

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



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



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Kingdom of Saudi

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BOARD OF DIRECTORS



Abdullah F. Al Thonayan
Chairman



Mohammad H. Al-Essa
Director & Audit
Committee Chairman



Thonayan F. Al-Thonayan
Managing Director &
General Manager



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



Ahmed Abdullah Al Thonayan
Director &
Audit Committee Member
Chairman Committee Member



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



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

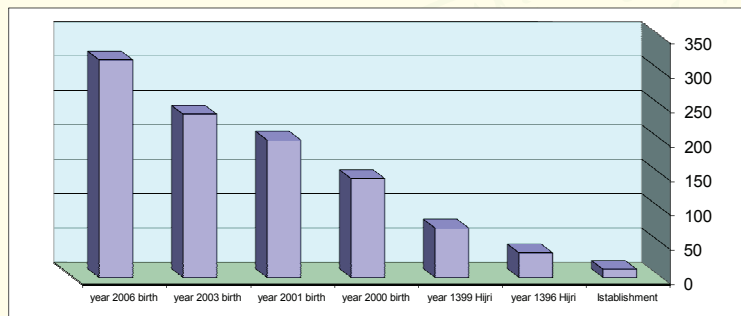


Saud Bin Abdullah Al-Thonayan
Director & Audit Committee Member

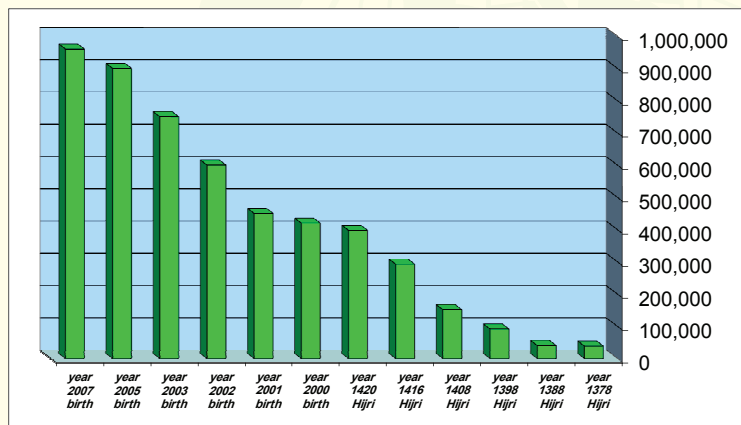


Mohammed Bin Saleh Al-Awaad
Director & Executive Committee Member

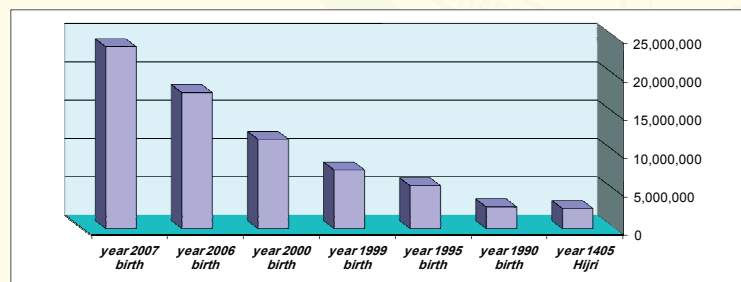
THE NATIONAL GYPSUM COMPANY IN BRIEF



Development Of Capital		
Million Riyal	12	Istablishment
Million Riyal	36	year 1396 Hijri
Million Riyal	72	year 1399 Hijri
Million Riyal	144	year 2000 birth
Million Riyal	200	year 2001 birth
Million Riyal	237.5	year 2003 birth
Million Riyal	316.6	year 2006 birth



Development Of Gypsum Plant Production Capacity		
Ton Yearly	38.593	year 1378 Hijri Istablishment
Ton Yearly	40.302	year 1388 Hijri
Ton Yearly	91.567	year 1398 Hijri
Ton Yearly	151.631	year 1408 Hijri
Ton Yearly	292.729	year 1416 Hijri
Ton Yearly	397.876	year 1420 Hijri
Ton Yearly	420.000	year 2000 birth
Ton Yearly	450.000	year 2001 birth
Ton Yearly	600.000	year 2002 birth
Ton Yearly	750.000	year 2003 birth
Ton Yearly	900.000	year 2005 birth
Ton Yearly	960.000	year 2007 birth



Development Of Plaster Board Production Capacity		
Squire M	2.654.191	year 1405 Hijri Start of Production
Squire M	2.842.282	year 1990 birth
Squire M	5.600.000	year 1995 birth
Squire M	7.664.181	year 1999 birth
Squire M	11.670.000	year 2000 birth
Squire M	17.760.000	year 2006 birth
Squire M	23.760.000	year 2007 birth



Chairman's statement

Dear shareholders,

Greeting ,

I would like to welcome you for attending the (47) General assembly session of your esteemed Company , to discuss the Board's report and the agenda, and what have been achieved therein for the fiscal year that ending in 31/12/2010 G .

Dear brothers.

Praise be to Allah the Almighty for the favorable results that achieved by the company despite what the market encountered as the result of the international economic turmoil, in addition to the emergence of many new competitive gypsum companies all over the kingdom. United Arab Emirates and Kuwait . I would like to bring to your kind attention that your company and its board of directors and managerial staff have tackled and anticipated the future through taking professional measures which , resulted in the outstanding achievements, positive results and a net profit that amounted 32,446,601 SR before deducting Zakat on Sales . the Zakat on sales amounted 2,844,126R. the net profit that amounted 29,602,475 Saudi Riyals after deducting Zalut on sales. This results that achieved under the current competition that your company encounters in the local and foreign markets , in addition to low export as a result of the economic turmoil which affected negatively some countries.

You will find in the board of directors report this year 2011G, which presented to you a long with the financial statements, a detailed explanation for work executed and the achieved results. These results have been achieved through the optimal utilization of factories production capacity, the efforts by the Board of Directors, the general administration and all the working staff of this company whose strenuous efforts have been channeled in the right direction. All this success has been sought in Allah and then through the benevolent patronage of the custodian of two holy mosques, his crown prince, his second crown prince and our righteous government .

Dear Brothers

We would like you that the profits will distributed as for 1.20 Saudi Riyals per share that equal to 12% of the company's capital .

Thank you for your kind care and attention, and we solicit the help of Allah for further success in our future endeavors .

Thanks & Best Regards

Abdullah Bin Fahd Al Thonayan

Chairman, Board of Directors

The Board of Directors Report

The 47th Ordinary Session of the General Assembly

Held on Sundays afternoon, 9 Jumda Alawal 1433 H corresponding 1st of April 2012 G

Dear Shareholders,

Greeting

It's of immense pleasure to welcome you in the meeting of your ordinary session of the general assembly No.(47). We are going to furnish you with the annual report that relating to the company's activities of gypsum powder and board, for the fiscal year that ending in 31/12/2011G. we would like to bring to your kind attention the achievements rendered through this year. Please find attached the financial statements, which audited by the company's auditors for the fiscal year 2011 G (Al – Swailim & Onazian office for Chartered Accountants) . the board of directors would be pleased to listen to your enquiries, suggestions and thoughtful opinions which would indeed save guard the interes , and the developments of your company. We hope that we met your expectation& have successfully performed the tasks that assigned to us .

My dear brothers

We are pleased to explain to you for what have been achieved during this year 2011 G , since the net profit has amounted 32.446.601.SR, before deducting the Zakat on sales which equivalent to 2.884.126 Saudi Riyals .These results have been achieved despite the though competition which company encountered in the local and neighboring markets beside the global economic stagnation and emergence of new gypsum companies which was reached more than eight factories in almost all over the kingdom territories, in addition to the application of free trade convention and reduction of custom duties and permission for investments .

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

Please allow us to present to your esteemed assembly the major aspects of the company's activities during the Gregorian year 2011 G

First : Production & production Capacity

A - Primary Products

Products	Unit	capacity year	Current Year	Previous Year
Gypsum Powder	Ton	900.000	471.333	558.999
Plaster Board	M2	23.760.000	3.268.547	7.146.082

B- Secondary Products

Products	Unit	Current Year	Previous Year
Gypsum spray & Fixing gypsum	Ton	355	689

Second : Sales

The total sales, for this year reached the sum of 107.624.972 while they were SR 154.115.097 in the previous year as per the followings :

Products	Current Year 2011	Previous Year 2010	%of sales the previous year		
Value of domestic market sales	96.014.232	127.561.638	-	24.73	%
Value of Export sales	6.132.306	9.763.307	-	37.16	%
Value of sales for (internal use)	5.478.254	16.790.152	-	67.37	%
Total sales	107.624.792	154.115.097	-	30.17	%

The Sales particulars were as follows

A – Primary Products sales

Products	Current Year 2011	Previous Year 2010	Percentage		
Gypsum Powder sales	82.974.169	98.693.166	-	15.93	%
Plaster Board sales	24.490.283	54.887.655	-	55.38	%
Total sales	107.464.452	153.580.821	-	30.03	%

B= Secondary Products Sales

Products	Current Year 2011	Previous Year 2010	Percentage		
Gypsum spray & Fixing gypsum	160.340	534.165	-	69.98	%
Total	160.340	534.165	-	69.98	%
Grand Total Sales	107.624.792	154.115.097	-	31.5	%

Third : INVESTMENT

1 – The Saudi Qatari Gypsum company :

Your company owns one third of capital of this company which is equal to the sum of 40 millions Qatari Riyals.

2 – Tabuk Cement company :-

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

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

Your company has 1.973.360 shares , the nomination value of which of 197.336 Omani Riyals (nominal value) .

4- Kayan petrochemical Company :-

Your company owns one million shares in this company , it participation in establishing KAYAN company of petrochemicals with the sum of 10 millions Riyals the value of 1.000.000 shares . participation amount had been paid completely in cash, in addition to 6% out of the value as projects development fees.

5 -Participation in lands:

Your company participated, with the sum of 10 millions Riyals, with al- sheikh Hamad ibn Ibrahim real estate office, as partner in purchasing an outstanding site, on Khures road. There are a remarkable increase in the value of this land. This land has been purchased as per the board recommendations to invest the liquid cash of the company

Fourth : liabilities & commitments .

1-SAUDI INDUSTRIAL DEVELOPMENT FUND LOAN :

Your company has signed a loan contract No. (2008) in the year 2007 G, with the Saudi Industrial development fund. The company has received , as per this contract, a sum of 48.700.000 SR, for financing the expansion projects of the company's plants for producing gypsum and plaster board, in Dammam (Eastern Region) . the loan was granted mortgaging of the projects assets in Dammam . the company has received a sum of 45.200.00SR after deducting the fund's fees which equal to 3.5000.000 SR.

- We have been paid the first installment in 15/2/1431 H which equal to 2.000.000 SR.
- We have been paid the second installment in 15/8/1431 H which equal to 2.000.000 SR.
- We have been paid the third installment in 15/2/1432 H which equal to 3.000.000 SR.

- We have been paid the fourth installment in 15/8/1432 H which equal to 3.000.000 SR.
- We have been paid the fifth installment in 15/2/1433 H which equal to 4.000.000 SR.
- The due date for the sixth premium payment will be on 15/8/1433 H which is equal to 4.000.000 SR.
- The due date for the seventh premium payment will be on 15/2/1434 H which is equal to 4.000.000 SR.
- The due date for the eighth premium payment will be on 15/8/1434 H which is equal to 5.000.000 SR.
- The due date for the ninth premium payment will be on 15/2/1435 H which is equal to 5.000.000 SR.
- The due date for the tenth premium payment will be on 15/8/1435 H which is equal to 5.000.000 SR.
- The due date for the eleventh premium payment will be on 15/2/1436 H which is equal to 5.000.000 SR.
- The due date for the twelve premium payment will be on 15/8/1436 H which is equal to 5.000.000 SR. (last installment)

2 – contingent Liabilities , Obligations and Guarantees Provided by others

- A. The company has important financial contingent liabilities as at statement of 13/12/2011 , the most important are represented in commissioning and operation contracts of Alfa & Beta plants in Dammam with a total amount of 280.000 Euro .
- B. Letter of credits issued for third parties up to 31/12/2011 G with a total value of SR 1.700.000
- C. The company received guarantees from third parties with a total value of SR 15.621.400 , some of which provided by the customers against credit facilities ,
- D. 3 – Regular payment**
- E. The company has been paying the Zakat as the rules and regulations. The total amount of Zakat for this year is 2.844.126 SR as indicated in the annual balance sheet .
- F. The company has been paying fees for ministry of Petrol and mineral resources in return of extracting raw stones in concordance to council minister resolution No. 11 dated 14/1/1424 H wherein fees shall be paid for utilizing all types of minerals and stones (2.25 SR) for each ton of gypsum . the minimum total annual amount to be utilized, is 40 thousand with total fees of 90.000 SR . the resolution also pointed out that the amount of the annual rent required by mining license holders which is

10.000 SR for each square kilometer or part of it . the total estimated amount to be paid the period from 1/1/2011 up 31/12/2011 is 1,641,373 SR .

- G. The company has been paid fees for The basic services for the period from 1/1/2011G until 31/12/2011 G for Tadvul, according to the invoice sent from the Tadvul, the total amount is 300, 000 SR
- H. The company has been paying fees for the social insurance during this year the total amount is 960.926 SR as the rules and regulations.
- I. The company has been paying fees for the general insurance on the property of the company in Riyadh, dammam, Yanbu and Omlug during this year 2011 G the total amount is 411,235 S.R as well as health insurance to employees of the company the total amount is 850,700 S.R.

Regular payment schedule

	Paid	Deserved
Zakat		2.884.126
Fees for ministry of Peterol and mineral resources		1.641.373
Charge of basic service –Tadvul	300,000 S.R	
Third installment No(2008) SIDF	3,000,000S.R	
Fourth installment No(2008) SIDF	3,000,000S.R	
Social insurance	690,926 S.R	
general insurance on the property of the company2011	411.235 S.R	
health insurance to employees of the company 2011	850,700 S.R	

Fifth : THE CAPITAL INVESTMENT PROJECTS

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

Your company has always been keen in upgrading of these factories so as to be in line with the development and also for supporting the company's profits and development in the long run.

Sixth : Risk Encounter the company

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

Seventh : The Board of Director Meeting during the fiscal year 2010 G

S.No.	Name of member	Number of sessions attended		
1	Abdullah Bin Fahd Al Thonayan	Chairman	6	Full Attendance
2	Thonyan Bin Fahd Al Thonayan	Executive	6	Full Attendance
3	Mohammed H. Al Essa	independent	6	Full Attendance
4	Dawood Bin Sulaiman Al - Sabti	independent	6	Full Attendance
5	Ahmed Bin Abdullah Al Thonayan	Executive	6	Full Attendance
6	Fahd bin Al Thonayan	nonexecutive	6	Full Attendance
7	Naser Bin Zaid Al – Razook	Executive	6	Full Attendance
8	Suad Bin Abdullah Al Thonayan	nonexecutive	6	Full Attendance
9	Mohamed Bin Salih A. Al Awad	nonexecutive	6	Full Attendance

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

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)
	19/1/2011	7/2/2011	30/3/2011	17/7/2011	12/10/2011	17/12/2011

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

Name of Member	Name of the companies			
	First co	Second Co	Third Co	Fourth Co
1 Fahd Bin thonayan al Thonayan	Yamama Cement	Nadik Co		

Ninth : The percentage of board members and top executive , their wives and dependants in the company's shares

NO	Name of member	Number of shares *%			Change of share &% the begin of year			Change of share &%the end of year		
1	Abdullah Bin Fahd Al Thonayan	1.047.953	share	3.31%	%	share	%	1.047.953	share	3.31%
2	Thonyan Bin Fahd Al Thonayan	3.333.406	share	10.52%	%	share	%	3.333.406	share	10.52%
3	Mohammed H. Al Essa	337.593	share	1.07%	%	share	%	337.593	share	1.07%
4	Dawood Bin Sulaiman Al - Sabti	1.333	share	0.004%	%	share	%	1.333	share	0.004%
5	Ahmed Bin A. Al Thonayan	1000	share	0.03%	%	share	%	1000	share	0.03%
6	Fahd bin Al Thonayan	109.946	share	0.35%	%	share	%	109.946	share	0.35%
7	Naser Bin Zaid Al - Razook	1.333	share	0.004%	%	share	%	1.333	share	0.004%
8	Suad Bin A. Al Thonayan	1000	share	0.003%	%	share	%	1000	share	0.003%
9	Mohamed Bin Salih A. Al Awad	1133	share	.003%	%	share	%	1000	share	.003%

• **Executive Members**

1	Ahmed Bin Abdullah Al Thonayan	1000	share	0.003%		share	%	1000	share	0.003%
2	Naser Bin Zaid Al - Razook	1.333	share	0.004%		share	%	1.333	share	0.004%
3	Salih A. Al Awad	200	share	0.0006%		share	%	2000	share	0.0006%

Tenth : description of any benefit belong to board members and top executive , their wives and dependants in the company's shares or consequent to any one off their company's.

Name of member	Change of share &% the begin of year		Change of share &% t the end of year		Change of share &% t the end of year	
Nothing		Share %		share %		share %

Eleventh : description of any benefit belong to board members and top executive , their wives and dependants in the company's

Name of member	Change of share &% t the begin of year		Change of share &% t the end of year		Change of share &% t the end of year	
Nothing		Share %		share %		share %

twelfth: Contracts to the board's member:

The company confirms that there are no contracts have been signed of that have related to the board members and top executive during the tear 2011

thirteenth : Remuneration of Boar of directors

Executive member	Salaries & Rem	Allowance	Annual Re	Increment	Others	Total
Thonyan Bin Fahd Al Thonayan	372.000					372.000
Naser Bin Zaid Al - Razook	240.000	66.000				306,000
Ahmed Bin Abdullah Al Thonayan	82.080	26.520				108,600
nonexecutive member						
Financial &Administration Manger	155.580	44.895				200,475
Sales plaster Board Manager	108,000	6,000				114,000
Technical factory Manager	84.000	-----				84,000
Board of directors remuneration as per the regulation			1.080.889	Explained in P.D.s		

Fourteenth : Committees

1 – Auditing Committee

1	Mohamed H Al Eisa	Head	6	Full Attendance
2	Dawoud S. Al – Sabty	Member	6	Full Attendance
3	Suad Bin Abdullah Al Thonyan	Member	6	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)
	17/1/2011	5/2/2011	28/3/2011	16/7/2011	11/10/2011	17/12/2011

Responsibilities of the committee .

- 1- Supervision of auditing the company's activities to ensure its effectiveness regarding execution of assigned tasks and internal control by laws .
- 2- Conduct the study of internal control system and preparing a written report including its evaluation and recommendations thereof .
- 3- Evaluation of internal auditing reports and follows up the corrections required .
- 4- Recommendation of appointing and termination of chartered accountants and their rewards .
- 5- Follow up of chartered accountants activities and approval of any work out of their duties that assigned to them while performing their auditing activities .
- 6- Study of remarks and discussion of chartered accountant about the annual and quarter statements status and addition to their opinion and recommendations therein
- 7- They Study of applied accounting policies and providing their comments and recommendations .

2 – Nominations & Remuneration Committee

1	Ahmed Bin A Al thonayan	Head	4	Full Attendance
2	Dawoud S. Al Sabty	Member	4	Full Attendance
3	Fahd Bin A. Al Thonyan	Member	4	Full Attendance

Responsibilities of the committee .

1. Recommendations regarding board of directors nominations according to approved standards and policies
2. annual auditing regarding the suitable qualifications required for the board membership and setting of abilities and qualification criteria required including the time that shall be allocated by the member for carrying out the board of directors' activities .
3. Revision and forwarding of recommendations to the board of directors regarding any changeable modifications in addition to defining of weakness and strength and providing the suggested remedial solutions that in concordance with the company's interests .
4. to ensure, on annual basis, the independency of the board members and nonexistence of any member hold a board membership in any other company .
5. Setting of policies regarding remuneration of board of directors and top executives as per the standards related to their performance .

3-Executive Committee

1	Fahd Bin A. Al- Thonayan	Head	3	Meetings
2	Naser Bin Zaid Al - Razook	Member	3	Meetings
3	Mohamed Salih A. Al Awad	Member	3	Meetings

Fifteenth : operating profit

- Operational profit reached during the fourth quarter 5.98 million Riyals compared to corresponding quarter of previous year 9.60 million Riyals decrease of 37.71%
- Operational profit reached during the twelve month 30.64 million Riyals compared to corresponding quarter of previous year 52.56 million Riyals decrease of 41.70%

Sixteenth :Remuneration of Board of Directors

The board of directors would like to clarify that the chairman and the members haven't received any allowances or other benefits other than the following :

- 1 – The amounts specified by the ministerial resolution number 1071 in 5/11/1412 H which is shown in the proposal of profits distribution that submitted to you .
- 2 – Monthly salaries and allowances received by the Managing Director and the general Manager which reached this year the sum of 373.000 (bearing in your mind that is not received any allowances other than the above .

Seventeenth. The Net Profit & The Suggested Distribution:

As per the company's articles of association issued as per the royal decree No. 5/5/2348 dated 18/9/1378 H , and the council of ministers resolution No. 111, dated 9/9/1387 which states the following:

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

- 1- 10% out of the net profits shall be kept as statutory reserves . The general assembly reserves the right to stop this if such reserve is equal to 50% of capital . The statutory reserve shall be used to cover the company's loss or increase the company's capital.

- 2- 5% out of the balance shall be distributed, as first payment of dividend distribution to share holders
- 3 – 10% of the balance shall be allocated for board directors remuneration .
- 4 – after deducting the above mentioned percentage , the balance shall be distributed among share holders. The ordinary general assembly reserve the right to decide about any other reserves or allowance, while its permitted, as per the boards recommendations, that total or partial amount of profit can be posted to the next year, or can be fully or partially utilized for shares depreciation or creating emergency reserve fund .

Article (48) : prescribed profit shall be paid at the time and place specified by the Board of directors

Eighteenth : Net profit and Suggested Distribution

Praise be to Allah for the profit gained this year 2011 G . the net profit before deducting the Zakat is 32.446.601 SR while it was 55.970.514 SR in the previous year 2010 G.

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

Net profit before deduction of Zakat	32.446.610
Minus : Zakat	2.844.126
Net profit after deduction of Zakat	29.602.475
Minus 10% from statutory reserve	<u>(2.960.248)</u>
Balance	<u>26.642.227</u>
Minus : First payment of dividend distribution to shareholders at the rate of 5% of capital	15.833.333
Balance	<u>10.808.894</u>
Minus : Board of directors' Remuneration	1.080.889
Balance	<u>9,728,005</u>
Add: Carried over from last year's profit	<u>13.754.597</u>
Total :	<u>23,482,602</u>
Minus :Second payment of dividend distribution to shareholder at the rate of 15% of capital	22.166.667
Retained Earnings	<u>1,315,935</u>

Nineteenth. Confirmation of Internal Auditing:

- 1- The National Gypsum Company's internal auditing committee confirms that the financial accounts for the fiscal year ending in 31/12/2011 G, have been prepared in a proper manner and the internal control system has been set up in a proper efficient basis. The internal auditing has been carried out according the standard accounting principles which, includes examining and reviewing accounts and other required procedures in accordance with company's regulations and articles of association. There is no doubt about the company's abilities to continue its activities.
- 2- the financial statements has been prepared ,as of 31/12/2011 G as per the standard accounting principles that issued by Saudi Chartered Accountants authority . the financial statement has been prepared in a way that reflects the real status of the company .
- 3- It appears from the report of the Auditors that the financial statements are free from significant mistakes .
- 4- There is also no punishment or penalty imposed or under reserve of the company from the Commission or any other supervisory or regulatory or other jurisdiction.
- 5- Observed different rate of consumption of the actual standard was remedied consulting company technicians and found to be due to increased humidity stone all that has been down to the depth of treatment that has been and submitted to the Audit Committee .
- 6- Observed that the rise of inventory and review of the data and the contracts found that it caused storage of CARD Board paper supplier from the Swedish company where the supply of quantity, as requested by the Swedish company to stop their production .
 - There is no substantive remarks could be stated, and all the remarks forwarded to the Audit Committee and Board of Directors and are being studied and discussed and resolved immediately
 - **The board directors approved the following :-**
 1. that the financial accounts , have been prepared in a proper manner
 2. the internal control system has been set up in a proper efficient basis.
 3. There is no doubt about the company's abilities to continue its activities

**twentieth: SAMA Companies Governance Regulations NO 31/10/1427 H
corresponded 13/11/2006 G**

The company has been applying all articles set forth in companies' governance regulation in concordance with the company's articles of association and corporate regulations issued by ministry of commerce, especially the articles related to share holders right. Accordance to section (B) in article (6) in election right

The board of directors would be pleased to submit the following proposals:

1. To approve the annual report of the board of Directors for the fiscal year ending on 31/12/2011G
2. To approve the balance sheet and statement of income for the fiscal year ending on 31/12/2011G
3. To exonerate the members of the current board of directors for the fiscal year 2011G
4. To approve the distribution of profits as pre the proposal of the Board of directors, which is 1.20 riyals per share (12% out of capital). Effective Tuesday 30/4/2012G corresponding 9/06/1433H. The priority for profit distribution will be the company's shares owners upon approval of the general assembly for profits distribution.
5. To approve the appointment of the auditor who has been nominated by the Auditing committee. To audit the company's accounts ledgers for that fiscal year 2012G and to determine his fees.

The board of directors takes this opportunity to thank you for accepting our invitation to attend this general assembly session, and for your trust and confidence. We pray to Allah the almighty that our country continues to enjoy the security, prosperity under the leadership of the Custodian of the two holy mosques. King Abdullah Bin Abdul Aziz, and His Crown Prince Naïf Bin Abdul Aziz, minister of Interior, as well as the Second Deputy Premier and Minister of defense His Royal Highness Prince Salman bin Abdul Aziz and their righteous government, and to help them all towards the achievement of success and prosperity of our beloved country.

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

Best regards

Board of Director

the company's development since 2004 G

YEAR2011	YEAR2010	YEAR2009	YEAR2008	YEAR2007	YEAR2006	YEAR2005	YEAR2004
----------	----------	----------	----------	----------	----------	----------	----------

107,624,792	154,115,097	202,708,748	259,993,465	223,275,041	256,913,521	268,517,967	217,938,521
29,602,475	52,525,336	88,560,578	112,315,141	94,845,061	128,142,531	130,814,447	106,921,268
38,000,000	63,333,333	79,166,667	79,166,667	79,166,667	71,250,000	95,000,000	80,750,000
suggestion							

452,829,804	462,440,776	474,285,096	457,632,391	447,229,915	415,481,045	362,064,362	323,193,555
316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	237,500,000	237,500,000	237,500,000
31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	23,750,000	4,750,000	4,750,000
0	0	0	0	0	79,166,667	0	0

861,898,132	862,430,242	860,622,944	819,621,628	790,022,728	700,838,026	633,470,345	606,754,966
743,743,171	740,997,244	731,151,155	731,015,511	724,524,775	712,836,504	629,606,069	582,474,474
37,800,000	43,700,000	47,800,000	0	38,960,000	0	0	12,375,000

960,000	960,000	960,000	900,000	900,000	900,000	900,000	750,000
23,760,000	23,760,000	23,760,000	17,760,000	17,760,000	17,760,000	17,760,000	11,760,000

571,333	558,999	578,358	615,460	527,140	650,058	702,249	640,787
3,268,547	7,146,082	11,327,053	17,795,452	14,496,941	15,057,787	15,351,993	10,399,605

552,975,907	595,790,523	628,572,965	602,011,945	597,234,777	548,003,400	485,948,556	443,604,038
100,865,214	133,349,747	154,287,869	144,379,554	150,004,862	132,522,355	123,884,194	120,410,483

PROFITS

NET SALLES

NET PROFIT AFTER DEDUCTING ZAKAT

DISTRIBUTED PROFITS

OWNERSHIP

OWNERSHIP EQUITY

PAID UP CAPITAL

NUMBER OF SHARES

CAPITAL INCREASE

INVESTMENT

INVESTED CAPITAL

COST OF TOTALFIXEDASSETS

LONG TERL LOANS

LISNCEOF PRODUCTIONCAPCITY

GYPSUM PRODUCTION CAPCTY-TON

PLASTER BOARD PRODUCTION CAPCTY-M2

PRODUCTION

QT OF GYPSUM POWDER

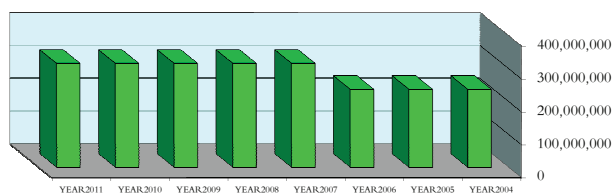
QT OF PLASTER BOARD

liabilities and shareholders Equity

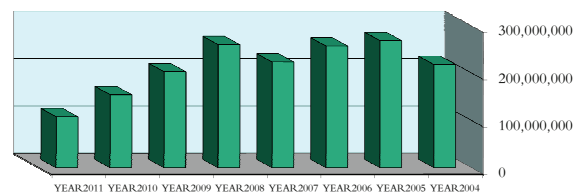
total liabilities

total assets

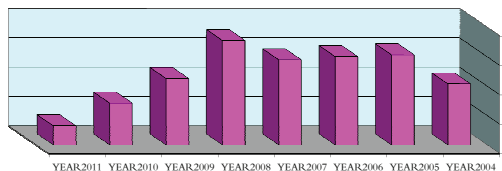
DEVELOPMENT OF CAPITAL SINCE2004



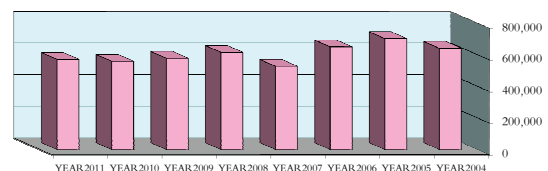
NET SALES SINCE 2004 G



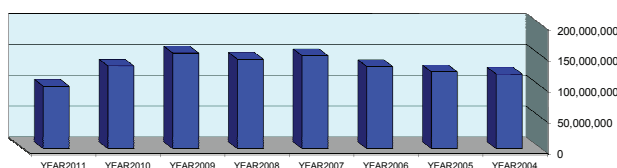
DEVELOPMENT OF PLASTER BOARD PRODUCTION SINCE 2004G



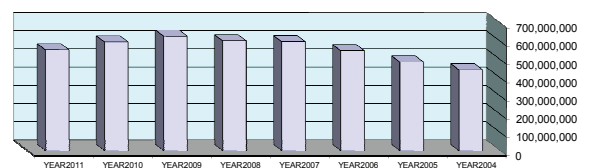
DEVELOPMENT OF POWDER GYPSUM PRODUCTION SINCE 2004G

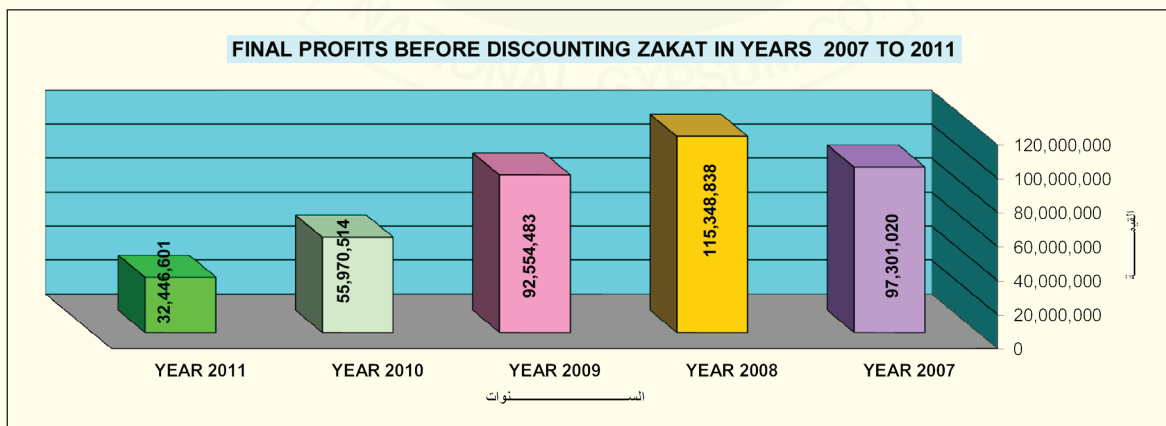
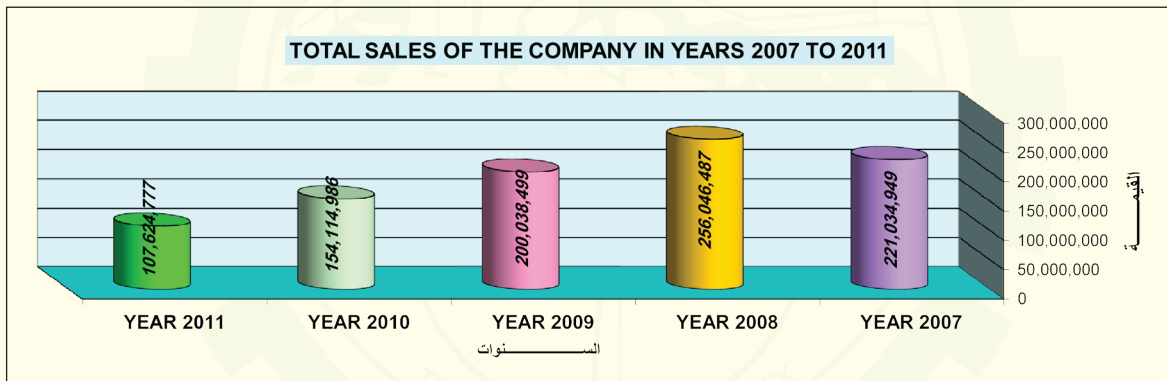
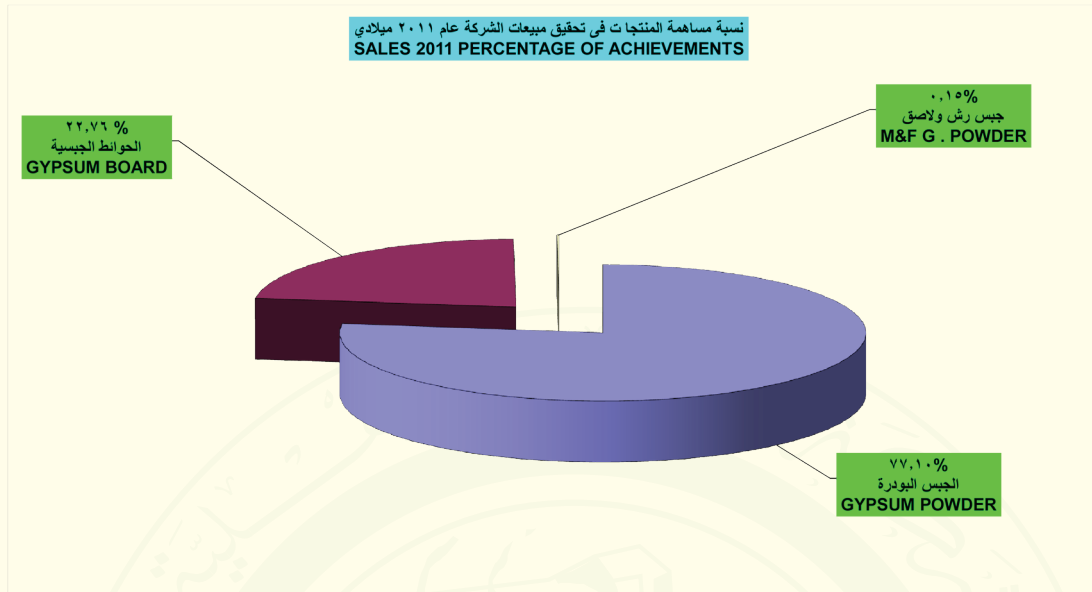


TOTAL ASSETS 2004 G



TOTAL LIABILITIES 2004 G







The National Gypsum Company

Distributes the profits on 12% basis of its capital

In accordance to market authority regulations, the company has published its financial statements through out this year.

We ended fiscal year 2011 AD. And the company has gained net profit as indicated in the annual statement in the budget for this year ending 31/12/2011 AD and we like to inform you that the board directors suggests distributing profit as for 1.20 SR per share that equal 12% of the company's capital .according to what have been state in annual statement . profits will be distributed as per the regulations to shareholders upon approval by general assembly and accordingly one bank will nominated for distribution of profits to shareholders as per the statement provided by Tadawl which includes shareholders list .

In this regards, we would like to explain to you that the company has gained during the year 2011 G. A net profit that amounted 32.446.601 SR before deducting Zakat . The Zakat amount for this year was 2.844.126 SR , These results have been achieved despite the tough competition which company encountered and composition a new gypsum factories and plasterboards in Yanbu , eastern area and Riyadh beside the doldrums in the neighboring and global marketing

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

We are pleased to inform you about what have been achieved through the previous year 2011G . we are also pleased to inform you that we have completed all the expansion projects and their commercial operation according to the tough competition the company does not distribution all their production We would like clarification on the status of your company .. National Gypsum Co. Saudi joint stock company, and as you know that the company was founded about 57 years ago in RiyadhYour company has been established in 1376 H as per the royal decree by His Royal Highness King Saud, may his soul rest in peace, No: 5/5/583 on the first day of Rabia Awal 1376 H, and as per the council of ministers decree No: 232 dated 04/11/1375 H. signet by his Royal Highness King Faisl, may his soul rest in peace ... National gypsum company's shareholders exceeds seven thousands citizen from different categories according to Tadwul

Your company has owns a factories in Riyadh , Yanbu, Dammam and Omlug the company covers all the markets of Saudi Arabia and exports of surplus production for the Gulf countries and neighboring countries such as Yemen, Syria, Lebanon and Jordan . . We show also that, under licenses that were given to individuals and not have to like what is required on the company of Zakat and fees to extract raw stone to

be turned over to the Ministry of Petroleum and Mineral Resources 2.25 riyals for every ton of what is extracted from the raw stone from the quarries,

With the company's future and praise be to Allah is promising because its factories in Riyadh and Dammam and Omlg built on land owned by the company . The factories in Yanbu built in the territory of the Royal commission . As the all of company has shown in the report of Board of Directors.

We ask God Almighty to perpetuate this country's security and stability enjoyed by the country by the grace of Allah in light of the Custodian of the Two Holy Mosques and Crown Prince and Second Deputy Allah save them and their government responsible for companies and national institutions and the citizens of aid and attention to get up the country

We solicit to our mighty Allah to more success and progress.

Thanyan Bin Fahd Bin Thanyan

Managing Director & General Manager.

National Gypsum Company

Saudi Joint-Stock Company

Financial Statements

For the Fiscal Year

Ended December 3 / 2011 G.

A long with the Auditor Report

National Gypsum Company
Saudi Joint – Stock Company
Balance Sheet

As on 31 December	Notes	2011 SR	2010 SR.
Assets			
Current Assets			
Cash in Hand & at Banks	(3)	62,573,268	85,989,940
Account receivable	(4)	22,378,765	23,691,560
Inventory	(5)	40,573,397	40,011,458
Other debit balances	(6)	<u>1,532,021</u>	<u>1,451,101</u>
Total current assets		<u>127,057,451</u>	<u>151,144,059</u>
Non current assets			
Investment according to ownership rights(7)		21,596,468	20,597,891
Long –term investment	(8)	30,188,879	32,139,526
Net value of fixed assets, under Execution projects and spare parts	(9)	370,002,926	385,572,427
Net value of pre- operating costs	(10)	<u>4,130,183</u>	<u>6,335,620</u>
Total non current assets		<u>425,918,456</u>	<u>444,646,464</u>
Total current assets		<u>552,975,907</u>	<u>595,790,523</u>

The attached notes from No.1-20 are integral part of these financial statements

Liabilities and Shareholders equity

Current liabilities	31/12/2011	31/21/2010
Accounts payable	(11) 5.519.614	4,238.701
Profit distribution creditors	6.089.345	6,092,523
Other credit balance	(12) 2.467.380	3,789,660
Provisions	(13) 2.941.681	3,529,881
Current part of long terms loans	(14) 8,000,000	6,000,000
Proposed dividend	<u>39.808.889</u>	<u>65,133,333</u>
Total current liabilities	<u>64.098.909</u>	<u>88,784,098</u>
Non current Liabilities		
Long term loans	(14) 29.700.000	37,700,000
End – of – service provision	6.347.194	6,865,649
Total non current liabilities	<u>36.047.194</u>	<u>44,565,649</u>
Total liabilities	<u>100.146.103</u>	<u>133,349,747</u>
Shareholders Equity		
Paid up capital	316.666.667	316.666.667
Statutory reserve	(15) 122.403.370	119,443,122
Unrealized gain from (investment)	12.443.832	12,576,390
Retained earnings	<u>1,315,935</u>	<u>13,754,597</u>
Total Shareholders equity	<u>452.829.804</u>	<u>462,440,776</u>
Total Liabilities and Shareholders equity	<u>552.975.907</u>	<u>595,790,523</u>

The attached notes from No.1-20 are integral part of these financial statements

**National Gypsum Company
Saudi Joint – stock company
Statement of income**

As on 31 December		2011	2010
	Notes	S.R	S.R
Net Sales		107.624.792	154,115,097
<u>Less</u>			
cost of sales	(16)	<u>67.761.019</u>	<u>91,222,989</u>
Cross margin		<u>39.863.773</u>	<u>62,892,108</u>
<u>Less</u>			
General and administrative expense	(17)	4.446.491	4,831,077
Sales and distribution expense	(18)	1.182.383	1,481,870
Depreciation of administrative assets		764.194	760,541
Amortization of pre-operation and start up expenses		2.242.306	2,508,623
End – of – service provision		<u>590.947</u>	<u>750,250</u>
Total expenses		<u>9.226.321</u>	<u>10,332,361</u>
Net income of operation		<u>30.637.452</u>	<u>52,559,747</u>
Other revenues		<u>1.809.149</u>	<u>3,410,767</u>
Net income before Zakat		<u>32.446.601</u>	<u>55,970,514</u>
<u>Less</u>			
Zakat provision		<u>2.844.126</u>	<u>3,445,178</u>
Net income		<u>29.602.475</u>	<u>52,525,336</u>
Total ordinary share profit		<u>1.26</u>	<u>1.99</u>
Net ordinary share profit		<u>0.93</u>	<u>1.66</u>

the attached notes from No.1-20are integral part of these financial statements

National Gypsum Company

Saudi Joint – Stock Company

Cash Flow Statement

For the Fiscal Year ended on 31 December	2011	2010
Notes	SR	SR
Operating Activities		
Net profit before Zakat	<u>32,446,601</u>	<u>55,970,514</u>
<u>Adjustment for non cash items :</u>		
Depreciation	19,287,178	20,009,116
Amortization of deferred charges	2,242,306	2,508,623
End – of – service provision	590,947	750,250
<u>Changes in current assets & liabilities</u>		
Accounts receivable	1,312,795	4,256,387
Inventory	(561,939)	3,128,940
Other debit balance	(80,920)	191,831
Accounts payable	1,280,913	1,121,911
Other credit balance	(1,322,280)	905,746
Payment for Zakat department	(3,432,326)	(3,993,905)
End – of – service provision	<u>(1,109,402)</u>	<u>(1,066,164)</u>
Net cash flow from operating activities	<u><u>50,653,873</u></u>	<u><u>75,281,547</u></u>

The attached notes from No.1-20 are integral part of these financial statements

Investing Activities	<u>2011</u> <u>SR</u>	<u>2010</u> <u>SR</u>
Investments	819,512	(153,693)
Additive fixed assets	(31,382)	(5,272,543)
Under execution projects and spare parts	(3,685,295)	(4,615,130)
Pr- operating costs	<u>(36,869)</u>	<u>(119,475)</u>
Net cash flow from investment activities	<u>(2,934,034)</u>	<u>(10,160,841)</u>
Financing Activities		
Paid loans	(6,000,000)	(5,000,000)
Dividends distributed	<u>(65,136,511)</u>	<u>(79,990,649)</u>
Net cash flow from financing activities	<u>(71,136,511)</u>	<u>(84,990,649)</u>
Net cash and cash alike flow	(23,416,672)	(19,869,943)
Cash and cash alike at the beginning of the year	<u>85,989,940</u>	<u>105,859,883</u>
Cash and cash alike at the end of the year	<u>62,573,268</u>	<u>85,989,940</u>



The attached notes from No.1-20 are integral part of these financial statements

National Gypsum Company

Saudi Joint – stock company

Retained Earnings statement

For the Fiscal Year ended on 31/12/2011G	<u>2011</u> SR	<u>2010</u> SR
Net profit after Zakat	29,602,475	52,525,336
Statutory reserve (10%)	<u>(2,960,248)</u>	<u>(5,252,534)</u>
Balance	26,642,227	47,272,802
First payment of dividends (5% of the capital	<u>(15.833.333)</u>	<u>(15.833.333)</u>
Balance after first payment	10,808,894	31,439,469
Remuneration of directors	<u>(1,080,889)</u>	<u>(1,800,000)</u>
Balance	9,728,005	29,639,469
Retained earning at the beginning of the yea	<u>13,754,597</u>	<u>31,615,128</u>
Total	23,482,602	61,254,597
Second payment of dividends	<u>(22.166.667)</u>	<u>(47.500.000)</u>
Retained earning at the end of the year	<u>1,315,935</u>	<u>13,754,597</u>



The attached notes from No.1-20 are integral part of these financial statements

Statement of changes in shareholders equity

Description	Paid up capital S.R	Statutory reserve S.R	Unrealized gains from investments S.R	Retained earnings S.R	Total SR
Balance at 1/1/2010	316,666,667	114,190,588	11,812,713	31,615,128	474,285,096
Transferred from year profit	-	5,252,534	-	(5,252,534)	-
Unrealized earnings of investment	-	-	763,677	-	763,677
Retained earnings used for distribution	-	-	-	(12,607,997)	(12,607,997)
Balance at 31/12/2010	316.666.667	119,443,122	12,576,390	13,754,597	462,440,776
Transferred from year profit	-	2,960,248	-	(2,960,248)	-
Unrealized loss of investment	-	-	(132,558)	-	(132,558)
Retained earnings used for distribution	-	-	-	(9,478,414)	(9,478,414)
Balance at 31/12/2011	316.666.667	122,403,370	12,443,832	1,315,935	452,829,804

The attached notes from 1-20 are integral part of these financial statements



Dammam Plant

National Gypsum Company

Saudi Joint-Stock Company

Explanatory Notes Attached to the Financial Statements in

I. The Company

National Gypsum Company is a Saudi Joint-Stock Company that has been established in Riyadh city as per the Commercial Registration No. 1010001487 dated 19 Shawal 1378 H. and the capital of the company 316.666.667 divided into 31.666.667 share the value of share 10 riyals

Company's Factories & Branches:

The company has many registered branches as follows:

Yanbu Branch	:Reg. No. 470000546, dated 18/3/1400H.
Jeddah Branch	:Reg. No. 4030007100, dated 26/1/1392 H.
Dammam Branch	:Reg. No. 2050003512, dated 6/7/1395 H
Dammam Gulf Gypsum Plant	:Reg.No: 2050048707, dated 04/06/1426 H.
National Plaster Board factory, Riyadh,	:Reg. No:1010198301, dated 10/04/1425 H.
- Plaster Board factory, Dammam	:Reg. No:2050053971, dated 04/03/1428 H

The activity of the company is the fabrication as well as the production of gypsum and its derivatives. The company's activity is extracted from an area of excellence in the field of gypsum and trading in the materials and fabrication related to it, including the chemical and mechanical production of its derivative materials. Further more, the company specializes in the activities that are helpful and necessary for achieving such purpose. The company may be benefited from other establishments and organizations specialized in the similar activities in the kingdom of Saudi Arabia or abroad, by augmentation, buying or being attached to them.

(2), Summary for The most Significant Accounting Policies:

2/1 .Basis of Accounting:

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

2/2.Fiscal year

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

2/3 Provision for Zakat :

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

2/4 Provision for End of Service Benefit :

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

2/5 Other Provisions

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

2/6 long –term Investments :

- 1- Investments in the companys' capital in which the rate of contribution is equal to or exceeds 20% are registered according to ownership equity method. Those investments are evaluated according to the latest available audited financial statements until the date of preparation of financial statements
- 2- Investments in which the rate contribution is less than 20% , and which the company's administration intends to hold for a period more than one year is recorded among non- current assets. Those investments would be evaluated on the basis of their fair value as at the date of the financial statements.
The unrealized profits and losses resulting from re-evaluation would be included among the shareholders equities as a separate item under the name " unrealized profits and losses". The fair value of the investment is calculated according to the last financial statement available for the non- current securities, otherwise the cost would be regarded as the fair value.

2/7 Administrative and marketing Expenses :

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

The administrative and marketing expenses from which more than the one accounting period in benefits, is divided among periods using their historical cost.

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

2/8 Revenues:

Revenues from main operations are recorded when products are delivered to the customers and when a sales invoice is issued. Other revenues would be recorded when taking place and according to accrual basis.

2/9 Inventories:

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

2/10 Fixed assets:

Fixed assets are stated at historical cost and depreciated on a straight – line method over their estimated useful lives at rates illustrated in note (9/1) Project under execution and machine's spare parts is recorded among fixed assets . but not to be depreciated

2/11 Operating Rent contracts:

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

2/12 Foreign Currency:

Transactions made through foreign currencies are exchanged into Saudi Arabia Riyal on the basis of current rate of exchange on the date of transactions. Other assets and liabilities existing in foreign currency are also exchanged on the basis of current rate of exchange on the date of financial statements and the resulted difference is charged to the income statement.

2/13 Preliminary & Pre -operating expenses:

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

2/14 Cash & Cash Alike :

Cash and cash alike are comprised from cash in bank balance , and investments that can be converted into cash which their due date is during four short period

<u>(3). Cash In hand and At Banks:</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Cash in Hand	2,562,944	1,667,176
Cash in the Banks	11,981,067	13,254,794
Murabaha Investments	<u>48,029,257</u>	<u>71,067,970</u>
Total	<u>62,573,268</u>	<u>85,989,940</u>
<u>(4). Accounts Receivable: :</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Customers	19,790,686	20,782,764
Provisions for doubtful debts	332,070	298,339
Down payments for suppliers	<u>2,879,795</u>	<u>3,234,243</u>
Total	23,002,551	24,315,346
<u>Less</u>		
Provision for doubtful accounts	<u>623,786</u>	<u>623,786</u>
The total	<u>22,378,765</u>	<u>23,691,560</u>
<u>(5). Inventory:</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Raw Materials	33,404,311	33,362,455
Other Materials	5,209,624	4,545,881
Finished Products	1,810,805	1,789,834
Oil & Fuel	308,805	389,919
Goods in transit	----	<u>83,517</u>
Total	<u>40,733,545</u>	<u>40,171,606</u>
<u>Less</u>		
Provision for dormant Inventory	<u>160,148</u>	<u>160,148</u>
<u>Net</u>	<u>40,573,397</u>	<u>40,011,458</u>

<u>(6). Other Debit Balances:</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Accrued Income	243,720	147,814
Prepaid Expenses	231,753	246,738
Customer's Debenture	1,002,547	1,002,548
Securities With Others	54,001	54.001
Total	<u>1,532,021</u>	<u>1,451,101</u>

(7). Investments according to rights aulic

The companies share in Saudi Qatar gypsum Company's capital (limited co) is approximately equal to33.34% of the company's capital which is 40 million Quatri riyals.

<u>(8). Long Term Investments:</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Tabook Cement Co	1,735,695	1,434,841
Trans Gulf Co. For Invest. –Oman	1,153,184	1,354,685
Al Kian Co. for Petrochemicals	17,300,000	19,350,000
Land Investments	<u>10.000.000</u>	<u>10,000,000</u>
Total	<u>30,188,879</u>	<u>32,139,526</u>

(9).Fixed Assets Net Value, Projects Under Execution and Spare Parts:

Notes	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Fixed assets net value (9/I)	314,419,297	333,675,093
Projects under execution	32,663,035	28,897,413
Spare parts	<u>22,920,594</u>	<u>23,000,921</u>
Total	<u>370,002,926</u>	<u>385,573,427</u>

(9/1) Net Fixed Assets

Description	Depreciation Rates	Cost as at 1/1/2011	Additions During the year	Disposal During the year	Cost as at 31/12/2011.	Accumulated Depreciation as at 1/1/2011	Depreciation for year SR	Accumulated Depreciation for disposal	Accumulated Depreciation at 31/12/2011	Net Book value as at 31/12/2011SR	Net Book value as at 31/12/2010
Lands	-	22,438,326	-	-	22,438,326	-	-	-	-	22,438,326	22,438,326
Building	3%,5%	123,116,370	-	-	123,116,370	86,216,501	4,208,519	-	72,452,020	50,691,350	54,899,869
Inter Road	10%	5,226,494	-	-	5,226,494	3,687,658	230,558	-	3,918,216	1,308,278	1,538,836,
Machinery & Equipment	5%	503,826,258	-	-	503,826,258	256,720,834	13,844,136	-	270,564,970	233,261,288	247,105,425
Water net work	10%	2,505,495	-	-	2,505,495	1,995,787	123,353	-	2,119,140	386,355	509,708
Electrical net work	7%	8,200,627	-	-	8,200,627	3,432,885	321,820	-	3,754,705	4,445,922	4,767,743
Equipment of conveyance	17%	13,004,271	-	95,000	12,909,271	11,078,903	435,066	95,000	11,418,969	1,490,302	1,925,367
Tools	25%	1,323,951	2,770	2,683	1,324,038	1,313,783	6,478	2,244	1,318,017	6,021	10,168
Furniture	10%,20%	9,457,118	30,257	874,712	8,612,663	8,977,466	117,248	873,506	8,221,208	391,455	479,651
total		689,098,910	33,027	972,395	688,159,542	355,423,817	19,287,178	970,750	373,740,245	314,419,297	333,675,093

(10). Net Value of incorporation & Pre-operating Costs:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Balance at the year Beginning	6,335,620	8,724,768
Additions during the year	36,869	119,475
Amortizations during the year	(2,242,306)	(2,508,623)
End of the year balance	<u>4,130,183</u>	<u>6,335,620</u>

(11). Accounts Payable:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Suppliers	4,988,847	3,377,335
Pre payments from clients	<u>530,767</u>	<u>861,366</u>
Total	<u>5,519,614</u>	<u>4,238,701</u>

(12). Other Credit balances:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Accrued expenses	1,930,384	3,101,783
Securities for others	311,100	331,100
Other	<u>225,896</u>	<u>356,777</u>
Total	<u>2,467,380</u>	<u>3,789,660</u>

(13) Other Provisions:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Notes :		
Zakat provision (explanatory (13/1)	2,856,978	3,445,178
Provision for Development and Quarries Researches	<u>84,703</u>	<u>84,703</u>
Total	<u>2,941,681</u>	<u>3,529,881</u>

(1/13) Zakat provision:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
<u>Movement During the year</u>		
Balance at the beginning of the year	3,445,178	3,993,905
Transferred from income statement during the year	2,844,126	3,445,178
<u>Minus</u>		
Zakat paid during of the year	<u>3,432,326</u>	<u>3,993,905</u>
End of the year Balance	2,856,978	3,445,178

Calculation of Zakat Base

Capital	316.666.667	316.666.667
Adjusted net income	33,037,549	
56,720,764		
Statutory Reserve	119,443,122	114,190,588
Retained earning	13,754,597	31,615,128
Provisions – beginning of the year	6,637,736	6,984,036
S.I.D.F	<u>37,700,000</u>	<u>43,700,000</u>
Total	<u>527,239,671</u>	<u>569,877,183</u>
<u>Minus</u>		
Net fixed assets, under execution		
Projects and spare parts	370,002,926	385,573,427
long- term investments (cost)	39,341,515	40,161,027
Pre- operating net expenses	<u>4,130,183</u>	<u>6,335,620</u>
Total	<u>413,474,624</u>	<u>432,070,074</u>
Net total	113,765,047	137,807,109
Zakat net Base		
Zakat is (2.5%)	<u>2,844,126</u>	<u>3,445,178</u>

Zakat Status:

The company submitted its zakat returns up to 2010

Explanatory(14) Saudi Industrial Fund loan:

The company has signed long term loan contract with Saudi Industrial Development Fund No. (2008) dated 12/6/1428H Corresponding to 27/6/2007 G according to following conditions:

loan maximum limit : SR 48.700.000

purpose of the loan

Financing of plaster board factory and gulf gypsum powder factory in Dammam.

guarantee of the loan

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

Fidelity of the loan:

The loan shall be paid in semi annual installments that commence in 15/02/1431 H, corresponding to 30/01/2010 G, and ends in 15/08/1436 H, Corresponding to 02/06/2015G. The company paid the first installment until the fourth during this year 2010G ,2011G total amount 11.000,000

The outstanding installments are scheduled to be paid during 2012 total amounting to 8.000.000 SR within current liabilities as follows :

Description	Due date of payment	The amount S.R
fifth installment	9/1/2012	4.000.000
sixth installment	5/7/2012	4.000.000
Total		8.000.000

(15) Statutory Reserve

In accordance with Saudi Companies regulation and the company's Article of Association, 10% of the annual net income is required to be transferred to a statutory reserve which balance is 122,403,370 S.R as follows:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Beginning of year balance	119,443,122	114,190,588
Transferred from year net income	<u>2,960,248</u>	<u>5,252,534</u>
Total	<u>122,403,370</u>	<u>119,443,122</u>

(16)Cost of Sales

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>SR</u>
Industrial Cost	49,238,035	71,974,414
Industrial Fixed assets depreciation	<u>18,522,984</u>	<u>19,248,575</u>
Total	<u>67,761,019</u>	<u>91,222,989</u>

(17)General Administrative Expenses:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>S.R</u>	<u>S.R</u>
Salaries, wages and the like	2,963,285	3,395,805
Salaries and rewards of the managing director	372,000	373.000
Publicity and advertising	91,906	85,090
Development fund fees	43,592	1,998
Water and electricity	106,638	103,944
Consultations	193,250	56,250
Insurance	58,156	122,934
Post and telephone	60,066	97,398
Repair and maintenance	110,176	118,086
Fess and subscriptions	356,945	369,395
Stationary and prints	28,092	47,902
Other expenses	<u>62,385</u>	<u>59,275</u>
Total	<u>4,446,491</u>	<u>4,831,077</u>

(18)sales and distribution expenses:

	<u>31/12/2011</u>	<u>31/12/20109</u>
	<u>S.R</u>	<u>S.R</u>
Salaries, wages and the like	1,065,956	1,251,213
Fess and subscriptions	1,048	9,584
Repair and maintenance	5,.301	16,188
Post and telephone	24,603	75,954
Stationary and prints	29,293	9,281
Water and electricity	16,888	20,788
Other expenses	<u>39,294</u>	<u>98.862</u>
Total	<u>1,182,383</u>	<u>1,481,870</u>

(19)Contingent liabilities ,obligation and Guarantees Provided by others :

Firstly : contingent liabilities and obligation

The company has important financial contingent liabilities as at 31/12/2011G , the most important ones are as follows .

- Installment contracts of Dammam Gypsum and Plaster Board factories with a total amount of 280,000 Uro
- Letter of guarantees issued for other financial statement which values S.R. 1,700,000

Secondly : Guarantees provided by Others :

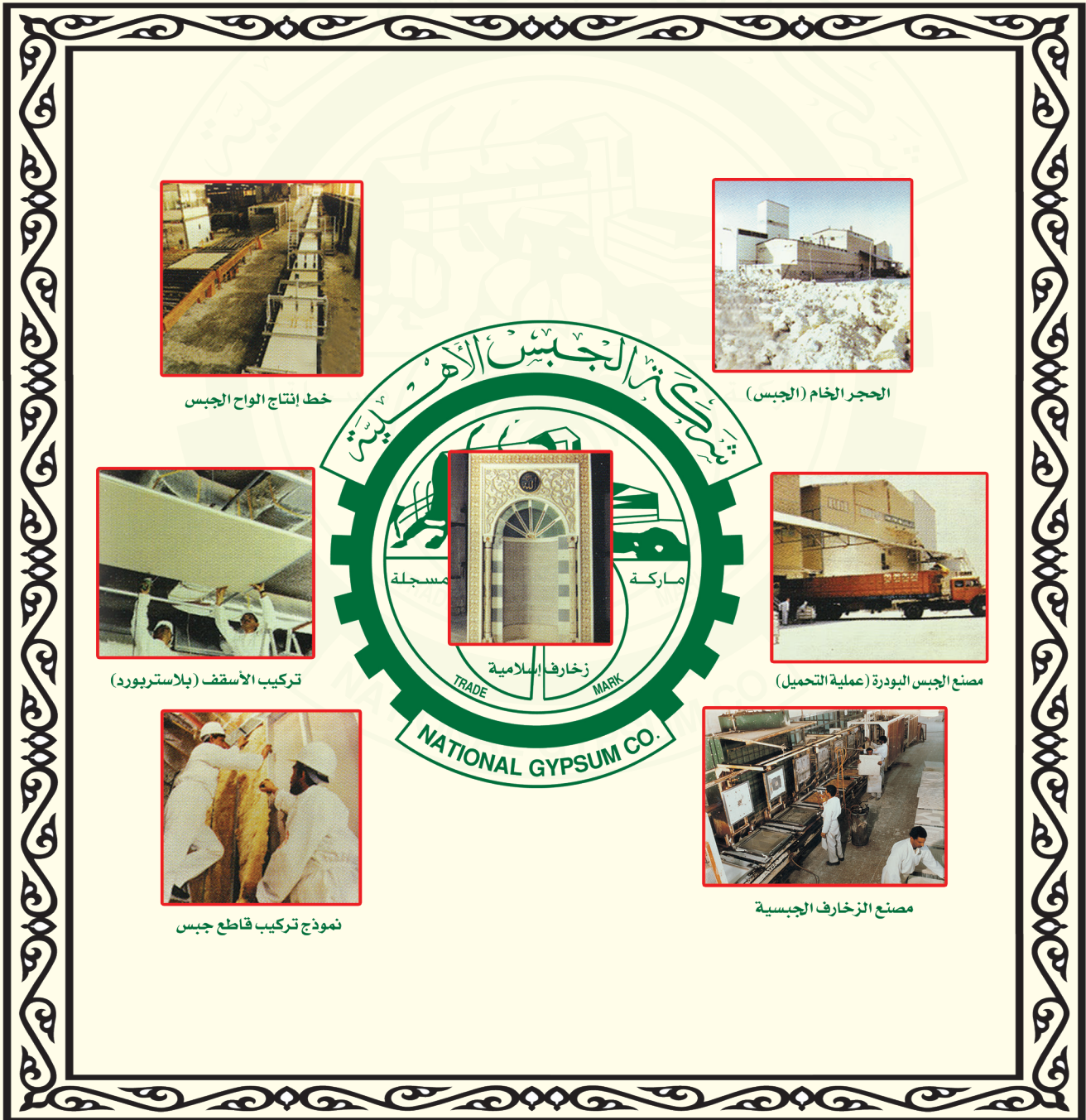
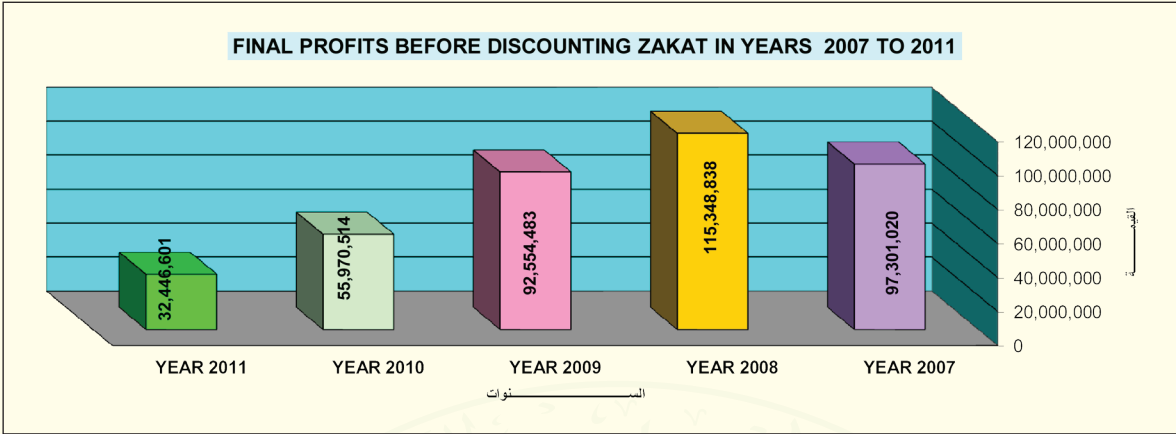
The company received guarantees from others amounts to S.R 15,621,400 provided by customers against credit facilities

(20)Comparative Figures:

Some of the previous year figures have been re - classified to be in conformity with current year presentation



Yambu Plants



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

السَّوَيْلِمُ وَالْعَنْزَانُ
AL SWAILEM & AL ONAIZAN

Professional Partnership - Licence No. 22
Abdullah Al Swailem Reg. No. 183
Ali Al Onaizan Reg. No. 132

محاسبون مراجعون قانونيون
Chartered Accountants

شركة تضامنية مهنية - ترخيص رقم ٢٢
عبد الله السويلم قيد رقم ١٨٣
علي العنيزان قيد رقم ١٣٢

Al Aswailem & Al Onaizan Certified Accountant's Auditors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders

National Gypsum Company

We have audited the financial position of the National Gypsum Company (Saudi Joint Stock Company) as of December 31, 2011 and the Income, Statement changes in shareholders' equities and cash flows statement of the year that ended, including the attached notes from No. (1) to (20) which from an accordance Article 123 of the of companies regulations and provided to us together with all the information that we requested. Our examination was made in accordance with generally accepted auditing standards and includes of the accounting records and such other procedures as we considered necessary to obtain reasonable degree of assurance to enable us to express an opinion , the above mentioned financial statements of the company taken as a whole:

- present fairly, the financial position of the Company as of December 31, 2011 and the result of its operations, cash flows for the year then ended on the presentation and discourse made the financial statements and an accordance with accounting policies illustrated in note (2) and with accepted accounting standards appropriated to the circumstance of company.
- comply with the requirements of regulations for companies and the company's articles of association regarding the preparation and presentation of the financial statements.

For Al Swailem & Al Onaizan



Riyadh in : 24 / 2 / 1433H

Cors to : 18 / 1 / 2012G

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