المراعي
Almarai

Excellence in Execution

ANNUAL REPORT 2015

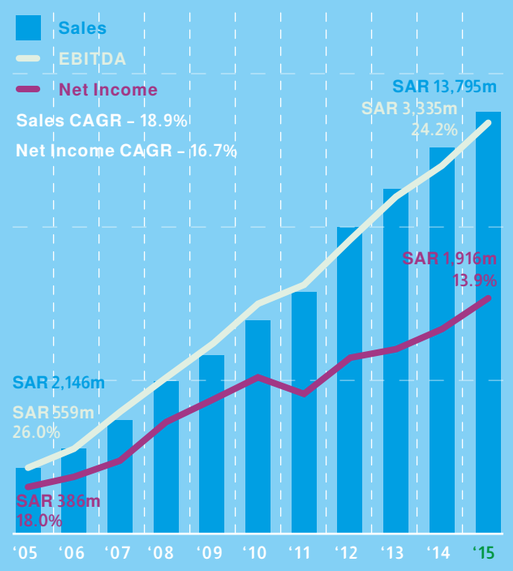
Almarai Key Financial Highlights
(SAR million)

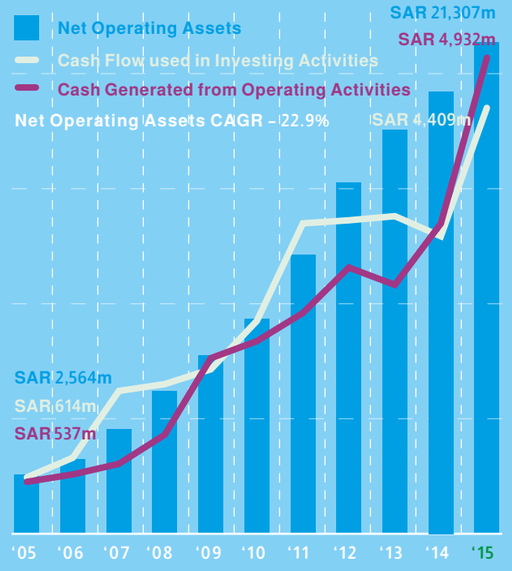
	Year Ended 31 December				
	2015	2014	2013	2012	2011
OPERATIONAL PERFORMANCE					
Sales	13,795	12,606	11,219	9,883	7,951
Gross Profit	5,282	4,535	3,952	3,551	2,997
Selling and Distribution Expenses	(2,612)	(2,246)	(1,870)	(1,617)	(1,213)
General and Administration Expenses	(409)	(339)	(285)	(221)	(266)
Operating Income	2,262	1,998	1,797	1,673	1,518
Share of Results of Associates and Joint Ventures	(37)	(8)	(30)	(25)	(42)
Finance Cost, net	(230)	(208)	(224)	(157)	(135)
Income Before Non Controlling Interest	**1,799**	**1,684**	**1,500**	**1,440**	**1,147**
Minority Interest	117	(10)	2	1	(7)
Net Income	**1,916**	**1,674**	**1,502**	**1,441**	**1,140**
BALANCE SHEET					
Net Working Capital	1,383	2,006	1,535	932	805
Property, Plant and Equipment	18,696	16,176	15,028	13,416	10,508
Biological Assets	1,228	1,070	992	901	818
Net Operating Assets	**21,307**	**19,252**	**17,555**	**15,249**	**12,131**
Intangible Assets - Goodwill	1,009	1,350	1,310	1,335	821
Investments	198	325	479	244	853
Net Debt	9,344	8,762	8,053	8,237	6,653
Deferred Charges and Derivatives	85	157	69	17	43
Employee Benefits	472	408	340	287	243
Deferred Tax (Net)	67	84	118	116	88
Total Equity	**12,618**	**11,631**	**10,764**	**8,171**	**6,778**
Net Capital Employed	22,586	21,041	19,344	16,829	13,805
Total Assets	**27,371**	**23,949**	**23,171**	**19,519**	**15,656**
Total Liabilities	**14,753**	**12,318**	**12,407**	**11,348**	**8,879**
CASH FLOW					
Cash Flow Generated from Operating Activities	4,932	3,199	2,586	2,736	2,261
Cash Flow Used in Investing Activities	(4,409)	(3,115)	(3,302)	(3,284)	(3,237)
Cash Flow (Generated from /Used in) Financing Activities	732	(1,082)	2,115	694	1,345
Additions to Property, Plant and Equipment	(4,005)	(2,740)	(2,799)	(3,138)	(3,035)
Dividend Paid	**599**	**598**	**499**	**512**	**516**
KEY INDICATORS					
Return on Sales	13.9%	13.3%	13.4%	14.6%	14.3%
EBITDA to Sales	24.2%	23.9%	24.4%	24.2%	25.6%
EBIT to Sales	16.4%	15.8%	16.0%	16.9%	19.1%
Return on Shareholders Equity	19.6%	19.0%	18.8%	20.2%	17.7%
Return on Total Equity	15.8%	15.0%	15.8%	19.3%	17.7%
Return on Net Operating Assets	11.2%	10.7%	11.0%	12.2%	14.2%
Net Debt to Equity Ratio	74.0%	75.3%	74.8%	100.8%	98.2%
Current Ratio	128.1%	121.5%	143.8%	96.8%	91.8%
Revenue Growth Rate	9.4%	12.4%	13.5%	24.3%	14.7%
Dividend Proposed	690	600	600	500	518
Dividends Payout Ratio	36.0%	35.8%	39.9%	34.7%	45.5%
Shares Issued (in millions)	**600**	**600**	**600**	**400**	**230**
Diluted Earnings per Share (SAR)*	**3.11**	**2.70**	**2.48**	**2.40**	**1.90**

*Based on 600 million shares

Almarai's commitment to 'excellence in execution' drives growth and wins consumer trust

Overall Business Development

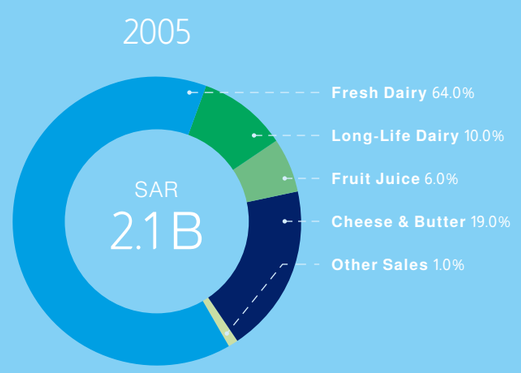


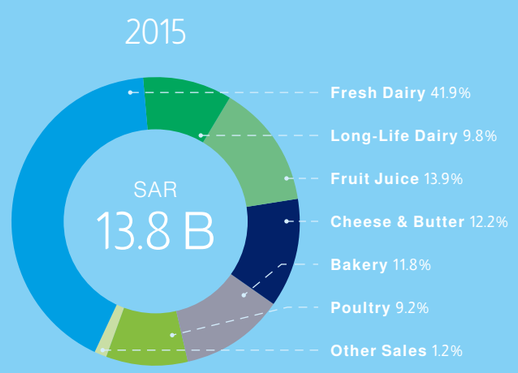


Sales CAGR 2005 – 2015

18.9%

Product Sales Diversification





Strategic Overview

The Company's mission is to provide quality and nutritious food and beverages that enrich our consumers' lives every day. We are the Middle East's largest food and beverage manufacturer and distributor, and the consumer's preferred choice for superior products that meet the market's specific needs. We maintain market leadership by leveraging consumer insights in the continual evolution of our brands. The Company is dedicated to its vision for delivering high quality products and services.

Almarai 2020

Almarai's five year strategic plan aims to double revenues to SAR 25 billion by 2020. Almarai has a SAR 21 billion capital investment programme to invest SAR 10 billion in manufacturing facilities, SAR 5 billion in farming and SAR 6 billion in depots and logistics. Our aim is to maintain margin growth through innovation and renovation and by achieving economies of scale that result in lower overheads. To support our growth objectives we are committed to continuously enhancing our agility and efficiency.

Excellence in execution

Vertical integration requires the Company's stringent quality standards to be met or exceeded at every stage. First-class ingredients are sourced from around the world before passing through state-of-the-art manufacturing facilities in Saudi Arabia, Egypt and Jordan. An increasing part of our animal feed requirements are met by our own arable farming assets around the world, which are managed according to best practice principles. This means that our Dairy and Poultry farms only use the highest quality feed stock.

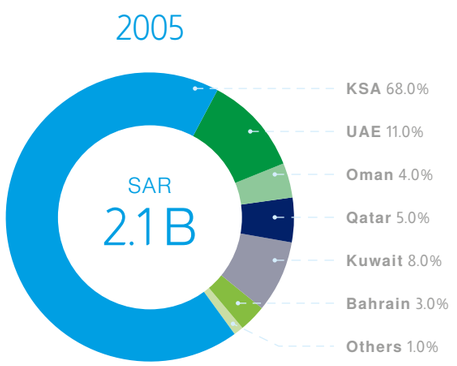
Putting consumers first

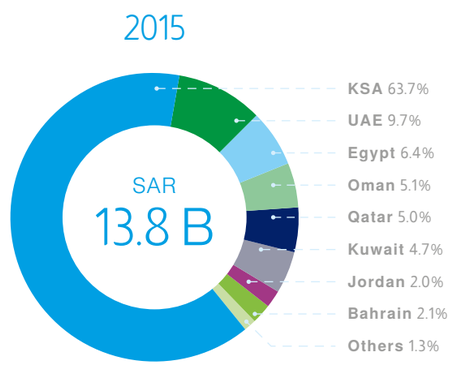
Almarai is focused on the continued improvement and diversification of its product offering across its existing categories. We are committed to a rigorous process of research, development and quality assurance. Consumers across the region can therefore be sure that our Dairy, Juice, Bakery, Poultry and Infant Formula products have been developed to meet their needs. Measurement and analysis of consumer insights underpins every facet of our product development strategy.

Growth & expansion

We are committed to continued growth by further developing our market presence in existing categories and expanding our reach across the region. The implementation of our strategic plan during 2015 saw continued sales growth across most categories and by our joint venture, IDJ (International Dairy & Juice). Almarai's geographical expansion since listing on Tadawul, the Saudi Stock Exchange, in 2005 has reduced reliance on sales in the Saudi market, while product diversification has reduced dependence on the Dairy category. Innovation and continuous efficiency gains will generate stronger cash flow and improve working capital management to finance capital expenditure for future growth.

Geographic Sales Expansion





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Company Profile

Company Profile

Founded in 1977, Almarai Company (Almarai) is the world's largest vertically integrated dairy company and the region's largest food and beverage manufacturing and distribution company. Headquartered in Riyadh, Almarai is ranked as the number one FMCG (Fast Moving Consumer Goods) brand in the MENA (Middle East & North Africa) region and is market leader in most of its categories across the GCC (Gulf Cooperation Council).

After 38 years of growth, Almarai continues to provide nutritious and healthy products to consumers of all ages, with growth stemming from our bedrock principle: 'Quality you can trust'.

Almarai activities

In addition to its high quality Dairy products, Almarai has diversified its portfolio to include Juices, Bakery, Poultry and Infant Formula under the brand names Almarai, L'usine, 7Days, Alyoum and Almarai Nuralac.

Almarai has successfully managed its joint ventures IDJ and Modern Foods Industries (MFI) as success levers for its development strategy.

Almarai consists of

1. Dairy Farming (Al Kharj - KSA, Jordan), Arable Farming (Hail - KSA, Argentina, Ukraine and the United States), and Poultry Farming (Hail – KSA)
2. Manufacturing in Saudi Arabia (Al Kharj, Jeddah, Hail), Jordan and Egypt
3. Transport & Logistics located in Saudi Arabia (Al Kharj, Jeddah and Hail), the GCC, Jordan and Egypt
4. Sales depots located throughout the GCC, Jordan and Egypt
5. Head Office functions in Riyadh, Saudi Arabia

Today, Almarai's paid up share capital amounts to SAR 6.0 billion, consisting of 600 million fully paid and issued shares of SAR 10.00 each. Almarai's available and tradable shares by the end of 2015 amounted to 189.0 million shares, representing 31.5% of its total available shares. As at 31st December 2015, Almarai's market capitalisation was SAR 46.9 billion.

Vision, Mission & Values

Ten Years as a Listed Company

HIGHEST SHARE PRICE 1 JULY 2015

SAR 98.00

Sales have grown by **543%**
and net income by **396%** since listing in 2005

2005

- Almarai lists on Saudi Arabia's Tadawul stock exchange, putting up 30% of the Company's shares at SAR 750 million
- Trading commences on Wednesday 17th August, within the Agriculture & Food Processing Sector

2007

- Almarai acquires Western Bakeries, entering the Bakery sector for the first time

2009

- Almarai acquires Hail Agricultural Development Company (HADCO), venturing into the Poultry sector
- In the same year, Almarai partners with PepsiCo to expand its dairy and beverage business beyond the Gulf region
- Almarai is one of five food companies considered by international media as likely to be among the world's most famous future brands

2010

- Almarai commissions the first state-of-the-art Infant Nutrition plant in the Middle East

2011

- Almarai embarks upon a vertical expansion strategy to guarantee and control its animal feed requirements, acquiring the Fondomonte farming business in Argentina

2013

- Almarai participates in the incorporation of up to 33% of United Farmers, which then acquires Continental Farmers Group, an owner of arable farming assets in Ukraine and Poland. In the same year, Almarai starts the acquisition of arable farmland in Arizona and California in the United States. The objective of this strategy is to guarantee the majority of its animal feed requirements from outside Saudi Arabia
- Production begins at Almarai's new Hail Poultry facilities in Saudi Arabia

2014

- Almarai completes its strategic investment process in the Poultry segment
- IDJ rolls out a strategic investment plan to further expand in the Egyptian market
- Almarai acquires full ownership of its infant nutrition business, IPNC

2015

- In 2015, Almarai completed 10 years as a listed company, having consistently expanded its business
- Almarai's expansion has resulted in six consecutive share capital increases in the past ten years, from SAR 750 million in 2005 to SAR 6 billion today
- In 2015 Almarai approved a five year Capital Investment Programme of SAR 21 billion required for achieving SAR 25 billion in sales by 2020

Another Year of Solid Performance for Almarai

"We successfully achieved the targets set for 2015, and this achievement is consistent with our long term strategy to double sales by 2020."

On behalf of the Board of Directors, I am delighted to present Almarai's Annual Report, covering the year ending 31 December 2015.

Our economic environment

Our business has continued to thrive in recent years. We successfully achieved the targets set for 2015, and this achievement is consistent with our long term strategy to double sales by 2020, with the deployment of a SAR 21 billion capital investment programme. With the blessings of Almighty Allah, 2015 proved to be another record year.

Our strategic pathway

In 2015, growth was balanced across divisions, geographies, customers, categories, and product segments, minimising our exposure to market volatility.

Projections for the year ahead indicate that growth momentum will be maintained in all our operating markets, barring major social or economic turmoil in the region. We must, however, remain vigilant in our commitment to our strategic priorities. In order to ensure that we will achieve our performance targets, we will continue to focus on the quality of our products and services; excellence in delivering value to consumers; and deploying investments across our target markets, while regularly reviewing cost-savings and efficiency opportunities.

I am glad to report that in 2015 Almarai continued to deploy appropriate Health, Safety, Security and Environment (HSSE) measures throughout its operations, employing state-of-the-art procedures and processes with the support of a strengthened and dedicated team. A renewed emphasis has also been put on Business Continuity, ensuring that the Company is prepared for future contingencies and business risks.

Corporate governance

The Board continued to perform its duties throughout 2015, with no changes to its composition, ensuring that the Company's operations are run in accordance with its corporate governance protocols.

The consistent performance of the Board of Directors has been instrumental in supporting Almarai's strategic direction, investments and strong growth. The Company has continued to comply with the developing rules and regulations applicable to a public company in the Kingdom of Saudi Arabia.

Creating shareholder value

Total market capitalisation reached SAR 46.9 billion as at 31 December 2015, an increase of 2.6% compared to 31 December 2014, while the Tadawul All Shares Index lost 17.1% over the same period. Almarai's share price has improved, reaching SAR 78.24 on 31 December 2015. This appreciation has been supported across a stable investor base with corporate and individual shareholders equally represented.

As a result of this year's solid performance and the overall strength of our financial position, the Board of Directors will propose a cash distribution of SAR 690 million or SAR 1.15 per share at the Annual General Meeting to be held on 3 April 2016, representing 36.0% of Almarai's 2015 Net Income and a comparable level to last year.

Since listing on the Tadawul – Saudi Stock Exchange – in 2005, Total Shareholder's Return for an Almarai shareholder, defined as the cash returned to shareholders and the share price appreciation, has reached 19% per annum as at 31 December 2015.

The Board of Directors, during its meeting in December 2015, has proposed a Share Capital increase, through the distribution of one bonus share for every three shares owned, with the intention of adjusting the Company's Share Capital to its Asset Level, and to support the ambitious investment programme announced in May 2015. The Company will thereby be in a stronger financial position to achieve constant growth and geographic expansion in its core business segments. The Share Capital increase will be used to further enhance operational efficiencies, as well as aiding Almarai in preserving its resources by using them more effectively and economically. The capital increase will also be important for the creation of new jobs for Saudi nationals.

Valuing all stakeholders

On behalf of the Board of Directors, I would like to thank Almarai's management and staff for the work they are carrying out every day to ensure that the Company delivers on its promises to stakeholders. While our economic environment remains unpredictable, we are confident in our business model, our strong leadership and staff, and our commitment to quality – the key drivers of our ongoing success.

A special thanks to Abdulrahman bin Abdulaziz Al Muhanna, who stepped down as Managing Director in June 2015, having occupied the position since 1997. He will continue his contribution to the success of the Company as a member of the Board of Directors.

Finally, I would like to take this opportunity to thank you, our shareholders, for your confidence and continued support for our mission to provide quality and nutritious food and beverages that enrich our consumers' lives every day.

Sultan bin Mohammed bin Saud Al Kabeer
Chairman

Board of Directors

HH Prince Sultan bin Mohammed bin Saud Al Kabeer
Chairman of the Board

His Highness is founder of Almarai Company, established in 1977 in the dairy industry. His Highness has investments in Yamama Cement Company, established in 1961, and Arabian Shield Insurance Company. He is a founder of the Saudi Yamani Cement Company (Yemen), Faraby Al Khaleej Petrochemical Co., Mobile Telecommunication Company (Saudi Zain), Joussour Holding Company (part of Swicorp), Arab Company for Agricultural Services (Arasco), Al Salam Bank (Bahrain), Arcapita Bank (Bahrain), Dana Gas (UAE), IBC Co. (Lebanon), Kuwaiti Chinese Holding Co. (Kuwait), Kuwaiti Sudanese Holding Co. (Kuwait), Kuwaiti Jordanian Holding Co. (Kuwait), the First Education Co. (Kuwait) and the Kingdom Schools Co.

In addition to his role at Almarai, His Highness is Chairman of the Arab Union for Cement & Building Materials Co. and the Arabian Shield Cooperative Insurance Co. He is Managing Director of Al Yamama Cement Co., and Owner of Nova Al Jazeera Establishment, the Arab Cubs Establishment and the Technical Projects & Contracting Establishment.

His Highness is a Member of the Board of Trustees of the King Abdul Aziz and His Men for the Care of Talents, the Equestrian Club, the Graduates Association in the Capital Model Institute and the Piety Charity Society. He is Honorary Chairman of the Saudi Heart Association and the Saudi Hypertension Association.

HH Prince Sultan bin Mohammed bin Saud Al Kabeer holds a Bachelor's degree in Economics and Political Science from King Saud University, Saudi Arabia.

HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer
Director

His Highness is Chairman of Mobile Telecommunication Company (Saudi Zain), the Projects and Technical Contracting Co. and the Ashbal Al Arab Corporation. He is also a Board Member of Al Yamama Cement Co., Gulf Farabi Petrochemical Co., Kuwaiti Chinese Holding Co., Tarabot for Investment and Development Co. and Zohoor Alreef. His Highness is a Business Administration graduate of King Saud University, Saudi Arabia.

Engr. Nasser Mohammed Al Muttawa
Director

Engr. Al Muttawa is Chairman of Samama Holding Group, and a Member of the Board of Directors of the Al Jazirah Corporation for Press, Printing and Publishing, the Technical Investments Co. and the Arabian Shield Cooperative Insurance Co. He is an active member, founder and chairman of the Assembly of Mobility of Disabilities for Adults in addition to thirteen further charities. He has worked in both the public and private sector since 1980. Engr. Al Muttawa holds a Bachelor's degree in Civil Engineering from Marquette University, USA.

Mr. Abdulrahman bin Abdulaziz Al Muhanna
Director

Mr. Al Muhanna is a Board Member of Arcapita Bank (Bahrain), Arab Company for Agricultural Services (Arasco) and the Al Jazirah Corporation for Press, Printing and Publishing. He is also a member of the National Committee for Biodiversity. He was appointed and served as Almarai Managing Director from 1997 until June 2015. Mr. Al Muhanna is an Agricultural Economics graduate of King Saud University, Saudi Arabia.

Mr. Ibrahim Mohammed Al Issa
Director

Mr. Alissa is a Member of the Board of Directors of Banque Saudi Fransi, Savola Group, Yanbu Cement Co., Jeddah Company for Development and Umm al-Qura Co. He was previously the Chairman of the Taiba Holding Co. and a member of the Municipal Council of Jeddah. Mr. Alissa holds a Business Administration degree from Chapman University, California, USA.

Engr. Mosa Omran Mohammed Al Omran
Director

Engr. Al Omran is a Board Member of Banque Saudi Fransi. He is an active member of the Young Managers Association. Engr. Al Omran holds a Bachelor's degree in Industrial Engineering from King Saud University, Saudi Arabia, a Master's degree in Business Administration from St. Edward University, USA, and a Diploma in Science and Technical Bread from Pittsburgh Institute, USA.

Dr. Ibrahim bin Hassan Mohammed Al Madhoun
Director

In addition to his role on the Board of Directors at Almarai, Dr. Al Madhoun is a Member of the Board of Directors of the Red Sea Housing Services Co., Herfy Food Services Co., Fitaihi Company and Al Obeikan Investment Group. He holds a PhD in Civil Engineering from the University of Arizona, USA.

Mr. Suliman Abdulkader Al Muhaideb
Director

Mr. Al Muhaideb is Chairman of the Board of Directors of Al Muhaideb Group, Savola Group, Middle East Paper Co. (MEPCO), Rafal Real Estate Co. (RAFAL) and Al Oula Real Estate Development Co. He is a Member of the Board of Directors of Saudi British Bank (SABB), National Industrialization Co. and the Arabian Company for Water & Energy Development (ACWA Power).

Engr. Abdullah bin Mohammed Noor Rihaimi
Director

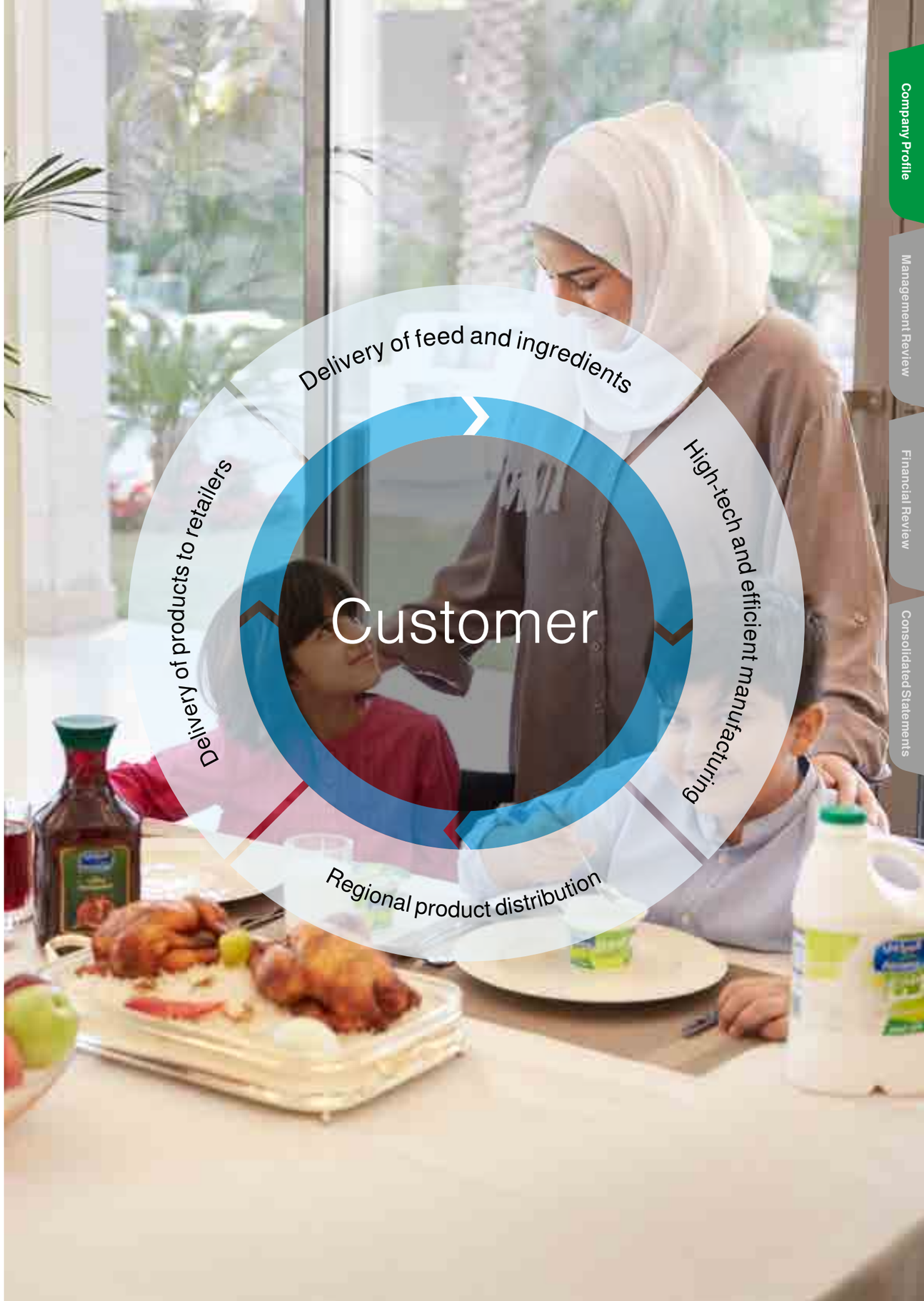
HE Engr. Rihaimi joined the Almarai Board of Directors in September 2014. He is a Managing Director and CEO of Savola Group and sits on the board of a number of Savola's subsidiary companies. He is also the Chairman of the Board of Directors for Knowledge Economic City. He has previously held the role of Assistant Director General at the Saudi Industrial Development Fund (SIDF) and in 2003 he was appointed President of the General Authority of Civil Aviation, by Royal Decree. He is a Member of the Board of Directors for several companies in different sectors (including industrial, banking, insurance and aviation). HE Engr. Rihaimi holds a BSc in Mechanical Engineering from the King Fahad University of Petroleum and Minerals, Saudi Arabia, as well as having attended a two year programme in special Financial Credit at the Chase Manhattan Bank, USA (now J.P. Morgan Chase).

Striving for Excellence in Execution

Almarai is MENA's largest food and beverage manufacturer and distributor. Through our extensive network of retailers, Almarai products are enjoyed by millions of families across the region. We have become a trusted household name through our unyielding commitment to delivering high quality products and by effectively managing an efficient global supply chain. Our sophisticated vertical integration is designed to protect that supply chain, ensuring that quality is never compromised.

The consumer is at the core of our supply chain as it is his or her specific requirements that guide the growth of our business. The following cycle clearly demonstrates Almarai's supply chain in motion. It illustrates our focus on 'excellence in execution' by articulating four crucial phases. Consumer insights drive our product development process, ensuring that we create the products that families across the region seek.

Our wide-reaching supply chain and production infrastructure tracks goods from the moment shipments leave suppliers' premises, all the way to the retail shelf. Having sourced feed and ingredients from around the world, cargo is delivered to shipping terminals across Saudi Arabia. From here it is carried to industry-leading manufacturing and processing facilities. Finished products are transported by our wholly-owned logistics fleet to distribution centres across the region, from where they are delivered to a network of more than 100,000 retailers. It is because of this attention to detail and quality that families have come to trust our brand and look for our products on the shelves.



Step 1

Delivery of Feed and Ingredients

100%
imported animal feed
by January 2019

Dammam Port, Kingdom of Saudi Arabia

Almarai is committed to its objective to import 100% of its animal feed requirements. Forage for our dairy and poultry farms is grown and harvested around the world on either our own or third party arable farms. Our quality assurance framework ensures that only the highest quality feed is supplied to our livestock. Feed is shipped to ports and terminals around the Kingdom, from where it is collected by our Transport & Logistics fleet.

Our manufacturing facilities in Al Kharj, Jeddah and Hail process ingredients sourced from global export markets including Australia, New Zealand, China, USA, Brazil, Spain, Portugal, Germany and India. On arrival in Saudi Arabia, Almarai's vehicles transport ingredients to our processing plants, where the manufacturing phase begins.

Step 2

High-Tech and Efficient Manufacturing

More than
10,000
quality tests
conducted daily

IPNC Processing Plant, Al Kharj, Kingdom of Saudi Arabia

Adherence to best practice health and safety standards in all our facilities ensures the wellbeing of our staff, while stringent quality assurance measures maintain the highest food safety standards. Our diverse product range is developed in response to consumer feedback and insights to meet the ever-changing tastes and trends of the region.

Our manufacturing facilities combine industry-leading technology with the Middle East's highest food and beverage output capacity. Ongoing enhancement of our facilities improves efficiency and drives capacity growth to meet increasing consumer demand. Efficiency improvement exercises have successfully reduced our water and electricity consumption and contributed to our efforts to become a more sustainable business.

Step 3

Regional Product Distribution

Almarai owns more than
8,000
vehicles

Al Kharj, Kingdom of Saudi Arabia

Almarai's fully-owned Transport & Logistics division is larger than any logistics company in the Middle East. By maintaining full control of our distribution network we are able to constantly improve cost efficiencies and manage quality. The effective management of our cold chain, in particular, ensures that products reach retailers and consumers in perfect condition.

Our state-of-the-art route optimization systems and vehicle tracking solution have been instrumental in improving route management and tracking vehicles across the GCC. We are committed to the safety of our drivers and other road users, and continue to take important steps towards enhancing road safety. Our average rate of temperature-controlled, on-time delivery is 99%, a figure that is unmatched in the Middle East.

Step 4

Delivery of Products to Retailers

More than
650
products in 6 categories

Almarai National Product Centre Store, Riyadh, Kingdom of Saudi Arabia

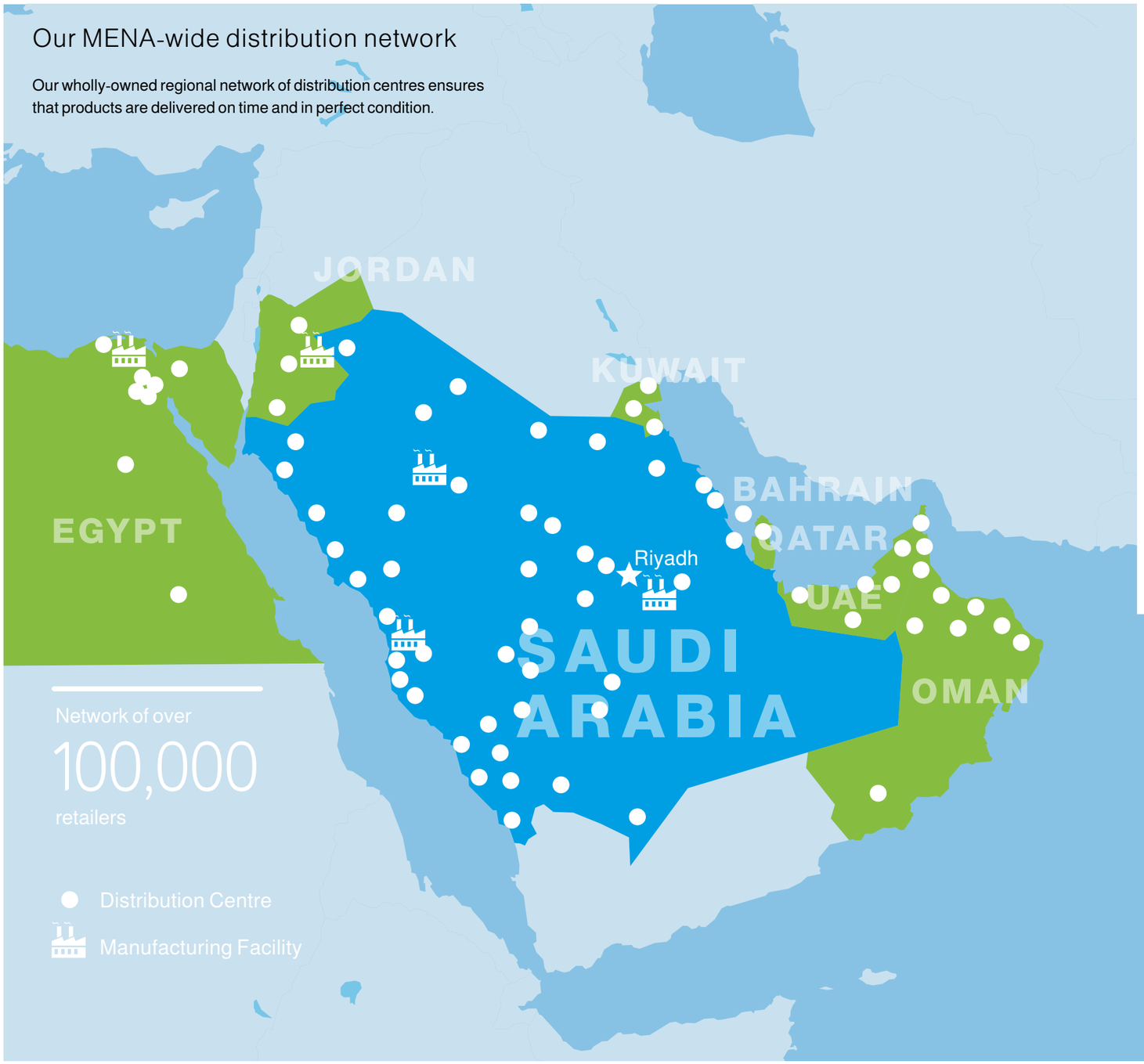
Almarai's ever-growing retail network is testament to the trust that we have earned from our consumers. We constantly work to build and grow our relationships with retailers across the region, and to develop a wider product selection to meet the needs of their customers.

Consumers appreciate the presence of our products in retail outlets. In many shops we install and manage our own shelves, fridges and coolers to ensure the quality and shelf-life of our products. Ongoing product optimisation and packaging improvements are essential for enhancing convenience for consumers; it is their experience that matters, and their feedback that enables us to deliver on our aim of enriching the lives of millions of people every day.

Our Geographic Footprint

Our MENA-wide distribution network

Our wholly-owned regional network of distribution centres ensures that products are delivered on time and in perfect condition.



Network of over
100,000
retailers

Distribution Centre
Manufacturing Facility

Our global supply network

Our animal feed and product ingredients are sourced from trusted suppliers around the world.

TOP 10 Farming & Feed Suppliers

Argentina
Belgium
Germany
Greece
Ireland
Netherlands
Spain
Switzerland
USA
UAE

TOP 16 Ingredients Suppliers

Australia
Austria
China
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Ireland
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Management Review

Continued Commitment to Our Growth Strategy, While Building for Tomorrow's Success

"As a team, we were able to deliver another year of strong performance, thanks to our strict adherence to the principle of 'Quality you can trust'."

The pathway to 2020

This year saw a focus on rolling out Strategy 2020, which was announced when I took over as CEO in January. In the course of the year we passed important milestones and demonstrated our commitment to executing excellence.

Our strategy is to continue to deliver quality in all aspects of our business; to defend our core categories; deliver returns above the cost of capital for newly invested categories; and achieve self-sufficiency in the importation of our feed-stock.

Our performance

Sustained growth, combined with a favourable input cost environment and an emphasis on efficiencies across our operations, led to a significant rise in Net Income to SAR 1,915 million, an increase of 14.4% on 2014, and a Free Cash Flow of SAR 523 million.

As market leader, Almarai continues to focus on a number of key drivers that ensure strong performance. Most importantly, we maintained leadership in our core businesses: Dairy, Juice and Bakery. Strong growth was achieved across all business lines, with increased profitability. Our Poultry business has seen a significant improvement in operating performance, reducing last year's losses by half. This unit is on its way to achieving positive returns by 2016. In 2015, our International Dairy and Juice joint venture (IDJ) approached break-even level for the first time, mostly due to the remarkable performance of our business in Egypt. Infant Nutrition losses were in line with our long-term development plan for this business unit, and positive returns are expected by 2018, resulting from increased market share. As per our strategic objectives, we have continued to increase feed-stock supply from our own operations abroad.

The Company's Western Bakeries insurance claim was fully settled in 2015, in line with our insurance coverage. New investments in the affected segments will put the Bakery business in a strong position to regain market leadership during 2016.

Growing sales

The Company reported a solid increase in sales across all product categories and geographical areas. Sales for the year totalled SAR 13,795 million, an increase of 9.4% on 2014.

Dairy and Juice sales reached SAR 10,741 million, an increase of 8.5% on 2014, driven by innovation and consumer-facing marketing that led to market share gains across the GCC. Bakery sales reached SAR 1,626 million, growing 6.1% on 2014, despite limited production capacity resulting from last year's Jeddah fire incident. Poultry Sales grew to SAR 1,262 million, representing a 23.4% increase on 2014, with the business demonstrating sustained market share leadership in the fresh poultry segment. Other activities generated Sales of SAR 166 million, increasing by 11.9% on 2014 and highlighting growing momentum in Infant Nutrition Sales.

Excellence in execution

We now service 100,000 retail outlets across the region every day. This is testament to our commitment to excellence in execution at every stage of the business. Our service level metrics are at a record high, while daily monitoring of product quality and safety has reached the highest levels in our history.

Capital Investments for 2015 reached SAR 4,005 million, in line with our declared strategic annual investment rate. The majority of these investments were in the expansion of our farming, manufacturing and distribution facilities in Saudi Arabia and abroad.

Our integrated planning and business model has ensured a constant increase in supply capacity, manufacturing capabilities and distribution reach, enabling us to serve growing volumes at a lower cost-per-unit. Improved route-to-market performance has delivered better shelf presence, increased consumer visibility and enhanced promotional activities. We have launched 15 new products this year, all of which have been successful. Demand for our Sandwich Squares, Sandwich Wraps and Cheese Cream Sandwiches, in particular, has surpassed expectations.

The gradual roll-out of business units with full control over resources and full accountability for results will help drive the performance of the Company, and I am pleased to say that our Bakery, Poultry and Infant Nutrition categories are already operating in line with this organisational model.

Investing in people

In 2015, the Executive Committee reviewed our compensation scheme and key aspects of Almarai's working environment. Existing short-term incentive plans, as well as an employee stock programme, have been improved during 2015 to ensure that individual performance will be better recognised and help drive the long-term value of the Company.

A programme was launched for identifying and developing the top 200 managers employed by the Company in order to grow and nurture the leaders of the future. The initiative is supported by our existing Graduate Professional Trainee (GPT) programme, and strengthens our commitment to advancing the careers of our employees.

On behalf of the Executive Committee, I would like to thank Almarai's employees, each of whom contributes the insight, skill and enthusiasm that strengthens our Company. As a team, we were able to deliver another year of strong performance, thanks to our strict adherence to the principle of 'Quality you can trust'. I am personally proud to have worked with all our stakeholders to deliver the quality and value that our consumers have come to expect.

Georges Schorderet
Chief Executive Officer

Marketplace

Following a period of strong, sustained growth from 2011-2014 the Middle East's food and beverage market faced challenges from weak oil prices and a slowdown in consumer spending. However, as a 'defensive' sector – one that is fairly resilient to macro-economic events – the industry has continued to grow, and Almarai has grown with it.

An important development in 2015's food and beverage marketplace has been the introduction of aggressive promotions from various competitors. Marketing drives by these labels have stimulated competition in important categories. In addition, the continuous erosion in the value of the EURO during 2015 has made imported products less expensive.

Despite challenges to market share in segments such as Cheese and Butter, Almarai's product range has performed well, regaining ground lost to competition earlier in the year. Our Poultry division has continued to increase its market share, adding as much as 4 percentage points in certain categories, and has entered the region's burgeoning HORECA (hospitality, retail & catering) market for the first time.

Almarai's flagship Dairy products continue to grow within the GCC retail market. From an estimated total Dairy market share of 33% in 2006, we grew to 35.5% in 2010 and to 45.5% in 2015 (internal market share estimates). This strong and sustained market share in leading consumer staples is an important cornerstone for future growth.

Distinctive Business Model

Almarai's business model is designed to safeguard 'excellence in execution', as well as our commitment to quality. Mature, effective planning is vital to ensure our business is run efficiently. The organisation is structured so that employees across divisions are aligned on strategies and targets, making full use of the resources and partnerships available to them.

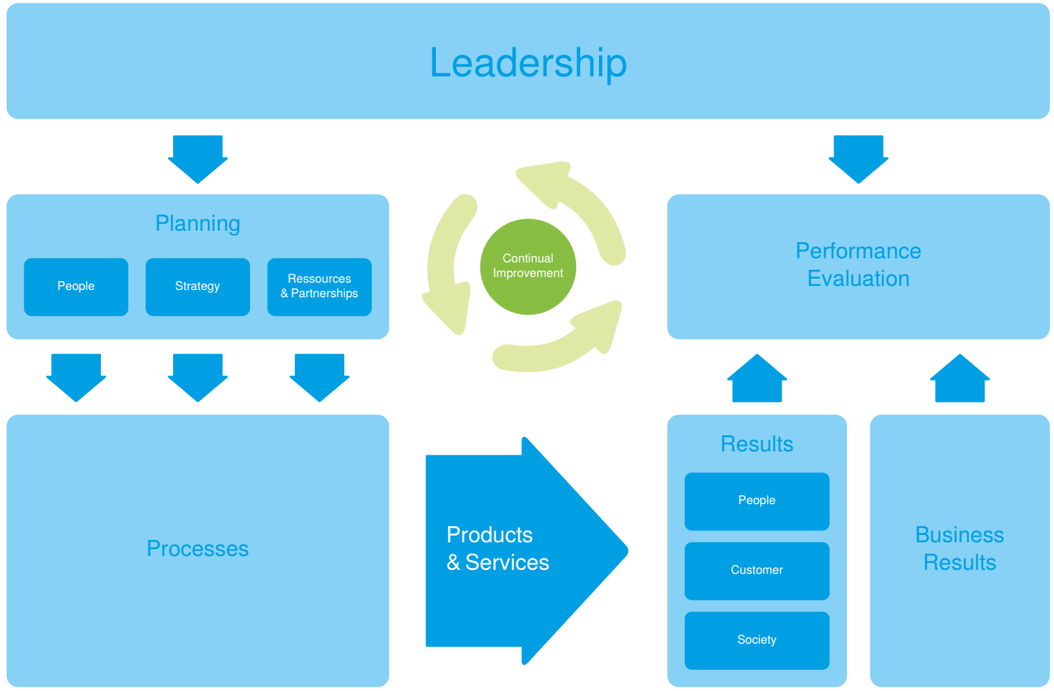
As a manufacturer and distributor of high quality food and beverage products, the processes that exist in each division are essential for executional excellence and quality assurance. Almarai possesses full corporate certificates for quality and food safety (ISO9001 and ISO22000), rather than for each division. This certification ensures that all manufacturing and distribution processes meet the highest international standards.

In 2015, work began on integrating the European Foundation of Quality Management (EFQM) framework across the Company. This process will be sustained during 2016 to deliver higher levels of business excellence across all divisions.

With our products and services available across such a wide area, and with such diversity, we need to continuously evaluate and develop our offering to meet the specific demands and tastes of regional consumers.

The performance of the Group and its divisions is reviewed and measured against a set of ambitious Key Performance Indicators (KPIs). These are evaluated by management at every level. Opportunities for improvement and growth are identified and exploited to the advantage of our stakeholders: consumers, shareholders, employees and society as a whole.

Our distinctive business model is outlined by the below graphic



Brands & Business Divisions

Brands

The Almarai brand has expanded its position as market leader in Saudi Arabia and the GCC. Our reputation for quality has enabled us to win the trust of our consumers ahead of new product launches and our brands have continued on their growth trajectory in 2015.

Almarai

Almarai is the Company's flagship consumer label, known for 'Quality you can trust' across the Middle East. The brand's categories include Dairy liquids, fresh and long life Dairy products, foods, Juices, yoghurts and desserts.

L'usine

Almarai's wholly-owned Bakery brand is a popular choice among families around the region. L'usine offers a wide range of baked goods from sliced bread to buns, rolls, puffs, croissants and new products such as sandwich squares.

7Days

7Days is an established global brand present in more than 65 countries. In the GCC products are manufactured and marketed by Almarai in a joint venture (MFI) with parent company Chipita. The brand's range includes croissants, swiss rolls, cake bars, wafer sticks and strudel.

Alyoum

Alyoum is the GCC's leading fresh Poultry label, committed to delivering premium chicken to consumers across the region. Alyoum prioritises the quality and nutritional value of its products and offers a wide range of whole, part, marinated and minced chicken products.

Nuralac & Nuralac Plus

Almarai's wholly-owned Nuralac and Nuralac Plus brands utilise the Company's advanced technology and R&D capacity to deliver leading Infant Formula products to GCC infants and children up to the age of three.

Business Divisions

Dairy

The Dairy segment has been at the heart of the business since our foundation in 1977. We are the world's largest vertically integrated dairy producer and the GCC's market leader. The Dairy segment includes fresh and long life Dairy liquids, foods, yoghurts and desserts, all of which are available to consumers across the GCC, Egypt and Jordan.

Almarai's Dairy business has continued to perform well. While laban was a category previously thought to have been saturated, our products have had a strong year, gaining ground in terms of both market share and penetration. Zabadi also performed strongly, growing market share by 2.5 percentage points in Saudi Arabia. Gishta and cooking cream have also been high performers. New products, including butter in tubs, have been introduced to the market and have proved popular with consumers.

Juices

The Juice segment has occupied an important place in our wider product portfolio. We offer consumers a wide range of mixed and 100% juices, including a range designed specifically for children. Almarai's juices are available across the GCC, while our joint venture IDJ, has been important for boosting Juice sales in Egypt and Jordan.

Our juices have continued to perform particularly strongly in Saudi Arabia. The newly introduced Red Orange Raspberry Juice has proved popular with consumers and other new juices for 2015, including Nijoom Apple Raspberry Juice for children and Lemon & Mint with Pulp Juice, have also been met with enthusiasm.

Bakery

We have sustained and grown our leadership of the GCC's Bakery category since entering the segment in 2007 by expanding our distribution network and continuously developing new products. Our brands, L'usine and 7Days (a joint venture with Chipita), offer sweet and savoury baked goods to consumers across the GCC. Investment in the category in 2016 will boost production capacity and output volumes to meet growing demand.

Both the L'usine and 7Days labels have enjoyed robust performances in 2015, despite the loss of production capacity caused by the Western Bakery fire in Jeddah in 2014. High-performing new products included Sliced Milk Bread, White Sandwich Squares and Cream Cheese Sandwiches.

Poultry

Our Poultry range was first introduced to consumers in 2010, and has since enjoyed impressive sales growth. Alyoum's premium fresh products vary from whole chickens to portion packs and value added options. Significant investment in the category has enhanced our production capabilities and boosted expansion of the category.

Almarai's Poultry business maintained its growth trajectory in 2015, growing significantly in Saudi Arabia and performing well in Qatar, Kuwait and Bahrain. The Alyoum brand focuses on delivering a premium product that is convenient for consumers, with value-added and portion options proving particularly popular.

Infant Formula

Since acquiring full ownership of IPNC in 2014, Almarai has manufactured and distributed its own Infant Formula under the Nuralac and Nuralac Plus brands, which are developed at our industry-leading infant nutrition plant in Al Kharj, Saudi Arabia. Our advanced Infant Formula products are available to families across Saudi Arabia and neighbouring markets.

The launch of our exclusive brands, Nuralac and Nuralac Plus, provided a solid platform for growth in 2015. Another key element of our success has been the development of relationships with leading pharmacies. With one pharmacy we have launched an exclusive brand. Nuralac and Nuralac Plus are present in Saudi Arabia, the UAE, Qatar, Bahrain and Kuwait.

A Day in the Life of an Almarai Consumer Family

6.30am Breakfast

In the course of a day, families across the GCC, Egypt and Jordan can choose from a wide range of Almarai products to enjoy at meal-times or as snacks. To start the day off, breakfast might include Almarai Zabadi (Low Fat Fresh Yoghurt), L'usine Apple Puffs, L'usine Sliced Bread with Almarai Natural Butter and Almarai Orange Juice.

10.30am Snack at work

During a busy morning of work there's usually time for a quick snack. Almarai Fresh Milk is an ideal choice to keep energy up ahead of lunch.

1.00pm Lunch

A good lunch is a balanced lunch, and an Almarai consumer family has plenty of options available to it. L'usine's White Sandwich Squares go well with Almarai Spreadable Cream Cheese and a fresh salad, accompanied by Almarai Mixed Fruit Juice. Almarai Gishta is perfect for fresh fruit and vegetable recipes, while Almarai Fresh Laban is a popular choice of beverage across the region.

24 hours

4.00pm Afternoon snack

Whether at work or play, a small snack is a great way to break up the afternoon. Parents and children can both take a break to enjoy a 7Days Chocolate Croissant and a glass of Almarai Red Orange Raspberry Juice.

6.00pm Dinner

Our Dairy, Juice, Bakery, Poultry and Infant Formula products are consumed every evening by all generations. A particularly delicious evening meal might include Alyoum Fresh Chicken Breast Fillets prepared in Almarai Cooking Cream, an Alyoum Fresh Whole Chicken with fresh vegetables and green salad, and a 7Days Vanilla Swiss Roll accompanied by Almarai Strawberry Flavoured Laban.

Investing in People

In order to meet our strategic aim of doubling revenues by 2020 we must protect and grow our most valuable asset: people. In the course of the year, Almarai hired more than 11,000 new employees, of whom 40% were Saudi nationals. We remain committed to supporting Saudi Arabia's growing generation of young and motivated professionals, as evidenced by our 'high green' Nitaqat status. Efficiency in HR has been enhanced by a newly introduced automated recruitment system. As at 31 December 2015, Almarai employs more than 42,000 people internationally, of which 38,000 are employed in Saudi Arabia.

Employee programmes

A number of important HR initiatives, including the Graduate Professional Trainee (GPT) programme, the Dairy & Food Polytechnic, the Almarai Sales Academy and Nadi Almarai have been instrumental in attracting local talent. Improved performance management, succession planning and leadership development programmes play a vital role in retaining and rewarding employees making an exceptional contribution to the Company.

Succession management

Our succession management programme was introduced in 2015 to develop talent and improve career progression across the business. We kicked-off the programme with a focus on Senior Management level roles.

Selected candidates have engaged in a demanding range of assessments designed to highlight strengths and areas for development, with specific management positions in mind. The process establishes criteria for professional success, assesses skills, reviews talent, evaluates readiness and delivers a structured development plan. The assessment process is designed to identify leadership potential at senior levels, providing signposts for future success. These include formative experiences, learning agility, leadership traits, self-awareness, logic and reasoning, and motivation to lead.

The outcome of the programme will be an objective and robust succession pool; focused professional development for those with the greatest potential; and generation of data that can highlight where development investment will have the greatest impact. The programme is helping our most capable employees to focus on the skills required for growing their careers at Almarai. The programme has consistently received positive feedback.

Innovation & Renovation

Almarai operates a rigorous product development and optimisation system, with the purpose of meeting the exact requirements of our consumers and introducing products that will rapidly gain market share. The development process falls under the umbrella of the Almarai Innovation Management (AIM) initiative and follows a stage-gate process.

When an idea is submitted a 'scoping' stage is conducted. Having successfully passed that stage a 'business case' is built for the proposed product. Once the case for the product has been evaluated and approved the 'development' stage is initiated, after which a 'testing and validation' stage is introduced. Once tested and deemed ready for the market, the product is launched. A post-launch review is later conducted to evaluate the product's success.

New products in 2015:

Category		Product
Dairy		Premium Fresh Flavoured Milk – Strawberry and Mango Flavours
		Premium Long Life Strawberry Flavoured Milk
		Vanilla Milkshake
		Premium Labneh Turkish Style
Poultry		Chicken Shawerma
		Chicken Stir Fry – Fajita and Teriyaki Flavours
Bakery		Cream Cheese Sandwich
		White Sandwich Squares
		White Sandwich Wraps
		Sliced Milk Bread
		Brown Sandwich Rolls
		Apple Strudel
IPNC		Benalac Stage 1 Infant Formula
		Benalac Stage 2 Follow-on Formula
		Benalac Plus Growing Up Milk

Consumer Dedication

Almarai recognises the importance of listening to our consumers. Social media has become a particularly important channel for consumers to voice their concerns and feedback, which is why we have a dedicated social media team monitoring digital conversations on a real-time basis and responding to questions or complaints within 24 working hours. Of course, consumers also have the option of calling our toll-free number to report a problem.

Our Ramadan Greetings TV commercial, promoting the spirit of sharing across the GCC, was well received with more than 25 million views on social media. Almarai now has more than 3 million followers on Facebook, 180,000 on Twitter, 45,000 on Instagram, and has scored 106 million views on YouTube. In 2015 Almarai won Kuwait's Sheikh Salem Al Ali Al Sabah Informatics Award for best Arab company using social media, in recognition of the Company's responsible and professional engagement with consumers.

3 million followers

180,000 followers

45,000 followers

106 million views

We remain committed to demonstrating how we operate to Saudi Arabia's youth, and the number of factory visits we conducted in 2015 increased dramatically. Over the year we hosted more than 32,000 visitors – 88% increase on 2014 – with an average of three schools visiting our Central Processing Plants in Al Kharj and Hail every day. This year, our local outreach programme connected us with more than 740 schools and charities, and plans are in place for a charitable initiative that will deliver Almarai food baskets to more than 4,000 disadvantaged Saudi families.

Business Continuity

Resilience and business continuity are essential in the management of risk across the organisation. Investment in these areas enables the Company to protect its activities, responding quickly and efficiently when incidents occur. As challenges emerge, investment in our business continuity framework ensures that we can continue to deliver the highest quality services to our consumers.

During 2015 we had to implement contingency measures in Saudi Arabia's south western 'Asir and Najran regions. These measures not only protected our staff, but reinforced our commitment to the local community. Despite disruptions on the Yemen border, deliveries continued as usual. When a major disruption to the power grid in the Al Kharj valley cut power to Almarai's main manufacturing plants, we successfully implemented our response measures to ensure rapid recovery, protect our staff and maintain production.

Meeting and exceeding the requirements of our consumers remains our highest priority, and capital investment and a commitment to business continuity is essential to ensuring this. From this position of strength we will continue to grow and meet fresh challenges.

A Sustainable Future

Sustainability is at the heart of Almarai's Group strategy, and our future success rests on three vital pillars: financial, environmental and social sustainability.

Financial sustainability

A commitment to financial sustainability is essential to our future prosperity. This applies to both our own business and our contribution to the wider Saudi economy. We are committed to creating a business environment within the Company that is driven by efficiency, agility and strategic investment in product development.

Investing in attractive new products and categories, and taking these to new markets and new consumers is crucial to maintaining our growth trajectory. Our high level of vertical integration supports that growth ensuring quality and certainty of supply of milk and other essential materials. We are reinforcing our strong supply chain to ensure it continues to meet the demands of our substantial manufacturing and distribution requirements.

We have invested heavily in ongoing capacity expansion, with a SAR 21 billion capital investment programme focused on developing our manufacturing, farming, distribution and corporate assets over the next five years, we will continue this commitment to capacity expansion. The objective of this programme is to help meet the ambitious target of SAR 25 billion in annual sales by 2020, a doubling of the 2014 level.

As a leading employer, our contribution and commitment to the Saudi economy and to the people who drive that economy cannot be over-stated. We are deeply committed to developing professional skills among Saudi nationals, to ensure that they have the knowledge and determination required to contribute fully to the continued growth and prosperity of the Kingdom.

Environmental sustainability

Safeguarding the environment is essential to the future of not just our business, but our nation as a whole. In Saudi Arabia, we face a challenging set of environmental factors, the most pressing of which is water conservation. To reduce our reliance on the Kingdom's dwindling water supply, we have committed to importing 100% of our animal feed requirements, ahead of the recently announced official governmental timetable. We are continuously investing in our overseas farming assets in North and South America to help achieve this objective in a controlled and secure way.

Nine of our farming sites have received ISO 14001 Environmental Management System certificates, while four are registered with the Saudi Presidency of Meteorology & Environment. All of our farms have environmental impact and aspect registers that are monitored monthly through various inspections, including air quality and emissions checks. Waste manure from all dairy farms is recycled on arable land, while waste water is used for irrigating gardens.

In 2015, our Transport & Logistics division used a new route optimization system and vehicle tracking and planning solution to reduce mileage accumulated by sales delivery vehicles, improving operational efficiency and reducing our carbon footprint. Further efficiency was achieved by rethinking the packaging of key products, for example, Almarai's 170g Zabadi cup, leading to a 25% transport efficiency improvement for this best-selling product.

On the manufacturing side, our bakeries have identified two buyers to recycle bakery waste as animal feed, while Almarai facilities in a number of regions are selling shrink-wrap and cardboard outers for recycling, thereby improving their waste-to-landfill ratio.

Social sustainability

Social sustainability is defined as our ability to positively engage the communities we operate in, based on strategies and ideas whose successes can't be measured in riyals alone. Education is at the very heart of our social contribution and in 2015, Almarai has maintained its significant commitment to educational excellence in the Kingdom. Every year we sponsor three academic awards: the Almarai Scholarship Excellence Award; the Almarai Scientific Innovation Award; and the Almarai Veterinarian Award. The Scholarship Excellence Award has been so successful that we extended it beyond Saudi Arabia to the wider GCC for the first time in 2015.

Our partnership with National Geographic on its MENA Photography Competition continued in 2015. The scheme encourages, identifies and rewards photographic talent across the Middle East, and this year featured 27,000 participants. The first prize in 2015 included photography equipment worth US $10,000 and a trip to Kenya accompanied by a professional National Geographic photographer.

Almarai's Dairy & Food Polytechnic (DFP) and Graduate Professional Trainee (GPT) programmes, which provide vocational training and professional development opportunities to young Saudi nationals, have grown from strength to strength. More than 440 trainees are undergoing training at the DFP, of whom 92 will graduate in February 2016. To date, our GPT programme has hired more than 600 graduates, with 160 currently enrolled. In 2015, 15 employees graduated from the Almarai Sales Academy as part of our Management Development Programme.

Share Price & Shareholder Information

Almarai shareholdings

By the end of 2015 Almarai had 51,214 shareholders. Corporate investors represent 57.4% of total shareholders whilst individual investors represent 42.6%. There are 33 shareholders owning one million or more shares in Almarai, representing 87.9% of Almarai issued shares. The following tables give a description of investors in Almarai:

Almarai Investors According to Nature of Investor

Investor Type	Number of Investors	Number of Shares	Percentage of Ownership
Corporate	277	344,442,697	57.4%
Individual	50,937	255,557,303	42.6%
Total	**51,214**	**600,000,000**	**100.0%**

Almarai Investors According to Nationality

Nationality	Number of Investors	Number of Shares	Percentage of Ownership
Saudi	50,851	576,186,139	96.0%
Other Nationalities	363	23,813,861	4.0%
Total	**51,214**	**600,000,000**	**100.0%**

Almarai Investors According to Investor Type

Investor	Percentage of Ownership	Number of Investors
SAVOLA Group Company	36.5%	1
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	28.7%	1
Al-Omran Family	7.2%	5
Mutual Funds	4.9%	87
Swap Agreements	2.8%	45
Companies	3.3%	99
Governmental and Quasi-Governmental Institutions	3.8%	12
Banks and Financial Institutions	0.2%	11
Insurance Companies	0.1%	8
Charities	0.1%	8
Others	12.4%	50,937
Grand Total	**100%**	**51,214**

Almarai Investors According to Size of Ownership

Number of Shares	Number of Investors	Percentage of Ownership
One million shares and more	33	87.9%
From 500 thousand to less than a million	13	1.6%
From 100 thousand to less than 500 thousand	110	3.9%
From 50 thousand to less than 100 thousand	91	1.0%
From 10 thousand to less than 50 thousand	538	1.9%
From 5 thousand to less than 10 thousand	519	0.6%
From 1 thousand to less than 5 thousand	3,636	1.1%
Less than one thousand shares	46,274	2.1%
Total	**51,214**	**100%**

Ownership notification

According to Article (45) of the Listing Rules issued by the Capital Market Authority, during 2015 Almarai did not receive any notification of new ownership percentage of more than 5% of the shares issued to the Company, or any reduction in the percentages occurring at the beginning of the year, as indicated by the following table:

Ownership of 5% and More of the Issued Shares

	Beginning of the Year		End of the Year	
Investor	**Number of Shares**	**Percentage of Ownership**	**Number of Shares**	**Percentage of Ownership**
SAVOLA Group Company	219,130,942	36.5%	219,130,942	36.5%
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	172,173,922	28.7%	172,173,922	28.7%
Omran Mohamed Al-Omran and Partners Company	34,226,088	5.7%	34,226,088	5.7%
Total	**425,530,952**	**70.9%**	**425,530,952**	**70.9%**

Main transactions, investments & other events

Management: new Chief Executive Officer

After the resignation of our previous Chief Executive Officer, Engr. Abdul Rahman bin Abdul Mohsen Al-Fadley following his appointment as Saudi Minister for Agriculture, the Board of Directors appointed Mr. Georges Schorderet as CEO of Almarai. Mr. Schorderet joined Almarai in 2004 as Chief Financial Officer and in September 2011 became Chief Operating Officer. He was previously an independent consultant in Switzerland. In the course of his career he has held various senior executive positions, most notably as Chief Financial Officer of Swissair Group and Chief Financial Officer of Alusuisse-Lonza Group. He is a Certified Accountant and holds an MBA from the International Institute for Management Development (IMD) in Lausanne, Switzerland.

Capital investment: SAR 21 billion approved for 2016-2020

As outlined in our Strategic Overview, Almarai has reaffirmed its commitment to the Middle East's food and beverage sector by announcing a capital investment programme amounting to SAR 21 billion for the period 2016-2020. The objectives set by the Board include an increased presence across all existing segments and geographies, a doubling of sales by 2020, and improved financial performance across all divisions. The Board is

confident that strategies in place for Almarai's core Dairy, Juice and Bakery businesses, as well as for Poultry and Infant Formula and our joint venture businesses in Egypt and Jordan, will deliver on these ambitious objectives.

The proposed and approved SAR 21 billion capital investment plan will cover the replacement of our existing investment base, as well as capacity expansion requirements in all areas of the Company's integrated business model (farming, manufacturing, distribution and logistics). The investment programme will also address investments required in product innovation and renovation. In addition to the Company's financing capabilities via traditional bank facilities, SIDF and ADF funds or via our existing Sukuk programme, growing Operating Cash Flow will also be dedicated to financing these investments.

Insurance agreement: Jeddah Western Bakeries fire

Almarai reached a full and final settlement with Arabian Shield Cooperative Insurance Company (ASICO) for property damage and business interruption claims following a fire incident at Western Bakeries Plants 1 and 3 in Jeddah in October 2014. The final agreed amount was SAR 790 million, net of excesses applicable under both policies. The settlement had a neutral effect on Almarai's results with the net proceeds used to offset various partial asset write-offs and goodwill amortisation. Western Bakery is a wholly owned subsidiary of Almarai.

Sukuk: issuance of third tranche

Almarai completed issuance of the third tranche of its SAR denominated Sukuk, which is fully Shariah compliant, raising a total of SAR 1.6 billion. The Sukuk has been offered privately to sophisticated investors resident in the Kingdom of Saudi Arabia, on the basis of a variable rate of return for a period of seven years. The Sukuk issuance is part of a range of diverse sources of funding necessary for the Company's five year capital investment programme.

The following table provides a summary of investors in the third tranche:

Third Tranche Sukuk Investors

Size of Issuance (SAR million)	**Investor Type**	**Percentage**
1600	Government & Quasi-Governmental Institutions	10.3%
	Financial Institutions	75.6%
	Mutual Funds	11.3%
	Companies	2.8%
		100%

Power outages: Al Kharj manufacturing facilities

In November production at Almarai's Al Kharj manufacturing complex was disrupted by a local power failure. We successfully implemented crisis management and business continuity procedures to protect our staff, minimise impact on output, and secure a reliable power supply to recover and sustain our manufacturing capability.

Investor Relations: sustained and improved outreach

Almarai continues to work closely with the Capital Market Authority and Tadawul to improve the profile of the Saudi stock market. In 2015 we were among a small group of leading Saudi companies invited to participate in the Tadawul's international roadshow in London, New York and Singapore. This was a valuable initiative following the opening of the Saudi market to Qualified Foreign Investors (QFIs), and a useful way to continue exposing the Company to global financial audiences. In the course of the year Almarai presented at 15 international investment conferences. In December we hosted our annual Investor Day, at which shareholders were shown our facilities and were familiarised with our day-to-day operations.

Investor Relations: launch of IR app and updated website

Our dedication to enhancing the value of our financial communications and improving transparency has come to fruition in the launch of a new and improved investor relations website, featuring live and historic financial news and share information. We are the first company in Saudi Arabia to launch an investor relations application for smartphones and tablets, in recognition of the importance of mobile technology in the region.

Bonus Shares: Board of Directors' proposal to increase share capital by issuance of bonus shares

The Board of Directors proposed the issuance of bonus shares to adjust the Company's share capital to its asset level and to support the Almarai 2020 investment programme. The share capital increase aims to enhance operational efficiency, improve utilisation of resources and enable the Company to create jobs for Saudi nationals.

Capital Expenditure (CAPEX)

CAPEX spend for 2015 was SAR 4.0 billion, which is in line with Almarai's five year capital expenditure guidance of SAR 21 billion. Investment was distributed as follows:

- CAPEX of SAR 2.1 billion was spent on manufacturing and farming capacity expansion projects
- Sales depot and logistics expansion accounted for SAR 0.6 billion
- Replacement and other CAPEX including IDJ and US land acquisition accounted for SAR 0.8 billion
- CAPEX spend on poultry in 2015 was SAR 0.5 billion

CAPEX is a major driver in the Company's growth plans, enabling it to maintain a competitive advantage, develop new and innovative products, delivering sustainable shareholder value and the highest quality products to consumers.

Debt

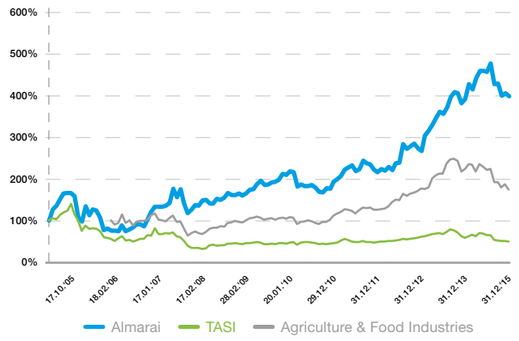
Net debt rose 6.6% on the previous year to SAR 9,343.7 million. However, the net debt/equity ratio decreased to 74%. Debt as a proportion of EBITDA dropped marginally from the previous year to 2.7 times.

Share Data

Performance (SAR)

Share Price 31 Dec 2015		
78.24		
Start of Year	Year ago	3 years ago
77.0	77.0	42.2
Change	Low (6 Jan 2015)	High (11 Aug 2015)
2.63%	71.8	98.0

Almarai share performance against the Tadawul All Shares Index:



Achievements & KPIs

Operational achievements

Sales

The Sales division successfully grew volume and profitability from an existing customer base of about 100,000 retailers. Increased sales can be attributed to the improved availability and visibility of our core product range, achieved by investing in trade marketing assets and display fridges, coolers and stands, as well as the ongoing improvement of Almarai's in-house automated ordering system.

To facilitate the efficient delivery of Almarai's products to retailers, new sales depots have been opened in Jeddah, Dammam, Rabigh, Khafji, Wadi Dawaisar, Qurayat and Ras Al Khaimah. Almarai now operates more than 3,400 delivery routes across the GCC, visiting most retailers four times a week or more. Our Sales division has adopted a route optimization system and vehicle tracking solution, reducing 14,000 km from our delivery routes.

Transport & Logistics

The Transport & Logistics division carried finished goods over a distance of more than 235 million kilometres in 2015, representing a 3% increase on the previous year. The division has implemented a back-haulage initiative for 90% of packaging and ingredients from GCC suppliers, resulting in improved vehicle and asset utilisation. 'De-stuffing' operations in Jeddah and Dammam South, removing imported ingredients and packaging from containers and exploiting Almarai transportation, have also brought significant operational savings.

Newly designed dairy crates have increased the number of products carried by each crate, thereby reducing the number of vehicle journeys required to transport them. Improved in-house maintenance programmes have led to a world-class fleet 'uptime' of 97%, while our fleet telematics vehicle tracking system has improved driver behaviour and reduced accidents by 40%.

Quality management & certification

Almarai has sustained its ISO 9001:2008 Quality Management System certification, which we have held since 2010. This has allowed the implementation of consistent and measurable business processes across the organisation, enhancing profitability and protecting our brand. We have also successfully implemented the ISO 22000:2005 Food Safety Management System and Hazard Analysis & Critical Control Points (HACCP) to ensure that food safety risks throughout the supply chain are identified and managed.

We have begun implementation of the ISO 14001:2015 Environmental Management System across the Company. This process will be completed by December 2016, with the objective of preventing, reducing and recycling waste, preventing pollution and conserving energy and water.

Key Performance Indicators

Our group key performance indicators (KPIs) guide our day-to-day activities, focusing on both short and long term objectives. They are essential to the delivery of our five-year strategy.

Strategic aim: to grow our position as the Middle East's leading food and beverage company

Financial KPIs	Growth KPIs	Efficiency KPIs	Sustainability KPIs
Organic net sales	Value growth	Plant & manufacturing efficiency	Promoting responsible consumption
Margin growth	Volume growth	Distribution efficiency	Ethical & sustainable sourcing
Earnings before interest & tax (EBIT)	Revenue growth	Cost per unit efficiency	Reducing carbon emissions, water usage & packaging
Free cash flow	Market share growth	Efficient quality & safety measures	Nurturing & rewarding colleagues
Return on net operating assets (RONOA)	Overseas feed supply growth	Training & development for improved efficiency	Investing in communities

Awards

1. Forbes Top 100 Companies in the Arab World
2. Top 100 Saudi Brands
3. Best GCC Employer Award
4. His Highness Sheikh Salem Al Ali Informatics Award
5. Saudi Arabia's Best Brand, Best Brand Rankings 2015

Central Processing Plant, Al Kharj, Kingdom of Saudi Arabia

Financial Review

Financial Review

Almarai achieved Sales of SAR 13,794.6 million in 2015 – another record for the Group, representing an increase of 9.4% over the previous year. Operating Income also reached record levels, growing by 13.2% at SAR 2,262.1 million. Cash Flow from Operating Activities amounted to SAR 4,931.9 million, representing 35.8% of Sales.

Sales growth was across all product categories. Dairy and Juice grew by 8.5%, Bakery by 6.1% and Poultry had the strongest growth at 23.4%.

The Dairy and Juice segment reflected a profit growth of 3.9% compared to 2014, led by Long Life Dairy (8.6% Sales growth), Fresh Dairy (10.2% Sales growth), and Juice (13.7% Sales growth). Due to product and price mix Cheese and Butter, while remaining profitable, delivered a slight negative Sales growth of 2.0%.

Profitability in the Bakery segment increased significantly by 36.2% compared to 2014, mainly as a consequence of the insurance claim settlement related to the fire incident in October 2014 in one of the production facilities in Jeddah, but also due to Sales growth of 6.1% for fresh bread as a result of recovering production capacity following the incident.

In addition, the Poultry segment was able to considerably reduce its current losses by 46.1% compared to 2014, namely due to significant Sales growth of 23.4%, ending with a positive Cash Flow for the year. As a result of significant Sales and market share growth the 'Alyoum' brand has become the leading brand within the GCC fresh poultry market.

As a consequence of a more profitable Sales mix and tight control of direct costs, Gross Profit Margin increased by 15.0% over 2014. Following the expansion of our manufacturing and distribution facilities throughout the Gulf region to support increasing demand for fresh products, Selling & Distribution Expenses have increased by 16.3% over 2014. General and Administration Expenses grew by 17.3% over 2014, mainly as a result of our long-term organisational development plan to support general business growth.

Overall, this strong core Operating Performance resulted in EBITDA reaching SAR 3,334.9 million, an increase over 2014 of 10.7%, representing 24.2% of Sales (23.9% in 2014). Net Operating Income growth was 13.2% while Net Income growth was 14.4%. In 2015, EBIT and Net Income represented 16.4% and 13.9% of Sales (2014: 15.8% and 13.3%) respectively.

Our investment programme continued during 2015, reaching SAR 4,110.0 million overall. The global expansion of our farming, manufacturing and distribution facilities constituted the majority of our investment. This investment programme is in line with our long-term strategic plan and is essential for enabling us to meet growing consumer demand.

The settlement of the Bakery fire insurance claim was finalised during 2015. The final amount, net of excesses, of SAR 790 million was agreed for property damage and business interruption policies. The settlement had a nil impact on Almarai's results for the year due to some major neutralising events of goodwill impairment, and impairments related to Available for Sale Investments.

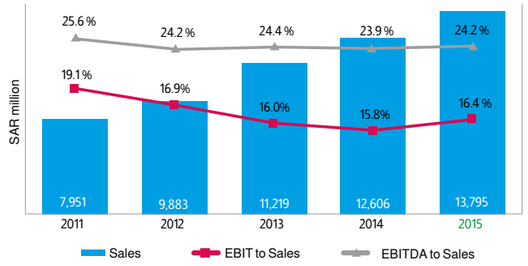
Income Statement

The following analysis shows the significant changes that have occurred in the Almarai Consolidated Income Statement, compared with 2014:

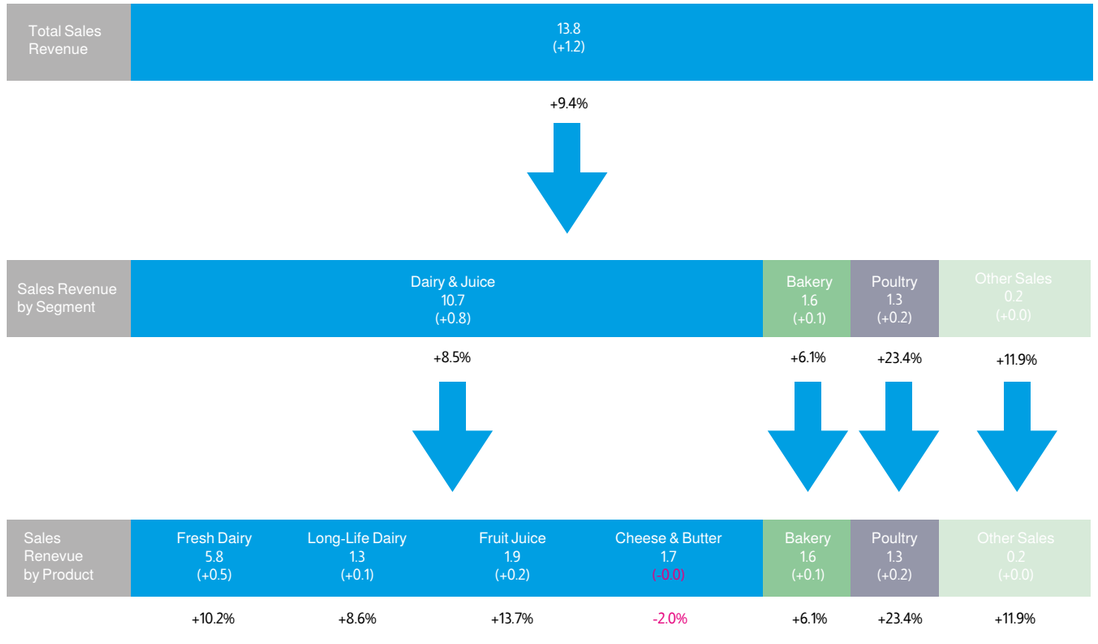
- Almarai achieved Sales of SAR 13,794.6 million, growing by 9.4% over 2014.
- The Gross Profit Margin has increased significantly by 15.0% over 2014, due to a more profitable sales mix and tight control of direct costs.
- Further expansion of our manufacturing and distribution facilities throughout the Gulf region, to support increasing demand for fresh products, led to an increase in Selling & Distribution Expenses by 16.3% over 2014.
- General and Administration Expenses grew by 17.3% over 2014, caused mainly by our long-term organisational development plan to support general business growth.
- Net Operating Income has grown by 13.2% over 2014 and includes depreciation resulting from the Company's investment programme.
- Net Income increased by 14.4% to reach SAR 1,915.7 million, a historical achievement by Almarai, representing 13.9% of total Sales.

Income Statement Summary (SAR million)	2015	2014*	Change Value	Change Percentage	Contribution 2015	Contribution 2014
Sales	13,794.6	12,605.6	1,189.1	9.4%	100.0%	100.0%
Cost of Sales	(8,511.4)	(8,012.9)	(498.4)	6.2%	-61.7%	-63.6%
Gross Profit	5,283.3	4,592.6	690.6	15.0%	38.3%	36.4%
Selling and Distribution Expenses	(2,612.2)	(2,246.2)	(366.0)	16.3%	-18.9%	-17.8%
General and Administration Expenses	(409.0)	(348.8)	(60.2)	17.3%	-3.0%	-2.8%
Operating Income	2,262.1	1,997.6	264.4	13.2%	16.4%	15.8%
Net Income	**1,915.7**	1,674.3	**241.4**	**14.4%**	**13.9%**	**13.3%**

*Some prior comparatives have been regrouped to conform to current period classification.



Overview of business segment sales and products (SAR billion):

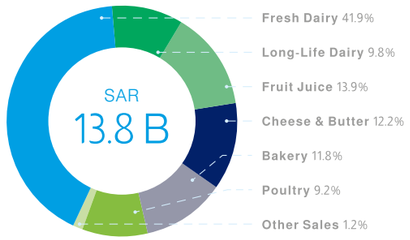


Sales by Product Group

The table below illustrates continuous growth in Sales by Product Group:

Sales by Product Group SAR million	Year to Date		
	2015	2014	% change
Fresh Dairy	5,782.4	5,247.9	10.2%
Long-Life Dairy	1,346.3	1,239.2	8.6%
Fruit Juice	1,923.5	1,691.1	13.7%
Cheese & Butter	1,688.8	1,723.7	-2.0%
Bakery	1,625.8	1,532.9	6.1%
Poultry	1,262.3	1,022.8	23.4%
Other Sales	165.5	148.0	11.8%
Total Sales	**13,794.6**	12,605.6	**9.4%**

All major categories delivered robust growth, with particularly strong growth recorded in fresh product categories (+11.6%), except for Cheese and Butter products, which achieved a negative growth of 2.0%, contributing to the Group's overall Sales growth of +9.4%. The following chart gives a breakdown of Sales by Product Group:



Fresh Dairy

Core products within the flagship Fresh Dairy business unit include fresh milk, laban, zabadi (plain yoghurt), labneh, fresh cream, fruit yoghurts and dairy desserts. Fresh Dairy continued to deliver strong results with Sales growing to SAR 5,782.4 million (+10.2% growth over 2014).

Consistent focus on execution and excellence in business fundamentals resulted in favourable performance in 2015. The highest quality products continue to be manufactured and delivered to more than 100,000 retail outlets on a daily basis. Impactful communication campaigns strengthen the brand's appeal while innovation around new products, line extensions and packaging improvements further add to consumer satisfaction.

Long Life Dairy

The product range within the portfolio includes UHT milk, evaporated milk, whipping cream, cooking cream and UHT cream. The Long Life Dairy category realised strong growth with Sales reaching SAR 1,346.3 million (+8.6% growth over 2014). Margins increased, mainly due to a worldwide decrease in dairy commodity prices.

Fruit Juice

Almarai is the leading Fruit Juice brand in the Gulf region. In 2015 the category was composed of 22 flavours. In 2015 Juice products continued to perform strongly, with a focus on consolidation and delivering higher gross margins and consumer usage indicators. Almarai has revamped and re-defined the category with superior and innovative offerings. It also has well differentiated value propositions, a rich heritage and a high level of quality. Improved consumer preference was driven by consistent product quality, relevant flavours for target consumers, focused communication, and unparalleled distribution. Strong growth in all GCC countries, as well as in Egypt, has led Sales to grow by +13.7% over 2014, with recorded Sales of SAR 1,923.5 million in 2015.

Cheese and Butter

Our Cheese and Butter portfolio is broad-based, spanning three key segments:

- Processed cheese, including spreadable cheese (jars), slices, portions (triangles & squares), and cheddar (tins & blocks)
- Natural cheese formats comprising feta, mozzarella and halloumi
- Butter, together with ghee

2015 was a challenging year in this category as we witnessed a much higher level of competitor activity due to increasingly prevalent deep price discounting. We have also acknowledged weakening export activities due to the unfavourable geopolitical situation throughout most regional export markets. While Marketing and Sales initiatives focused on volume and market share, growth declined by 2.0%, resulting in Sales of SAR 1,688.8 million.

Bakery

Almarai Bakery products are marketed under the 'L'usine' and '7Days' brands.

For L'usine, 2015 was a challenging year, with production at our Jeddah facility limited following the fire incident that occurred in the final quarter of 2014. Considerable operational efforts have meant that most of our L'usine production facilities were at least partially re-instated in 2015, to ensure maximum output and efficiency. Consequently, L'usine was able to regain significant growth during the last quarter of 2015. We continue to focus on driving performance that exceeds the market and ensuring resource efficiency to deliver long term profitable growth for the brand.

7Days has maintained its market leadership across its entire portfolio by executing a robust and continuous communication plan, improving in-store visibility through merchandising and distribution, and by introducing consumer-tested flavour launches for croissants, cake bars and swiss rolls, which have built a substantial consumer presence in 2015.

Overall, Bakery products grew by 6.1% compared with 2014, amounting to SAR 1,625.8 million in Sales during 2015.

Poultry

Sales volume in 2015 increased by 23.4% compared to 2014, allowing the 'Alyoum' brand to increase its total share of the fresh retail chicken market in Saudi Arabia.

The Poultry range has witnessed another turn in the brand's history, moving into the higher margin value added products range, with a wide variety of marinated products, and introducing the fresh 'Chicken Fajita' to the Saudi market for the first time. For five consecutive years Alyoum has continued to grow, achieving an average annual growth rate of 31.9% since its inception in 2011.

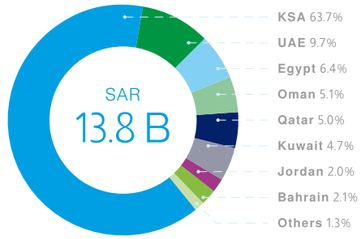
Consumer-trusted branding, coupled with attractive packaging, and unmatched distribution and sales reach led to 2015 Sales growth of +23.4%, up to SAR 1,262.3 million.

Arable & Horticulture

Sales from Arable and Horticultural operations, which include dates, olive oil, grapes and wheat, amounted to SAR 165.5 million in 2015.

Sales by Geography

Strong growth in Egypt and Jordan, coupled with the expansion of the Bakery and Poultry segments in other GCC countries, improved regional diversification, as demonstrated by the following table:



Results by Segment

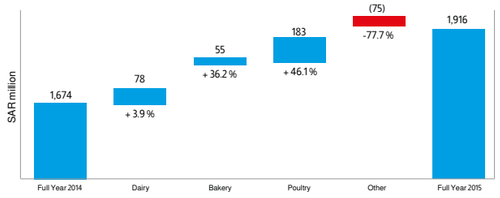
The Group's principal business activities involve manufacturing and trading of Dairy and Juice products under the Almarai, Beyti and Teeba brands, Bakery products under the L'usine and 7Days brands, Poultry products under the Alyoum brand, Arable and Horticultural products, as well as Other Activities. Other Activities mainly include investment in the Saudi Arabian Telecommunication Company ("Zain") and Infant Nutrition products. The following table illustrates selected financial information for the years ended 31 December 2015 and 2014, categorized by segment:

Segmental Reporting (SAR million)	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Group
2015					
Sales	10,740.9	1,625.8	1,262.3	165.6	13,794.6
Depreciation	(1,030.3)	(168.2)	(303.5)	(85.8)	(1,587.8)
Share of Results of Associates and Joint Ventures	0.0	0.0	2.5	(39.8)	(37.3)
Net Income	2,095.8	205.0	(214.0)	(171.1)	1,915.7
Additions to Non-Current Assets	3,250.0	574.6	622.9	240.9	4,688.4
Non-Current Assets	12,411.7	2,003.9	4,926.8	1,873.6	21,216.0
Total Assets	17,165.1	2,126.6	5,440.9	2,638.4	27,370.9
Return on Sales	19.5%	12.6%	-17.0%	-103.3%	13.9%
Return on Total Assets	**12.2%**	**9.6%**	**-3.9%**	**-6.5%**	**7.0%**

Segmental Reporting (SAR million)	Dairy & Juice	Bakery	Poultry	Other Activities	Almarai Group
2014					
Sales	9,901.9	1,532.9	1,022.8	148.0	12,605.6
Depreciation	(913.0)	(161.0)	(298.1)	(81.8)	(1,453.9)
Share of Results of Associates and Joint Ventures	0.0	0.0	(3.3)	(4.9)	(8.2)
Net Income	2,017.4	150.5	(397.3)	(96.3)	1,674.3
Additions to Non-Current Assets	2,532.4	162.6	520.7	228.2	3,444.0
Non-Current Assets	11,330.2	1,499.4	4,682.3	1,525.4	19,037.3
Total Assets	14,943.9	1,815.7	5,229.8	1,959.5	23,948.9
Return on Sales	20.4%	9.8%	-38.8%	-65.1%	13.3%
Return on Total Assets	**13.5%**	**8.3%**	**-7.6%**	**-4.9%**	**7.0%**

Net Income by Segment

The contribution of the main operating segments to the financial results for 2015 is outlined by the following chart:



Operating Costs

During 2015, overall commodity costs declined, particularly those of dairy commodities and juice concentrates, improving the ratio of Direct Material Costs to Sales, with a decrease from 40.7% in 2014 to 38.8%. Selling & Distribution Expenses increased by 16.3%. The key contributing factors to this increase were: distribution expansion of Poultry products throughout Saudi Arabia and the rest of the GCC; portfolio changes resulting from Almarai's diversification into new channels; increased investment in our distribution footprint in Egypt; and the enhancement of our organisational infrastructure to address the increasing complexity of the business and to prepare for future growth.

General and Administration Expenses increased by 17.3% over 2014, which was mainly caused by our long-term organisational development plan to support general business growth.

Almarai is continuously investing in local talent and intends to be at the forefront of compliance with progressive labour laws and regulations. Increasing employment localisation has adversely affected Operating Costs, including Other Cost of Sales.

Operating Costs (SAR million)	Year Ended 31 December				
	2015	% of Sales	2014*	% of Sales	Change in %
Direct Material Costs	5,353.1	38.8%	5,129.4	40.7%	4.4%
Other Cost of Sales	3,158.3	22.9%	2,883.5	22.9%	9.5%
Selling & Distribution Expenses	2,612.2	18.9%	2,246.2	17.8%	16.3%
General & Administration Expenses	409.0	3.0%	348.8	2.8%	17.3%
Total Operating Costs	**11,532.6**	**83.6%**	10,607.9	**84.2%**	**8.7%**

*Some prior comparatives have been regrouped to conform to current period classification.

Investments in localisation and the quality of personnel have driven up Employee Costs by 14.6%, while increased spending on marketing and communications has pushed up Marketing Expenses by 27.7%.

Operating Overheads included further expenditure on repairs and maintenance in line with the increase in Capital Expenditure. Insurance Expenses were also growing due to the increase in the Group's assets and the re-assessment of Company risk resulting from the Jeddah fire incident in 2014.

Operating Costs may also be viewed by nature of expenditure incurred:

Operating Costs (SAR million)	Year Ended 31 December				
	2015	% of Sales	2014*	% of Sales	Change in %
Direct Material Costs	5,353.1	38.8%	5,129.4	40.7%	4.4%
Employee Costs	2,845.9	20.6%	2,483.3	19.7%	14.6%
Operating Overheads	1,352.8	9.8%	1,283.2	10.2%	5.4%
Insurance Expenses	49.8	0.4%	25.9	0.2%	92.2%
Marketing Expenses	858.1	6.2%	672.0	5.3%	27.7%
Depreciation & Appreciation of Assets	1,072.9	7.8%	1,014.1	8.0%	5.8%
Total Operating Costs	**11,532.6**	**83.6%**	10,607.9	**84.2%**	**8.7%**

*Some prior comparatives have been regrouped to conform to current period classification.

Depreciation and Appreciation

Biological Assets include Almarai's dairy herd, poultry flocks and horticultural crops. Net Biological Asset Appreciation represents the growth in such assets, capitalised in accordance with our accounting policy and in line with SOCPA standards. The accounting policy is outlined in the Financial Statements. The Depreciation of Assets increased by SAR 58.7 million in 2015, due to ongoing investment in our farming, production, and distribution facilities.

Share of Results of Associates and Joint Ventures

Investments in Associated Companies as at 31st December 2015 include United Farmers Holding Company (a Joint Venture company with Saudi Grains and Fodder Holding Company and Saudi Agricultural and Livestock Investment Company) and Pure Breed Company (an Associate Company).

Associates & Joint Ventures (SAR million)	Opening Balance	Loan Provided	Additions	Share of Other Net Assets	Share of Results for the Year	2015	2014
United Farmers Holding Company	133.2	14.6	0.0	(49.5)	(39.8)	58.5	133.2
Pure Breed Company	29.3	0.0	3.7	0.0	2.5	35.5	29.3
Almarai Company W.L.L.	0.2	0.0	0.0	0.0	0.0	0.2	0.2
Total	**162.7**	**14.6**	**3.7**	**(49.5)**	**(37.3)**	**94.2**	162.7

Zakat and Foreign Income Tax

Zakat is charged at the higher of net adjusted income or Zakat base as required by the Department of Zakat and Income Tax (DZIT). Foreign Income Tax in each jurisdiction is calculated as per applicable tax regulations. The Company has filed its Consolidated Zakat returns for all the years up to 2014 and settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all the years up to 2006 while the 2007 to 2014 Zakat returns are under review by the DZIT.

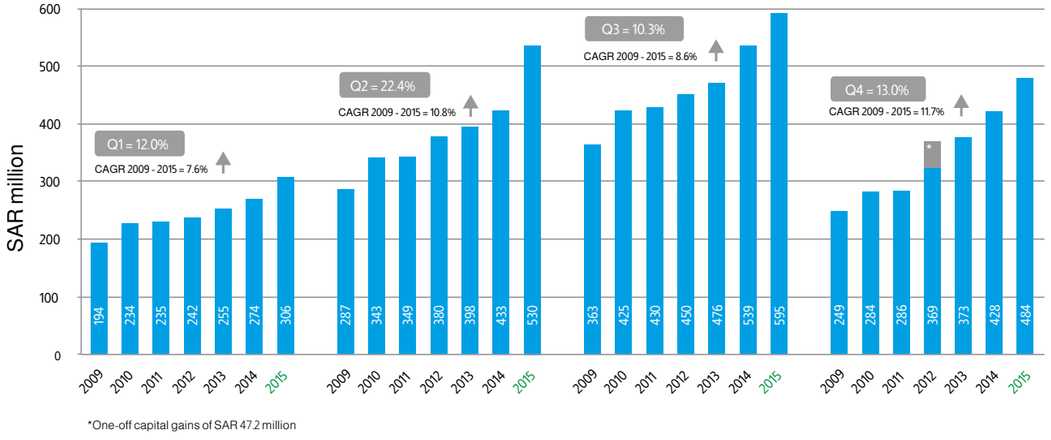
HADCO has filed its Zakat returns for all years up to 31st December 2008 and has settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all years up to 31st December 2002, while 2003 to 2008 Zakat returns are under review by the DZIT. From 2009 onwards HADCO is not required to file a return, as results are consolidated in the Almarai Group returns.

Seasonality in Almarai's Results

Some of our operational activities are affected during the fiscal year by seasonal periods that can cause a remarkable increase in Sales due to different consumption patterns, specifically during the summer and Ramadan. As a result, Sales growth continues during the second and third quarters, then contracts during the fourth and first quarter of every year. Such seasonal fluctuations in Sales result in changes in interim profits during the fiscal year. Therefore, interim quarterly results are not an accurate indication of the results of the financial year, specifically when comparing fluctuations in results with the previous interim period.

The following chart illustrates the extent of the seasonal impact on Almarai's interim results:

Quarterly Net Income: 2015 versus 2014 = 14.4%



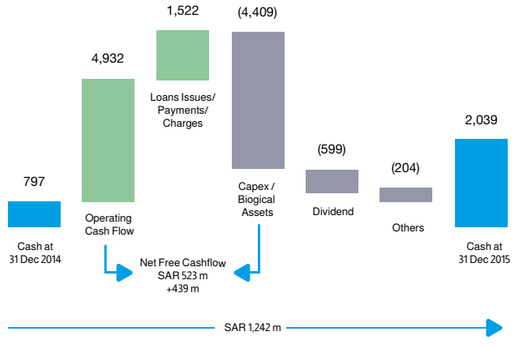
*One-off capital gains of SAR 47.2 million

Cash Flow Statement

The Cash Flow generated from Operating Activities reached SAR 4,931.9 million for the year ended 31 December 2015; an increase of 54.2% compared to SAR 3,198.8 million in 2014. Operating Cash Flow now represents 35.8% of Sales compared to 25.4% in 2014. Operating Cash Flow and increased borrowing funded Almarai's SAR 4,409.0 million investment programme for the year.

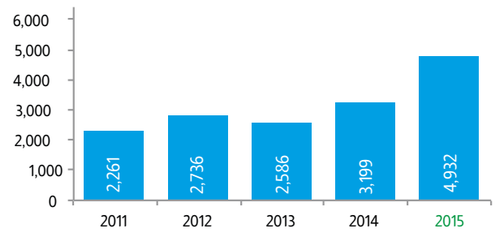
Continued heavy investment in line with the Group's ongoing strategic plan will enable Almarai to satisfy growth in consumer demand and maintain and grow market share in all GCC countries, while also enabling diversification into new business areas, by product category and geography.

Cash Flow Statement (SAR million)	Year Ended 31 December 2015	2014
Operating Activities before Changes in Net Operating Working Capital	3,916.4	3,493.0
Changes in Working Capital Items	1,015.5	(294.2)
From Operating Activities	4,931.9	3,198.8
Used in Investing Activities	(4,409.0)	(3,114.6)
From / (Used In) Financing Activities	731.7	(1,082.2)
Foreign Currency Translation Differences	(12.7)	(15.7)
Net Change in Cash and Cash Equivalents	1,242.0	(1,013.7)
Cash and Cash Equivalents at 1 January	796.8	1,810.5
Cash and Cash Equivalents at 31 December	**2,038.8**	796.8



Cash Flows from Operating Activities

Cash Flows from Operating Activities (SAR million)



Cash Flows from Operating Activities (SAR million)	Year Ended 31 December 2015	2014
Net Income for the Year	1,915.7	1,674.3
Depreciation of Property, Plant and Equipment	1,349.9	1,223.8
Depreciation of Biological Assets	237.9	230.1
Finance Cost, net	229.6	207.9
Zakat and Foreign Income Tax	65.7	71.1
Share of Results of Associates and Joint Ventures	37.3	8.2
Others	130.7	26.6
Provision for End of Service Benefits	100.3	95.2
Share Based Payment	15.5	10.7
Non-Controlling Interest	(117.0)	9.6
End of Service Benefits Paid	(35.9)	(27.2)
Zakat and Foreign Income Tax Paid	(13.3)	(37.3)
Changes in Working Capital Items	1,015.5	(294.2)
Cash Flows from Operating Activities	4,931.9	3,198.8

Cash Flows Used for Investing Activities

Dairy and Juice

During 2015, Almarai continued investing in the expansion of farms and manufacturing facilities for Dairy and Juice products. A total of SAR 2,488.2 million was invested to increase production capacity, efficiency and distribution, and to meet the growing demand for products.

Bakery

SAR 601.4 million was invested in various capacity and efficiency projects for manufacturing plants and distribution to meet the growing demand for products.

Poultry

Almarai invested SAR 614.4 million in Poultry, mainly to improve power supply, air filtration, and other infrastructural upgrades to the current processing plants and poultry farms in various areas.

Other Activities

During 2015, SAR 405.8 million was invested in Other Activities, of which SAR 250.5 million was invested in Arable and Horticulture farms outside Saudi Arabia, to increase the supply capacity of high-quality feed stock.

The following table illustrates distribution of investment by segment spending during 2015:

Capital Expenditure (SAR million)	2015						Total 2014
	Dairy and Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Total	
Replacement	(379.1)	(40.4)	(3.7)	(12.9)	(58.8)	(495.0)	(366.2)
New Capex	(2,109.1)	(561.0)	(610.9)	(237.5)	(96.6)	(3,615.1)	(2,454.0)
Total	**(2,488.2)**	**(601.4)**	**(614.6)**	**(250.5)**	**(155.4)**	**(4,110.0)**	(2,820.2)
Capital Commitments	(2,507.5)	(525.9)	(216.8)	(262.4)	(135.2)	(3,647.8)	(1,966.9)

Replacement and Other Capital Expenditure

Within the mentioned investment activities, there were capital investments of approximately SAR 0.8 billion for the replacement of assets, including capital investments in the subsidiaries International Dairy and Juice Limited (Egypt) and Fondomonte (Argentina), as well as in the United States of America.

Cash Flows from Investing Activities (SAR million)	Year Ended 31 December	
	2015	2014
Capital Expenditure (including biological assets)	(4,110.0)	(2,820.2)
Biological Assets Appreciation	(515.0)	(439.8)
Proceeds from the Sale of Biological Assets	196.9	154.2
Proceeds from the Sale of Property, Plant and Equipment	37.3	50.7
Investment in Associates and Joint Ventures, net	(18.2)	65.9
Prepayment	-	(114.2)
Acquisition of Subsidiaries, Net of Cash Acquired	-	(13.1)
Dividend Received from Associates	-	1.9
Net Cash Used in Investing Activities	**(4,409.0)**	(3,114.6)

Cash Flows from Financing Activities

The strong positive Cash Flow Generated from Operating Activities during 2015 helped Almarai in funding capital investments and in achieving a Net Free Cash Flow of SAR 523.0 million. To finance long-term capital investment, some mature bank facilities have been refinanced, leading to an increase of Loans and Bank Overdrafts of SAR 1,837.4 million in 2015. This was mainly facilitated via the Group Sukuk expansion to utilise favourable lending conditions during the third quarter of 2015. The Sukuk issued, fully complying with Islamic Shariah, amounted to SAR 1,600 million, payable after seven years.

Cash Flows Generated From / (Used In) Financing Activities (SAR million)	Year Ended 31 December	
	2015	2014
Change in Loans, net	1,755.2	(343.7)
Bank Overdraft, net	82.2	38.8
Dividends Paid	(598.5)	(598.3)
Finance Cost Paid, net	(265.5)	(240.2)
Purchase of Treasury Shares	(260.5)	-
Settlement of Treasury Shares	76.2	-
Payment of Profit on Perpetual Sukuk	(50.2)	(51.6)
Transactions with Non-Controlling Interests	(7.1)	112.8
Net Cash Generated From / (Used In) Financing Activities	**731.7**	(1,082.2)

The following table shows the change in loans during 2015:

Change in Loans, net (SAR million)	Year Ended 31 December	
	2015	2014
Borrowings from Government Financial Institutions		
Repayments	(251.1)	(245.4)
Receipts	312.8	207.3
Borrowings from Islamic Banking Facilities (Murabaha)		
Repayments	(1,311.4)	(1,448.9)
Receipts	1,399.7	1,161.2
Borrowings from Sukuk Issue		
Receipts	1,600.0	-
Commercial Facilities for Foreign Subsidiaries		
Repayments	-	(17.9)
Receipts	-	-
Currency Translation Differences	5.2	-
Change in Loans, net	**1,755.2**	**(343.7)**

Almarai has obtained partial financing facilities for its major investment programmes from the Saudi Industrial Development Fund (SIDF), a Government financial institution in Saudi Arabia. SIDF financing is not commission-bearing; it carries an initial evaluation cost and ongoing follow-up costs. The SIDF Loan is not subject to commission rate risk.

As at 31 December 2015, SAR 2,739.9 million and SAR 380.3 million of Islamic banking facilities and SIDF facilities respectively were unutilised and available for draw-down.

Finance Charges (expenses) increased from SAR 207.9 million in 2014 to SAR 229.6 million in 2015, primarily due to an increase in loan utilisation, while SAR 35.9 million of borrowing cost was capitalised to Property, Plant and Equipment during 2015 (SAR 29.3 million in 2014).

It is worth mentioning that on 30th September 2013, Almarai issued its first Perpetual Sukuk as Equity - Series I, amounting to SAR 1,700.0 million at a par value of SAR 1 million each, without discount or premium, bearing a return based on SIBOR plus a pre-determined margin. This Sukuk issuance, fully compliant with Islamic Shariah, issued on a floating rate basis, is a perpetual senior Sukuk callable after 5 years. A dividend of SAR 50.2 million was paid to Perpetual Sukuk-holders during 2015.

Balance Sheet

The following analysis shows the most significant changes that have occurred in the Almarai Consolidated Balance Sheet, comparing 2015 to 2014:

- As a result of the investment expansion policies drawn from the strategic plan, Total Assets amounted to SAR 27.4 billion, at a growth rate of +14.3% compared to 2014.
- Working Capital has increased by +55.2% compared to 2014, due to higher Current Assets, which led to an increased current ratio of 1.28 compared to 1.21 in 2014.
- Net Working Capital amounted to SAR 1,382.6 million compared to SAR 2,006.2 million in 2014, a decrease of 31.1% due to a rise in Payables and Accruals payable balance.
- Total Finance (Total Loans & Bank Overdraft) in 2015 increased by 19.1% compared to 2014 reaching SAR 11,382.5 million. Net Debt amounted to SAR 9,343.7 million compared to SAR 8,761.6 million in 2014, an increase of 6.6%. Despite this rise, Net Debt currently represents 74.0% of total Equity compared to 75.3% in 2014.
- Shareholder Equity has grown by 12.8% reaching SAR 10,358.4 million. Consequently, the book value of Shareholder Equity per share reached SAR 17.26 based on 600 million issued shares, while Return on Shareholder Equity achieved a 20.9% return compared to 19.0% in 2014.
- Total Equity has grown by 8.5% amounting to SAR 12.6 billion, representing 46.1% of the Total Assets.
- Included in Total Equity is the first Perpetual Sukuk amounting to SAR 1,700.0 million, which was issued on 30th September 2013.

Balance Sheet Summary (SAR million)	2015	2014	Change	
			Value	Percentage
Cash and Cash Equivalents	2,038.8	796.8	1,242.0	155.9%
Current Assets	6,155.0	4,911.6	1,243.4	25.3%
Non-Current Assets	21,216.0	19,037.3	2,178.7	11.4%
Total Assets	**27,371.0**	**23,948.9**	**3,422.1**	**14.3%**
Current Liabilities	4,806.6	4,042.9	763.7	18.9%
Non-Current Liabilities	9,946.2	8,275.0	1,671.1	20.2%
Working Capital	1,348.4	868.6	479.7	55.2%
Net Working Capital	1,382.6	2,006.2	(623.6)	-31.1%
Current Ratio (times)	1.28	1.21	0.07	5.8%
Bank Overdraft	217.6	143.6	74.0	51.5%
Short Term Loans & Current Portion of Long Term Loans	1,821.4	1,677.7	143.7	8.6%
Long Term Loans	9,343.4	7,737.0	1,606.4	20.8%
Total Loans & Bank Overdraft	**11,382.5**	**9,558.4**	**1,824.1**	**19.1%**
Shareholders' Equity	10,358.4	9,186.9	1,171.6	12.8%
Book Value Per Share (SAR)	17.26	15.31	2.0	12.8%
Total Equity	12,618.2	11,630.9	987.3	8.5%
Net Debt	**9,343.7**	**8,761.6**		
Net Debt to Equity	**74.0%**	**75.3%**		

Existing Financing

Almarai has a good credit standing with various Government and Non-Government financial and lending institutions, as well as fixed income investors. The recognition enjoyed by Almarai is based on the predictability of Almarai's positive Operating Cash Flows and its clear strategy for sustainable growth.

Existing financing volume amounted to SAR 11,164.8 million at the end of 2015, in the form of Murabaha banking facilities compliant with Islamic Shariah, government funding, and Sukuk from fixed income investors. All contractual terms and guarantees used for these financing agreements are executed with normal commercial conditions, including the mortgage of assets and production lines amounting to SAR 1,455.6 million, to the benefit of government financial institutions. Financing facilities granted by banks and other financial institutions are guaranteed by secured promissory notes issued by the Group.

The following table illustrates the financing agreements in place at the end of December 2015:

Sukuk were issued according to three issuances in four tranches without deduction or issuance commission at a nominal value of SAR 1.0 million and a rate of return as per prevailing rates between Saudi banks (SIBOR) and a pre-determined margin paid semi-annually. According to Sukuk arrangements, the Company can combine its assets with the Sukuk assets composed of owners' shares in trading transactions and owners' shares in Murabaha transactions, and any amount due to the Sukuk account and the reserve maintained by the Company.

The financing illustrated in the following tables includes facilities granted to Almarai subsidiaries outside the Kingdom of Saudi Arabia of approximately SAR 170.8 million, granted by banks in the countries in which the Almarai subsidiaries operate.

Financing at End of Year 2015 (SAR million)

Source of Financing	The Amount of Core Funding	Financing Period	Payment Method	Beginning of the Year	Additions During the Year	Paid During the Year	End of of the Year	Maturity Date
Banks and Financial Institutions	8,488.4	1 to 7 Years	Quarterly, semi-annual and annual	5,720.8	1,399.7	(1,311.4)	5,809.2	2015 to 2021
Saudi Industrial Development Fund	2,305.0	1 to 9 Years	Semi-Annual	1,393.9	312.8	(251.1)	1,455.6	2015 to 2023
Agricultural Development Fund	200.0	12 Years	Annual	-	-	-	-	2016 to 2027
Sukuk - First tranche	1,000.0	Seven years	Lump sum	1,000.0	-	-	1,000.0	Mar-19
Sukuk - Second tranche - 1	787.0	Seven years	Lump sum	787.0	-	-	787.0	Mar-20
Sukuk - Second tranche - 2	513.0	Five years	Lump sum	513.0	-	-	513.0	Mar-18
Sukuk - Third tranche	1,600.0	Seven years	Lump sum	-	1,600.0	-	1,600.0	Sep-22
Total	**14,893.4**			**9,414.7**	**3,312.5**	**(1,562.5)**	**11,164.8**	

Classification of Funding (SAR million)

Classification	2015	2014
Short Term Loans	153.4	115.5
Current Portion of Long Term Loans	1,668.0	1,562.2
Long Term Loans	9,343.4	7,737.0
Total	**11,164.8**	**9,414.7**

Maturity of Funding (SAR million)

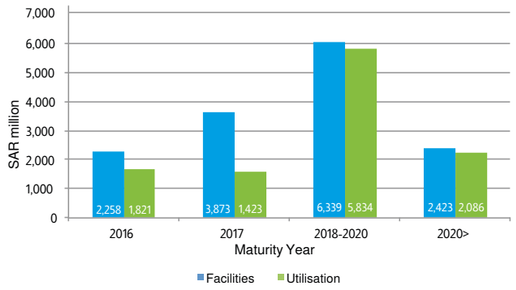
Maturity	2015	2014
Less than one year	1,821.4	1,677.7
One to two years	1,423.4	1,576.0
Two to five years	5,833.6	3,930.7
Greater than five years	2,086.4	2,230.3
Total	**11,164.8**	**9,414.7**

Potential Financing

Due to the growing need to finance Almarai's future investments, our Treasury department manages any excess cash and constantly provides the necessary financing solutions for all operational needs, as well as investment proposals for cost-efficient financing facilities. The volume of non-used Murabaha banking facilities and available government financing amounted to SAR 2,739.9 million at the end of 2015. An additional SAR 380.3 million of SIDF facilities with a maturity of more than five years have been secured by the Group.

The following chart shows the available funding and level of utilisation in 2015 and for future years:

Facilities and Utilisation



Intangible Assets

The Intangible Assets shown at the end of the Balance Sheet represent goodwill resulting from the difference between the cost of acquired businesses and the share of the Group in the Net Fair Value of Probable Assets, Liabilities, and Commitments of the acquired company at the date of acquisition. Goodwill arising from acquisitions is annually reviewed for impairment, or even more frequently in the case of events or circumstances indicating that carrying value may be impaired. During 2015, Almarai conducted necessary impairment tests, which resulted in the amortization of goodwill for the amount of SAR 328.2 million. No other impairment has been recognised in 2015.

Tadawul Announcements

Almarai had a busy year, with a number of events and strategic activities announced to shareholders in the course of the year. The most important events, activities and strategic decisions were announced on the official website of the Saudi Stock Exchange (Tadawul), Almarai's corporate website and Almarai's investor relations application. In total, 24 announcements were made to Almarai's shareholders. The following table summarizes those announcements by date, type and subject:

No.	Date	Announcement Type	Title of Announcement
1	18 January 2015	Financial Results	Almarai Company announces its annual consolidated financial results for the year ending 31 December 2014 (Twelve Months)
2	19 January 2015	Correction Announcement	Almarai Company announces the correction in the previous announcement relating to annual consolidated financial results for the year ending 31 December 2014 (Twelve Months)
3	1 February 2015	Notice to Shareholders	Almarai Company announces the resignation of its Chief Executive Officer (CEO)
4	1 February 2015	Notice to Shareholders	Almarai Company announces a new Chief Executive Officer (CEO)
5	24 February 2015	Invitation to AGM	Almarai Company invites its shareholders to attend the Ordinary General Assembly Meeting
6	12 March 2015	Notice to Shareholders	Almarai Company announces the beginning date of Electronic Voting on the agenda of the General Assembly Meeting
7	26 March 2015	Addendum Announcement	Addendum announcement from Almarai Company regarding the fire incident in some of its Jeddah bakery facilities
8	31 March 2015	Invitation to AGM	Almarai Company invites its shareholders to the General Assembly Meeting (First Meeting) (Reminder)
9	6 April 2015	Results of AGM	Almarai Company announces the results of the shareholder's General Assembly Meeting
10	6 April 2015	Financial Results	Almarai Company announces its interim consolidated financial results for the period ending 31 March 2015 (Three Months)
11	25 May 2015	Notice to Shareholders	Almarai Company announces the resignation of a Board of Directors member (Managing Director) from his executive position in the company and continuation of his role as a Non-Executive board member
12	26 May 2015	Announcement of Investment Programme	Almarai Company reaffirms its commitment to the Food & Beverage sector in the region and announces a Capital Investment Programme for the period 2016-2020 amounting to SAR 21 Billion
13	28 June 2015	Notice to Shareholders	Almarai Company announces full and final settlement agreement with its insurers regarding insurance claims related to the fire incident at its bakery facilities in Jeddah
14	5 July 2015	Financial Results	Almarai Company announces its interim consolidated financial results for the period ending 30 June 2015 (Six Months)
15	5 July 2015	Correction Announcement	Almarai Company announces a correction in the previous announcement relating to its interim consolidated financial results for the period ending 30 June 2015 (Six Months)
16	18 August 2015	Notice to Shareholders	Almarai Company announces a new Sukuk issuance
17	17 September 2015	Notice to Shareholders	Almarai Company announces successful completion of its Sukuk compatible with the provisions of Islamic Shariah
18	8 October 2015	Financial Results	Almarai Company announces its interim consolidated financial results for the period ending 30 September 2015 (Nine Months)
19	4 November 2015	Notice to Shareholders	Almarai Company announces power outages in some of its manufacturing facilities in Al Kharj
20	12 November 2015	Addendum Announcement	Addendum to the announcement from Almarai Company regarding the power outages in some of its manufacturing facilities in Al Kharj
21	14 December 2015	Cash Dividend	The Board of Almarai Company proposes to pay a cash dividend for the financial year 2015
22	14 December 2015	Bonus Shares	Almarai Company announces the proposal of its Board of Directors to increase the Company's share capital through the issuance of bonus shares
23	16 December 2015	Notice to Shareholders	Almarai Company announces the opening of nominations for membership of the Board of Directors
24	29 December 2015	Notice to Shareholders	Almarai Company announces the financial impact of the increase in energy prices

Risk & Business Continuity

Risk

Risk is an integral part of any business. Managing risk appropriately is critical to the direct and future success of Almarai. Almarai has developed a methodology, called Almarai Risk Management, which provides a defined framework for the approach, infrastructure and processes for managing potential business risks. This framework is dynamic and constantly evolving, thereby allowing Almarai to manage its risks effectively and efficiently, ensuring that short and long term strategic and business objectives can be met. As a publicly listed company and producer of the highest quality food and beverage products available in the region, Almarai operates in a highly regulated environment, which is increasingly complex and demanding. The Company is therefore requested to comply with a number of regulatory requirements and legal obligations. The key regulators of Almarai's activities are the Saudi Stock Exchange (Tadawul), the Capital Market Authority (CMA) and other Governmental bodies such as the Ministry of Commerce & Industry (MCI) and the Saudi Food and Drug Authority (SFDA). Almarai is also subject to a number of other GCC and regional legislative requirements.

Risk is the possibility of an event occurring that will have an impact on the strategic or business objectives of the Company. At Almarai, both inherent and residual risk are considered and measured in terms of a combination of the consequences of an event and the likelihood of its occurrence. All categories of risk may give rise to reputational damage. In addition to reputational risk, the following categories represent the key risks that Almarai faces:

General risk categories:

- Strategic: Adverse strategic decisions, improper implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that affect our market position.
- Financial: Funds are inappropriately used, financial performance is not managed to expectations or financial results are inappropriately accounted for or disclosed. Risk of inadequate cash flow to meet financial obligations.
- Operational: Inadequate or failed internal processes, people and systems, or from external events.
- Investment: Failure to provide expected returns for defined objectives and risk, i.e. under-performing the stated objectives.
- People: Exposure to changes in personnel, including an inability to attract and retain high quality and appropriate people. Inadequate succession planning strategy.
- Governmental/environmental: External factors that have a direct impact on the business, e.g. water restrictions or other environmental factors.
- Legal: Legal and commercial rights and obligations that are not clearly defined or understood. Commercial interests not adequately protected by legal agreements.
- Compliance: Violation of, non-conformance with, or inability to comply with rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.

Other specific risks:

Business risks	Market risks	Economic and regulatory risks
Product Risk	Water Supply and Fodder	Economic and Political Risk
Unexpected Business Interruption	Outbreak of Disease – Dairy	Regulatory Risk
Protection of Intellectual Property	Outbreak of Disease – Poultry	Labor Force Regulation
Almarai Brand	Foreign Currency and Commission Risk	Pricing Regulatory Framework
Expansion Strategy	Commodity Prices	Subsidy Mechanism
Dependence on Suppliers and Supplying Countries	Market Share	
Dependence on Key Personnel	Competitive Environment	
Agency and Distributorship Arrangements	Potential Competitor Pricing Pressure	

Almarai's approach to risk management begins with establishing the context in which the Company and the relevant business divisions operate, including consideration of relevant strategic and business objectives. All types of risk are managed through the same process.

The primary responsibility for risk management at Almarai rests with the business division and, in particular, with management. Management is responsible for identifying, analysing, monitoring, controlling and reporting risks within the business. It is therefore a key part of the Almarai Risk Management framework. A number of processes exist to ensure the Company makes well informed and controlled decisions on the level of risk to assume, and that the returns expected for a given risk outweigh the cost of assuming that risk.

Business Continuity

The nature of our business demands that we are able to provide rapid recovery of key services in the event of business interruptions. Business Continuity Management (BCM) is used to counter interruptions to business activities and to protect critical business processes from the effects of major failures or disasters. Almarai has a documented BCM framework in place as well as robust processes, controls and infrastructure, which includes access to a backup recovery site. Testing of Almarai's ability to resume critical operations after a major disruption occurs annually within the Business Systems Development department (BSD).

Almarai & its Subsidiaries

Almarai operates its business through a variety of subsidiaries, joint ventures, associates and agency relationships. The Company maintains long term investments and exerts effective control through the full capacity to lead and direct economic performance, financial policies and operational processes. Almarai consolidates its financial operations and results as one business unit issuing Consolidated Financial Statements at Group level after the elimination of all significant inter group balances and transactions. Minority interests represent the portion of Profit or Loss and Net Assets not dominated or controlled by the Group. These are presented separately in the Consolidated Statement of Income and Consolidated Balance Sheet. The following table sets out the Consolidated Subsidiary Companies' names, capital, ownership interest, business activities, country of incorporation and country of operation. Note that there are no shares or debt instruments issued to any of these entities.

Name of Subsidiary	Capital	Ownership Interest				Business Activity	Country of Incorporation	Country of Operation	Shares Issued
		2015		2014					
		Direct (a)	Effective	Direct (a)	Effective				
Almarai Investment Company Limited	SAR 1,000,000	100%	100%	100%	100%	Holding Company	KSA	KSA	1,000
Almarai Baby Food Company Limited	SAR 200,000,000	100%	100%	100%	100%	Manufacturing Company	KSA	KSA	20,000,000
Almarai Agricultural and Livestock Production Company	SAR 1,000,000	100%	100%	-	-	Livestock / Agricultural Company	KSA	KSA	1,000
Almarai Construction Company	SAR 1,000,000	100%	100%	-	-	Construction Company	KSA	KSA	1,000
Almarai for Maintenance and Operation Company	SAR 1,000,000	100%	100%	-	-	Maintenance and Operation	KSA	KSA	1,000
Agricultural Input Company Limited (Mudkhalat)	SAR 25,000,000	52%	52%	52%	52%	Agricultural Company	KSA	KSA	250
Hail Agricultural Development Company	SAR 300,000,000	100%	100%	100%	100%	Poultry / Agricultural Company	KSA	KSA	30,000,000
Hail Agricultural and Livestock Production Company	SAR 1,000,000	100%	100%	-	-	Poultry / Agricultural Company	KSA	KSA	1,000
International Baking Services Company Limited	SAR 500,000	100%	100%	100%	100%	Dormant	KSA	KSA	500
International Pediatric Nutrition Company	SAR 41,000,000	100%	100%	100%	100%	Trading Company	KSA	KSA	410,000
Modern Food Industries Company Limited	SAR 70,000,000	60%	60%	60%	60%	Bakery Company	KSA	KSA	70,000
Nuralac Company Limited	SAR 3,000,000	100%	100%	100%	100%	Trading Company	KSA	KSA	3,000
Western Bakeries Company Limited	SAR 200,000,000	100%	100%	100%	100%	Bakery Company	KSA	KSA	200,000
Agro Terra S.A.	ARS 475,875	100%	100%	100%	100%	Dormant	Argentina	Argentina	475,875
Fondomonte South America S.A.	ARS 486,406,597	100%	100%	100%	100%	Agricultural Company	Argentina	Argentina	486,406,597
Almarai Company Bahrain S.P.C.	BHD 100,000	100%	100%	100%	100%	Trading Company	Bahrain	Bahrain	2,000
Almarai International Holding W.L.L.	BHD 250,000	-	-	100%	100%	Company Liquidated	Bahrain	Bahrain	2,500
Almarai Investment Holding Company W.L.L	BHD 250,000	99%	99%	99%	99%	Holding Company	Bahrain	Bahrain	2,500
IDJ Bahrain Holding Company W.L.L.	BHD 250,000	100%	52%	100%	52%	Holding Company	Bahrain	Bahrain	2,500
International Dairy and Juice Limited	USD 7,583,334	52%	52%	52%	52%	Holding Company	British Virgin Islands	British Virgin Islands	7,583,334
International Dairy and Juice (Egypt) Limited	EGP 320,000,000	100%	52%	100%	52%	Holding Company	Egypt	Egypt	32,000,000
International Company for Agricultural Industries Projects (Beyti) (SAE)	EGP 558,000,000	100%	52%	100%	52%	Manufacturing and Trading Company	Egypt	Egypt	55,800,000
Markley Holdings Limited	-	100%	100%	100%	100%	Dormant	Jersey	Jersey	-
Al Muthedoon for Dairy Production	JOD 500,000	100%	52%	100%	52%	Under Liquidation	Jordan	Jordan	500,000
Al Atheer Agricultural Company	JOD 750,000	100%	52%	100%	52%	Under Liquidation	Jordan	Jordan	750,000
Al Namouthjya for Plastic Production	JOD 250,000	100%	52%	100%	52%	Under Liquidation	Jordan	Jordan	250,000
Al Rawabi for Juice and UHT Milk Manufacturing	JOD 500,000	100%	52%	100%	52%	Under Liquidation	Jordan	Jordan	500,000
Teeba Investment for Developed Food Processing	JOD 49,675,352	100%	52%	100%	52%	Manufacturing Company	Jordan	Jordan	49,675,352
Arabian Planets for Trading and Marketing L.L.C.	OMR 150,000	90%	90%	90%	90%	Trading Company	Oman	Oman	150,000
Alyoum for Food Products Company L.L.C.	OMR 20,000	100%	100%	100%	100%	Trading Company	Oman	Oman	20,000
Fondomonte Inversiones S.L.	EUR 13,000,000	100%	100%	100%	100%	Holding Company	Spain	Spain	13,000,000
Hail Development Company Limited	SDG 100,000	100%	100%	100%	100%	Agricultural Company	Sudan	Sudan	100
Almarai Emirates Company L.L.C.	AED 300,000 (Unpaid)	100%	100%	100%	100%	Trading Company	UAE	UAE	300
International Dairy and Juice (Dubai) Limited	USD 22,042,183	100%	52%	100%	52%	Holding Company	UAE	UAE	22,042,183
Fondomonte Holding North America L.L.C	USD 500,000	100%	100%	100%	100%	Holding Company	USA	USA	50,000
Fondomonte Arizona L.L.C	USD 500,000	100%	100%	100%	100%	Agricultural Company	USA	USA	50,000
Fondomonte California L.L.C	-	100%	100%	100%	100%	Agricultural Company	USA	USA	-

Future Expected Developments

The strategic plan

Almarai follows a five year-strategic plan, which is reviewed each year. On 29th May 2012 Almarai announced the approval from its Board of Directors of its five year-strategic plan for the period 2013 to 2017.

During 2015 the Board of Directors reviewed business developments and adopted a revised five-year strategic plan for the period between 2016 and 2020, which is an extension and continuation of Almarai's previous plans and investment programmes.

The objectives of this plan reaffirmed Almarai's vision to become the consumer's preferred choice in the Arab world, providing superior, nutritious food and beverage products that best meet consumer needs, increasing its presence in all segments and geographies it operates, targeting a doubling of sales, and improving financial performance.

The Board is confident, barring exceptional events linked to the macro-economic and political situation in the region, that the strategies and action plans in place in the traditional core businesses of Dairy, Juice and Bakery; developing businesses in the Poultry and Infant Nutrition categories; as well as Dairy and Juice businesses in Egypt and Jordan, through the Joint Venture International Dairy and Juice (IDJ), will deliver against these ambitious objectives.

Capital investments for the 5 year plan (2016-2020) will reach SAR 21 billion in total. In addition to the replacement of the existing investment base, this programme will cover capacity expansion needs in all areas of the Company's integrated business model (SAR 5 billion for farming, SAR 10 billion for manufacturing, SAR 6 billion for distribution and logistics). The programme also addresses investments required in product renovation and innovation.

In addition to the Company's financing capabilities, either via traditional bank facilities, funds such as the Saudi Industrial Development Fund (SIDF) and Agricultural Development Fund (ADF), or via the Sukuk programme currently in place, growing Operating Cash Flow will be dedicated to financing these investments.

This strategic review reaffirms the view of the Board of Directors on the key role of Almarai as a major actor in food security and continued investment in the food and beverage industry in the Kingdom of Saudi Arabia (KSA).

The approval of this strategic plan stems from Almarai and its Board of Directors' belief in local investment in the food processing sectors and related distribution facilities, coupled with international investments in sourcing animal feed to achieve food security. During 2015 Almarai has invested approximately SAR 4.0 billion across its operations, to continue to support ongoing efforts to establish a solid foundation for the delivery of its strategy to achieve sustainable growth.

Continuation of growth in 2016

In line with its strategic plan, Almarai expects continuity in its business development and growth during 2016, barring exceptional events linked to the macro-economic and political situation in the region. The Company expects to invest approximately SAR 4.2 billion, representing 20% of the strategic capital investment objective. To maintain its tradition of excellence, Almarai will invest in its core Dairy business by further expanding Dairy farming and related facilities. Additional investments will be made in order to further enhance capacity in Dairy and Juice manufacturing and in the Bakery segment in order to meet growing consumer demand. Under normal prevailing operational conditions and the relative stability of inputs and raw material prices, provided that no risks and external non-controllable financial impacts occur, Almarai expects consolidated sales to grow at a comparable rate to the last two years.

A number of significant events of interest to Shareholders will be announced in the course of the year, as illustrated by the below table:

Important Events During 2016

Series	Date	Announcement Subject
1	During the first half	The Extraordinary General Shareholders Meeting will be held to approve increased capital, the Board of Directors report and the Financial Statements for 2015, and other subjects
2	During the first half	The maturity and distribution of profits to shareholders for the Financial Year 2015
3	During the second half	Opening production and manufacturing facilities in the Bakery segment in Hail
4	During the second half	Beginning of the new session of the Board of Directors on 7th August 2016
		Announcement of Financial Results*
1	7 to 14 April 2016	Announcement for the interim consolidated financial results for Q1 2016
2	17 to 21 July 2016	Announcement for the interim consolidated financial results for Q2 2016
3	6 to 13 October 2016	Announcement for the interim consolidated financial results for Q3 2016

*Announcement dates for financial results are preliminary and subject to change

Preparation of the Financial Statements

The Interim Consolidated Financial Statements are issued with a limited review report, while the Annual Consolidated Financial Statements are issued with an Audit report by External Auditors in accordance with the Accounting Standards issued by the Saudi Organisation of Certified Public Accountants (SOCPA). Any accounting treatment not covered by the Saudi Accounting Standards shall be referred to the accounting treatment applied by the International Financial Reporting Standards (IFRS) in accordance with the requirements of the SOCPA.

KPMG Al Fozan & Partners has continued as an External Auditor, after the Audit and Risk Committee submitted its recommendation to the Board of Directors from among the candidates to audit the Financial Statements for the fiscal year 2015. This includes all annual Consolidated Financial Statements and interim Consolidated Financial Statements of Almarai Company. The Board of Directors requested the approval of the nomination of KPMG Al Fozan & Partners and its fees at the General Assembly session in April 2015, during which the appointment was approved.

After auditing the Consolidated Financial Statements for the year ended 2015, KPMG Al Fozan & Partners issued an unqualified audit report expressing an opinion that the Financial Statements as a whole present a fair view in all material aspects and comply with the regulatory requirements for companies.

The Board of Directors of the Saudi Certified Accountants Association, in their seventh meeting of the seventh term held on Thursday 18th July 2013, approved the implementation of IFRS after being certified by SOCPA, such that the nearest date of IFRS implementation is 1st January 2017 for all entities listed on the Saudi Stock Exchange.

In 2015 Almarai's Board of Directors passed a resolution to approve the implementation plan for International Financial Reporting Standards (IFRS). This implementation plan will allow Almarai to apply IFRS to its Consolidated Financial Statements and will enable a controlled and smooth transition to IFRS, on time and without significant constraints.

The implementation plan comprises the following phases:

- Gap analysis
- Impact analysis
- Design and implementation of conversion
- User acceptance testing
- Preparation of the first IFRS-compliant statutory Financial Statements

So far, Almarai has satisfactorily achieved its target phases for the implementation plan to ensure the issuance of IFRS-compliant statutory interim Financial Statements by 31st March 2017.

Dividend Policy

As per Article (44) of Almarai's by-laws, after deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10% of annual net profits shall be allocated to form a statutory reserve. Such allocation may be discontinued by the Ordinary General Assembly when this reserve totals 50% of the Company's capital.
- A specified percentage of preferred shares shall be distributed to shareholders owning such shares.
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, allocate an equal percentage of the net profits to formulate other reserves.
- Out of the balance of the net profits, if any, an initial payment of not less than 5% of paid up capital shall be distributed to the shareholders.
- Not more than 5% of the remaining balance, if any, shall be allocated as remuneration to Board of Director's Members.
- The remaining balance shall be distributed to shareholders as an additional share of the profits.

The Company, after complying with the regulations laid down by the competent authorities, may distribute semi-annual and quarterly dividends. As per Article (45) of Almarai's by-laws, profits distributed to the shareholders shall be paid at the locations and time determined by the Board of Directors, in compliance with Ministry of Commerce & Industry instructions.

Almarai has achieved an average dividend pay-out ratio of 37.9% for the last five years. Despite the fact that the Company expects, as per its current distribution practice, to distribute annual cash dividends, there are no guarantees for the distribution of dividends on an ongoing basis. There are no guarantees to the value and percentage of dividends each year. Cash dividends are approved or recommended according to a number of aspects including profits achieved, cash flows, new capital investments, and future prospects of outgoing funds, taking into account the importance of maintaining a strong financial position. The Almarai Board of Directors strives to maintain consistency of cash flow each year by reducing the impact of any change in free cash flow that may be attributed to the achievement of profits or losses in specific financial years, while maintaining a medium term target distribution rate of dividend ratio. Since it was listed on the Saudi Stock Exchange, Almarai has distributed SAR 11,839 million to its shareholders in the form of cash dividends and bonus shares. Cash dividends amounted to SAR 4,739 million, representing approximately 40%, while bonus shares for capital increase from SAR 750 million upon listing to SAR 8,000 million (as recommended) represent 60% of the total dividends and bonus shares. This excludes a capital increase through the acquisition of the Western Bakeries Company Limited (WB) and International Bakeries Services Company Limited (IBS) at a nominal value of SAR 90 million, and the 100% acquisition of Hail Agricultural Development Company (HADCO) at a nominal value of SAR 60 million.

The following tables provide details related to Almarai's dividend payments:

Dividends Paid Compared to Net Income (SAR million)

Year	Net Income	Dividend	Precentage	Capital (Shares million)	Amount (SAR)
2005	386.1	-	-	75.0	-
2006	464.7	200.0	43.0%	100.0	2.00
2007	667.3	272.5	40.8%	109.0	2.50
2008	910.3	381.5	41.9%	109.0	3.50
2009	1,096.7	460.0	41.9%	115.0	4.00
2010	1,285.4	517.5	40.3%	230.0	2.25
2011	1,139.5	517.5	45.4%	230.0	2.25
2012	1,440.6	500.0	34.7%	400.0	1.25
2013	1,502.2	600.0	39.9%	600.0	1.00
2014	1,674.3	600.0	35.8%	600.0	1.00
2015*	1,915.7	690.0	36.0%	600.0	1.15
Total		**4,739.0**			

*Cash dividend, as recommended by the Board of Directors, during its meeting held on 13th December 2015, to the ordinary Annual General Shareholders Meeting (AGM) in 2016

Dividend Dates

Year	Announced Date	Due Date	Distribution Date	Distribution Method	Amount (SAR)
2006	January 21, 2007	March 27, 2007	April 10, 2007	Account Transfer	2.00
2007	January 21, 2008	March 24, 2008	April 7, 2008	Account Transfer	2.50
2008	January 19, 2009	March 23, 2009	April 7, 2009	Account Transfer	3.50
2009	January 20, 2010	April 11, 2010	April 26, 2010	Account Transfer	4.00
2010	December 6, 2010	April 3, 2011	April 11, 2011	Account Transfer	2.25
2011	December 7, 2011	April 2, 2012	April 11, 2012	Account Transfer	2.25
2012	January 19, 2013	April 2, 2013	April 10, 2013	Account Transfer	1.25
2013	December 29, 2013	April 2, 2014	April 9, 2014	Account Transfer	1.00
2014	December 28, 2014	April 5, 2015	April 12, 2015	Account Transfer	1.00
2015	December 14, 2015	General Assembly Day	After General Assembly	Account Transfer	1.15

Distribution in the form of granting bonus shares:

Distribution in the Form of Granting Bonus Shares (SAR million)

Year	Share Capital	Bonus	Share Capital After Bonus	Percentage	Notes
2005	750.0	250.0	1,000.0	33.3%	One bonus share for every 3 outstanding shares
2010	1,150.0	1,150.0	2,300.0	100.0%	One bonus share for every 1 outstanding share
2012	2,300.0	1,700.0	4,000.0	73.9%	One bonus share for every 1.353 standing shares
2013	4,000.0	2,000.0	6,000.0	50.0%	One bonus share for every 2 outstanding shares
2015 *	6,000.0	2,000.0	8,000.0	33.3%	One bonus share for every 3 outstanding shares
Total		**7,100.0**			

*Year of announcement, as recommended by the Board of Directors, during its meeting held on 13th December 2015, to an Extraordinary General Shareholders Meeting (EGM) to be set together with ordinary General Assembly Meeting in 2016

Changes in Share Capital:

Dates of Bonus Shares and Other Capital Changes (SAR million)

Year	Announced Date	Issue Type	Due Date	Previous Capital	New Capital
2005	October 18, 2005	Bonus Shares	December 25, 2005	750.0	1,000.0
2007	February 19, 2007	Acquisition (WB and IBS)	March 27, 2007	1,000.0	1,090.0
2009	May 9, 2009	Acquisition (HADCO)	October 7, 2009	1,090.0	1,150.0
2010	October 5, 2010	Bonus Shares	December 5, 2010	1,150.0	2,300.0
2012	December 7, 2011	Bonus Shares	April 2, 2012	2,300.0	4,000.0
2013	May 29, 2013	Bonus Shares	September 9, 2013	4,000.0	6,000.0
2015	**December 14, 2015**	**Bonus Shares**	**EGM Day**	**6,000.0**	**8,000.0**

*Year of announcement, as recommended by the Board of Directors, during its meeting held on 13th December 2015, to an Extraordinary General Shareholders Meeting (EGM) to be set together with ordinary General Assembly Meeting in 2016

At the Extraordinary General Assembly on 5th April 2015, Almarai shareholders approved a dividend distribution for 2014 of SAR 600.0 million at SAR 1.00 per share. This was transferred to shareholders' bank accounts according to shareholders' registered records at the Depository Centre at the end of trading on the day of the General Assembly (12th April 2015). There were neither arrangements nor agreements under which any of the shareholders waived his right to profits.

With regard to cash dividends for the year of 2015, the Board of Directors proposes to the General Assembly a dividend of SAR 690.0 million, representing 36.0% of the Consolidated Net Profits achieved during the year, at SAR 1.15 per share. To be eligible for the cash dividend payment, shareholders' records must be registered at the Depository Centre at the end of trading on the day of the General Assembly. We would like to draw attention to the following regulation regarding the payment of the dividend: for foreign non-resident investors the dividend paid by the Company is subject to a withholding tax of 5.0% upon transfer to the non-resident investor, or credit to his account according to the provisions of Article (68) of the Income Tax Law and Article (63) of the Implementing Regulations.

Statutory Charges, Penalties & Sanctions

Payments

Almarai is committed to paying certain fees and expenses to Saudi Arabian government units as per applicable terms and regulations. These inherent expenses are charged to the results of the Company's operations. The following table illustrates Statutory Charges during the year 2015, with a brief description and related reason:

Statutory Payments Made in Saudi Arabia During 2015 (SAR million)*

Statutory Organisation	2015	2014	Description	Reason
Saudi Customs	132.9	115.6	Amounts paid or charged as customs fees expenses, according to import and export	Government requirement
Department of Zakat and Income Tax	61.3	45.8	Amounts charged as Zakat expense according to the provisions and rules of Zakat	Government requirement
General Organisation for Social Insurance	103.7	89.6	Amounts paid or charged as social insurance expense according to Labor Law	Government requirement
Other Statutory Organisation	92.3	83.0	Amounts paid or charged as expenses according to various laws	Other government requirements
Total	390.2	334.0		

* Payments made outside the Kingdom are not material

Penalties & Sanctions

Almarai was not exposed to any penalties, sanctions or precautions imposed by any supervisory, regulatory or judicial units.

Corporate Governance Code

The purpose of this code is to set out Almarai's approach to corporate governance. Almarai is committed to maintaining high standards of corporate governance and considers good corporate governance as an essential tool for maximising long term shareholder value, and consistent with its commitment to quality in all of its processes and products. The rules set out in the Company's corporate governance guidelines are mandatory for all Directors and staff of Almarai, and can only be amended by a resolution of the Board of Directors.

Corporate governance is defined as 'the system by which business corporations are directed and controlled'. The corporate governance structure specifies the distribution of authority and responsibilities among different participants in the Company, such as the Board, managers, shareholders and others, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the Company's objectives are set and the means of attaining those objectives and monitoring performance. The Board of Directors is responsible for Almarai's Corporate Governance Code.

The shareholders' role in governance is to appoint the directors and auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the Board include setting the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board's actions are subject to laws, regulations and the shareholders in the General Assembly Meeting. Almarai's Corporate Governance Code has been prepared according to international principles of corporate governance, and should be viewed as setting the framework for corporate governance within the Company. It should not be seen as a substitute for sound judgment and honourable arms-length dealings by Directors and officers of the Company and should be viewed within the context of the broader legislative framework of Saudi Arabia. In particular, the stipulations of the following, the requirements of which have not all been incorporated in this code, need to be borne in mind when considering corporate governance issues:

- The requirements of the Capital Market Authority (CMA) of Saudi Arabia and of Tadawul.
- The Companies Law of Saudi Arabia and associated ministerial directives of the Ministry of Commerce & Industry (MCI).
- Almarai's own by-laws.

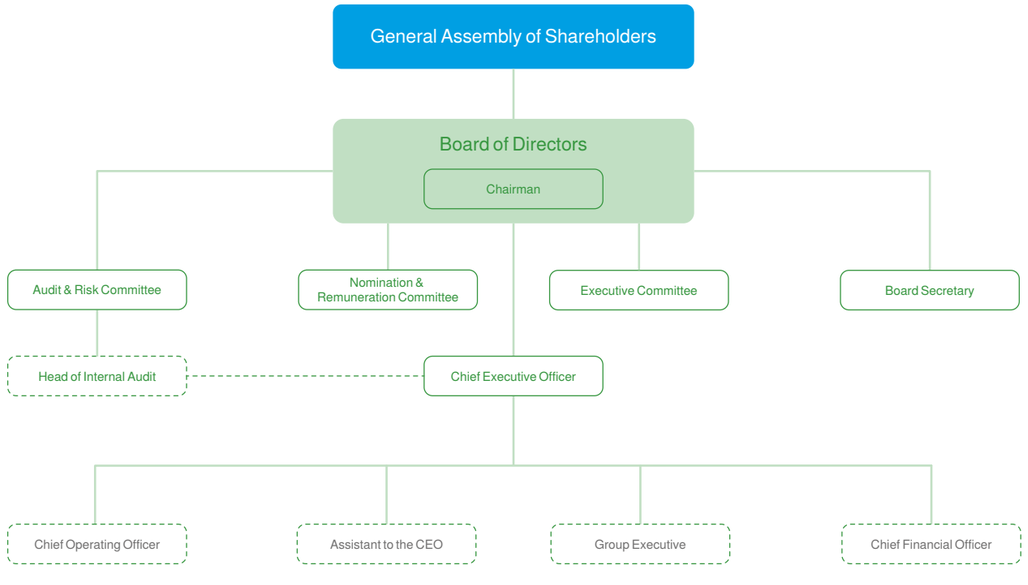
The Board of Directors will approve amendments to the corporate governance framework from time to time to comply with changing legal and business requirements, consistent with ensuring sound management and governance practices.

Almarai's Corporate Governance Code incorporates the entire corporate governance code issued by the CMA, except paragraph 'D' (Article 6), which stipulates that 'Investors who are judicial persons and who act on behalf of others - e.g. investment funds – shall disclose in their annual reports their voting policies, actual voting and ways of dealing with any material conflicts of interest that may affect the practice of the fundamental rights in relation to their investments.' The reason for not including this clause in the Company's governance policy is that Almarai does not have the legal identity to bind investors or persons with legal status who are acting on behalf of others – such as investment funds - to disclose their voting policy.

Rights of Shareholders & the General Assembly

Almarai's Articles of Association and Corporate Governance ensure that shareholders enjoy all rights related to shares; in particular the right of receiving a share of approved dividend payments, the right to receive a share of the Company's assets upon liquidation, the right to attend Shareholders' General Assemblies (participate in their deliberations and vote on their decisions), the right of share disposal, the right to oversee the work of the Board of Directors and file responsibility litigation against Board Members, and the right to inquire and request information so long as it does not compromise the interests of the Company and does not conflict with the Terms & Executive Regulations of the Capital Market Authority. Almarai allows the maximum participation of its shareholders in General Assembly meetings and is keen to ensure that the choice of time and venue enables full participation. Almarai uses an electronic voting system to make it easier for shareholders to exercise their rights of voting if they are unable to attend in person.

Almarai's Articles of Association and Corporate Governance also provide provisions related to the Shareholders' General Assembly, which include procedures and precautions necessary to ensure that all shareholders are exercising their regular rights. The Shareholders' General Assembly is the highest power in the Company with sole authorities including the appointment and termination of Board Members, approval of the Consolidated Financial Statements, appointment of the External Auditor and determination of their fees, approval of dividend distribution as recommended by the Board of Directors, increases or decreases of the capital of the Company and the amendment of the Articles of Association. Almarai provides sufficient access for its shareholders to read the minutes of the General Assembly meeting, and provides the Capital Market Authority with a copy of the minutes within ten (10) days of the date of the meeting.



Board of Directors Formation & Functions

Almarai's General Assembly provides for a Board of Directors comprising nine (9) members. The General Assembly's rules regarding the appointment, resignation, term of office, powers, remuneration and the principal requirements are summarised below.

The Board of Directors is the supreme management body within the Company and is appointed by the shareholders at the General Assembly in order to represent and protect the Company's interests. The Board is responsible for leading and controlling the Company and discharges this responsibility by approving the implementation of Company strategies and objectives. The Board empowers the management of the Company to run the business within defined parameters and monitors the performance of the Company. While the Board delegates authority to the Company's management, under the direction of the Chief Executive Officer (CEO), to attend to the routine running of the Company's business, the Board retains ultimate fiduciary responsibility to shareholders to ensure the proper operation of the Company. The Board is appointed by the shareholders with primary responsibility for operating the Company in their long term best interests. The Board also has a responsibility to provide clear directions and boundaries for the Company's Executive Management to operate within. This involves setting out a clear vision and strategy for the Company and defining the delegations that will be allowed to management and the policies and boundaries within which they are permitted to operate. This process is achieved by:

Approving the strategic plans and main objectives of the Company and supervising their implementation. This includes:

- Laying down a comprehensive strategy for the Company, the main work plans, and policy related to risk management, and reviewing and updating such policy.
- Determining the most appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets.
- Supervising the main capital expenses of the Company and acquisition/disposal of assets.
- Deciding the performance objectives to be achieved, supervising the implementation thereof and overseeing the overall performance of the Company.
- Reviewing and approving the organizational and functional structures of the Company on a periodical basis.

Laying down rules for internal control systems and supervising those systems. This includes:

- Developing a written policy to regulate conflict of interest and remedy any possible cases of conflict by Members of the Board of Directors, Executive Management and shareholders. This includes misuse of the Company's assets and facilities and arbitrary disposition resulting from dealings with related parties.
- Ensuring the integrity of financial and accounting procedures including procedures related to the preparation of the financial reports.
- Ensuring the implementation of control procedures appropriate for risk management by forecasting the risks that the Company could encounter and disclosing them transparently.
- Annually reviewing the effectiveness of internal control systems.

Drafting a Corporate Governance Code for the Company that does not contradict the provisions of existing laws and regulations, supervising and monitoring in general the effectiveness of the code and amending it whenever necessary.

Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after they have been approved by the General Assembly.

Outlining a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights. Such a policy must cover the following:

- Mechanisms for indemnifying the stakeholders in the event that their rights are contravened under the law and their respective contracts.
- Mechanisms for the settlement of complaints or disputes that might arise between the Company and the stakeholders.
- Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
- A code of conduct for the Company's executives and employees compatible with proper professional and ethical standards and regulating their relationship with stakeholders.
- The Board of Directors lays down procedures for supervising this code and ensuring its compliance.
- The Company's social contributions.

Deciding on policies and procedures to ensure the Company's compliance with laws and regulations and the Company's obligation to disclose material information to shareholders, creditors and other stakeholders.

Almarai's Corporate Governance Code stipulates that the Board should include a minimum of 1 in 3 independent directors. Executives may be Directors upon satisfaction of the relevant legal requirements.

Members of the Board of Directors

The Extraordinary General Assembly held on 2nd April 2013 re-elected the existing Board of Directors via accumulated voting for three years effective 7th August 2013. The following tables illustrate members' names, position, membership status in other joint stock companies, and attendance of the five Board meetings held during 2015, noting that these meetings were planned and the Chairman has not received any request by two or more of the Board Members to hold emergency meetings during 2015:

Board of Directors

Member Name	Position	Membership Status	Listed / Unlisted	Membership of Joint Stock Companies
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	Chairman of the Board	Non-Executive	Listed	Yamamah Cement Co., Arabian Shield Cooperative Insurance Company
			Unlisted	-
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Board Member	Non-Executive	Listed	Yamamah Cement Co., Mobile Telecommunication Company (Saudi Zain)
			Unlisted	Gulf Farabi Petrochemical Co.
Mr. Abdulrahman bin Abdulaziz Al Muhanna*	Board Member	Non-Executive	Listed	-
			Unlisted	Al Jazirah Corporation for Press, Printing and Publishing, Saudi Kuwaiti Finance House, Arab Company for Agricultural Services (Arasco)
Mr. Suliman Abdulkader Al Muhaideb (A representative of the Savola Group)	Board Member	Non-Executive	Listed	The Saudi British Bank, National Industrialization Co., Savola Group, Middle East Paper Co.
			Unlisted	Al Muhaideb Group, Al- Oula Real Estate Development Company, ACWA Power, Rafal Real Estate Co.
Engr. Abdullah bin Mohammed Noor Rihaimi (a representative of Savola Group)	Board Member	Non-Executive	Listed	Savola Group, Alujain Corporation, Saudi Cable Company, Knowledge Economic City
			Unlisted	Panda Retail Company, Savola Foods Company
Mr. Ibrahim Mohammed Al Issa (a representative of Savola Group)	Board Member	Non-Executive	Listed	Savola Group, Banque Saudi Fransi, Yanbu Cement Co.
			Unlisted	Panda Retail Company, Savola Foods Company
Engr. Nasser Mohammed Al Muttawa	Board Member	Independent	Listed	Arabian Shield Cooperative Insurance Company
			Unlisted	Technical Investments Co., Samama Holding Group, Al Jazirah Corporation for Press, Printing and Publishing
Engr. Mosa Omran Mohammed Al Omran	Board Member	Independent	Listed	Banque Saudi Fransi
			Unlisted	-
Dr. Ibrahim bin Hassan Mohammed Al Madhoun	Board Member	Independent	Listed	Herfy Food Services Co., Red Sea Housing Services Company, Fitaihi Holding Group
			Unlisted	Al-Obeikan Investment Group

*Resigned from his executive position and continued as a Non-Executive Board Member on 1st July 2015

Meetings of the Board of Directors During 2015

Member Name	Meetings					Attendance Rate
	First 3-Feb	Second 6-Apr	Third 25-May	Fourth 21-Oct	Fifth 13-Dec	
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	Attended	Attended	Attended	Attended	Attended	100%
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Attended	-	Attended	Attended	-	60%
Mr. Abdulrahman bin Abdulaziz Al Muhanna*	Attended	Attended	Attended	Attended	Attended	100%
Mr. Suliman Abdulkader Al Muhaideb (a representative of the Savola Group)	Attended	Attended	Attended	Attended	Attended	100%
Engr. Abdullah bin Mohammed Noor Rihaimi (a representative of the Savola Group)	Attended	Attended	Attended	Attended	-	80%
Mr. Ibrahim Mohammed Al Issa (a representative of the Savola Group)	Attended	Attended	-	Attended	Attended	80%
Engr. Nasser Mohammed Al Muttawa	Attended	Attended	-	Attended	-	60%
Engr. Mosa Omran Mohammed Al Omran	Attended	Attended	Attended	-	Attended	80%
Dr. Ibrahim bin Hassan Mohammed Al Madhoun	Attended	Attended	Attended	Attended	Attended	100%

*Resigned from his executive position and continued as a Non-Executive Board Member on 1st July 2015

Ownership of Board of Directors Members, Spouses & Minors

The following tables illustrate shares held by Board Members, their spouses and minors and any changes which have occurred during 2015. Note that none of them have any interest in debt instruments issued by Almarai and there were no arrangements or agreements by which any of the Board Members waived any salary or compensation.

Ownership of Members of the Board of Directors

Member Name	Shares					Debt Instruments (SAR)			
	Note	Beginning of the Year	Change	End of the Year	Percentage	Beginning of the Year	Change	End of the Year *	Percentage
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	Personal ownership	172,173,922	-	172,173,922	-	-	-	-	-
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Personal ownership	5,217,391	-	5,217,391	-	-	-	-	-
Mr. Abdulrahman bin Abdulaziz Al Muhanna *	Personal ownership	1,150,000	(109,000)	1,041,000	-9%	-	-	-	-
Mr. Suliman Abdulkader Al Muhaideb (a representative of Savola Group)	Personal ownership	5,217	-	5,217	-	-	-	-	-
	Savola ownership	219,130,942	-	219,130,942	-				
Engr. Abdullah bin Mohammed Noor Rihaimi (a representative of Savola Group)	Personal ownership	20,000	(19,000)	1,000	-95%	-	-	-	-
	Savola ownership	219,130,942	-	219,130,942	-				
Mr. Ibrahim Mohammed Al Issa (a representative of Savola Group)	Personal ownership	10,000	-	10,000	-	-	-	-	-
	Savola ownership	219,130,942	-	219,130,942	-				
Engr. Nasser Mohammed Al Muttawa	Personal ownership	2,608	77,283	79,891	2963%	-	-	-	-
Engr. Mosa Omran Mohammed Al Omran	Personal ownership	5,244,192	-	5,244,192	-	-	-	-	-
Dr. Ibrahim bin Hassan Mohammed Al Madhoun	Personal ownership	6,000	-	6,000	-	-	-	-	-
Dr. Abdulrahman S. AlTuraigi **	Personal ownership	625	-	625	-	-	-	-	-

*Resigned from his executive position and continued as a Non-Executive Board Member on 1st July 2015

** Secretary of the Board of Directors

Ownership of Board of Directors' Spouses and Minors

Member Name	Shares				Debt Instruments (SAR)			
	Beginning of the Year	Change	End of the Year	Percentage	Beginning of the Year	Change	End of the Year	Percentage
Wife of HH Prince Sultan bin Mohammed bin Saud Al Kabeer	3,774,273	-	3,774,273	-	-	-	-	-
Wife of Abdulrahman bin Abdulaziz Al Muhanna	15,000	-	15,000	-	-	-	-	-
Abdulaziz Abdulrahman bin Abdulaziz Al Muhanna	7,500	-	7,500	-	-	-	-	-
Wife of Mosa Omran Mohammed Al Omran	276,520	-	276,520	-	-	-	-	-

Ownership of Senior Managers, Spouses & Minors

The following table illustrates Senior Managers', their spouses' and minors' interests in Almarai shares and any changes that have occurred during 2015. None of them have any interest in debt instruments issued by Almarai and there were no arrangements or agreements by which any of the Senior Managers waived any salary or compensation.

Ownership of Senior Management

Member Name	Shares				Debt Instruments (SAR)			
	Beginning of the Year	Change	End of the Year	Percentage	Beginning of the Year	Change	End of the Year	Percentage
Abdullah Abdulkarim	-	-	-	-	-	-	-	-
Abdullah Al Bader	156	-	156	-	-	-	-	-
Andrew Mackie	377	15,000	15,377	3979%	-	-	-	-
Faisal Alfahadi *	10,315	(10,315)	-	-100%	-	-	-	-
Georges Schorderet	-	40,000	40,000	100%	-	-	-	-
Hussam Abdulqader	-	-	-	-	-	-	-	-
Jack Castelein	-	-	-	-	-	-	-	-
Larus Asgeirsson	-	-	-	-	-	-	-	-
Majed Nofal	-	-	-	-	-	-	-	-
Malcolm Jordan	-	-	-	-	-	-	-	-
Mark Bacon	-	-	-	-	-	-	-	-
Omar Salim	-	-	-	-	-	-	-	-
Paul - Louis Gay	-	-	-	-	-	-	-	-
Richard Salisbury	-	9,250	9,250	100%	-	-	-	-
Sjur Fitje	-	-	-	-	-	-	-	-

* Ownership from date of appointment

Details of Paid Compensation & Remuneration

Members of the Board of Directors do not receive any remuneration for their role in managing the Company unless approved by the General Assembly.

Members of the Board of Directors receive an attendance allowance for Board and Board Committee meetings. Executive Directors receive fixed remuneration as a result of their direct duties and responsibilities. The most Senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to the employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to Directors and Senior Executives:

Paid to Directors and Senior Executives During 2014

	Board of Directors				Highest Paid Five / Including CEO and CFO	
(SAR '000)	Executive Board Member	Non Executive/Independent Board Member	2015	2014	2015	2014
Salaries and Compensation	2,249	-	2,249	1,386	9,839	8,126
Allowances	27	335	362	687	908	1,434
Annual and Periodic Bonuses	11,200	1,600	12,800	2,800	16,671	14,674
Incentive Schemes	-	-	-	-	-	-
Compensation or Benefits	6,556	1,320	7,876	1,620	10,196	460
Total	**20,032**	**3,255**	**23,287**	**6,493**	**37,614**	**24,694**

Board of Directors Committees

The Board may at any time establish, by formal resolution, other subcommittees and specify the authorities, objectives and reporting lines of such committees. On an annual basis the Board will review and either ratify or modify the authorities of its subcommittees, to ensure that their delegations remain appropriate.

Executive Committee

Almarai's by-laws (Article 26) allow the Board the option to establish an Executive Committee, if it so chooses. Article 26 states: 'The Board of Directors may appoint from among its members an Executive Committee. The Board of Directors shall appoint a Chairman from among the members of the Committee and shall specify the number of members of the Committee and the required quorum for its meetings. In accordance with the directions and guidelines prescribed by the Board from time to time, the Committee may exercise all of the powers Authorized by the Board. The Executive Committee may not revoke or alter any of the resolutions adopted, or rules laid down, by the Board of Directors'.

The Executive Committee can be subjected to Article 13 of the Corporate Governance Regulations, which stipulates that the composition of Board Committees is based on the Company's needs and circumstances, to allow the Board of Directors to perform its duties effectively. The committees are formed in accordance with general procedures established by the Board of Directors, including: defining the task of the Committee, the duration of its work and the prerogatives given, with the obligation of the Board to periodically follow up on the work of these committees to check on the progress of the work entrusted to them. The Company's Administration Council decides upon the composition of the Executive Committee and its tasks and responsibilities, which include the following:

- Participate in the development of new strategic plans and evaluate proposals from Executive Management for such plans, including possible mergers or acquisitions and make recommendations to the Board.
- Review Company performance at each Executive Committee meeting and assess performance against targets; analyse and make enquiries about underlying factors, trends and major developments and advise management accordingly.
- Review Company performance on a monthly basis against agreed objectives and budgets, based on an agreed set of reports to be supplied monthly by Company management and alert management and other Executive Committee members of any significant developments observed. If necessary, request the Company's management to convene an additional committee meeting.
- Review, evaluate and make recommendations to the Board on the approval of annual budgets.
- Review and evaluate new Project Capex proposals, approving those within the delegation of the committee, initially set as approval of Project Capex up to SAR 20 million and capped at a maximum approval of SAR 150 million in any one financial year after approval of the annual (Operational and Capex) budget. In the case of all Project Capex outside this delegation, the committee will review and evaluate the Capex and make a recommendation to the Board on acceptability.
- Review post-implementation analyses supplied by management for all major Capex (greater than SAR 2 million) and advise the Board on the outcome and any learning points to emerge.
- Provide advice to the Board on the setting of dividends, taking into account any recommendations made by the Audit & Risk Committee in this regard.
- Review policies and procedures developed by Executive Management but do not approve anything requiring Board approval.
- Approve the appointment of persons reporting directly to the CEO, based on the recommendations of the CEO, providing that he should not take office until approved by this committee.
- Make recommendations to the Board on any changes to sponsors or agency structures.
- Review and approve requests for corporate guarantees, up to the Committee's Limit of Authority.
- Periodically review the Company's corporate governance policies and Code of Conduct, and make recommendations to the Board for any modifications considered desirable.
- Carry out specific requests from the Board of Directors.
- Review the implementation of decisions taken by the Board as well as by the Executive Committee itself.
- Review matters or intended actions which might have a significant impact on the Company's public image.

During 2015 the Executive Committee held four meetings. The below table illustrates the names, positions, and attendance of the committee members:

Executive Committee Meetings During 2015

Member Name	Position	Meetings				Attendance Rate
		First	Second	Third	Fourth	
		2-Feb	1-Jun	11-Sep	8-Dec	
Mr. Abdulrahman bin Abdulaziz Al Muhanna *	Chairman	Attended	Attended	Attended	Attended	100%
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	Member	-	Attended	Attended	-	50%
HH Prince Saud bin Sultan bin Mohammed bin Saud Al Kabeer	Member	-	-	-	Attended	25%
Engr. Mosa Omran Mohammed Al Omran	Member	Attended	Attended	Attended	Attended	100%
Engr. Abdullah bin Mohammed Noor Rihaimi	Member	Attended	Attended	Attended	Attended	100%
Dr. Ibrahim bin Hassan Mohammed Al Madhoun	Member	Attended	Attended	Attended	Attended	100%
Mr. Georges Schorderet	Member	Attended	Attended	Attended	Attended	100%
Mr. Christopher Ledwidge	Member	Attended	Attended	Attended	Attended	100%

*Resigned from his executive position and continued as a Non-Executive Board Member on 1st July 2015

Audit & Risk Committee

The Board of Almarai has initiated the composition of the Audit & Risk Committee, which is a legal requirement as detailed in Article (14) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA). The Extraordinary General Meeting of the Shareholders approved and issued rules to select the members of the Audit & Risk Committee and the duration of their membership. Shareholders initially approved the working style of the Committee on 27th March 2007, which was based on a proposal from the Almarai Board of Directors. Amendments were made to these guidelines at the Extraordinary General Assembly held in April 2013.

The Audit & Risk Committee undertakes the full role of an audit committee as well as oversight of the management of risk within the Company. The Audit & Risk Committee does not make direct decisions but makes recommendations to the Board, who would ordinarily be expected to make decisions and take actions based on the advice of the Audit & Risk Committee. The Audit & Risk Committee's main role is to review and monitor the integrity of Financial Statements, the Company's Internal Control System, Risk Management Systems and the appointment, role and effectiveness of external and internal auditors. The specific terms of reference for the committee will be determined by the committee from time to time, then agreed by the Board of Directors and approved by the General Assembly of Shareholders. In particular, the committee's role is to:

- Review Almarai's interim and annual Financial Statements and advise the Board on the acceptability thereof.
- Consider and review the scope of work, reports and activities of the external auditor, and comment on their report where appropriate.
- Establish policies as appropriate in regards to independence of the external auditor and, on the basis of information received from the external auditors and management, form a judgment as to the independence of the external auditors.
- Consider the appointment and proposed fees of the external auditor and if appropriate conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor will be put to the Board and then if a change is approved it will be put forward to shareholders for their approval.
- Consider internal control and compliance structures.
- Consider the work plans of Internal Audit, review summary reports of their audits and monitor management's responses.
- Receive from management information as to their processes for the identification, monitoring and management of significant business risks.
- Investigate any activity within its terms of reference or any matters specifically requested by the Board.
- Ensure that management uses adequate risk management techniques to mitigate serious risks to the Company.
- Ensure that the Company has adequate systems of internal control in place to safeguard against major losses.
- Periodically review the Company's delegation of authority matrix and recommend any enhancements necessary.
- Supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- Review the external auditor's comments on the Financial Statements and follow up the actions taken to address them.
- Review the accounting policies in place and advise the Board of Directors of any recommendation regarding them.

In general, the Committee has authority to investigate any activity within its terms of reference or any matters specifically requested by the Board. The Committee has unrestricted access to all records and staff of Almarai (including internal audit) and the external auditors. The Committee is authorized by the Board to obtain outside legal or other independent professional advice as necessary to assist the Committee. The Committee shall consider at each meeting whether any failures of risk management, internal control or compliance matters (that are brought to the Committee's attention) are significant and should be immediately reported to the Board. Any suspected serious frauds and irregularities shall be immediately reported by the management to the Head of Internal Audit or the Audit & Risk Committee, depending upon their severity.

To ensure the independence of the work of the Audit & Risk Committee, each of the Directors involved in the Internal Audit process and interacting with the auditor communicates directly with the Committee, without any intermediary. The Committee is formed according to the following rules:

- The members of the Audit & Risk Committee shall be appointed by a resolution of the Board of Directors and may be removed or replaced by the Board of Directors at any time.
- The committee will comprise a minimum of three (3) members including the Chairman, who will be appointed by the members during the first meeting.
- The Chairman of the Board is not eligible to be a member of the Committee.
- Committee members should be selected to ensure a range of different backgrounds, skills and experiences and a sound understanding of the industry in which Almarai operates. At least one member should have sound accounting or finance experience.
- Members are appointed for a term determined by the Board, up to a maximum of three years and are eligible for re-appointment subject to the composition requirements of the Committee.

During 2015 the Audit & Risk Committee held five meetings. The following table illustrates the names, positions and attendance of the committee members:

Audit and Risk Committee Meetings During 2015

Member Name	Position	Meetings					Attendance Rate
		First	Second	Third	Fourth	Fifth	
		8-Feb	5-Apr	24-May	15-Sep	10-Dec	
Dr. Abdulrahman AlTuraigi	Chairman	Attended	Attended	Attended	Attended	Attended	100%
Dr. Muhammad A. H. Ikhwan	Member	Attended	Attended	Attended	-	Attended	80%
Dr. Ibrahim bin Hassan Mohammed Al Madhoun	Member	Attended	Attended	-	Attended	Attended	80%
Mr. Farraj Abo Thenian	Member	Attended	Attended	-	Attended	Attended	80%
Mr. Sulaiman N. Alhatlan	Member	Attended	-	Attended	Attended	Attended	80%

Results of Annual Internal Audit Procedures

The Board of Directors is committed to ensuring that Internal Audit – functionally linked to the Audit & Risk Committee – is one of the necessary tools to control, improve, and supervise performance in order to improve working practices and corporate governance.

The basic functions of the Board of Directors in internal audit matters include:

- Ensuring the safety of financial and accounting systems including systems related to the preparation of financial reports.
- Ensuring the application of transparent control systems for risk management by selecting the general perception of risks that may face Almarai and its Subsidiaries.
- Annual audit of the effectiveness of Internal Control procedures within Almarai and its Subsidiaries.

Accordingly, the basic functions specified for Internal Audit include the following:

- Assisting the Board of Directors, through the Audit & Risk Committee, to safeguard and improve the interest of the Company.
- Appraise the CEO and the Audit & Risk Committee of the outcomes of audit reviews and of matters which the Head of Internal Audit feels are of potential interest, and provide relevant copies of reports produced.
- Agree an annual scope of audit work with the CEO and the Audit & Risk Committee, so as to provide adequate coverage of the principal areas of risk to the Company.
- Appraise the Audit & Risk Committee on the management of risk within the Company.
- Assist Almarai's management by evaluating the operation of business processes from a control and business effectiveness viewpoint.
- Conduct investigations into matters of concern which are identified or are referred by Senior Management or by the Audit & Risk Committee.

There are a range of responsibilities and reporting lines involved in the efficient running of Risk Management Systems at Almarai. The Audit Committee of the Board of Directors directly supervises Internal Audit at Almarai. The Audit Department regularly examines and assesses the efficiency and effectiveness of the Internal Audit Control System. Accordingly, the Board of Directors, based on the reports and recommendations of the Audit & Risk Committee, in line with the Business Plans, confirms the following in respect of the year 2015:

- That no matters were brought to the Board's attention that would lead the Board to believe that there was a fundamental lack of safety in financial and accounting systems, such that it would require disclosure.
- That the control systems are effectively functioning and facilitating the mitigation of potential risks that Almarai and its subsidiaries may face; and that no matters relating to the functioning of internal controls were brought to the Board's attention that would require disclosure.
- That all necessary arrangements and corrective actions have been taken on all notes and recommendations raised by Internal Audit to the Audit & Risk Committee.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee was formed on 24th March 2008. The committee has the role of making recommendations to the Board of Directors on nominations to the Board, developing clear policies for the remuneration of the Board of Directors and Senior Executives of the Company and its subsidiaries, reviewing the structure of the Board of Directors, identifying weaknesses and strengths of the Members of the Board, ensuring the independence of independent members (annually) and ensuring the absence of conflicts of interest if members also belong to the Board of Directors of another company. In general, the Committee's role includes the following tasks:

- Review the composition, tenure, performance and membership of the Almarai Board of Directors and of Board Sub-Committees.
- Make recommendations on new appointments to the Board in order to ensure that the Board comprises individuals best able to discharge the responsibilities of Directors with regard to the law and the highest standards of governance.
- Review and make recommendations to the Board on the remuneration of Directors, inclusive of Directors' fees, salaries, benefits, incentive payments, pensions, severance entitlements and all other forms of compensation.
- Review and recommend to the Board, for approval, the overall direction of Almarai's strategies and policies in respect of remuneration and benefits, recognition of executive employment performance, succession planning and executive development.
- Review and make recommendations to the Board on the compensation packages of Senior Management, including the CEO of Almarai and executives reporting directly to the CEO.
- Assess the necessary and desirable competencies of Board members and evaluate the Board's performance. This should include a review, on an annual basis, of the current composition of the Board taking into consideration the independence, age, skill, experience and availability of service to the Company of its members and of anticipated needs. The Committee will identify and review with the Board the appropriate skills and characteristics required of the Directors.
- Specifically ensure that all nominees for appointment as a Director are free of any prior conviction for fraudulent or criminal acts.
- Review and make recommendations to the Board on the appointment and removal of Directors, taking into account the Company's Director nomination procedures and the remuneration of Directors.
- Ensure adequate orientation and training for new Directors about the affairs and business of the Company to allow them to properly discharge their duties.
- Review and make recommendations to the Board on remuneration including short and long term incentives for the CEO and associated performance targets.
- Review and approve recommendations from the CEO on the remuneration of Senior Executives reporting to the CEO.
- Review performance targets for Senior Executives reporting to the CEO.

- Review human resource and remuneration policies and practices for the Company, as brought forward by the CEO and where appropriate recommend adoption by the Board.
- Review management succession planning for the Company in general but specifically with regard to the Board, CEO and Senior Executives reporting to the CEO.
- Review and approve recommendations from the CEO on the appointment and termination of senior executive positions reporting to the CEO, with the exception of the CFO and Company Secretary, whose appointment or termination must be approved by the Board, and the Head of Internal Audit, whose termination must be approved by the Audit & Risk Committee.
- Annually confirm the continuing independence of Independent Members of the Board.
- Annually confirm that Directors do not have a conflict of interest by virtue of directorships that they hold in other companies.
- Review the structure of the Board of Directors and recommend changes.
- Determine the points of strength and weakness in the Board of Directors and recommend remedies that are compatible with the Company's interest.
- Draw clear policies regarding the indemnities and remunerations of Board members and Senior Executives; in laying down such policies, standards related to performance shall be followed.

During 2015 the Nomination & Remuneration Committee held 4 meetings. The below table illustrates the names, positions, and attendance of the committee members:

Nomination and Remuneration Committee Meetings During 2015

Member Name	Position	Meetings				Attendance Rate
		First	Second	Third	Fourth	
		29-Apr	25-May	23-Jun	13-Dec	
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	Chairman	Attended	Attended	Attended	Attended	100%
Mr. Abdulrahman bin Abdulaziz Al Muhanna*	Member	Attended	Attended	Attended	Attended	100%
Engr. Mosa Omran Mohammed Al Omran	Member	Attended	Attended	Attended	Attended	100%
Mr. Georges Schorderet	Member	Attended	Attended	Attended	Attended	100%

* Resigned from his executive position and continued as a Non-Executive Board Member on 1st July 2015

Related Party Transactions

Almarai's Corporate Governance Code guards against conflicts of interest and remedies potential conflict situations for Directors, executives and shareholders. The General Assembly shall be notified of any conflict of interest where request of approval should be raised.

During the normal course of its operations in 2015, Almarai had the following significant transactions with related parties on an 'arm's-length basis':

Nature of Transaction	Transaction Amount		Balance at 31 December	
	2015	2014	2015	2014
	SAR '000	SAR '000	SAR '000	SAR '000
Sales To				
Azizia Panda United	566,733	421,771	96,339	74,266
	566,733	**421,771**	**96,339**	**74,266**
Purchases From				
Savola Packaging Systems Co.Ltd	28,197	166,745	-	(26,218)
United Sugar Company	108,380	105,228	(7,661)	(7,622)
Afia International Company	41	3,776	-	(78)
Al Nafoura Catering	121	-	-	-
International Pediatric Nutrition Company Limited	-	1,860	-	-
Al Kabeer Farms – Forage	39,663	34,906	(8,899)	(2,163)
	176,402	**312,515**	**(16,560)**	**(36,081)**
Services From				
Arabian Shield Cooperative Insurance Co.	96,561	66,025	(48,865)	214,038
Todhia Farm (Rent)	813	2,564	-	(5)
Abdul Aziz Al Muhanna (Land Rent)	173	173	-	-
Mobile Telecommunication Company Saudi Arabia	13	-	-	-
Al Jazirah Corporation for Press, Printing and Publishing	436	-	(120)	(61)
	97,996	**68,762**	**(48,985)**	**213,972**
Payment of Sukuk Finance Charges				
Yamama Cement Company	920	962	(235)	(242)
Saudi British Bank	6,645	6,933	(2,376)	(1,813)
Banque Saudi Fransi	7,083	7,851	(2,547)	(1,991)
Arabian Shield Cooperative Insurance Company	30	61	-	(19)
	14,678	**15,807**	**(5,158)**	**(4,065)**
Bank Financing				
Saudi British Bank	25,812	22,948	1,175,494	1,077,511
Banque Saudi Fransi	19,714	20,615	781,667	1,153,333
	45,526	**43,563**	**1,957,161**	**2,230,844**
Services To				
Al Kabeer Farms	864	864	-	-
United Farmers Holding Company	955	-	1,603	648
	1,819	**864**	**1,603**	**648**
Dividend Received				
Purebreed Company	-	1,250	-	-
	-	**1,250**	**-**	**-**

Dealings during 2015

The following significant related party transactions during 2015 require approval from the General Assembly:

Dealings During the Year 2015

Member	Nature of Dealing	Amount SAR '000	Period	Conditions
Chairman / HH Prince Sultan bin Mohammed bin Saud Al Kabeer				
Al Kabeer Farms - Forage	Management Contract	864	One Year	Commercial condition prevailing in the market
Al Kabeer Farms - Forage	Procurement Feed	39,663	One Year	Commercial condition prevailing in the market
Rental Thodhia farm - Dairy	Lease Contract	813	One Year	Commercial condition prevailing in the market
Al Nafoura Catering	Catering Services	121	One Year	Commercial condition prevailing in the market
Chairman / HH Prince Sultan bin Mohammed bin Saud Al Kabeer and HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer				
Yamama Cement Company	Investment in Instruments	50,000	2013 : 2018	Commercial condition prevailing in the market
Yamama Cement Company	Payment of Sukuk Finance Charges	920	2015	Commercial condition prevailing in the market
Chairman / HH Prince Sultan bin Mohammed bin Saud Al Kabeer and Engr. Nasser Mohammed Al Muttawa				
Arabian Shield Cooperative Insurance Company.	Insurance	96,561	2015	Commercial condition prevailing in the market
Arabian Shield Cooperative Insurance Company.	Insurance	104,723	2016	Commercial condition prevailing in the market
Arabian Shield Cooperative Insurance Company.	Investment in Instruments	3,000	2012 : 2019	Commercial condition prevailing in the market
Arabian Shield Cooperative Insurance Company.	Payment of Sukuk Finance Charges	30	2015	Commercial condition prevailing in the market
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer				
Mobile Telecommunication Company Saudi	Telecommunication Services	13	2015	Commercial condition prevailing in the market
Mr. Abdul Aziz Ibrahim Al Muhanna				
Rent of Land For Distribution Center in Sharjah	Lease Contract	173	2001 : 2021	Commercial condition prevailing in the market
Mr. Abdulrahman bin Abdulaziz Al Muhanna and Engr. Nasser Mohammed Al Muttawa				
Al Jazirah Corporation for Press, Printing and Publishing	Publication Services	436	One Year	Commercial condition prevailing in the market
Savola Group				
Azizia Panda United	Product Sales	566,733	One Year	Commercial condition prevailing in the market
Savola Packaging Systems Co. Ltd.	Packaging Purchasing	28,197	1/1/2015 to 17/3/2015	Commercial condition prevailing in the market
United Sugar Co.	Sugar Purchasing	108,380	One Year	Commercial condition prevailing in the market
Afia International	Soya Bean Oil Purchasing	41	One Year	Commercial condition prevailing in the market

Dealings During the Year 2015

Member	Nature of Dealing	Amount SAR '000	Period	Conditions
Mr. Suliman Abdulkader Al Muhaideb				
Saudi British Bank	Bank services	25,812	One Year	Commercial condition prevailing in the market
Saudi British Bank	Investment in Instruments	100,000	2015 : 2022	Commercial condition prevailing in the market
Saudi British Bank	Investment in Instruments	150,000	2013 : 2018	Commercial condition prevailing in the market
Saudi British Bank	Investment in Instruments	150,000	2013 : 2020	Commercial condition prevailing in the market
Saudi British Bank	Investment in Instruments	50,000	2012 : 2019	Commercial condition prevailing in the market
Saudi British Bank	Bank Financing	1,175,494	2015 : 2021	Commercial condition prevailing in the market
Saudi British Bank	Payment of Sukuk Finance Charges	6,645	2015	Commercial condition prevailing in the market
Engr. Mosa Omran Mohammed Al Omran and Mr. Ibrahim Mohammed Al Issa				
Banque Saudi Fransi	Bank services	19,714		Commercial condition prevailing in the market
Banque Saudi Fransi	Investment in Instruments	100,000	2015 : 2022	Commercial condition prevailing in the market
Banque Saudi Fransi	Investment in Instruments	200,000	2013 : 2018	Commercial condition prevailing in the market
Banque Saudi Fransi	Investment in Instruments	100,000	2013 : 2020	Commercial condition prevailing in the market
Banque Saudi Fransi	Investment in Instruments	90,000	2012 : 2019	Commercial condition prevailing in the market
Banque Saudi Fransi	Bank Financing	781,667	2015 : 2019	Commercial condition prevailing in the market
Banque Saudi Fransi	Payment of Sukuk Finance Charges	7,083	2015	Commercial condition prevailing in the market

Disclosure & Transparency Policy

Almarai seeks to provide accurate, regularly updated information to all its stakeholders and other interested parties. This Policy reflects Almarai's current activities and will be updated as and when those activities change.

Almarai publishes and regularly updates information about its corporate structure and operations, partners, investments and other commercial activity and performance related information. As a publicly listed company, Almarai also recognizes its obligation to respond appropriately to legitimate questions from consumers, customers, government, the media and other stakeholders.

Information disclosed by Almarai under this Policy is available on various websites including the Company's website (www.almarai.com) and the Saudi Stock Exchange (Tadawul) website (www.tadawul.com.sa).

The following information is updated and published annually or as required by the law and relevant rules and regulations. This is not an exhaustive list - other useful information is also disclosed as required:

- Board Members
- Board Committee Membership
- Board Reports
- Quarterly Reports and Financial Statements
- Annual Reports and Financial Statements
- Accounting Policies
- Related Party Transactions
- Review of Principle Activities
- Auditors Report

In the following circumstances, Almarai will not routinely publish information:

- Where disclosure would, or would be likely to, prejudice the commercial interests of Almarai, its business partners or other third parties, and where the public interest in disclosure does not outweigh the public interest in maintaining the exemption.

- When information has been given to Almarai in confidence, and where disclosure could give rise to an action for breach of confidence.
- Personal information about Almarai employees, Board members or other individuals where to do so may be in breach of data protection principles.
- Where disclosure would, or would be likely to, prejudice the investigation, prevention or detection of crime, or the administration of justice.
- When information is subject to legal privilege.

Historic information

The information Almarai publishes on its website is mainly current information, though some historic information is available, for example previous Annual Reports.

Contact Almarai

Related or interested parties are invited to connect and communicate with our Investor Relations department by e-mail: investor.relations@almarai.com

Interested parties may also contact the Company through the following telephone numbers:
800 124 6688 or 00 966 (11) 453 6688
Or by e-mail at: info@almarai.com

For more information, visit the Company's website:
www.almarai.com

Board of Directors Certification

The Board of Directors has taken care to ensure the professional performance of the Company during 2015, and certifies the following:

- There are no equity shares or debt instruments belonging to subsidiaries.
- There were no convertible debt instruments or any securities or contractual rights of initial public offering or similar rights issued or granted by Almarai during 2015, and there was no compensation obtained by Almarai in return.
- There were no rights of conversion or initial public offering under convertible debt instruments or any securities or contractual rights of initial public offering or similar rights issued or granted by Almarai during 2015.
- No redemption, purchase, or cancellation by Almarai or any of its Subsidiaries of any redemption of debt instruments occurred during 2015.
- There were no substantial operational conflicts of interest during 2015, other than what has been disclosed.
- We did not receive a request from the External Auditors to call a meeting of the General Assembly during 2015.
- We did not receive a request from shareholders owning 5% or more of the Company's share capital to call a meeting of the General Assembly during 2015.
- There was no procedure that might lead to obstruction of the shareholders' rights of voting.
- There were no significant events affecting the integrity of the financial position of the Company after the Financial Year 2015 requiring disclosure, other than information that is available and declared.
- The Company did not provide loans or credit facilities to any member of the Board of Directors.
- Proper books of account have been maintained.
- The System of Internal Control is sound and has been effectively implemented.
- There are no significant doubts concerning Almarai's ability to continue as a going concern.

Recommendations to the General Assembly

We are pleased, after reviewing the most important operational and financial activities for the Financial Year 2015, to attach the Consolidated Financial Statements with the Auditors' Report. We recommend that the General Assembly approve the Board of Directors Report, the Consolidated Financial Statements, and the Auditors' Report. The place and time of the General Assembly Meeting and any other items on the Agenda will be announced at a later date.

Board of Directors

Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

The Shareholders
Almarai – Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

We have audited the accompanying consolidated financial statements of **Almarai – Joint Stock Company** ("the Company") and its subsidiaries (collectively referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2015 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 32 which form an integral part of the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia in compliance with Article 123 of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

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

1) Present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group.
2) Comply with the requirements of the Regulations for Companies and Company's By-laws with respect to the preparation and presentation of consolidated financial statements.

For KPMG Al Fozan & Partners

Abdullah Hamad Al Fozan
License No. 348

Date: 7 Rabi Thani 1437H
Corresponding to: 17 January 2016

Consolidated Balance Sheet as at 31 December 2015

	Notes	2015	2014
		SAR '000	SAR '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	2,038,776	796,787
Receivables and Prepayments	5	1,277,110	1,344,460
Inventories	6	2,835,663	2,769,050
Derivative Financial Instruments	25	3,438	1,275
Total Current Assets		**6,154,987**	4,911,572
Non Current Assets			
Investments	7	198,414	324,980
Property, Plant and Equipment	8	18,696,071	16,176,354
Biological Assets	9	1,227,815	1,069,912
Intangible Assets - Goodwill	10	1,009,077	1,350,165
Derivative Financial Instruments	25	11,089	1,712
Prepayment	5	72,426	114,156
Deferred Tax Asset		1,156	64
Total Non Current Assets		**21,216,048**	19,037,343
TOTAL ASSETS		**27,371,035**	23,948,915
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Bank Overdraft		217,647	143,631
Short Term Loans	11	153,380	115,530
Current Portion of Long Term Loans	11	1,668,030	1,562,181
Payables and Accruals	12	2,730,153	2,107,315
Derivative Financial Instruments	25	37,426	114,277
Total Current Liabilities		**4,806,636**	4,042,934
Non Current Liabilities			
Long Term Loans	11	9,343,435	7,737,026
End of Service Benefits		472,186	408,073
Deferred Tax Liability		67,123	84,394
Derivative Financial Instruments	25	63,427	45,556
Total Non Current Liabilities		**9,946,171**	8,275,049
TOTAL LIABILITIES		**14,752,807**	12,317,983
EQUITY			
Share Capital	13	6,000,000	6,000,000
Statutory Reserve		1,422,141	1,230,572
Other Reserves		(392,636)	(466,898)
Treasury Shares		(330,699)	(146,386)
Retained Earnings		3,659,639	2,569,564
Equity Attributable to Shareholders		**10,358,445**	9,186,852
Perpetual Sukuk	14	1,700,000	1,700,000
Equity Attributable to Equity Holders		**12,058,445**	10,886,852
Non Controlling Interest		559,783	744,080
TOTAL EQUITY		**12,618,228**	11,630,932
TOTAL LIABILITIES AND EQUITY		**27,371,035**	23,948,915

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Consolidated Statement of Income for the Year ended 31 December 2015

	Notes	2015	2014
		SAR '000	SAR '000
Sales	16	13,794,616	12,605,565
Cost of Sales	17	(8,511,353)	(8,012,940)
Gross Profit		**5,283,263**	4,592,625
Selling and Distribution Expenses	18	(2,612,198)	(2,246,220)
General and Administration Expenses	19	(409,013)	(348,778)
Operating Income		**2,262,052**	1,997,627
Share of Results of Associates and Joint Ventures	7	(37,297)	(8,158)
Others	20	(130,721)	(26,616)
Finance Cost, net		(229,638)	(207,875)
Income before Zakat and Foreign Income Tax		**1,864,396**	1,754,978
Zakat and Foreign Income Tax	21	(65,735)	(71,069)
Income before Non Controlling Interest		**1,798,661**	1,683,909
Non Controlling Interest		117,030	(9,570)
Net Income for the Year		**1,915,691**	1,674,339
Earnings per Share (SAR), based on Income before Zakat and Foreign Income Tax	22		
- Basic		3.04	2.86
- Diluted		3.02	2.84
Earnings per Share (SAR), based on Net Income for the Year	22		
- Basic		3.13	2.72
- Diluted		3.11	2.70

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year ended 31 December 2015

	Notes	2015	2014
		SAR '000	SAR '000
OPERATING ACTIVITIES			
Net Income for the Year			
Adjustments for:		1,915,691	1,674,339
Depreciation of Property, Plant and Equipment	8	1,349,886	1,223,820
Depreciation of Biological Assets	9	237,949	230,086
Finance Cost, net		229,638	207,875
Zakat and Foreign Income Tax Accrued	21	65,735	71,069
Share of Results of Assiciates and Joint Ventures	7	37,297	8,158
Others	20	130,721	26,616
Provision for End of Service Benefits		100,297	95,214
Share Based Payment		15,448	10,687
Non Controlling Interest		(117,030)	9,570
		3,965,632	3,557,434
Changes in:			
Trade Receivables		(49,115)	(88,215)
Prepayments and Other Receivables		562,765	(99,601)
Inventories		(78,829)	(216,719)
Payables and Accruals		580,706	110,317
Cash Generated from Operations		4,981,159	3,263,216
End of Service Benefits Paid		(35,884)	(27,188)
Zakat and Foreign Income Tax Paid	21	(13,334)	(37,265)
Net Cash Generated from Operating Activities		**4,931,941**	3,198,763
INVESTING ACTIVITIES			
Acquisition of Subsidiaries, Net of Cash Acquired		-	(13,160)
Investment in Associates and Joint Ventures, net	7	(18,213)	65,869
Dividend received from Associates	7	-	1,875
Additions to Property, Plant and Equipment	8	(4,005,199)	(2,740,449)
Proceeds from the Sale of Property, Plant and Equipment	23	37,279	50,693
Additions to Biological Assets	9	(104,804)	(79,766)
Appreciation of Biological Assets	9	(514,954)	(439,762)
Proceeds from the Sale of Biological Assets	23	196,940	154,239
Prepayment	5	-	(114,156)
Net Cash Used in Investing Activities		**(4,408,951)**	(3,114,617)
FINANCING ACTIVITIES			
Change in Loans, net		1,755,249	(343,682)
Bank Overdraft, net		82,161	38,827
Dividends Paid		(598,542)	(598,275)
Finance Cost Paid, net		(265,496)	(240,168)
Purchase of Treasury Shares		(260,530)	-
Settlement of Treasury Shares		76,217	-
Payment of Profit on Perpetual Sukuk		(50,232)	(51,648)
Transactions with Non Controlling Interests		(7,123)	112,792
Net Cash Generated from / (Used In) Financing Activities		**731,704**	(1,082,154)
Currency Translation Impact on Cash and Cash Equivalents		**(12,705)**	(15,721)
Net Increase / (Decrease) in Cash and Cash Equivalents		**1,241,989**	(1,013,729)
Cash and Cash Equivalents at 1 January		**796,787**	1,810,516
Cash and Cash Equivalents at 31 December	4	**2,038,776**	796,787

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity for the Year ended 31 December 2015

	Share Capital	Statutory Reserve	Other Reserves	Treasury Shares	Retained Earnings	Equity Attributable to Shareholders	Perpetual Sukuk	Equity Attributable to Equity Holders	Non Controlling Interest	**Total Equity**
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Balance at 1 January 2014	6,000,000	1,063,138	(188,585)	(146,386)	1,714,303	8,442,470	1,700,000	10,142,470	621,718	10,764,188
Net Income for the Year	-	-	-	-	1,674,339	1,674,339	-	1,674,339	9,570	1,683,909
Dividend Approved	-	-	-	-	(600,000)	(600,000)	-	(600,000)	-	(600,000)
Net Movement in Fair Value of Available for Sale Investments	-	-	(65,439)	-	-	(65,439)	-	(65,439)	-	(65,439)
Net Movement on Cash Flow Hedges	-	-	(87,870)	-	-	(87,870)	-	(87,870)	-	(87,870)
Transfer for the Year	-	167,434	-	-	(167,434)	-	-	-	-	-
Currency Translation Adjustment	-	-	(135,687)	-	-	(135,687)	-	(135,687)	-	(135,687)
Share Based Payment Transactions	-	-	10,687	-	-	10,687	-	10,687	-	10,687
Profit on Perpetual Sukuk	-	-	51,644	-	(51,644)	-	-	-	-	-
Payment of Profit on Perpetual Sukuk	-	-	(51,648)	-	-	(51,648)	-	(51,648)	-	(51,648)
Transaction with Non Controlling Interests	-	-	-	-	-	-	-	-	112,792	112,792
Balance at 31 December 2014	**6,000,000**	**1,230,572**	**(466,898)**	**(146,386)**	**2,569,564**	**9,186,852**	**1,700,000**	**10,886,852**	**744,080**	**11,630,932**
Net Income for the Year	-	-	-	-	1,915,691	1,915,691	-	1,915,691	(117,030)	1,798,661
Dividend Approved	-	-	-	-	(600,000)	(600,000)	-	(600,000)	-	(600,000)
Net Movement in Fair Value of Available for Sale Investments	-	-	155,737	-	-	155,737	-	155,737	-	155,737
Share of Other Comprehensive income of Associate	-	-	(49,455)	-	-	(49,455)	-	(49,455)	-	(49,455)
Net Movement on Cash Flow Hedges	-	-	70,519	-	-	70,519	-	70,519	-	70,519
Transfer for the Year	-	191,569	-	-	(191,569)	-	-	-	-	-
Currency Translation Adjustment	-	-	(101,802)	-	-	(101,802)	-	(101,802)	(60,144)	(161,946)
Share Based Payment Transactions	-	-	15,448	-	-	15,448	-	15,448	-	15,448
Profit on Perpetual Sukuk	-	-	50,064	-	(50,064)	-	-	-	-	-
Payment of Profit on Perpetual Sukuk	-	-	(50,232)	-	-	(50,232)	-	(50,232)	-	(50,232)
Settlement of Treasury Shares under Employee Share Option Scheme	-	-	(16,017)	76,217	16,017	76,217	-	76,217	-	76,217
Purchase of Treasury Shares	-	-	-	**(260,530)**	-	**(260,530)**	-	**(260,530)**	-	**(260,530)**
Transaction with Non Controlling Interests	-	-	-	-	-	-	-	-	**(7,123)**	**(7,123)**
Balance at 31 December 2015	**6,000,000**	**1,422,141**	**(392,636)**	**(330,699)**	**3,659,639**	**10,358,445**	**1,700,000**	**12,058,445**	**559,783**	**12,618,228**

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements for the Year ended 31 December 2015

1. The Company, its Subsidiaries and its Business Description

Almarai Company (the "Company") is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dul Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was trading between 1977 and 1991 under the Almarai brand name.

The Company's Head Office is located at Exit 7, North Ring Road, Al Izdihar District, P.O. Box 8524, Riyadh 11492, Kingdom of Saudi Arabia ("Saudi Arabia").

The Company and its subsidiaries (together, the "Group") are a major integrated consumer food and beverage Group in the Middle East with leading market shares in Saudi Arabia, other Gulf Cooperation Council ("GCC") countries, Egypt and Jordan.

Dairy, fruit juices and related food business is operated under the "Almarai", "Beyti" and "Teeba" brand names. All raw milk production, dairy and fruit juice product processing and related food product manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates ("UAE"), Egypt and Jordan.

Dairy, fruit juices and related food business in Egypt and Jordan operates through International Dairy and Juice Limited ("IDJ"), a joint venture with PepsiCo. The Group manages IDJ operations through following key subsidiaries:

Jordan
Teeba Investment for Developed Food Processing

Egypt
International Company for Agricultural Industries Projects (Beyti) (SAE)

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Company Limited, a joint venture with Chipita, under the brand names "L'usine" and "7 Days" respectively.

Poultry products are manufactured and traded by Hail Agricultural Development Company under the "Alyoum" brand name.

Infant Nutrition products are manufactured by Almarai Baby Food Company Limited and traded by International Pediatric Nutrition Company under "Nuralac" and "Evolac" brands.

In territories where the Group has operations, final consumer products are distributed from manufacturing facilities to local distribution centres by the Group's long haul distribution fleet. The distribution centres in GCC countries are managed through subsidiaries (UAE, Oman and Bahrain) and Agency Agreements (Kuwait and Qatar) as follows:

UAE
Almarai Emirates Company L.L.C

Oman
Arabian Planets for Trading and Marketing L.L.C.

Bahrain
Almarai Company Bahrain S.P.C

Kuwait
Al Kharafi Brothers Dairy Products Company Limited

Qatar
Khalid for Foodstuff and Trading Company

In other territories, where permissible, dairy and juice products are exported through IDJ, other products are exported through other subsidiaries.

The Group owns and operates arable farms in Argentina and in United States of America, collectively referred to as "Fondomonte", through following key subsidiaries:

USA
Fondomonte Holdings North America L.L.C

Argentina
Fondomonte South America S.A

The Group's non GCC business operations under IDJ and Fondomonte are managed through Almarai Investment Holding Company W.L.L., a company incorporated in the Kingdom of Bahrain.

On 5 Muharram 1436 A.H. (28 October 2014) an application was filed with the Ministry of Industry and Commerce of Kingdom of Bahrain, to liquidate Almarai International Holding W.L.L., a fully owned subsidiary of the Group.

The Ministry of Industry and Commerce of Kingdom of Bahrain confirmed the liquidation of Almarai International Holding W.L.L. effective from 29 Shabaan 1436 A.H. (16 June 2015).

Almarai Headquarters, Riyadh, Saudi Arabia

Details of the subsidiary companies are follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest				Share Capital	Number of Shares Issued
				2015		2014			
				Direct (a)	Effective	Direct (a)	Effective		
Almarai Investment Company Limited	Saudi Arabia	Holding Company	SAR	100%	100%	100%	100%	SAR 1,000,000	1,000
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing Company	SAR	100%	100%	100%	100%	SAR 200,000,000	20,000,000
Almarai Agricultural And Livestock Production Company	Saudi Arabia	Livestock / Agricultural Company	SAR	100%	100%	-	-	SAR 1,000,000	1,000
Almarai Construction Company	Saudi Arabia	Construction Company	SAR	100%	100%	-	-	SAR 1,000,000	1,000
Almarai for Maintenance and Operation Company	Saudi Arabia	Maintenance and Operation	SAR	100%	100%	-	-	SAR 1,000,000	1,000
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Agricultural Company	SAR	52%	52%	52%	52%	SAR 25,000,000	250
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company	SAR	100%	100%	100%	100%	SAR 300,000,000	30,000,000
Hail Agricultural And Livestock Production Company	Saudi Arabia	Poultry / Agricultural Company	SAR	100%	100%	-	-	SAR 1,000,000	1,000
International Baking Services Company Limited	Saudi Arabia	Dormant	SAR	100%	100%	100%	100%	SAR 500,000	500
International Pediatric Nutrition Company	Saudi Arabia	Trading Company	SAR	100%	100%	100%	100%	SAR 41,000,000	410,000
Modern Food Industries Company Limited	Saudi Arabia	Bakery Company	SAR	60%	60%	60%	60%	SAR 70,000,000	70,000
Nourlac Company Limited	Saudi Arabia	Trading Company	SAR	100%	100%	100%	100%	SAR 3,000,000	3,000
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	SAR	100 %	100 %	100 %	100 %	SAR 200,000,000	200,000
Agro Terra S.A.	Argentina	Dormant	ARS	100 %	100 %	100 %	100 %	ARS 475,875	475,875
Fondomonte South America S.A.	Argentina	Agricultural Company	ARS	100 %	100 %	100 %	100 %	ARS 486,406,597	486,406,597
Almarai Company Bahrain S.P.C.	Bahrain	Trading Company	BHD	100 %	100 %	100 %	100 %	BHD 100,000	2,000
Almarai International Holding W.L.L.	Bahrain	Liquidated	BHD	-	-	100 %	100 %	BHD 250,000	2,500
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company	BHD	99 %	99 %	99 %	99 %	BHD 250,000	2,500
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company	BHD	100 %	52 %	100 %	52 %	BHD 250,000	2,500
International Dairy and Juice Limited	British Virgin Islands	Holding Company	USD	52 %	52 %	52 %	52 %	USD 7,583,334	7,583,334
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company	EGP	100 %	52 %	100 %	52 %	EGP 320,000,000	32,000,000
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company	EGP	100 %	52 %	100 %	52 %	EGP 558,000,000	55,800,000
Markley Holdings Limited	Jersey	Dormant	GBP	100 %	100 %	100 %	100 %	-	-
Al Muthedoon for Dairy Production	Jordan	Under Liquidation	JOD	100 %	52 %	100 %	52 %	JOD 500,000	500,000
Al Atheer Agricultural Company	Jordan	Under Liquidation	JOD	100 %	52 %	100 %	52 %	JOD 750,000	750,000
Al Namouthjya for Plastic Production	Jordan	Under Liquidation	JOD	100 %	52 %	100 %	52 %	JOD 250,000	250,000
Al Rawabi for juice and UHT milk Manufacturing	Jordan	Under Liquidation	JOD	100 %	52 %	100 %	52 %	JOD 500,000	500,000
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company	JOD	100 %	52 %	100 %	52 %	JOD 49,675,352	49,675,352
Arabian Planets for Trading and Marketing L.L.C.	Oman	Trading Company	OMR	90 %	90 %	90 %	90 %	OMR 150,000	150,000
Alyoum for Food Products Company L.L.C.	Oman	Trading Company	OMR	100 %	100 %	100 %	100 %	OMR 20,000	20,000
Fondomonte Inversiones S.L.	Spain	Holding Company	EUR	100 %	100 %	100 %	100 %	EUR 13,000,000	13,000,000
Hail Development Company Limited	Sudan	Agricultural Company	SDG	100 %	100 %	100 %	100 %	SDG 100,000	100
Almarai Emirates Company L.L.C.	United Arab Emirates	Trading Company	AED	100 %	100 %	100 %	100 %	AED 300,000 (Unpaid)	300
International Dairy and Juice (Dubai) Limited	United Arab Emirates	Holding Company	USD	100 %	52 %	100 %	52 %	USD 22,042,183	22,042,183
Fondomonte Holding North America L.L.C.	United States of America	Holding Company	USD	100 %	100 %	100 %	100 %	USD 500,000	50,000
Fondomonte Arizona L.L.C.	United States of America	Agricultural Company	USD	100 %	100 %	100 %	100 %	USD 500,000	50,000
Fondomonte California L.L.C.	United States of America	Agricultural Company	USD	100 %	100 %	100 %	100 %	-	-

(a) Direct ownership means directly owned by the Company or any of its subsidiaries.

2. Basis of Accounting, Preparation, Consolidation and Presentation of Consolidated Financial Statements

a) These consolidated financial statements have been prepared on the accrual basis under the historical cost convention (except for derivative financial instruments and available for sale investments that are measured at fair value) and in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia as issued by the Saudi Organisation for Certified Public Accountants (SOCPA).

b) These consolidated financial statements include assets, liabilities and the results of the operations of the Company and its Subsidiaries, as set out in note (1). The Company and its Subsidiaries are collectively referred to as the Group. A subsidiary company is that in which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a direct or indirect shareholding of more than one half of the subsidiary's net assets or its voting rights. A subsidiary company is consolidated from the date on which the Group obtains control until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets given or liabilities incurred or assumed at the date of acquisition. The excess of the cost of acquisition and fair value of Non-Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated balance sheet. Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of Subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Company. The Company and its Subsidiaries have same reporting periods. NCI represents the portion of profit or loss and net assets not controlled by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

c) The preparation of consolidated financial statements, in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the use of estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

d) These consolidated financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. When necessary, comparatives have been reclassified to conform to current period presentation, which are not material to overall results of the Group.

A. Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank, cash in hand and short-term deposits that are readily convertible into known amounts of cash and have an original maturity of three months or less.

B. Trade Receivables

Trade receivables are carried at the original invoiced amount less any allowance made for impairment and expected sales returns. Allowance for impairment is made for the receivables when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Allowance for sales returns is calculated based on the forecasted return of expired products in line with the Group's product replacement policy. Bad debts are written off as incurred.

C. Inventory Valuation

Inventory is stated at the lower of cost and net realisable value. Cost is determined using weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories cost includes an appropriate share of manufacturing overheads based on normal operating capacity. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary, for obsolete, slow moving and defective stocks.

D. Insurance Recoveries

Insurance recoveries are recognised as an asset when it is virtually certain that an inflow of economic benefits will arise to the Group with the corresponding impact to consolidated statement of income of the year in which the recoveries become virtually certain.

E. Investments

a) Investment in Associates and Joint Ventures

Associates are those entities in which the Group exercise significant influence, but not control, over the financial and operating policies, generally accompanying a shareholding between 20% and 50% of the voting rights. Join Ventures are those entities over whose activities the Group has joint control, established by contractual arrangements and requiring unanimous consent for strategic financial and operating decisions. The investments in associates and joint ventures are accounted for under the equity method of accounting. These Investments are initially recognised at cost and subsequently adjusted by the post investment changes in the Group's share in net assets of the investee less any impairment in value. When the Group's share of losses arising from these investments equals or exceeds its interest in the investee, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee.

b) Available for Sale Investments

Available for Sale Investments that are actively traded in organised financial markets, are measured and carried in the consolidated balance sheet at fair value which is determined by reference to quoted market bid prices at the close of business at the consolidated balance sheet date. The unrealised gains or losses are recognised directly in equity. When the investment is disposed or impaired, the cumulative gain or loss previously recorded in equity is recognised in the consolidated statement of income. Where there is no market for the investment, cost is taken as the most appropriate, objective and reliable measure of fair value of the investment.

The management exercises judgment to calculate the impairment loss of available for sale investments. This includes the assessment of objective evidence which causes other than temporary decline in the value of investments. In case of equity instruments any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for such impairment. The determination of what is 'significant' and 'prolonged' is based on management's judgment. The management also considers impairment testing to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. This decline in the value is recognized in the consolidated statement of income as impairment loss in investments. The previously recognized impairment loss in respect of equity investments is not reversed through the consolidated statement of income.

F. Property, Plant and Equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the qualifying assets are capitalized during the period of time that is required to substantially complete and prepare the qualifying asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment and amount can be measured reliably. All other expenditures are recognized as an expense when incurred.

The cost less estimated residual value is depreciated on straight-line basis over the following estimated useful lives of the assets:

Buildings	5 – 33 years
Plant, Machinery and Equipment	1 – 20 years
Motor Vehicles	6 – 10 years

Land and Capital Work in Progress are not depreciated.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary.

G. Biological Assets

Biological assets acquired are stated at cost of purchase and biological assets reared internally are stated at the cost of rearing or growing to the point of commercial production (termed as appreciation), less accumulated depreciation and accumulated impairment loss. The costs of immature biological assets are determined by the cost of rearing or growing to their respective age. Immature biological assets are not depreciated. The dairy herd is depreciated over four lactation cycles and other biological assets are depreciated on a straight line basis to their estimated residual values over periods ranging from 36 weeks to 70 years as summarized below:

Dairy Herd	4 Lactation cycles
Plantations	22 – 70 years
Poultry Flock	36 weeks

H. Impairment of Non-Current Assets

Non-Current Assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, which is the higher of an asset's fair value less cost to sell and value in use, the assets are written down to their recoverable amount. Impairment losses are recognized immediately as an expense in the consolidated statement of income.

Non-Current Assets, other than intangible assets, that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income. Impairment losses recognized on intangible assets are not reversed.

I. Intangible Assets - Goodwill

Goodwill represents the excess of the cost of acquisition and fair value of NCI over the fair value of the identifiable net assets acquired. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

J. Trade Payables

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

K. Provisions

A provision is recognized if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit, will be required to settle the obligation.

L. Zakat and Foreign Income Tax

Zakat is provided for in accordance with Saudi Department of Zakat and Income Tax ("DZIT") regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final Zakat and Foreign income tax assessments are recorded in the period in which such assessments are made.

M. Deferred Tax

Deferred tax is accounted for in foreign subsidiaries, where applicable using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

N. Derivative Financial Instruments and Hedging

Forward foreign exchange contracts are entered into to hedge exposure to changes in currency rates on purchases and other expenditures of the Group.

Commission rate swap agreements are entered into to hedge the exposure to commission rate changes on the Group's borrowings.

Forward purchase commodity contracts are entered into to hedge exposure to changes in the price of commodities used by the Group.

All hedges are expected to be in the range of 80% – 125% effective and are assessed on an ongoing basis. All hedges are classified as cash flow hedges and effective portion of the fair value gains / losses arising on revaluation of hedging instruments are recognized directly in equity under other reserves. When the hedging instrument matures or expires any associated gain or loss in other reserves is reclassified to the consolidated statement of income, or the underlying asset purchased that was subjected to the hedge.

O. End of Service Benefits

End of service benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Company and its subsidiaries, on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date.

P. Statutory Reserve

In accordance with Article 125 of the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to recognise a reserve comprising of 10% of its net income for the year, unless such reserve equals 50% of its share capital.

Q. Sukuk

The Group classifies Sukuk issued as financial liabilities or equity, in accordance with the substance of the contractual terms of the Sukuk. Sukuk having fixed maturity dates and fixed dates for payment of profit distribution are classified as a liability.

Sukuk having no fixed maturity date (Perpetual Sukuk) and no fixed date for payment of profit distribution are classified as equity. Distributions thereon are recognized directly in equity under other reserves.

R. Treasury Shares

Own equity instruments are purchased (treasury shares), for discharging obligations under the Employee Stock Options Programme ("ESOP"). These treasury shares are recognised at cost of purchase (including any directly attributable cost) and are presented as a deduction from equity attributable to shareholders. Treasury Shares are utilised to discharge the obligation under ESOP at cost.

S. Share Based Payment Transactions

Employees of the Group receive remuneration in the form of equity settled share based payments under the ESOP, whereby employees attain an option to purchase shares of the Company ("Option"). In order to exercise their Option, the employees pay a predetermined exercise price, render services as consideration and comply with the vesting conditions.

The cost of ESOP, representing the Fair Value of Options at grant date, is recognised as an expense in the consolidated statement of income, together with a corresponding increase in Other Reserves, in Equity, over the period during which the service conditions are fulfilled.

Management has set up an economic hedge by purchasing Treasury Shares at inception of the ESOP. Accordingly, the Other Reserve (representing the cumulative expense arising from ESOP) is transferred into Retained Earnings upon expiry of the ESOP, whether or not the Options vest to the employees.

The cumulative expense thus recognised at each reporting date, until the ESOP expiry date, reflects the extent to which the ESOP's term has expired and the Group's best estimate of the number of options that will ultimately vest.

When the terms of ESOP are modified, the minimum expense recognised is equal to the Fair Value of Options at grant date. However, an additional expense is recognised for any modification that increases the total fair value of the Option, or is otherwise beneficial to the employee as measured at the date of the modification.

When ESOP is terminated, it is treated as if Options vested on the date of termination, and all remaining expense is recognised immediately. However, if a new ESOP is substituted for the terminated ESOP, and designated as a replacement ESOP on the date the new ESOP is granted, the terminated and new ESOPs are treated as if they were a modification of the original ESOP, as described in the previous paragraph.

T. Currency Translation

a) Foreign currency transactions

Transaction denominated in foreign currencies are translated at standard exchange rates which are periodically set to reflect average market rates or forward rates if the transactions were so covered. Balance sheet items denominated in foreign currencies are translated as following:

Monetary items are translated at exchange rates prevailing at the balance sheet date or at the forward purchase rates if so covered. The resulting exchange differences are recognised in the statement of income.

Non-monetary items are translated at exchange rates prevailing at the transaction date. This does not result in any exchange differences.

b) Foreign Operations

Assets and liabilities of Subsidiaries and share of net assets of joint ventures and associates, where functional currency is other than SAR, are translated at current exchange rates prevailing at the balance sheet date. Components of equity of Subsidiaries, other than retained earnings, are translated at exchange rates prevailing at the date of occurrence of each component.

Statement of income of Subsidiaries and share of results of joint ventures and associates are translated at average exchange rates.

Currency Translation Adjustments ("CTA") arising from translation of foreign operations are recognised in the statement of changes equity. However, in case of a non-wholly owned subsidiary, the relevant proportion of CTA is allocated to NCI within equity. The functional currency and ownership percentage for each foreign subsidiary is disclosed in Note 1.

U. Revenue Recognition

Products are sold principally on a sale or return basis. Revenue is recognised on delivery of products to customers by the Group or its distributors, at which time risk and reward passes, subject to the physical return of expired products.

Revenue from the sale of wheat guaranteed to be sold to the Government is recognised upon completion of harvest but the profit on any undelivered quantities is deferred until delivered to the Government.

V. Government Grants

Government grants are recognized when it is a virtually certain that the grants will be received from the state authority. When the grant relates to a cost item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

W. Selling, Distribution, General and Administration Expenses

Selling, Distribution, General and Administration Expenses include direct and indirect costs not specifically part of Cost of Sales as required under accounting standards generally accepted in Kingdom of Saudi Arabia. Allocations between Cost of Sales and Selling, Distribution, General and Administration Expenses, when required, are made on a consistent basis. The Group charges the payments made in respect of long term agreements with customers and distributors to Selling and Distribution Expenses.

X. Cost Reimbursement

The reimbursement of cost incurred in respect of the management of Arable Farms is recognised as a deduction under general and administration expenses.

Y. Operating Leases

Rentals in respect of operating leases are charged to the consolidated statement of income over the term of the leases.

Z. Borrowing Costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to a stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed; otherwise, such costs are charged to the consolidated statement of income.

AA. Segmental Reporting

A segment is a distinguishable component of the Group that is engaged either in selling / providing products or services (a business segment) or in selling / 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.

Almarai Headquarters, Riyadh, Saudi Arabia

4. Cash and Cash Equivalents

	2015	2014
	SAR '000	SAR '000
Cash in Hand	154,295	117,959
Cash at Bank - Current Accounts	506,381	362,366
Bank Deposits - Short Term	1,378,100	316,462
Total	**2,038,776**	**796,787**

The average rate on bank deposits were 1.4% for 2015 (2014: 0.7%) with an average maturity of two months.

5. Receivables and Prepayments

	2015	2014
	SAR '000	SAR '000
Trade Receivables		
Third Parties	739,987	717,695
Related Parties (Refer note 28)	96,339	74,993
	836,326	**792,688**
Less: Allowance for impairment of trade receivables (Refer 5(a) below)	(37,010)	(49,665)
Less: Allowance for sales returns (Refer 5(c) below)	(22,855)	(15,677)
Net Trade Receivables	**776,461**	**727,346**
Prepayments (Refer 5(d) below)	313,429	345,769
Other Receivables	187,220	57,391
Insurance Claim Receivable	-	213,954
Total	**1,277,110**	**1,344,460**

a) Movement in allowance for impairment of trade receivables is as follows:

	2015	2014
	SAR '000	SAR '000
Allowance for Impairment of Trade Receivables		
Balance at 1 January	49,665	45,415
Allowance (released) / made during the Year	(12,655)	4,250
Balance at 31 December	**37,010**	**49,665**

	2015	2014
	SAR '000	SAR '000
Trade Receivables		
Up to 3 months	799,316	743,023
More than 3 months	37,010	49,665
Total	**836,326**	**792,688**

b) Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

c) The allowance for sales returns is calculated based on the forecasted return of expired products in line with the Group's product return policy.

d) During 2014 the subsidiary in Argentina entered into an operating lease agreement for agricultural land for a term of 40 years. The subsidiary has made a prepayment of lease rentals, of which the long term portion amounting to SAR 72.4 million (2014: SAR 114.2 million) has been classified under Non-Current Assets.

6. Inventories

	2015	2014
	SAR '000	SAR '000
Raw Materials	2,114,218	2,117,377
Finished Goods	374,066	347,401
Spares	298,109	240,191
Work in Progress	247,115	205,497
Less: Allowance for Impairment of Inventories	(197,845)	(101,920)
Less: Losses Arising due to Fire	-	(39,496)
Total	**2,835,663**	**2,769,050**

7. Investments

The investments in associates, joint ventures and available for sale investments comprise of the following:

	2015	2014	2015	2014
			SAR '000	SAR '000
Investments in Associates and Joint Ventures (Refer note a)				
United Farmers Holding Company	33.0%	33.0%	58,504	133,181
Pure Breed Company	24.7%	21.5%	35,469	29,331
International Pediatric Nutrition Company	-	-	-	-
Almarai Company W.L.L.	50.0%	50.0%	204	204
			94,177	162,716
Available for Sale Investments (Refer note b)				
Mobile Telecommunication Company Saudi Arabia - ("Zain")	2.1%	2.1%	104,237	148,100
Jannat for Agricultural Investment Company	11.1%	11.1%	-	7,000
National Company for Tourism	1.1%	1.1%	-	4,500
National Seeds and Agricultural Services Company	7.0%	7.0%	-	2,064
United Dairy Farms Company	8.3%	8.3%	-	600
			104,237	162,264
Total			**198,414**	**324,980**

a) The investment in associates and joint ventures comprises the following:

	2015	2014
	SAR '000	SAR '000
United Farmers Holding Company		
Opening Balance	133,181	203,950
Loan provided	14,563	3,300
Repayment of Loan	-	(69,169)
Share of Other Net Assets	(49,455)	-
Share of Results for the year	(39,785)	(4,900)
Closing Balance	**58,504**	**133,181**

	2015	2014
	SAR '000	SAR '000
International Pediatric Nutrition Company		
Opening Balance	-	13,335
Share of Results for the year *	-	44
Re-measurement to Fair Value of Equity Interest Already held, net	-	1,637
Transfer to Consolidated Subsidiary	-	(15,016)
Closing Balance	**-**	-

* This represents share of results for the eight day period ended 8 January 2014.

	2015	2014
	SAR '000	SAR '000
Pure Breed Cpmpany		
Opening Balance	29,331	33,883
Additions*	3,650	-
Share of Results for the year	2,488	(3,302)
Distributions	-	(1,250)
Closing Balance	**35,469**	**29,331**

* During the year an additional 15,000 shares of Pure Breed Company were acquired for a purchase consideration of SAR 3.7 million.

	2015	2014
	SAR '000	SAR '000
Almarai Company W.L.L.		
Opening Balance	204	204
Closing Balance	204	204

b) On 6 Jumada Awal 1436 A.H. (25 February 2015), the shareholders of Zain approved the reduction in share capital from SAR 10.8 billion to SAR 5.8 billion and accordingly to decrease the number of shares from 1.1 billion to 583.7 million to offset its accumulated losses up to 30 September 2014. As a result the Company's investment in Zain decreased from 23.0 million shares to 12.4 million shares.

The fair value based on quoted market price of the Zain shares has been significantly below cost for a prolonged period of time and the management considers the investment as impaired. Accordingly, an impairment loss amounting to SAR 199.6 million was recognised during the year (2014: Nil). This includes SAR 155.7 million of net changes in fair value previously recognised within other reserves in shareholders' equity and an additional SAR 43.9 million recognised to reflect the fair value based on quoted market price as at 31 December 2015.

The Company has pledged Zain shares to Banque Saudi Fransi ("BSF") to secure the BSF loan to Zain KSA.

All other available for sale investments are stated at cost less impairment. The impairment loss recognised in the current year amounts to SAR 14.2 million (2014: Nil) consequently these are valued at nil.

Almarai Headquarters, Riyadh, Saudi Arabia

8. Property, Plant and Equipment

	Land and Buildings	Plant, Machinery & Equipment	Motor Vehicles	Capital Work-in-Progress [a]	Total 2015	Total 2014
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost						
At the beginning of the year	7,757,634	8,661,493	1,714,823	4,369,894	**22,503,844**	20,631,453
Additions during the year	-	-	-	4,041,057	**4,041,057**	2,769,184
Transfers during the year	1,615,732	1,962,739	811,540	(4,390,011)	**-**	-
Disposals during the year	(13,419)	(172,732)	(118,608)	-	**(304,759)**	(304,854)
Losses Arising due to Fire	-	-	-	-	**-**	(401,381)
Currency Translation Difference	(93,236)	(35,064)	(6,298)	(14,167)	**(148,765)**	(190,558)
At the end of the year	**9,266,711**	**10,416,436**	**2,401,457**	**4,006,773**	**26,091,377**	22,503,844
Accumulated Depreciation						
At the beginning of the year	1,174,328	4,205,156	948,006	-	**6,327,490**	5,603,441
Depreciation for the year	274,369	854,042	221,475	-	**1,349,886**	1,223,820
Disposals during the year	(10,326)	(147,354)	(105,104)	-	**(262,784)**	(264,238)
Losses Arising due to Fire	-	-	-	-	**-**	(226,923)
Currency Translation Difference	(1,999)	(16,866)	(421)	-	**(19,286)**	(8,610)
At the end of the year	**1,436,372**	**4,894,978**	**1,063,956**	**-**	**7,395,306**	6,327,490
Net Book Value						
At 31 December 2015	**7,830,339**	**5,521,458**	**1,337,501**	**4,006,773**	**18,696,071**	-
At 31 December 2014	**6,583,306**	**4,456,337**	**766,817**	**4,369,894**	**-**	16,176,354

a) Capital Work-in-Progress includes SAR 35.9 million of borrowing costs capitalised during the year (2014: SAR 29.3 million).

9. Biological Assets

	Mature Dairy	Immature Dairy	Mature Poultry	Immature Poultry	Mature Plantations	Immature Plantations	Total 2015	Total 2014
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost								
At the beginning of the year	946,816	399,552	67,742	8,264	46,635	2,558	1,471,567	1,342,869
Additions during the year	-	-	-	104,271	-	533	104,804	79,766
Appreciation	32,791	482,163	-	-	-	-	514,954	439,762
Transfers during the year	339,396	(339,396)	96,836	(96,836)	472	(472)	-	-
Disposals during the year	(232,239)	(92,515)	(77,930)	-	-	-	(402,684)	(390,801)
Currency Translation Difference	32	(7)	-	-	-	-	25	(29)
At the end of the year	**1,086,796**	**449,797**	**86,648**	**15,699**	**47,107**	**2,619**	**1,688,666**	1,471,567
Accumulated Depreciation								
At the beginning of the year	360,781	-	33,404	-	7,470	-	401,655	350,519
Depreciation for the year	168,326	-	68,676	-	947	-	237,949	230,086
Disposals during the year	(117,865)	-	(60,874)	-	-	-	(178,739)	(178,972)
Currency Translation Difference	(14)	-	-	-	-	-	(14)	22
At the end of the year	**411,228**	**-**	**41,206**	**-**	**8,417**	**-**	**460,851**	401,655
Net Book Value								
At 31 December 2015	**675,568**	**449,797**	**45,442**	**15,699**	**38,690**	**2,619**	**1,227,815**	-
At 31 December 2014	**586,035**	**399,552**	**34,338**	**8,264**	**39,165**	**2,558**	**-**	1,069,912

10. Intangible Assets – Goodwill

The goodwill arises from the acquisition of WB in 2007, HADCO in 2009, Fondomonte in 2011, IDJ in 2012 and IPNC in 2014.

	2015	2014
	SAR '000	SAR '000
Western Bakeries Company Limited (WB)	548,636	548,636
Hail Agricultural Development Company (HADCO)	244,832	244,832
International Dairy and Juice Limited (IDJ) - refer note 20	215,609	487,109
Fondomonte - refer note 20	-	27,795
International Pediatric Nutrition Company Limited (IPNC) - refer note 20	-	41,793
Total	**1,009,077**	1,350,165

Western Bakeries Company Limited forms part of the Bakery Products reporting segment, HADCO represents part of both the Arable and Horticulture reporting segment and the Poultry reporting segment while Fondomonte forms part of the Arable and Horticulture reporting segment. IDJ falls under the dairy and juice reporting segment.

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each cash-generating unit (CGU) to the recoverable amount which has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five-year period. The discount rate applied to cash flow projections varies between 8.5% and 13.8% for each CGU and the residual value at the end of the forecast period has been calculated by applying an earnings multiple to the net income for the final year in the forecast period.

During current year, the Group reassessed business plans and operational conditions of its CGUs i.e. Fondomonte, IPNC & IDJ, and the related impact on goodwill thereof. Recoverable amount, determined through value in use, is assessed lower by 28 million, 41 million and 259 million respectively as compared to carrying amounts. Resulting impact is charged fully against goodwill that arose on their respective acquisitions.

Key Assumptions Used in Value in Use Calculations

Management determined forecast sales growth and gross margin based on past performance and its expectations of market development. The discount rates reflect management's estimate of the specific risks relating to the segment. Estimates for raw material price inflation have been made based on the publicly available information and historical actual raw material price movements, which have been used as an indicator of future price movements. Growth rates are based on the industry averages.

The calculation of value in use is most sensitive to the assumptions on sales growth rate and cost of sales inflation used to extrapolate cash flows beyond the budget period of 5 years, as well as the earnings multiple applied to the net income for the final year of the forecast period.

Sensitivity to Changes in Assumptions – Western Bakeries Company Limited

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the unit to materially exceed its recoverable amount. The implications of changes to the key assumptions are discussed below.

a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 15.0%. All other assumptions kept the same; a reduction of this growth rate to 1.7% would give a value in use equal to the current carrying amount.

b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 40.7% of sales. All other assumptions kept the same; an increase in the rate to an average of 114.8% would give a value in use equal to the current carrying amount.

c) Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 16.5. All other assumptions kept the same; a reduction of this multiple to 5.3 would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – HADCO

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the unit to materially exceed its recoverable amount. The implications of changes to the key assumptions are discussed below.

a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 18.1%. All other assumptions kept the same; a reduction of this growth rate to 13.0% would give a value in use equal to the current carrying amount.

b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 38.9% of sales. All other assumptions kept the same; an increase in the rate to an average of 91.1% would give a value in use equal to the current carrying amount.

c Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 17.1. All other assumptions kept the same; a reduction of this multiple to 10.3 would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – IDJ

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above would cause the carrying value of the unit to materially exceed its recoverable amount. The implications of changes to the key assumptions are discussed below.

a) Sales Growth Assumption

The sales growth in the forecast period has been estimated to be a compound annual growth rate of 17.6%. All other assumptions kept the same; a reduction of this growth rate to 10.9% would give a value in use equal to the current carrying amount.

b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 60.3% of sales. All other assumptions kept the same; an increase in the rate to an average of 95.5% would give a value in use equal to the current carrying amount.

c) Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 15.7. All other assumptions kept the same; a reduction of this multiple to 3.0 would give a value in use equal to the current carrying amount.

11. Term Loans

	Notes	2015	2014
		SAR '000	SAR '000
Islamic Banking Facilities (Murabaha)	(a)	5,638,441	5,602,180
Saudi Industrial Development Fund	(b)	1,455,613	1,393,853
Banking Facilities of Foreign Subsidiaries	(c)	170,791	118,704
		7,264,845	7,114,737
Sukuk	(d)	3,900,000	2,300,000
		11,164,845	9,414,737
Short Term Loans		153,380	115,530
Current Portion of Long Term Loans		1,668,030	1,562,181
Long Term Loans		9,343,435	7,737,026
Total		**11,164,845**	9,414,737

a) The borrowings from Islamic banking facilities (Murabaha) are secured by promissory notes given by the Group. The Islamic banking facilities (Murabaha) with a maturity period of less than two years are predominantly of a revolving nature. During 2015 the group did not obtain additional Islamic Banking Facilities (Murabaha) (2014: SAR 2,500.0 million with maturities greater than five years). As at 31 December 2015 SAR 2,739.9 million Islamic Banking Facilities (Murabaha) were unutilized and available for drawdown (2014: SAR 4,275.2 million).

b) The borrowings of the Group from the Saudi Industrial Development Fund (SIDF) are secured by a mortgage on specific assets amounting to SAR 1,455.6 million as at 31 December 2015 (SAR 1,393.9 million as at 31 December 2014). As at 31 December 2015 the Group had SAR 380.3 million of unutilized SIDF facilities available for drawdown with maturities predominantly greater than five years (2014: SAR 660.5 million).

c) These banking facilities represent borrowings of foreign subsidiaries from foreign banking institutions. As at 31 December 2015 the Group had SAR 408.4 million of unutilized foreign banking facilities available for draw down with maturities predominantly greater than five years (2014: Nil).

d) On 14 Rabi Thani 1433 A.H. (7 March 2012), the Company issued its first Sukuk – Series I amounting to SAR 1,000.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 30 Jumada Thani 1440 A.H. (7 March 2019).

On 19 Jumada Awal 1434 A.H. (31 March 2013), the Company issued its second Sukuk - Series II amounting to SAR 787.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 7 Shabaan 1441 A.H. (31 March 2020).

On 19 Jumada Awal 1434 A.H. (31 March 2013), the Company issued its second Sukuk – Series III amounting to SAR 513.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 15 Rajab 1439 A.H. (31 March 2018).

On 3 Dhul Hijja 1436 A.H. (16 September 2015), the Company issued its third Sukuk amounting to SAR 1,600.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 20 Safar 1444 A.H. (16 September 2022).

The terms of the Sukuk entitle the Company to commingle its own assets with the Sukuk Assets. Sukuk Assets comprise the sukukholders' share in the Mudaraba Assets and the sukukholders' interest in the Murabaha Transactions, together with any amounts standing to the credit of the Sukuk Account and the Reserve retained by the Company from the Sukuk Account.

e) During 2015 the Group secured new facility of SAR 200.0 million from Agricultural Development Fund with maturities greater than five years. The facility has not been utilised as at reporting date.

f) Maturity of Financial Liabilities:

	Facilities available at 31 December 2015	Outstanding Term Loans 2015	Outstanding Term Loans 2014
	SAR '000	SAR '000	SAR '000
Less than one year	2,258,220	1,821,411	1,677,711
One to two years	3,872,897	1,423,364	1,575,975
Two to five years	6,339,308	5,833,670	3,930,687
Greater than five years	2,423,001	2,086,400	2,230,364
Total	**14,893,426**	**11,164,845**	9,414,737

12. Payables and Accruals

	2015	2014
	SAR '000	SAR '000
Trade Payable		
Third Parties	1,368,767	1,247,370
Related Parties (Refer note 28)	44,719	36,081
Other Payables and Accruals	1,170,477	729,347
Zakat and Foreign Income Tax Provision (Refer note 21)	146,190	94,517
Total	**2,730,153**	2,107,315

13. Share Capital

The Company's share capital at 31 December 2015 amounted to SAR 6,000.0 million (2014: SAR 6,000.0 million), consisting of 600 million (2014: 600 million) fully paid and issued shares of SAR 10 each.

The directors have proposed for approval, at an Extraordinary General Assembly Meeting to be called, an increase in the share capital from SAR 6,000.0 million to SAR 8,000.0 million through the distribution of 1 bonus share for every three outstanding shares for existing shareholders at the end of the trading on the same day. However, this bonus share issuance is conditional on the approval from the Government authorities and the shareholders to increase the Company's capital.

14. Perpetual Sukuk

	2015	2014
	SAR '000	SAR '000
Perpetual Sukuk	1,700,000	1,700,000

On 24 Dhul Qadah 1434 A.H. (30 September 2013), the Company issued its first Perpetual Sukuk - Series I amounting to SAR 1,700.0 million at a par value of SAR 1 million each without discount or premium, bearing a return based on SIBOR plus a pre-determined margin.

The Company at its own discretion may redeem the Perpetual Sukuk, in full or in part, and may defer, in full or in part, payment of any profit distribution. The Company is not subject to any limitation on the number of times that it may defer such payment at its own discretion and such deferral is not considered as an event of default.

The Perpetual Sukuk, in the event of winding up of the Company, ranks in priority to all subordinated obligations and the ordinary share capital of the Company. These Sukuk do not carry the right to vote, however each sukukholder participates in the Sukuk Assets.

The terms of the Sukuk entitle the Company to commingle its own assets with the Sukuk Assets. Sukuk Assets comprise the sukukholders' share in the Mudaraba Assets and the sukukholders' interest in the Murabaha Transaction, together with any amounts standing to the credit of the Sukuk account and the Reserve retained by the Company from the Sukuk account.

15. Employee Stock Participation Program

The Company is offering certain employees (the "Eligible Employees") the option (the "Option") for equity ownership ("Restricted Shares" i.e. treasury shares) opportunities and performance based incentives which will result in more alignment between the interest of both shareholders and these employees. The vesting of the Option is dependent on meeting performance targets set by the Company. The exercise of the Option is contingent upon the shares of the Company continuing to be listed on the Saudi Arabian (Tadawul) stock exchange.

If Restricted Shares have not been granted to Eligible Employees in the reporting period for which it was earmarked, it shall carry over to the next reporting period.

In the event of a capital increase, share split or dividend distribution (in the form of shares), the number of Restricted Shares and the exercise price subject to the Option will be adjusted accordingly.

The number of share options and the exercise price has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

The first tranche was granted in Dul Qadah 1432 A.H. (October 2011). The number of Restricted Shares shall not exceed 2,869,350 shares.

The second tranche was granted in Rajab 1434 A.H. (June 2013). The number of Restricted Shares shall not exceed 1,237,500 shares.

The third tranche was granted in Dul Qadah 1436 A.H. (August 2015). The number of restricted shares shall not exceed 2,200,000 shares.

The following table sets out the number of, and movements in, share options during the year:

	2015	2014
Employee Share Option Plan		
Outstanding at 1 January	3,189,225	3,459,990
Granted during the year	2,270,000	142,170
Settled during the year	(2,237,055)	-
Forfeited during the year	(160,170)	(412,935)
Outstanding at 31 December	3,062,000	3,189,225

The fair value per Option, estimated at the grant date using the Black Scholes Merton pricing model, taking into account the terms and conditions upon which the share options were granted, was SAR 13.5, SAR 23.9 and SAR 26.7 for the first, second and third tranche respectively. The following table lists the inputs to the model:

	First tranche	Second tranche	Third tranche
Dividend Yield (%)	2.5%	1.5%	1.1%
Expected Volatility (%)	21.0%	18.0%	25.0%
Risk Free Interest Rate (%)	5.0%	5.0%	5.0%
Contractual Life of Share Options (Years)	2.4	2.8	2.5
Share Price (SAR) at Grant Date	89.5	83.3	90.5
Exercise Price (SAR) at Grant Date	88.3	64.8	73.5

The exercise price, after taking account of bonus shares issued, for first tranche, second tranche and third tranche is SAR 34.1, SAR 43.2 and SAR 73.5 respectively.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Options is indicative of future trends, which may also not necessarily be the actual outcome.

16. Segmental Reporting

The Group's principal business activities involve manufacturing and trading of dairy and juice products under the Almarai, Beyti and Teeba brands, bakery products under L'usine and 7 Days brands, poultry products under the Alyoum brand, arable and horticultural products as well as other activities. Other activities include Arable, Horticulture and Infant Nutrition.

Almarai Headquarters, Riyadh, Saudi Arabia

Selected financial information as of 31 December 2015 and 31 December 2014 and for the years then ended categorized by these business segments, are as follows:

	Dairy and Juice	Bakery	Poultry	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2015					
Sales	10,789,223	1,625,837	1,262,256	649,361	**14,326,677**
Third Party Sales	10,740,892	1,625,837	1,262,256	165,631	**13,794,616**
Depreciation	(1,030,330)	(168,245)	(303,503)	(85,757)	**(1,587,835)**
Share of Results of Associates and Joint Ventures	-	-	2,488	(39,785)	**(37,297)**
Income / (loss) before Non Controlling Interest	1,950,617	233,151	(213,987)	(171,120)	**1,798,661**
Share of Net Assets in Associates and Joint Ventures	204	-	35,469	58,504	**94,177**
Additions to Non-Current Assets	3,250,036	574,606	622,886	240,877	**4,688,405**
Non-Current Assets	12,411,697	2,003,876	4,926,795	1,873,680	**21,216,048**
Net Income	2,095,775	205,023	(213,987)	(171,120)	1,915,691
Total Assets	**17,165,087**	**2,126,572**	**5,440,878**	**2,638,498**	**27,371,035**
31 December 2014					
Sales	9,942,757	1,532,906	1,022,761	514,263	**13,012,687**
Third Party Sales	9,901,898	1,532,906	1,022,761	148,000	**12,605,565**
Depreciation	(913,010)	(161,034)	(298,086)	(81,776)	**(1,453,906)**
Share of Results of Associates and Joint Ventures	-	-	(3,302)	(4,856)	**(8,158)**
Income / (loss) before Non Controlling Interest	2,009,188	168,347	(397,317)	(96,309)	**1,683,909**
Share of Net Assets in Associates and Joint Ventures	204	-	29,331	133,181	**162,716**
Additions to Non-Current Assets	2,532,426	162,642	520,748	228,099	**3,443,915**
Non-Current Assets	11,330,184	1,499,413	4,682,291	1,525,455	**19,037,343**
Net Income	2,017,425	150,540	(397,317)	(96,309)	1,674,339
Total Assets	**14,943,930**	**1,815,650**	**5,229,829**	**1,959,506**	**23,948,915**

Consistent with information reported to executive management of the Group, the income from settlement of insurance contract exceeding the carrying value of damaged assets of the bakery segment has been allocated to other segments to neutralize the impact of non-recurring items.

The business activities and operating assets of the Group are mainly concentrated in GCC countries. The selected financial information as at 31 December 2015 and 31 December 2014 for the years then ended, categorized by these geographic segments is as follows:

	2015	2014
	SAR '000	SAR '000
Sales		
Saudi Arabia	8,861,397	8,100,898
Other GCC Countries	3,590,503	3,321,258
Other Countries	1,342,716	1,183,409
Total	**13,794,616**	12,605,565

	2015	2014
	SAR '000	SAR '000
Non - Current Assets		
Saudi Arabia	19,130,113	16,922,237
Other GCC Countries	432,969	359,944
Other Countries	1,652,966	1,755,162
Total	**21,216,048**	19,037,343

17. Cost of Sales

	2015	2014
	SAR '000	SAR '000
Material Consumed	5,647,877	5,483,548
Government Grants	(294,776)	(354,149)
Employee Costs	1,310,591	1,088,925
Depreciation of Property, Plant and Equipment	1,049,736	984,172
Repair and Maintenance	406,765	352,253
Depreciation of Biological Assets	237,949	230,086
Appreciation of Biological Assets	(514,954)	(439,762)
Telephone and Electricity	165,853	172,658
Vaccines and Drugs Consumed	128,340	122,751
Crates and Pallets Consumed	38,345	77,004
Rent	27,568	48,614
Share Based Payment	6,913	5,449
Other Expenses	301,146	241,391
Total	**8,511,353**	8,012,940

18. Selling and Distribution Expenses

	2015	2014
	SAR '000	SAR '000
Employee Costs	1,260,446	1,157,535
Marketing	858,091	671,993
Depreciation of Property, Plant and Equipment	254,881	197,851
Repair and Maintenance	125,893	101,170
Rent	39,364	32,619
Telephone and Electricity	19,606	16,173
Share Based Payment	4,669	2,900
Crates and Pallets Consumed	8	4,256
Other Expenses	49,240	61,723
Total	**2,612,198**	2,246,220

19. General and Administration Expenses

	2015	2014
	SAR '000	SAR '000
Employee Costs	274,866	236,872
Insurance	49,810	25,915
Depreciation of Property, Plant and Equipment	45,269	41,797
Repair and Maintenance	18,439	33,849
Rent	6,689	2,450
Telephone and Electricity	6,157	4,392
Share Based Payment	3,866	2,338
Other Expenses	3,917	1,165
Total	**409,013**	348,778

20. Others

	2015	2014
	SAR '000	SAR '000
Re-measurement to Fair Value of Equity Interest Already Held	-	20,897
(Loss) / Profit on Sale of Property, Plant and Equipment	(4,696)	10,077
Loss on Sale of Biological Assets	(27,005)	(57,590)
Net gain on settlement of Insurance Claim (a)	442,926	-
Impairment of Intangible Assets - Goodwill (refer note 10)	(328,182)	-
Impairment of Available for Sale Investments (refer note 7b)	(213,764)	-
Total	**(130,721)**	(26,616)

a) On 11 Ramadan 1436 A.H. (28 June 2015) a settlement agreement was signed with Arabian Shield Cooperative Insurance Company ("the Insurer"), a related party, for SAR 790.0 million as a full and final settlement of the insurance claims arising from the Fire incident which occurred at one of the manufacturing facilities in Jeddah on 15 Dul Hijjah 1435 A.H. (9 October 2014). Out of total SAR 790.0 million a partial amount of SAR 213.9 million was recognized as income during the year ended 31 December 2014 and the remaining amount of SAR 575.7 million has been recognized as income in the current period. The insurance claim has been fully received from the insurer at the balance date.

Gain on settlement of Insurance Claim, in each of the years, is reported net of the carrying value of assets damaged in the incident and site restoration costs.

21. Zakat and Foreign Income Tax

A. Zakat is charged at the higher of net adjusted income or Zakat base as required by the Department of Zakat and Income Tax (DZIT). Foreign Income Tax in each jurisdiction is calculated as per applicable tax regulations.

	2015	2014
	SAR '000	SAR '000
Zakat	61,269	45,763
Foreign Income Tax	3,738	12,720
Deferred Tax	728	12,586
	65,735	71,069

B. Zakat Provision

	2015	2014
	SAR '000	SAR '000
Balance at 1 January	78,261	66,552
Charge	61,269	45,763
Payments	(8,589)	(34,054)
Balance at 31 December	**130,941**	78,261

The Company has filed its Consolidated Zakat returns for all the years up to 2014 and settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all the years up to 2006 while the 2007 to 2014 Zakat returns are under review by the DZIT.

HADCO has filed its Zakat returns for all years up to 31 December 2008 and has settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all years up to 31 December 2002 while the 2003 to 2008 Zakat returns are under review by the DZIT. From 2009 onwards HADCO is not required to file a return as its results are included in the Company's Consolidated Zakat return.

C. Foreign Income Tax Provision

	2015	2014
	SAR '000	SAR '000
Balance at 1 January	16,256	6,747
Charge	3,738	12,720
Payments	(4,745)	(3,211)
Balance at 31 December	**15,249**	16,256

Foreign Subsidiaries have filed their tax returns for all years up to 2014, and settled their tax liabilities accordingly. While all the returns have been filed, final assessments are pending for certain years. The earliest year open for assessment is 2008, and the latest year assessed is 2011.

D. Deferred Tax

Deferred tax liability of SAR 67.1 million relates to taxable temporary differences arising on property, plant and equipment. This includes SAR 34.3 million on the revaluation of land amounting to SAR 139.6 million carried out at the time of business combination of its subsidiaries in Argentina, being the temporary difference between the carrying amount of land for financial reporting purposes and the amount used for taxation purposes.

Deferred tax asset of SAR 1.1 million relates to unused tax losses for to its subsidiaries in Argentina. Management believes that future taxable profits will be available against which deferred tax asset can be realized.

22. Earnings per Share

	2015	2014
	SAR '000	SAR '000
Income before Zakat and Foreign Income Tax	1,864,396	1,754,978
Less: Profit attributable to Perpetual Sukukholders	(50,064)	(51,644)
Income before Zakat and Foreign Income Tax - Attributable to Shareholders	**1,814,332**	1,703,334
Net Income for the Year	1,915,691	1,674,339
Less: Profit attributable to Perpetual Sukukholders	(50,064)	(51,644)
Net Income for the Year - Attributable to Shareholders	**1,865,627**	1,622,695

	2015	2014
Total Weighted Average Shares in thousands for Basic EPS	596,480	595,893
Total Weighted Average Shares in thousands for Diluted EPS	600,000	600,000

Weighted average numbers of shares are retrospectively adjusted to reflect the effect of bonus shares and are adjusted to take account of treasury shares held under the Almarai Employees Stock Option Program.

23. Depreciation and Disposal of Assets

		2015	2014
		SAR '000	SAR '000
A.	**Depreciation**		
	Property, Plant and Equipment		
	Depreciation of Property, Plant and Equipment	1,349,886	1,223,820
	Biological Assets		
	Depreciation of Biological Assets	237,949	230,086
	Appreciation of Biological Assets	(514,954)	(439,762)
	Net Biological Assets Appreciation	(277,005)	(209,676)
	Total	1,072,881	1,014,144
B.	**Profit / (Loss) on the Sale of Assets**		
	Property, Plant & Equipment		
	Proceeds from the Sale of Property, Plant and Equipment	37,279	50,693
	Net Book Value of Property, Plant and Equipment Sold	(41,975)	(40,616)
	(Loss) / Profit on Sale of Property, Plant and Equipment	(4,696)	10,077
	Biological Assets		
	Proceeds from Sale of Biological Assets	196,940	154,239
	Net Book Value of Biological Assets Sold	(223,945)	(211,829)
	Loss on Sale of Biological Assets	(27,005)	(57,590)
	Total	**(31,701)**	**(47,513)**

24. Financial Risk Management Objectives and Policies

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, trade and other receivables, derivative financial instruments, investments in securities, loans, trade and other payables and other liabilities.

Commission Rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha), other banking facilities and Sukuk amounting to SAR 9,926.9 million at 31 December 2015 (2014: SAR 8,164.5 million) bear financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts. The policy is to keep 50% to 60% of its borrowings at fixed commission. The following table demonstrates the sensitivity of the income to reasonably possible changes in commission rates, with all other variables held constant. There is no direct impact on the Company's equity.

		Increase / decrease in basis points of commission rates	Effect on income for the year
			SAR'000
2015	SAR	+30	(29,781)
	SAR	-30	29,781
2014	SAR	+30	(24,494)
	SAR	-30	24,494

Foreign Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has transactional currency exposure principally in United States Dollars, Euros and Great Britain Pounds. Other transactions in foreign currencies are not material.

The significant outstanding foreign currency forward purchase agreements were as follows:

	2015	2014
United States Dollar ('000)	789,000	655,000
Euro ('000)	179,763	242,851
Great Britain Pound ('000)	35,200	34,000

The Group uses forward currency contracts to eliminate significant currency exposures. Management believe that the currency risk for inventory and capital expenditure purchases is adequately managed primarily through entering into foreign currency forward purchase agreements. It is the Group's policy to enter into forward contracts based on the underlying exposure available from the group's business plan/commitment with the suppliers. The forward purchase agreements are secured by promissory notes given by the Group. As the Saudi Riyal is pegged to the United States Dollar any exposure to fluctuations in the exchange rate are deemed to be insignificant.

The following analysis shows the sensitivity of income to reasonably possible movements of the SAR currency rate against the Euro, with all other variables held constant, on the fair value of currency sensitive monetary assets and liabilities as at the reporting date.

	Increase / decrease in Euro rate to SAR	Effect on income for the year
		SAR'000
2015	+10%	(6,170)
	-10%	6,170
2014	+10%	(13,093)
	-10%	13,093

Commodity Price Risk is the risk that is associated with changes in prices to certain commodities that the Group is exposed to and its unfavorable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into commodity derivatives.

Credit Risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group limits its credit risk by trading only with recognized, creditworthy third parties. The Group's policy is that all customers who wish to trade on credit terms are subject to credit verification procedures. Trade and other receivables are mainly due from local customers and related parties and are stated at their estimated realizable values. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Group's exposure to bad debts is not significant. The five largest customers account approximately for 31% of outstanding trade receivables at 31 December 2015 (2014: 27%).

With respect to credit risk arising from other financial assets of the Group comprising of cash and cash equivalents, investments in securities, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. Cash and bank balances are placed with national and international banks with sound credit ratings.

Liquidity Risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis. The average days of sales outstanding for 2015 were 22 days (2014: 22 days). Trade payables are typically settled on a terms basis, the average payables outstanding for 2015 were 58 days (2014: 57 days).

25. Financial Instruments

Fair Value

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. As the Group's consolidated financial statements are prepared under the historical cost method, differences can arise between the carrying values and the fair value. The fair values of financial instruments are not materially different from their carrying values.

Hedging Activities

At 31 December 2015, the Group had various financial derivatives that were designated as cash flow hedge instruments to cover cash flow fluctuations arising from commission rates, foreign exchange prices and commodity prices that are subject to market price fluctuations. As per Group policy derivative instruments are not used for trading or speculative purposes.

At 31 December 2015 the Group had 19 commission rate swap agreements in place covering a total notional amount of SAR 2,836.3 million. At 31 December 2014 the Group had 22 commission rate swap agreements in place covering a total notional amount of SAR 3,300.0 million

The swaps result in the Group receiving floating SIBOR or LIBOR rates while paying fixed rates of commission rate under certain conditions. The swaps are being used to hedge the exposure to commission rate changes of the Group's Islamic borrowings.

The Group enters into hedging strategies by using various financial derivatives to cover foreign exchange firm commitments and forecasted transactions that are highly probable.

The Group enters in to various commodity derivatives to hedge the price of certain commodity purchases. These derivatives match the maturity of the expected commodity purchases and use the same underlying index as for the hedged item, therefore does not result in basis risk.

All financial derivatives are carried in the consolidated balance sheet at fair value. All cash flow hedges are considered highly effective. The net increase in fair value of SAR 70.5 million (2014: net decrease of SAR 87.9 million) was recognised in Other Reserves within equity.

26. Commitments and Contingencies

A. The contingent liabilities against letters of credit are SAR 531.8 million at 31 December 2015 (2014: SAR 178.5 million).

B. The contingent liabilities against letters of guarantee are SAR 1,455.6 million at 31 December 2015 (2014: SAR 1,214.7 million).

C. The Company had capital commitments amounting to SAR 3,647.8 million at 31 December 2015 in respect of ongoing projects (2014: SAR 1,966.9 million). The majority of the capital commitments are for new production facilities, sales depot development, distribution fleet, fridges and IT equipment.

D. Commitments under operating leases expire as follows:

	2015	2014
	SAR '000	SAR '000
Within one year	92,745	101,639
Two to five years	193,435	85,772
After five years	215,239	938
Total	**501,419**	188,349

27. Directors Remuneration

The Directors' remuneration paid to the Board of Directors for year ended 31 December 2015 amounted to SAR 23.3 million (2014: SAR 6.5 million).

28. Related Party Transactions and Balances

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2015 and 31 December 2014 along with their balances:

	Transaction Amount		Balance at 31 December	
	2015	2014	2015	2014
Nature of Transaction	SAR '000	SAR '000	SAR '000	SAR '000
Sales To				
Azizia Panda United	566,733	421,771	96,339	74,266
	566,733	**421,771**	**96,339**	**74,266**
Purchases From				
Savola Packaging Systems Company Limited	28,197	166,745	-	(26,218)
United Sugar Company	108,380	105,228	(7,661)	(7,622)
Afia International Company	41	3,776	-	(78)
Al Nafoura Catering	121	-	-	-
International Pediatric Nutrition Company Limited	-	1,860	-	-
Al Kabeer Farms - Forage	39,663	34,906	(8,899)	(2,163)
	176,402	**312,515**	**(16,560)**	**(36,081)**
Services To				
Al Kabeer Farms	864	864	-	-
United Farmers Holding Company	955	-	1,603	648
	1,819	**864**	**1,603**	**648**
Services From				
Arabian Shield Cooperative Insurance Company (Refer note (a) below)	96,561	66,025	(48,865)	214,038
Todhia Farm	813	2,564	-	(5)
Abdul Aziz Al Muhanna (Land rent)	173	173	-	-
Mobile Telecommunication Company Saudi Arabia	13	-	-	-
Al Jazirah Corporation for Press, Printing and Publishing	436	-	(120)	(61)
	97,996	**68,762**	**(48,985)**	**213,972**
Dividend Received				
Purebreed Company	-	1,250	-	-
	-	**1,250**	**-**	-
Payment of Sukuk Finance Charges				
Yamama Cement Company	920	962	(235)	(242)
Saudi British Bank	6,645	6,933	(2,376)	(1,813)
Banque Saudi Fransi	7,083	7,851	(2,547)	(1,991)
Arabian Shield Cooperative Insurance Company	30	61	-	(19)
	14,678	**15,807**	**(5,158)**	**(4,065)**
Bank Financing				
Saudi British Bank	25,812	22,948	1,175,494	1,077,511
Banque Saudi Fransi	19,714	20,615	781,667	1,153,333
	45,526	**43,563**	**1,957,161**	**2,230,844**

a) The related party balance with Arabian Shield Cooperative Insurance Company for the year ended 31 December 2014 includes a receivable of SAR 214.0 million in respect of the partial insurance claim (refer note 20).

Pricing and terms for these transactions are at arm's length. The related parties, other than subsidiaries and associates, include following:

Entity	Relationship
Azizia Panda United	Common Ownership
Savola Packaging Systems Company Limited	Common Ownership
United Sugar Company	Common Ownership
Afia International Company	Common Ownership
Al Nafoura Catering	Common Ownership
Yamama Cement Company	Common Directorship
Arabian Shield Cooperative Insurance Company	Common Directorship
Managed Arable Farms	Common Directorship
Abdul Aziz Al Muhanna	Common Directorship
Mobile Telecommunication Company Saudi Arabia	Common Directorship
Al Jazirah Corporation for Press, Printing and Publishing	Common Directorship
Saudi British Bank	Common Directorship
Banque Saudi Fransi	Common Directorship

29. Dividends Approved and Paid

On 16 Jumada Thani 1436 A.H. (5 April 2014) the Extraordinary General Assembly Meeting approved a dividend of SAR 600.0 million (SAR 1.00 per share) for the year ended 31 December 2014 which was paid on 23 Jumada Thani 1435 A.H. (12 April 2015).

30. Dividends Proposed

The Board of Directors proposes for approval at the General Assembly Meeting a dividend for the year ended 31 December 2015 of SAR 690.0 million (SAR 1.15 per share based on 600 million shares).

31. Subsequent Events

In the opinion of the Management, there have been no significant subsequent events since the year end that would have a material impact on the Financial Position of the Group as reflected in these Consolidated Financial Statements.

32. Approval of Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors on 7 Rabi Thani 1437 A.H. (17 January 2016).

Imprint

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