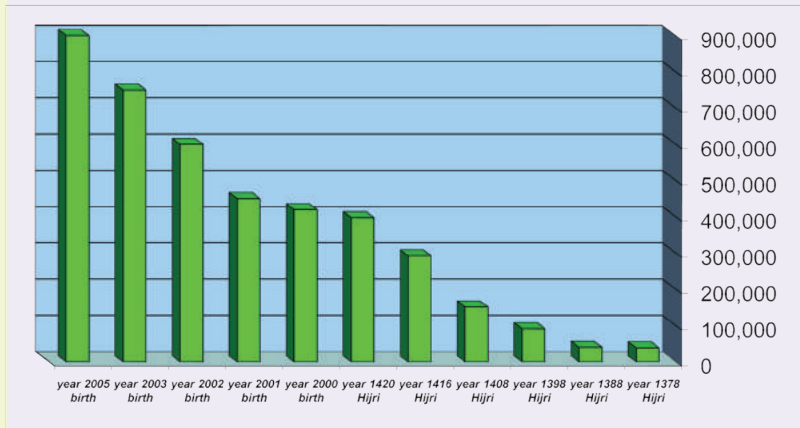


**Ahmed Abdullah Al Thonayan**  
Director &  
Audit Committee Member  
Nomination Committee Member

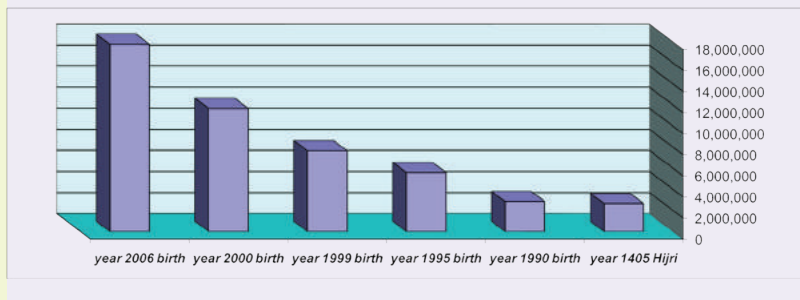
## THE NATIONAL GYPSUM COMPANY IN BRIEF



Development Or Capital		
Million Riyal	12	Establishment
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 Or Gypsum Plant Production Capacity			
Ton Yearly	38,593	year 1378 Hijri	Establishment
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	



Development Or 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	



### Chairman Statement

**Dear shareholders,  
Greeting,**

I would like to welcome you for attending the 45<sup>th</sup> 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/ 2009 G.

**Dear Brothers,**

Praise be to Allah the Almighty for the favorable results that achieved by the company despite what the market encountered as the result of the international economic turmoil, in addition to the emergence of many new competitive gypsum companies all over the kingdom, United Arab Emirates and Kuwait.. I would like to bring to your kind attention that your company and its board of directors and the managerial staff have tackled and anticipated the future through taking professional measures which, resulted in the outstanding achievements, positive results and a net profit that amounted 92554.483 Saudi riyals, before deducting Zakat on sales, that amounted 202,708,748 Saudi Riyals, marking a profit ratio of 45.66.%. The Zakat on sales amounted 3.993.905 Saudi Riyals, The net profits that amounted 88.560.578 Saudi Riyals, after deducting Zakat on sales, which was less than what achieved last year that amounted 22.794.355 Saudi riyals, that is equal to 19.76 % . This is a positive indicator under the current competition that your company encounters in the local and foreign markets, in addition to low export as a result of the economic turmoil which affected some countries negatively.

You will find in the board of directors report, which presented to you a long with the financial statements, a detailed explanation for work executed and the achieved results. These results have been achieved through the optimal utilization of factories production capacity, the efforts by the Board of Directors, the general administration and all the working staff of this company whose strenuous efforts have been channeled in the right direction. All this success has been sought in Allah and then through the benevolent patronage of the custodian of the two holy mosques, his crown prince, his second crown prince and our righteous government.

**Dear Brothers,**

We would like you that the profits will be distributed as for SR 2.5 per share that is equal to 25% of the company's capital,  
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**

**Abdullah Bin Fahad Thonayan  
Chairman, Board of Directors.**

**The Board of Directors Report**  
**The 45<sup>th</sup> Ordinary Session of the General Assembly**  
**Held on Wednesdays afternoon, 15 Rabia Akhar 1431 H corresponding to**  
**31st of March, 2010**

**Dear Shareholders,**  
**Greeting,**

It's of immense pleasure to welcome you in the meeting of your ordinary session of the general assembly No. (45). 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 31/12/2009 G. 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 2009 G ( AI-Swailim & Onazian Office for Chartered Accountants). The board of directors would be pleased to listen to your enquiries, suggestions and thoughtful opinions which would indeed save guard the interest, 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,**

We are pleased to inform you about what have been achieved through the previous year 2009. We are also pleased to inform you that we have completed all the expansion projects and their commercial operation. This confirms that our production covers all the local market needs, adjacent gulf countries and Lebanese, Iraqi, Jordanian and Syrian markets, in addition of immediate covering of our customers requests.

We would like to explain to you that the current production capacity of your company's factories is 3200 tons per day for gypsum powder, 24 million square meters of plaster boards annually. The Riyadh plants produce 1200 tons per day from gypsum powder, and 6.000.000 square meters per annum for plaster boards. Yanbu factories produce 1000 tons of gypsum powder per day and 6.000.000 square meters per annum from plaster board., Dammam plants, 1000 tons per day from gypsum powder, and 12.000.000 square meters per annum from gypsum board, in addition to the production of ALFA & BETA plants (under construction), that producing the following types: Gypsum Ceramic / Medical Gypsum / Glue Gypsum / Molding Gypsum / Solid Gypsum/Fast molding Gypsum with high resistance. Please note that Omlug factory which used to produce 200 tons of gypsum powder has been closed due to non profitability at present beside of utilization of its labor force in Riyadh, Dammam and Yanbu plants.

We would like to congratulate you and ourselves for what have been achieved during this year, since the net profit has amounted 92.554.483 SR, before deducting the Zakat on sales which equivalent to 3.993.905 Saudi Riyals.



These results have been achieved despite the tough competition which the company encountered in the local and neighboring markets besides the global economic stagnation and emergence of new gypsum companies in almost all over the kingdom territories in addition to the application of free trade convention and reduction of custom duties and permission for foreign investments.

We solicit the help of Allah for further success, development brighter future of your company.

Please allow us to present to your esteemed assembly the major aspects of the company's activities during the Gregorian year 2009.

### **First, PRODUCTION & Production Capacity**

#### **A. Primary Products**

Products	Unit	Capacity/ Year	Current Year	Previous Year
Gypsum Powder	Ton	900.000	578.358	615.460
Plaster Board	M2	17.760.000	11.327.053	17.795.452

#### **B. Secondary Products :**

Products	Unit	Current Year 2009	Previous Year 2008
Gypsum Spray & fixing Gypsum	ton	624	731
Crystal Powder& Agricultural Gypsum	Ton	-----	2973
Laminated Tiles	M2	-----	-----
Decorative Gypsum	piece	-----	124
Semi manufactured Gypsum stone	Ton	666	13715

### **Second: SALES**

The total sales, for the year 2009, reached the sum of SAR 202.708.748, while they were SAR 259.993.465 in the previous year, as per the followings:

Products	Current Year 2009	Previous Year 2008	% of sales in the previous year		
Value of domestic Market Sales	164.952.531	185.634.281	-	11	%
Value of Export Sales	14019.553	39.674.460	-	64.7	%
Value of Sales for (Internal Use)	23766.664	34.684.724	-	31.5	%
<b>Total sales</b>	<b>202.738.748</b>	<b>259.993.465</b>	<b>+</b>	<b>22</b>	<b>%</b>

**The sales particulars were as follows:****A. Primary Products sales**

Products	Current Year 2009	Previous Year 2008	Percentage		
Gypsum Powder sales	102,836,990	110.886.593	-	7,26	%
Plaster Board sales	96,839,509	144.832.044	-	33,1	%

<b>Total sales</b>	<b>199,676,499</b>	<b>255.718.637</b>	<b>-</b>	<b>21,9</b>	<b>%</b>
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**B. Secondary Products Sales**

Products	Current Year 2009	Previous Year 2008	Percentage		
Adhesive& spray Gypsum sales	362,000	327.850	-	10,4	%
Crystal Powder & agri Gypsum	--	364.333	-	100	%
Gypsum tiles & plaster board sales	--	00	-		%
Decorative Gypsum sales	1,341	3.717	-	63,92	%
Semi manufactured Gypsum stone	2,668,908	3.578.928	-	25,43	%
Total	3,032,249	4.274.828	-	29	%

<b>Grand Total Sales</b>	<b>259.993.465</b>	<b>202,708,748</b>	<b>-</b>	<b>22</b>	<b>%</b>
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**Third: INVESTMENTS:****1. The Saudi Qatari Gypsum Company:**

Your company owns one third of the capital of this company which is equal to the sum of 40 millions Qatari Riyals. The company has achieved a profit that amounted to 1.200.293 Qatari riyals for the fiscal year that ending in 31/12/2008 G. The profit has not been distributed yet.

**2. Tabuk Cement Company:-**

Your company has contributed with the sum of 600.000 SR which is the value of (77.142 shares) in the above mentioned Company's capital.

**3. Trans Gulf for Industrial Investment (Sultanate Oman):-**

Your company owns 1844262 shares; the nomination value of which is equal to 184426 Omani riyals (nominal value).



#### 4. KAYAN Petrochemicals Company:-

Your company owns one million shares in this company; it participated in establishing KAYAN Company of petrochemicals with the sum of 10 millions 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 project's development fees.

#### 3. Participation in lands:

Your company participated, with the sum of 10 millions Riyals, with Al-Sheikh Hamad Ibn Ibrahim, real estate office, as a partner in purchasing an outstanding site, on Khures road. There is a remarkable increase in the value of this land. This land has been purchased as per the boards' 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. As per this contract, your company has received, a sum of 48,700.000 SR. for financing the company's plants expansion projects that producing gypsum & plaster board, in Dammam (Eastern Region). The loan was granted against mortgaging of the project's assets in Dammam. The company has received a sum of 45.200.000 SR, after deducting the fund's fees which is equal to (3.500.000 SR).

- The due date for the first premium payment will be 15/02/1431 H which is equal to 2.000.000 SAR
- The second due date for the second premium will be on 15/08/1431 H which is equal to SAR 3.000.000.

##### 2. Potential Liabilities, Obligations and Guarantees Provided by Others:

a. The company has important bending financial contingent liabilities that to be cleared up to 31/12/2009, the most important are represented in commissioning and operation contracts of Dammarn Gypsum and Plaster board factory, with a total amount of 1.200.000 Euro.

b. Letter of credits, issued for third parties , up to 31/12/2009 G with a total value of SAR 1.700.000

c. The company received guarantees, from third parties, with a total value of SAR 25,301,445, some of which provided by the customers against credit facilities, others against payments by the company for suppliers and contractors for works under execution.

d. The company has been paying the Zakat as per the rules and regulations. The total amount of Zakat for this year is 3.993.905 SAR, as indicated in the annual balance sheet.

h. The company has been paying fees for ministry of Petrol and mineral resources in return of extracting raw stones in concordance to council of ministers resolution No: 11, dated 14/01/1424 H wherein " fees shall be paid for utilizing all types of minerals and stones' , 2.5 riyals for each ton of gypsum. The minimum total annual amount, to be utilized, is 40 thousands tons with a total fees of 90.000 SAR. The resolution also pointed out that the amount of the annual rent required by mining license holders which is 10.000 SAR for each square kilometer or part of it. The total estimated amount to be paid for the period from 01/01/2009 up to 31/12/2009 is 2.088.000 SAR.

#### **Fifth: THE CAPITAL INVESTMENT PROJECTS:**

As per the board of directors' recommendations and their ambitions to develop and benefit from Al- Khalij gypsum factory, in Dammam, your company has contracted with a French company for supplying a factory that produces different types of Gypsum products that have distinct marketability in domestic Gulf markets which, have high purchasing power. Such products will have positive results in the future. These types include (Gypsum used in producing Ceramics/ Medical Gypsum / Formation Gypsum / Stick Gypsum/Solid Gypsum for / and high resistance Gypsum), which is currently under construction.

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: Risks Encounter the Company:**

Your company doesn't encounter any significant risks in general, and the company's administration is always seeking the development of the company and promotion of its plants, under the current tough competition, that represented in the form of constructing new plants in our distribution areas in the kingdom and abroad (Gulf Countries) , in addition to permission of imports, as a result of application of free trade policy and its sequences of reducing customs besides opening channels for foreign investment and high increase of raw materials cost and continuous increase in Euro exchange rate.

**Seventh: The Board of Director Meetings during the fiscal year 2008G:**

S.No	Name of member	Number of sessions attended		
1	Abdullah Bin Fahd Al Thonayan	chairman	6	Full attendance.
2	Thonyan Bin Fahd Al Thonayan	Executive	6	Full attendance
3	Mohammad H. Al – Essa	Independent	6	Full attendance
4	Abudl Rahman Sul. Al – Ruwashid	Independent	6	Full attendance
5	DR. Ibrahim Bin Essa Al – Ali Essa	Independent	6	Full attendance
6	Dawood Bin Sulaiman Al – Sabti	Nonexclusive	6	Full attendance
7	Ahmed Bin Abdulla Al Thonayan	Executive	6	Full attendance
8	Fahd Bin Thonayan	Nonexclusive	6	Full attendance
9	Naser Bin Zaid Al – Razook	Executive	6	Full attendance

As per clause No (23) of the company's articles of association, the board of directors shall conduct at least 6 meetings during the fiscal year.

**Eighth:** All the board members are committed of not being board members for more than five joint stock companies at the same time.

Name of the Member	Board Membership in other companies			
	First Co.	Second Co	Third Co.	Fourth Co.
1 Fahd Bin Thonayan Al Thonayan	Yamam Cement	Nadik Co.	-----	-----

**Ninth: The Percentage of board members and top executives, their wives and dependants in the company's shares:**

	Name of the Member	Number of shares & %			Change of share&% at the beging of year			Change of share& % at the end of year			
1	Abdullah Bin Fahd Al Thonayan	1.047.953	share	% 3.31		share		1.047.953	share	3.31	%
2	Thonyan Bin Fahd Al Thonayan	3.267.440	share	% 10.32		share		3.267.440	share	10.32	%
3	Mohammad H. Al – Essa	337.593	share	% 1.07		share		337.593	share	1.07	%
4	Abudl Rahman Sul. Al – Ruwashid	1.666	share	% 0.005		share		1.666	share	0.005	%
5	DR. Ibrahim Bin Essa Al – Ali Essa	1.333	share	% 0.004		share		1.333	share	0.004	%
6	Dawood Bin Sulaiman Al – Sabti	1.333	share	% 0.004		share		1.333	share	0.004	%
7	Ahmed Bin Abdulla Al Thonayan	14.481	share	% 0.04	13.481	share	0.43	1.000	share	0.03	%
8	Fahd Bin Thonayan	109.946	share	% 0.35		share		109.946	share	0.35	%
9	Naser Bin Zaid Al – Razook	1.333	share	% 0.004		share		1.333	share	0.004	%

**Tenth: Contracts related to the board's member:**

The company confirms that none of the board members or top executives has been benefited personally from any signed contract during the year 2009.

**Eleventh: Remuneration of Board of directors:**

<b>Executive Members</b>					
	Salaries & Rem	Allowances	Annual Rem	Increment	Others
Thonyan Bin Fahd Al Thonayan	372.000	-----	-----	-----	-----
Naser Bin Zaid Al – Razook	240.000	66.000	10.000	-----	-----
Ahmed Bin A. Al Thonayan	82.080	26.520	3.420	-----	-----
<b>Nonexclusive members</b>					
Salih A. Al- Awad ( Financial & Admn Manger	155.580	44.895	6.483	-----	-----
AbdulAziz Al- Sidais Admin Affairs Manager	102.000	31.500	-----	-----	-----
<b>Boards of directors remuneration as per the regulation</b>			1.800.000	<b>Explained in P.D.S</b>	

**Twelfth: Committees:****1. Auditing Committee:**

1.	Mohamed H. Al Eisa	Head	6	Meetings
2.	Dawoud S. AlSabty	Member	6	Meetings
3.	A. Rahman S. Al- Royshid	Member		

**Note:**

In concordance with companies' governance regulations, resignation of Mr. Ahmed Bin AbdlAllah AlThonayn was accepted on 28/12/2009, and Mr. AbdulRahman AlRoyshed was appointed as a replacement, bearing in mind no meeting was conducted during this period.

**Responsibilities of the committee:**

1. Supervision of auditing the company's activities to ensure its effectiveness regarding execution of assigned tasks and internal control bylaws.
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 of 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. The Study of applied accounting policies and providing their comments and recommendations.

## 2. **Nominations & Remuneration Committee:**

1.	Dawoud S. AlSabty	Head	2	Meetings
2.	Ahmed Bin A. Al Thonayan	Member	2	Meetings
3.	Fahd A. Al Thonayan	Member	2	Meetings

### **Note:**

The above committee has been formed recently as per companies' governance regulations.

### **Responsibilities of the committee:**

1. Recommendations regarding board of directors nominations according to the approved standards and policies.
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 obstacles that hinder the interest of the company if any member holds a board membership in any other company.
5. Setting of clear policies regarding remuneration of Board of directors and top executives as per the standards related to their performance.

## 3. **Executive Committee:**

1.	A. Rahman S. Al- Royshid	Head	4	Meetings
2.	Fahd Thonayan. Al Thonayan	Member	4	Meetings
3.	Naser Bin Zaid Al – Razook	Member	4	Meetings

## **Thirteenth: Remuneration of Board 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 dated 5/11/1412H which is shown in the proposal of profits distribution that submitted to you.
2. Monthly salaries and allowances received by the Managing Director and the General Manager which reached this year the sum of 372.000 SAR, bearing in mind that he is not receiving any allowances other than the above.



**Fourteens: Profit Distribution Policy:**

As per the company's articles of association issued as per the royal decree No: 5/5/2348, dated 18/09/1387 H, and the council of ministers resolution No: 111, dated 09/09/1378 which states the following:

**Article (47):** annual profits shall be distributed, among share holders, after deducting depreciations, all expenses and other costs including the Zakat, as follows:

1. 10% out of the net profits shall be kept as statutory reserve. 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 of directors' remuneration.
4. After deducting the above mentioned percentages, the balance shall be distributed among share holders. The ordinary general assembly reserve the right to decide about any other reserves or allowances, 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 profits shall be paid at the time and place specified by the board of directors.

The net profit of this year 2008, before deducting Zakat, reached the sum of 115.348.838 Compared to 97.301.020 SAR in the pervious year 2007G.

**Fifteenth:****Net profit and Suggested Distribution:**

Praise be to Allah for the profit gained this year. The net profit, before deducting the Zakat is 92.554.483 SAR while it was 115.348.838 SAR in the previous year 2008 G.



The Board of directors recommends distributing the net profit as follows:

Net profit before deduction of Zakat	92,554,483 SR
Minus : Zakat	3,993,905 SR
Net profit after deduction of Zakat	88,560,578 SR
Minus 10% from statutory reserve	8,856,058 SR
<b>Balance</b>	<b>79,704,520 SR</b>
Minus : First payment of dividend distribution to shareholders at the rate of 5% of capital	15,833,333 SR
<b>Balance</b>	<b>63,781,187 SR</b>
Minus : Board of directors' Remuneration	1,800,000 SR
Balance	62,071,187 SR
Add: retained profit from previous year	32,877,275 SR
<b>Total :</b>	<b>94,948,462 SR</b>
Minus :Second payment of dividend distribution to shareholder at the rate of 20% of capital	63,333,334 SR
Retained Earnings at the end of the year	31,615,128 SR

**Sixteenth: Confirmation of Internal Auditing & Disciplinary actions:**

1. The National Gypsum Company's internal auditing committee confirms that the financial accounts, for the fiscal year ending in 31/12/2009 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 TO 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 operations.
2. The financial statement has been prepared, as of 31/12/2009 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. As per auditors' report, the financial statement is free from significant mistakes.
4. No penalties, disciplinary action, fine or compulsory deposit is imposed on the company by Saudi General Investment Authority or any other supervisory, judicial or regulatory entity.
5. No significant remarks that can be stated, all remarks are usually forwarded to the auditing committee and the board of directors where discussed, studied and solved immediately.

**Seventeenth: SAMA Companies Governance Regulations ON 31/10/1427 H (13/11/2006 G):**

The company has been applying all the 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.

**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 31/12/2009G
2. To approve the balance sheet and statement of income for the fiscal year ending on 131/12/2009G
3. To exonerate the members of the current board of directors for the fiscal year 2009G
4. To approve the distribution of profits as pre the proposal of the Board of directors, which is 2.5 riyals per share (25% out of capital)? Effective Thursday 29/04/2010 G corresponding 15/05/1431 H. The priority for profit distribution will be the company's shares owners upon approval of the general assembly for profits distribution.
5. Nomination of new board of directors for the coming session.
6. 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 2010G and to determine his fees.

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, His Crown Prince Sultan Bin Abdul Aziz, minister of defense and aviation, his second crown prince Naif Bin AbdulAziz minister of interior and their righteous government, and to help them all towards the achievement of success and prosperity of our beloved country.

The board of directors would also like to extend its gratitude and appreciation to our judicious and rightly guided government for the constant support and encouragement for the national industries. The Board would also like to thank the company's clients, within the kingdom and aboard, for their confidence and selection of our company's products, finally the Board would take this opportunity to praise the earnest efforts that made by the Managing Director and General Manager and all the employees of the company, which contributed significantly to the great results that achieved.

**Best regards**

**Board of Director**

## The company's development since 2001 G

YEAR2009	YEAR2008	YEAR2007	YEAR2006	YEAR2005	YEAR2004	YEAR2003	YEAR2002
----------	----------	----------	----------	----------	----------	----------	----------

202,708,748	259,993,465	223,275,041	256,913,521	268,517,967	217,938,521	186,631,809	163,404,551
88,560,578	112,315,141	94,845,061	128,142,531	130,814,447	106,921,268	87,270,791	79,709,689
79,166,667	79,166,667	79,166,667	71,250,000	95,000,000	80,750,000	71,250,000	40,000,000

suggestion

### PROFITS

NET SALLES  
NET PROFIT AFTER DEDUCTING ZAKAT  
DISTRIBUTED PROFITS

### OWNERSHIP

OWNERSHIP EQUITY  
PAID UP CAPITAL  
NUMBER OF SHARES  
CAPITAL INCREASE

474,285,096	457,632,391	447,229,915	415,481,045	362,064,362	323,193,555	291,268,322	277,047,531
316,666,667	316,666,667	316,666,667	237,500,000	237,500,000	237,500,000	237,500,000	200,000,000
31,666,667	31,666,667	31,666,667	23,750,000	4,750,000	4,750,000	4,750,000	4,000,000
0	0	0	79,166,667	0	0	37,500,000	0

### INVESTMENT

INVESTED CAPITAL  
COST OF TOTALFIXEDASSETS  
LONG TERL LOANS

860,622,944	819,621,628	790,022,728	700,838,026	633,470,345	606,754,966	566,466,956	534,488,372
731,151,155	731,015,511	724,524,775	712,836,504	629,606,069	582,474,474	521,910,435	490,268,326
47,800,000	0	38,960,000	0	0	12,375,000	23,375,000	33,375,000

### LISNCE OF PRODUCTION CAPCITY

GYPSUM PRODUCTION CAPCTY-TON  
PLASTER BOARD PRODUCTION CAPCTY-M2

900,000	900,000	900,000	900,000	900,000	750,000	750,000	600,000
17,760,000	17,760,000	17,760,000	17,760,000	17,760,000	11,760,000	11,760,000	11,760,000

### PRODUCTION

QT OF GYPSUM POWDER  
QT OF PLASTER BOARD

578,358	615,460	527,140	650,058	702,249	640,787	591,647	557,183
11,327,053	17,795,452	14,496,941	15,057,787	15,351,993	10,399,605	8,666,554	7,909,905

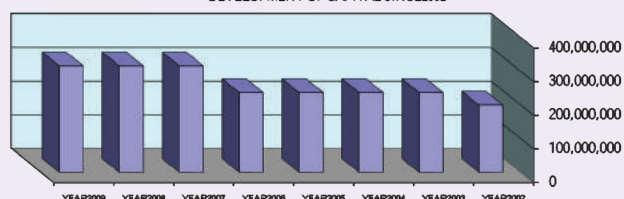
### liabilities and shareholders Equity

total liabilities

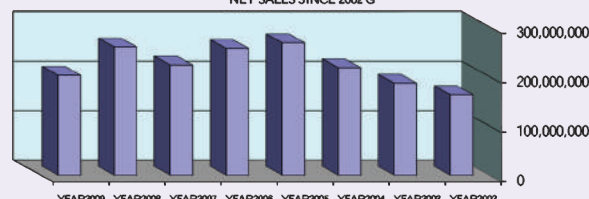
total assets

628,572,965	602,011,945	597,234,777	548,003,400	485,948,556	443,604,038	407,819,345	368,216,758
154,287,869	144,379,554	150,004,862	132,522,355	123,884,194	120,410,483	116,551,023	91,169,227

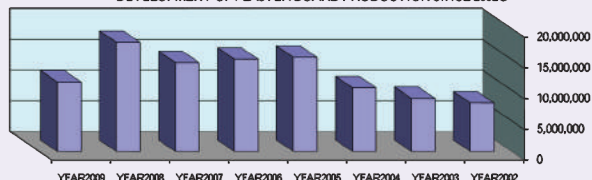
DEVELOPMENT OF CAPITAL SINCE 2002



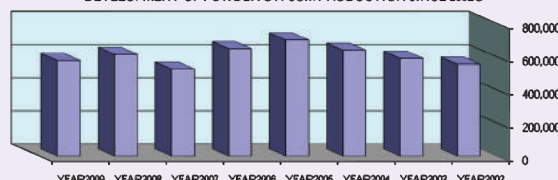
NET SALES SINCE 2002 G



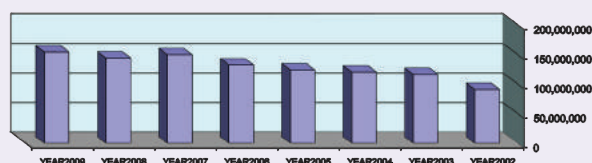
DEVELOPMENT OF PLASTER BOARD PRODUCTION SINCE 2002G



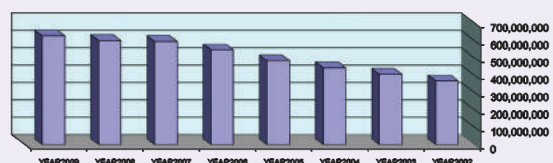
DEVELOPMENT OF POWDER GYPSUM PRODUCTION SINCE 2002G

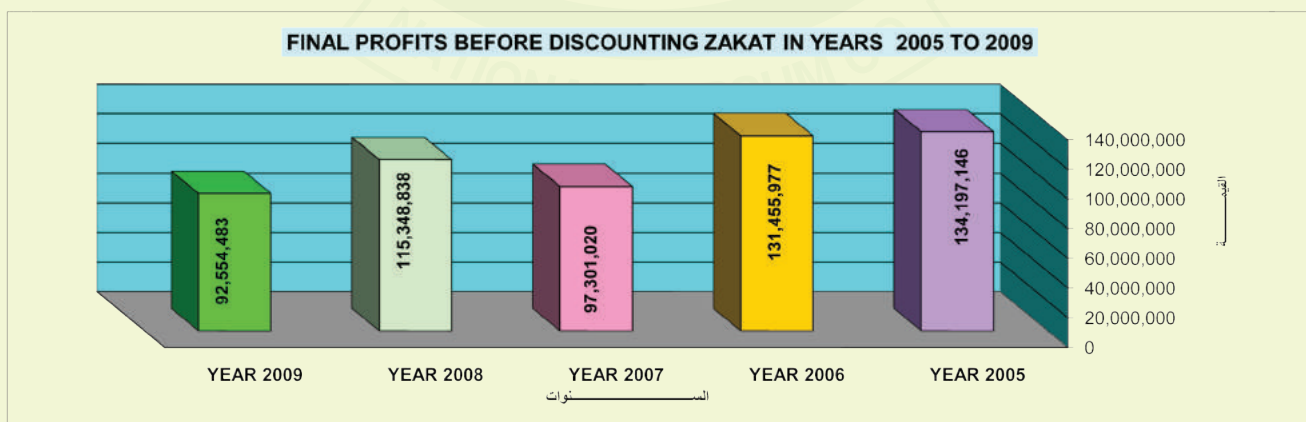
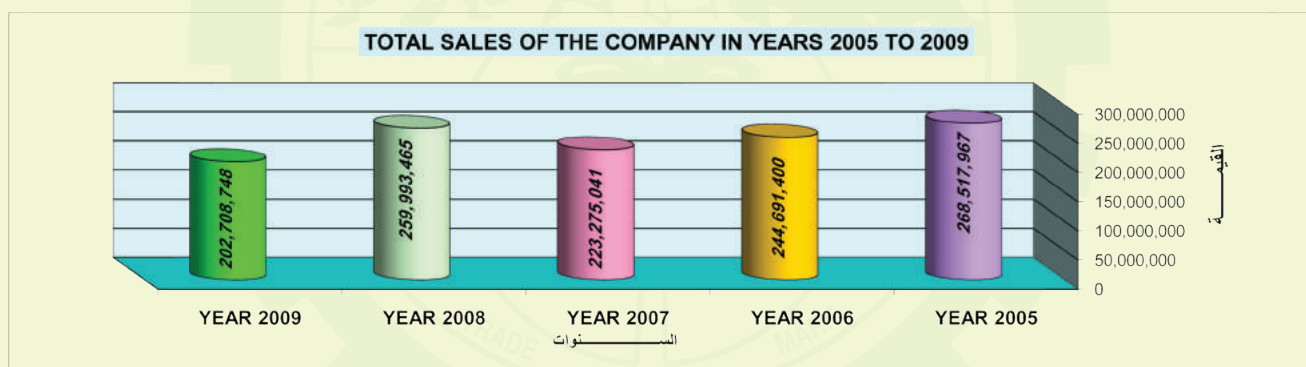
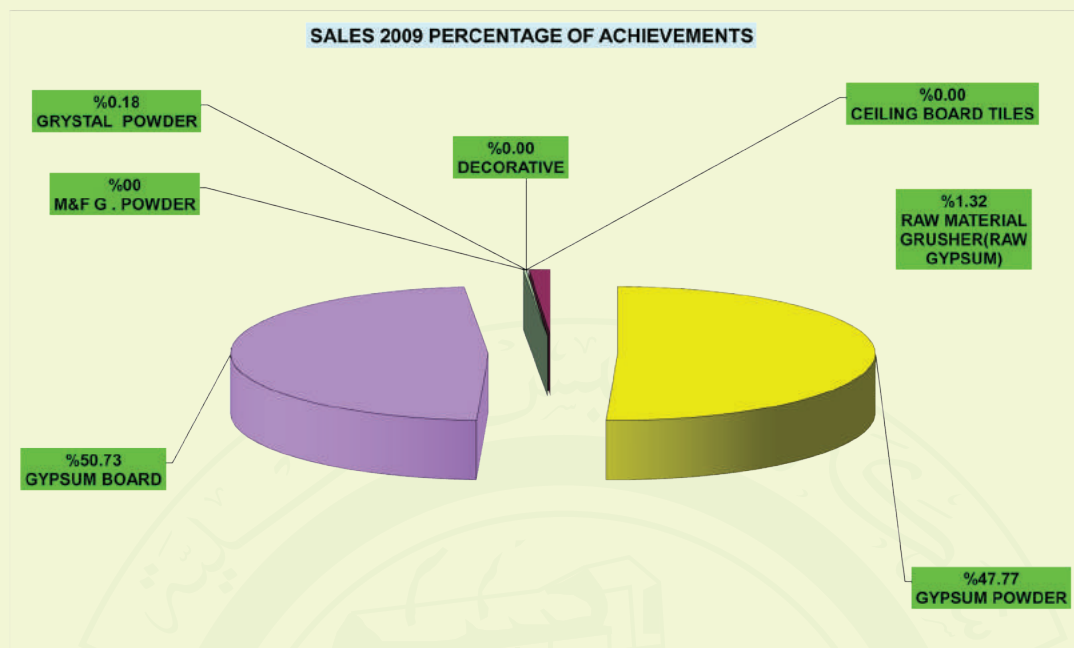


TOTAL ASSETS 2002 G



TOTAL LIABILITIES 2002 G









**The National Gypsum Company**  
**Distributes the profits on 25 % basis of its capital**

As per the financial market authority's regulations and the high decrees which demanded perfect statements and explanation, and in response of such regulations, your company has complied with these regulations strictly without any violations. The company has guided its shareholders to deposit their shares in portfolio as per the regulations of stock market authorities without violations and all these records have been delivered to Tadawal deposit center.

In accordance to market authority regulations, the company has published its financial statements through out this year. His Excellency also explained the steps that had been taken by the board of directors, regarding the decisions concerning the expansions and development from 2002 up to 2009 G, in other words since I have been hounded to take full responsibility of the company. Praise be to Allah for supporting us in performing our duties properly and safe guard the interest of the company and its shareholders, besides the positive roles of the board of directors in different aspects which contributed significantly in the development of the company. This is recorded in the company's records and recognized and witnessed by all especially the current board members.

**Dear shareholders**

It's of great importance to explain and shed the light on the financial statement of the national gypsum company.

The national Gypsum Company is a Saudi joint – stock company, and as you know all the company has been established since 55 years as per the royal decree No: 5/5/583 dated first of Rabie Awal 1376 H and the council of ministers resolution No: 232, dated 04/11/1375 H, with a capital of 12.000.000 SAR and production capacity of 38000 tons of gypsum powder annually. Now the capital of company has reached the sum of 316.666.667 and total production capacity is 3200 tons of gypsum powder per day which is equal to 960.000 tons per annum, plus 24.000.000 square meters of plaster boards in addition to some secondary products such as gypsum spray, fixing gypsum, agricultural gypsum and decorative gypsum. These products are produced by our plants in Riyadh, Yanbu and Dammam.

We would like to inform you that the board of directors suggests distributing profits as of SR 2.5 per share that is equal to 25% of the company's capital. According to what have been stated in annual statement, profits will be distributed as per the regulations to shareholders upon approval by general assembly and accordingly one bank will nominated for distribution of profits

to shareholders as per the statement provided by Tadawl which includes shareholders list.

In this regards, we would like to explain to you that the company has gained during the year 2009 G A net profit that amounted 92,554,483 SAR, before deducting Zakat on sales, while it was 115,348,838 in 2008G. The Zakat amount for this year was 3,993,905 SAR , thus the net profit after deducting Zakat is the sum of 88,560,578 SAR, which is 19.7 % less than what was gained in the previous year.

Praise be to Allah for what have been achieved by your company despite the global turmoil, tough competition which the company encountered in the local and neighboring markets besides the global economic stagnation and emergence of new gypsum companies in almost all over the kingdom. All these factors have forced the company's executives to reconsider its prices in a way that secure the interests of its shareholders and customers. Your board of directors has anticipated and tackled the situation which reflected in achievements and good results that shown in the financial statement.

It's worthy to note that our plants sell only 50% out of its total production, since new licenses have been granted to some investors some of which have partnership with foreign companies. As per Tadwal list, the number of our shareholders exceeds 7000 citizen for different categories.

We solicit the help of Allah for further success and development of your company in our future endeavors.

#### **Company's Cash Investments:**

Your company has some cash investments besides cash investments in Islamic banks as follows:

- A 10 millions contribution in Bin Hazaa' land, on Khurees Road which sold to Ibrahim Al Gassim. This is a promising contribution because the sale price is reasonable, but not distributed among shareholders.
- Your company owns one third of Saudi Qatari Gypsum factory, in Qatar.
- Your company has 77142 shares in Tabuk Cement Company and it is one of the founders of this company.
- Your company owns 1.475.410 shares in Trans Gulf for Industrial Investment in Sultanate of Oman.
- Your company owns one million shares in Kayan Petrochemicals Company.

#### **Alfa &beta gypsum plants:**

As we explained in the pervious years annual statements, your company has contracted with a French company ( Gyerlibks) for supplying a factory that produces different types of Gypsum products These types include (Gypsum used in producing Ceramics/ Medical Gypsum / Formation Gypsum / adhesive Gypsum/Solid Gypsum and high resistance Gypsum). We have contracted with the above French company as per contract No: 05510 on



06/12/2005 G, but unfortunately the contracted company hasn't fulfilled the terms of contract which led your company's officials, all this time, to be fully engaged in meetings and revisions with the said company. Despite that your company has fulfilled all terms of contract especially the ones related to payment of premiums. Regarding this matter, we would like to indicate that all the civil works required have been completed including the delivery of equipment, but the contracted company hasn't fulfilled its obligation with regard to complete the installation as per the terms and conditions of the contract. The site of the project was handed to the company on 26/06/2008 G, and the last equipment delivered was on 14/10/2007, but still remain in their packages.

We would like to inform you that, and as we explained earlier, your company has established a gypsum powder plant in Dammam with a production capacity of 500 tons per day, in addition to a plaster board plant with a production capacity of 6000000 square meters. For the said purpose, your company has purchased a plot of land in the second industrial area, on Abgaig road. When the board of directors noticed that there is increasing demand and to meet the market need in the eastern region, your company has purchased the plant adjacent plot of land, and had an agreement with the German manufacturing company for supplying and installing the plant as per the standard of the current plants.

1. Your company possesses the following assets in different regions, such as:

• **The Central Region , Riyadh:**

It's to inform you that your company owns all the plot of lands on which Riyadh plants are constructed, besides the building that located in Prince Mohammed Bin A. Aziz (Tahlia) which, accommodates your company's general administration. We would like to inform you also that your company owns a plot of land with a total space of 1,110,380 square meters as per deed No: 1/42/80 dated 08/06/1411 H, next to your company's in Al- Maragah privileged which is rich of raw gypsum.

• **The Western Region, Yanbu:**

Your company owns two gypsum powder factories in addition to a plaster board factory in the royal commission, Yanbu, Your company also owns the plot of land on which Amluj factory, in the western region, is constructed, besides a residential building, in the city center, for its staff.

- Your company possesses a plot of land on Palestine's street, in Jeddah city, in an area of 2529 square meter, as per deed No.2734, dated 4/12/1391 H. the company was using this site before and it is leased to one of the company's distributors.

### **The Eastern Region, Dammam:**

The company owns all the plot of lands on which Dammam plants are constructed, We would like to inform you also that your company owns a plot of land with a total space of 102,446 square meters as per deed No: 823 dated 12/05/1415 H, and deed No 9/395/1 dated 8/4/1424H , is constructed, besides a residential building, for its staff. The company also owns a plot land in Aain dara with a total space of 126,825 square meters as per deed 63 dated 26/4/1415H in which dammam plant are constructed near Abgag road .

This what we intend to explain as per the requirement of the concerned authorities.

### **Dear brothers:**

At last, I would like to extend my gratitude to the board of directors for their confidence and trust by electing me as the managing director and general manager for the national gypsum company. I extend my thanks to all working staff for their strenuous efforts, in different fields, which contributed significantly to the great results achieved.

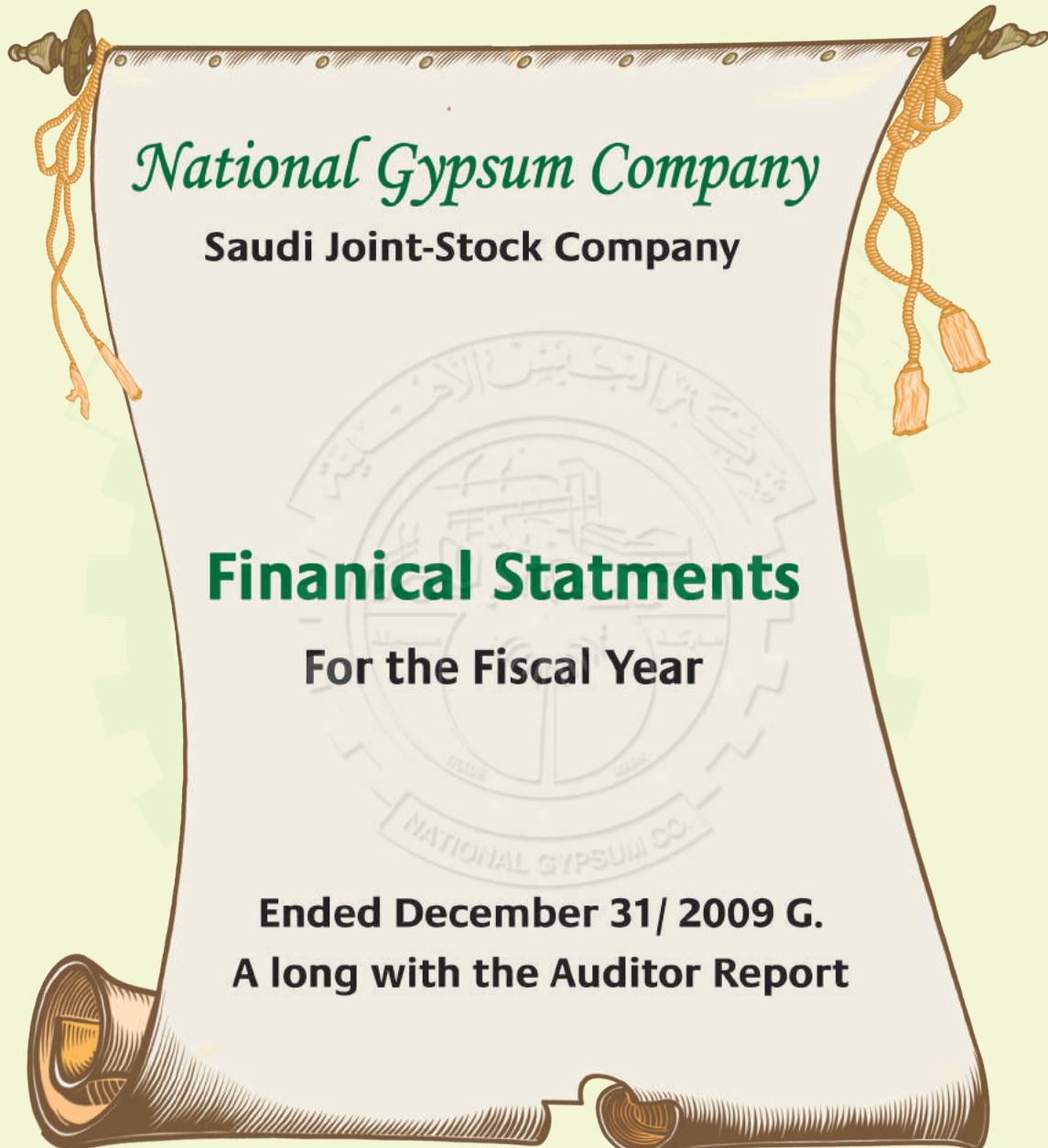
We solicit to our mighty Allah that our country continues to enjoy the security and prosperity that prevail under the leader ship of the Custodian of the Two Holy Mosques, His Crown Prince and their righteous government.

**Thinian Bin Fahd Bin Thinian**

**Managing Director & General Manager.**



Dammam Plant



**National Gypsum Company**  
**Saudi Joint – Stock Company**  
**Balance Sheet**

As on December 31/122009G		2009	2008
Notes		SR	SR.
<b>Assets</b>			
<b>Current Assets</b>			
Cash in Hand & at Banks	(3)	105.859.883	81.950.278
Account receivable	(4)	27.947.947	18.587.944
Inventory	(5)	36.882.518	31.619.031
Other debit balances	(6)	<u>1.642.932</u>	<u>2.421.209</u>
Total current assets		<b><u>172.333.280</u></b>	<b><u>134.578.462</u></b>
<b>Non current assets</b>			
Long –term investment	(7)	51.820.047	42.814.889
Net value of fixed assets under Execution projects and spare parts	(8)	395.694.870	415.356.235
Net value of pre- operating costs	(9)	<u>8.724.768</u>	<u>9.262.359</u>
Total non current assets		<u>456.239.685</u>	<u>467.433.483</u>
<b>Total current assets</b>		<b><u>628.572.965</u></b>	<b><u>602.011.945</u></b>
<b>Liabilities and Shareholders equity</b>			
<b>Current liabilities</b>			
Accounts payable	(10)	5.360.612	5.585.593
Profit distribution creditors		5.116.505	5.200.203
Other credit balance	(11)	2.883.914	3.228.730
Provisions	(12)	4.078.608	3.118.400
Circulation part of Long term loans		5.000.000	-
Proposed dividend		<u>80.966.667</u>	<u>80.966.667</u>
Total current liabilities		<b><u>103.406.306</u></b>	<b><u>98.099.593</u></b>
<b>Non current Liabilities</b>			
Long term loans	(13)	43.700.000	38.960.000
End – of – service provision		7.181.563	7.319.961
Total non current liabilities		<u>50.881.563</u>	<u>46.279.961</u>
Total liabilities		<b><u>154.287.869</u></b>	<b><u>144.379.554</u></b>
<b>Shareholders Equity</b>			
Paid up capital		316.666.667	316.666.667
Statutory reserve	(14)	114.190.588	105.334.530
Unrealized gain from investment		11.812.713	2.753.919
Retained earnings		<u>31.615.128</u>	<u>32.877.275</u>
Total Shareholders equity		<b><u>474.285.096</u></b>	<b><u>457.632.391</u></b>
Total Liabilities and Shareholders equity		<b><u>628.572.965</u></b>	<b><u>602.011.945</u></b>

The attached explanatory notes from 1-18 are integral part of these financial statements



**National Gypsum Company**  
**Saudi Joint – stock company**  
**Income Statements**

As on December 31/122009G	2009	2008
Notes	S.R	S.R
<b>Net Sales</b>	202.708.748	259.993.465
<b>Less</b>		
cost of sales (15)	<u>111.340.505</u>	<u>139.109.344</u>
Cross margin	<u>91.368.243</u>	<u>120.884.121</u>
Total share profit ordinary	<u>2.89</u>	<u>3.82</u>
<b>Less</b>		
General and administrative expense (16)	4.680.861	4.965.561
Sales and distribution expense (17)	1.327.975	1.448.491
Depreciation of solid administrative assets	743.898	766.725
Amortization of pre-operation and start up expenses	2.480.533	2.573.978
End – of – service provision	<u>741.181</u>	<u>790.895</u>
Total expense	<u>9.974.448</u>	<u>10.545.650</u>
Net income of operation	<u>81.393.795</u>	<u>110.338.471</u>
Various revenues	<u>11.160.688</u>	<u>5.010.367</u>
Net income before Zakat	<u>92.554.483</u>	<u>115.348.838</u>
<b>Less</b>		
Zakat provision	<u>3.993.905</u>	<u>3.033.697</u>
Net income	<u>88.560.578</u>	<u>112.315.141</u>
Net share profit ordinary	<u>2.80</u>	<u>3.55</u>



**Riyadh Plants**

The attached explanatory notes from 1-18 are integral part of these financial statements

**National Gypsum Company**  
**Saudi Joint – Stock Company**  
**Cash Flow Statements**

For the Fiscal Year ended on 31/12/2009G	2009	2008
Notes	SR	SR
<b>Operating Activities</b>		
<b>Net profit before deducting Zakat</b>	<u>92.554.483</u>	<u>115.348.838</u>
<b>Adjustment for non cash items</b>		
Depreciation	19.756.288	19.636.340
Amortization of deferred charges	2.480.533	2.573.978
End – of – service provision	741.181	790.895
<b><u>Changes in current assets &amp; liabilities</u></b>		
Accounts receivable	(9.360.003)	(3.284.464)
Inventory	(5.263.487)	(978.450)
Other debit balance	778.277	(388.760)
Accounts payable	( 224.981)	484.621
Other credit balance	(344.816)	(6.199.220)
Payment for Zakat department	(879.579)	(2.455.959)
End – of – service provision	<u>(3.033.697)</u>	<u>(1.151.803)</u>
Net cash flow from operating activities	<u>97.204.199</u>	<u>124.376.016</u>
<b>Investing Activities</b>		
<b>Investments</b>	53.636	259.850
Additive fixed assets	(510.771)	(95.967.601)
On – fulfillment projects and spare parts	415.848	89.347.857
Pr- operating costs	<u>(1.942.942)</u>	<u>(1.346.084)</u>
Net cash flow from investment activities	<u>(1.984.229)</u>	<u>(7.705.978)</u>
<b>Financing Activities</b>		
Received loans	9.740.000	-
Dividends distributed	(81.050.365)	(81.094.206)
Net cash flow from financing activities	( 71.310.365)	(81.094.206)
Net cash and cash alike flow	23.909.605	35.575.832
Cash and cash alike at the beginning of the year	81.950.278	46.374.446
Cash and cash alike at the end of the year	<u>105.859.883</u>	<u>81.950.278</u>

The attached explanatory notes from 1-18 are integral part of these financial statements



**National Gypsum Company**  
**Saudi Joint – stock company**  
**Retained Earnings statement**

For the Fiscal Year ended on 31/12/2009G	2009	2008
Notes	SR	SR
Net profit after deducting Zakat	88.560.578	112.315.141
Statutory reserve (10%)	(8.856.058)	(11.231.514)
Balance	<b><u>79.704.520</u></b>	<b><u>101.083.627</u></b>
First payment of dividends (5% of the capital)	(15.833.333)	(15.833.333)
Balance after first payment	<u>63.871.187</u>	<u>85.250.294</u>
Remuneration of directors	(1.800.000)	(1.800.000)
Balance	<b><u>62.071.187</u></b>	<b><u>83.450.294</u></b>
Retained earning at the beginning of the year	32.877.275	12.760.315
Balance	94.948.462	96.210.609
Second payment of dividends	(63.333.334)	(63.333.334)
Retained earning at the end of the year	31.615.128	32.877.275

**Statement of changes in shareholders equity**

Statement	Paid up capital S.R	Statutory reserve S.R	Unrealized gains from investments S.R	Retained earnings S.R	Total s S.R
<b>Balance at 1/1/2008</b>	316,666,667	94,103,016	23,699,917	12,760,315	447,229,915
<b>Transferred from year profit</b>	-	11,231,514	-	(11,231,514)	-
<b>Unrealized earnings of investment</b>	-	-	(20,945,998)	-	(20,945,998)
<b>Retained earnings of the year after distribution</b>				31,348,474	31,348,474
<b>Balance at 31/12/2008</b>	316.666.667	105,334,530	2,753,919	32,877,275	457,632,391
<b>Transferred from year profit</b>	-	8.856.058	-	(8.856.058)	-
<b>Unrealized earnings of investment</b>	-	-	9,058,794	-	9,058,794
<b>Retained earnings of the year after distribution</b>	-	-	-	7,593,911	7,593,911
<b>Balance at 31/12/2009</b>	<b>316.666.667</b>	<b>114,190,588</b>	<b>11,812,713</b>	<b>31,615,128</b>	<b>474,285,096</b>

The attached explanatory notes from 1-18 are integral part of these financial statements

**National Gypsum Company  
Saudi Joint-Stock Company**

**Explanatory Notes Attached to the Financial Statements in 31/12/2009G**

**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. and the capital of the company 316.666.667 divided into 31.666.667 share the value of share 10 riyals

**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.

-Dammarn Gulf Gypsum Plant :Reg.No: 2050048704, 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.

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 amalgamating, buying or being attached to them.

**Explanatory (2), A brief Summary for The most Significant Accounting Policies:\***

**Basis of Accounting:**

The financial statements assets and liabilities for the company are prepared on the historical cost. The accrual principle is followed in recorded the expenses and revenues.

**2/2.Fiscal year**

The fiscal year of the company starts at the first of January and ends at the December of each Gregorian year.

**2/3 Provision for Zakat :**

Provision for Zakat is payable according to Saudi Regulations of Zakat, and deducted from statement of income.

**2/4 Provision for End of Service Benefit :**

Provision for End of Service Benefit is payable to employees, for their accumulated periods at the financial statement date, as the end of year and deducted from statement of income.

**2/5 Other Provisions**

- 1- Provision for doubtful debts is calculated according to accounts receivable.
- 2- Provision for slack goods, in the stores. Is calculated by virtue of the actual study of items.

The attached explanatory notes from 1-18 are integral part of these financial statements

**2/6 long –term Investments :**

- 1- Investments in companies' capital in which the rate of contribution is equal to or exceeds 20% are registered according to ownership equity method.
- 2- 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 among the 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 current securities or by the last financial statement for the non- current securities, otherwise the cost would be regarded as the fair value.

**2/7 Administrative and marketing Expenses :**

- The administrative and marketing expenses would be calculated and recorded as period expenses according to the accrual basis, and is included in the accounting period which they took place .

The administrative and marketing expenses, is divided among periods using their historical cost.

- Allowances, for employee's salaries and travel expenses, are recorded according to the financial basis.

**2/8 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.

**2/9 Inventories:**

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

**2/10 Fixed assets:**

Fixed assets are stated at historical cost and depreciated on a straight – line method over their estimated useful lives at rates illustrated in note (8/1) under realization and machine's spare parts is recorded among fixed assets . but not to be depreciated

**2/11 Operating Rent contracts:**

The expenses related the operating contracts carry on the statement of income according the straight – line method during the contract period .

**2/12 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 price difference is charged to the income statement.

The attached explanatory notes from 1-18 are integral part of these financial statements

**2/13 Preliminary & Pre -operating expenses:**

Pre -operating expenses is amortized during the expected time for benefiting from these expenses which the administration estimated from four to five years.

**2/14 Cash & Cash Alike :**

Cash and cash alike are comprised from bank balance, uncollected cheques, deposit, cash in their fund and investments that can be converted into cash which their due date is during four months or less

<b><u>Explanatory (3). Cash In hand and At Banks:</u></b>	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<u>S.R</u>	<u>SR</u>
Cash in Hand	687,745	164,035
Cash in the Banks	12,172,138	5,486,243
Murabaha Investments	93,000,000	76.300.000
Total	<u>105,859,883</u>	<u>81.950.278</u>

<b><u>Explanatory (4). Accounts Receivable: :</u></b>	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<u>S.R</u>	<u>SR</u>
Customers	22,957,142	15.978.973
Provisions for doubtful debts	232,848	154.655
Down payments for suppliers	<u>5,381,743</u>	<u>3.078.102</u>
Total	<u>28,571,733</u>	<u>19.211.730</u>

**Less**

Provision for doubtful accounts	<u>623.786</u>	<u>623.786</u>
<b>The total</b>	<b><u>27,947,947</u></b>	<b><u>18,587,944</u></b>

<b><u>Explanatory (5). Inventory:</u></b>	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<u>S.R</u>	<u>SR</u>
Raw Materials	29,109,747	18.590.694
Other Materials	6,193,689	8.874.702
Finished Products	626.041	3.762.797
Oil &Fuel	369,446	269.331
Goods in transit	<u>743,743</u>	<u>281.655</u>
Total	<u>37,042,666</u>	<u>31.779.179</u>
<b>Less</b>		
Provision for Stock Inventory	160.148	160.148
Net	<b><u>36,882,518</u></b>	<b><u>31.619.031</u></b>

<b><u>Explanatory (6). Other Debit Balances:</u></b>	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<u>S.R</u>	<u>SR</u>
Accrued Income	280.749	472.503
Prepaid Expenses	370,816	481.792
Customer's Debenture	937,366	1.412.913
Deposits With Others	<u>54.001</u>	<u>54.001</u>
Total	<b><u>1,642,932</u></b>	<b><u>2.421.209</u></b>

The attached explanatory notes from 1-18 are integral part of these financial statements

**Explanatory (7). Long Term Investments:**

	<b>31/12/2009</b>	<b>31/12/2008</b>
	<u>S.R</u>	<u>SR</u>
Qatar Saudi Co. for Gypsum	20,378,077	20.431.713
Tabook Cement Co	1,492,698	1.531.269
Trans Gulf Co. For Invest. –Oman	1,749,272	1.101.907
Al Kayan Co. for Petrochemicals	18,200,000	9.750.000
Land Investments	<u>10,000,000</u>	<u>10.000.000</u>
Total	<u>51,820,047</u>	<u>42.814.889</u>

The companies share in Saudi Qatar gypsum Company's capital (limited Co) is approximately equal to 33.34% of the company's capital which is 40 millions quatrain riyls.

**Explanatory Note (8): Fixed Assets Net Value, Projects Under Execution and Spare Parts:**

<b>Notes</b>	<b>31/12/2009</b>	<b>31/12/2008</b>
	<u>S.R</u>	<u>SR</u>
Fixed assets net value (8/1)	348,411,666	367.657.183
Projects under execution	23,933,802	23.933.802
Spare parts	<u>23,349,402</u>	<u>23,765,250</u>
Total	<u><b>395,694,870</b></u>	<u><b>415.356.235</b></u>



The attached explanatory notes from 1-18 are integral part of these financial statements



**(8/1) Net Fixed Assets**

Description	Description Rates after correction	Cost as at 1/1/2009 SR.	Additions SR	Disposal SR	Cost as at 31/12/2009 SR.	Accumulated Depreciation as at 31/12/2009 SR	Depreciation for year SR	Accumulated Depreciation as at 31/12/2009 SR	Accumulated Depreciation for disposal SR	Net Book value as at 31/12/2009 SR	Net Book value as at 31/12/2008 SR
Lands	-	22,438,326	-	-	22,438,326	-	-	-	-	22,438,326	22,438,326
Building	3%,5%	120,674,610	-	-	120,674,610	59,737,184	4,177,400	-	63,914,584	56,760,026	60,937,426
Inter Road	10%	4,090,849	-	-	4,090,849	3,355,975	116,993	-	3,472,968	617,881	734,874
Machinery Equipment	5%	501,896,504	480,130	-	502,376,634	227,909,077	14,385,189	-	242,294,266	260,082,368	373,987,427
Water net work	10%	2,505,495	-	-	2,505,495	1,736,891	129,473	-	1,866,364	639,131	768,604
Electrical net work	7%	8,200,627	-	-	8,200,627	2,789,244	321,820	-	3,111,064	5,089,563	5,411,383
Equipment of conveyance	17%	12,822,791	-	-	12,822,791	10,179,207	449,025	-	10,628,232	2,194,559	2,643,584
Tools	25%	1,327,525	400	4,640	1,323,285	1,277,126	27,287	4,636	1,299,877	23,408	50,399
Furniture	10%,20%	9,409,732	31,150	5,548	9,435,334	8,724,572	149,001	4,643	8,868,930	566,404	685,160
<b>total</b>		<b>683,366,459</b>	<b>511,680</b>	<b>10,188</b>	<b>683,867,951</b>	<b>315,709,276</b>	<b>19,756,288</b>	<b>9,279</b>	<b>335,456,285</b>	<b>348,411,666</b>	<b>367,657,183</b>

**Explanatory(9). Net Value of incorporation & Pre-operating Costs:**

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>S.R</u>	<u>SR</u>
Balance at the year Beginning	9,262,359	10.490.253
Additions during the year	1,942,942	1.346.084
Amortizations during the year	(2,480,533)	(2,573,978)
End of the year balance	<u>8,724,768</u>	<u>9.262.359</u>

**Explanatory ( 10). Accounts Payable:**

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>S.R</u>	<u>SR</u>
Suppliers	4,247,157	4.318.414
Pre payments from clients	1,113,455	1.267.179
Total	<u>5,360,612</u>	<u>5,585,593</u>

**Explanatory( 11 ). Other Credit balances:**

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>S.R</u>	<u>SR</u>
Accrued expenses	2,278,153	2.200.045
Social insurances	361,100	366.100
Other	<u>244,661</u>	<u>662.585</u>
Total	<u>2,883,914</u>	<u>3.228.730</u>

**Explanatory( 12) Provisions:**

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>S.R</u>	<u>SR</u>
Zakat provision ( explanatory 1/12)	3,993,905	3.033.697
Provision for Development and Quarries Researches	<u>84.703</u>	<u>84.703</u>
Total	<u>4,078,608</u>	<u>3.118.400</u>

**Explanatory (1/12) Zakat provision:**

	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>S.R</u>	<u>SR</u>
<u>Movement During the year</u>		
Balance beginning if the year	3,033,697	2.455.959
Provision of Zakat during the year	3,993,905	3.033.697
<u>Minus</u>		
Zakat paid during of the year	<u>(3,033,697)</u>	<u>( 2.455.959)</u>
End of the year Balance	<u>3,993,905</u>	<u>3.033.697</u>

The attached explanatory notes from 1-18 are integral part of these financial statements

**Calculation of Zakat Base**

Capital	316.666.667	316.666.667
Adjust Net income	93,295,664	116.139.733
Statutory Reserve	105,334,530	94.103.016
Retained earning	32,877,275	12.760.315
Provisions – beginning of the year	7,309,019	7.397.703
Development fund loan	<u>48.700.000</u>	<u>38.960.000</u>
Total	<b><u>604.183.155</u></b>	<b><u>586.027.434</u></b>

**Minus**

Net fixed assets, under execution		
Projects and spare parts	395,694,870	415.356.235
long- term investments (cost)	40,007,334	40.060.970
Pre- operating net expenses	<u>8,724,768</u>	<u>9.262.359</u>
Total	<b><u>444.426.972</u></b>	<b><u>464.679.564</u></b>
Zakat net Base	<u>159,756,183</u>	<u>121.347.870</u>
Zakat Provision is 2.5% adjusted net profit	<u>3,993,905</u>	<u>3.033.697</u>

**Zakat Status:**

The company ended Zakat status up to 2008

**Explanatory(13) Saudi Industrial Fund loan:**

Your company has signed long term loan contract with Saudi Industrial development Fund No. (2008) dated 12/6/1428H Corresponding to 27/6/2007 G and the loan maximum limit was S. R 48.700.000

**The purpose of the loan:**

The purpose of the loan was to finance the construction of plaster board plant and gulf gypsum powder plant in Dmamam.

**Loan guarantee:**

Lands, the constructed buildings and the entire plaster board and gypsum powder factories in addition to two plots of land in Dmamam that mortgaged to Saudi industrial development fund.

**Fidelity of the loan:**

The loan is to be paid in semi annual installments that start on 15/02/1431 H, corresponding to 30/01/2010 G, and ends in 15/08/1436 H, Corresponding to 02/06/2015G. The outstanding installment are schedule to be paid during 2010 as follows:

Description	Due date of payment	The amount S.R
First installment	30/1/2010	2,000,000
Second installment	27/7/2010	3,000.000
Total	5,000,000	

The attached explanatory notes from 1-18 are integral part of these financial statements

#### **Explanatory(14) 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, and the balance of statutory reserve is amount 114,190,588 S.R as the follows:

	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<b><u>S.R</u></b>	<b><u>SR</u></b>
Beginning of year balance	105,334,530	94.103.016
Transferred from year net income	8,856,058	11.231.514
End of the year balance	114,190,588	105.334.530

#### **Explanatory(15)Cost of Sales:**

	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<b><u>S.R</u></b>	<b><u>SR</u></b>
Industrial Cost	92,328,115	120.239.730
Industrial Fixed assets depreciation	19,012,390	18.869.614
Total	<b><u>111,340,505</u></b>	<b><u>139.109.344</u></b>

#### **Explanatory (16) General Administrative Expenses:**

	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<b><u>S.R</u></b>	<b><u>S.R</u></b>
Salaries, wages and the like	3,253,145	3.437.884
Salaries and rewards of the managing director	372,000	389.573
Publicity and advertising	61,460	63.160
Development fund fees	976	20.688
Water and electricity	139,429	126.929
Consultations	61,100	60,000
Insurance	141,301	135,968
Post and telephone	84.238	83.304
Repair and maintenance	89,194	107.001
Fess and subscriptions	350,414	364.407
Stationary and prints	60,668	74.260
Other expenses	<u>57,936</u>	<u>102.387</u>
<b>Total</b>	<b><u>4,680,861</u></b>	<b><u>4,965.561</u></b>

#### **Explanatory (17) sales and distribution expenses:**

	<b><u>31/12/2009</u></b>	<b><u>31/12/2008</u></b>
	<b><u>S.R</u></b>	<b><u>S.R</u></b>
Salaries, wages and the like	1,183,758	1.275.680
Fess and subscriptions	6,925	14.225
Repair and maintenance	12,524	15.216
Post and telephone	42,503	54.672
Stationary and prints	48,049	46.022
Water and electricity	18,556	23.425
Other expenses	<u>15,660</u>	<u>19.251</u>
<b>Total</b>	<b><u>1,327,975</u></b>	<b><u>1,448.491</u></b>

The attached explanatory notes from 1-18 are integral part of these financial statements

**Explanatory(18) Contingent Liabilities, Obligations and Guarantees Provided by Others:**

**Firstly: contingent liabilities and obligations**

A. The company has important financial contingent liabilities as at 31/12/2009, the most important ones are as follows:

- Installation contracts of Dammarn Gypsum and Plaster board factories with a total amount of 1,200,000 Uro.
- Letter of credits in 13/12/2009G financial statement which values 1.700.000 Saudi riyals.

**Secondly: Guarantees provided by third parties:**

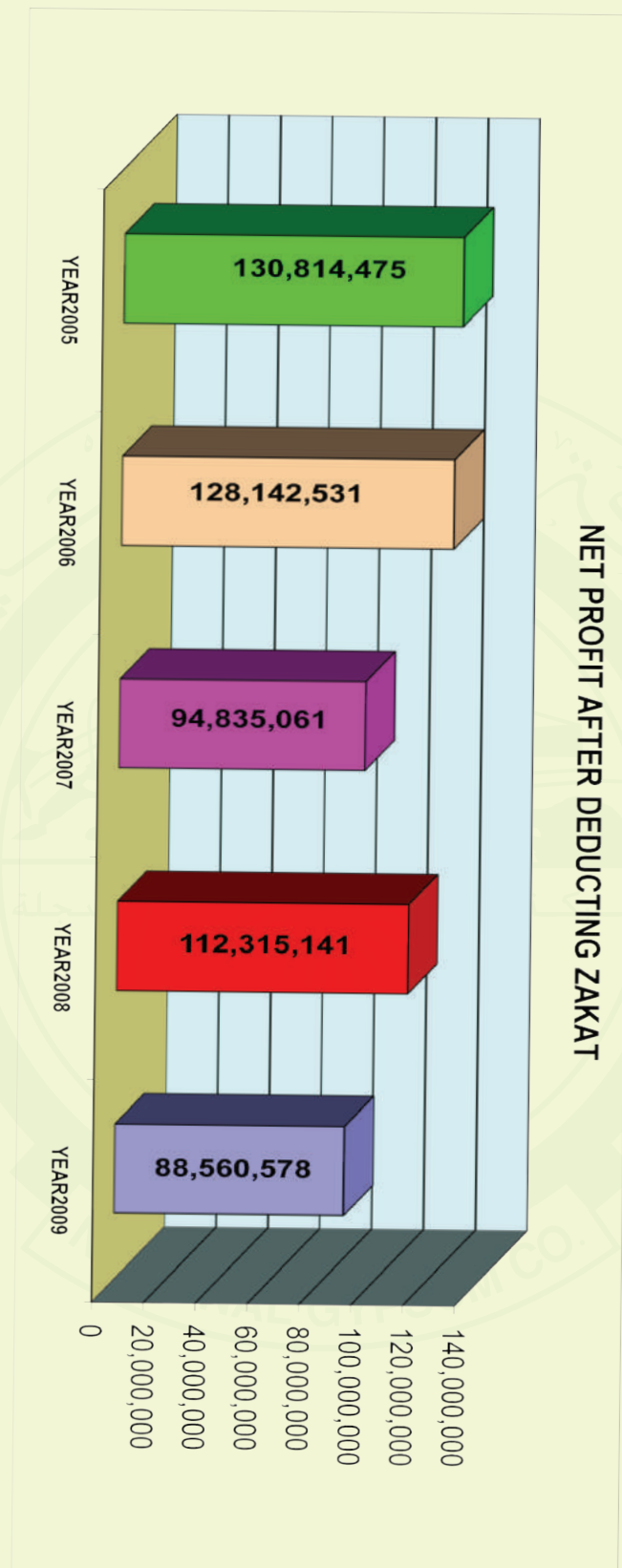
The company received guarantees from third parties that totaled the sum of 25,301,445 Riyals, some of them provided by the customers against credit facilities, others against payments by the company for suppliers and contractors for works under execution.



**Yambu Plants**

The attached explanatory notes from 1-18 are integral part of these financial statements







بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

السَّوَيْلِمُ وَالْعَنْزَانُ

AL SWAILEM &amp; AL ONAIZAN

محاسبون مراجعون قانونيون

Chartered Accountants

Professional Partnership - Licence No. 22

Abdullah Al Swailem Reg. No. 183

Ali Al Onaizan Reg. No. 132

شركة تضاميه مهنيه - ترخيص رقم ٢٢

عبد الله السويلم قيد رقم ١٨٣

عل العنيزان قيد رقم ١٣٢

## Auditor's Report

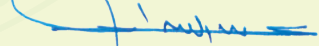
To the shareholders of  
National Gypsum Company

We have audited the financial position statement of **National Gypsum Company** - A Saudi joint stock company - as of 31/12/2009 , the income statement , changes in share holders equities statement , and cash flow statement for the year then ended , including attached notes (1) through (18) which form an integral part of these financial statements which have been prepared by the management according to article (123) 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 included such tests of the accounting records and such other auditing procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the financial statements .

In our opinion , the above mentioned financial statements of the company taken as a whole :

1. Present fairly, the financial position of the company as of 31/12/2009 , the results of its operations , and its cash flow for the year then ended, on the basis of presentation and disclosures made in the financial statements and in accordance with accounting policies illustrated in note ( no 2 ) and with accepted accounting standards appropriate to the circumstances of the company .
2. Comply with the requirements of the Regulations for Companies and Articles of Association for the company in so far as they affect the preparation and presentation of the financial statements .

For Al Swailem &amp; Al Onaizan

  
Ali M. Al Onaizan  
Chartered Accountant  
Registration No. (132)



Riyadh in : 27/1/1431H  
Cors to : 13/1/2010G