ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX

KPMG

KPMG Al Fozan & Partners
KPMG Tower
Salahudeen Al Ayoubi Road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 11 874 8500
Fax +966 11 874 8600
Internet www.kpmg.com

Licence No. 46/11/323 issued 11/3/1992

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.

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

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محاسبون ومراجعون قانونيون
C.R. 46
KPMG
س.ت رقم ٤٦
Certified Public Accountants
KPMG Al Fozan & Partners

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 SAR '000	2014 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.

Paul Gay	Georges P. Schorderet	Abdulrahman Al Muhanna
Chief Financial Officer	Chief Executive Officer	Authorised Board Member

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 SAR '000	2014 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.

Paul Gay	Georges P. Schorderet	Abdulrahman Al Muhanna
Chief Financial Officer	Chief Executive Officer	Authorised Board Member

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 SAR '000	2014 SAR '000
OPERATING ACTIVITIES			
Net Income for the Year		1,915,691	1,674,339
Adjustments for:			
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 Associates 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.

Paul Gay	Georges P. Schorderet	Abdulrahman Al Muhanna
Chief Financial Officer	Chief Executive Officer	Authorised Board Member

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
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.

Paul Gay
Chief Financial Officer

Georges P. Schorderet
Chief Executive Officer

Abdulrahman Al Muhanna
Authorised Board Member

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).

Details of the subsidiary companies are as 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

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

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest 2015 Direct (a)	Ownership Interest 2015 Effective	Ownership Interest 2014 Direct (a)	Ownership Interest 2014 Effective	Share Capital	Number of Shares Issued
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

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

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		
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%	-	-

(b) 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued…)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued…)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued…)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued…)

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued…)

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.

4. CASH AND CASH EQUIVALENTS

	2015 SAR '000	2014 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 SAR '000	2014 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

RECEIVABLES AND PREPAYMENTS (Continued…)

(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.

	2015	2014
	SAR '000	SAR '000
6. INVENTORIES		
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
Pure Breed Company		
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
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.

INVESTMENTS (Continued…)

	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.

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(b)	215,609	487,109
Fondomonte - refer note 20(b)	-	27,795
International Pediatric Nutrition Company Limited (IPNC) - refer note 20(b)	-	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.

INTANGIBLE ASSETS – GOODWILL (Continued…)

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 SAR '000	2014 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.

TERM LOANS (Continued…)

(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 OPTION 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:

EMPLOYEE SHARE OPTION PLAN	2015	2014
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. 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

SEGMENTAL REPORTING (Continued...)

	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 SAR '000	2014 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 SAR '000	2014 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 SAR '000	2014 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 SAR '000	2014 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

ZAKAT AND FOREIGN INCOME TAX (Continued…)

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.

	2015	2014
	SAR '000	SAR '000
C. **Foreign Income Tax Provision**		
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**
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.

	2015	2014
	SAR '000	SAR '000
23. DEPRECIATION AND DISPOSAL OF ASSETS		
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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued…)

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:

Nature of Transaction	Transaction Amount 2015	Transaction Amount 2014	Balance at 31 December 2015	Balance at 31 December 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 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
Purebreed Company	Associate

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).