



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

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



*His Royal Highness  
Crown Prince  
Salman 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 Member



**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

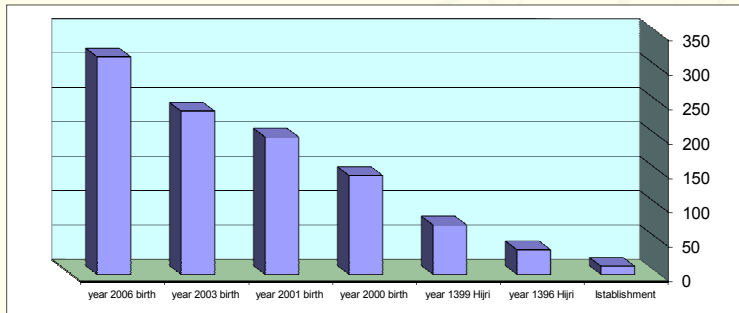


**Saud Bin Abdullah Al-Thonayan**  
Director & Audit Committee Member

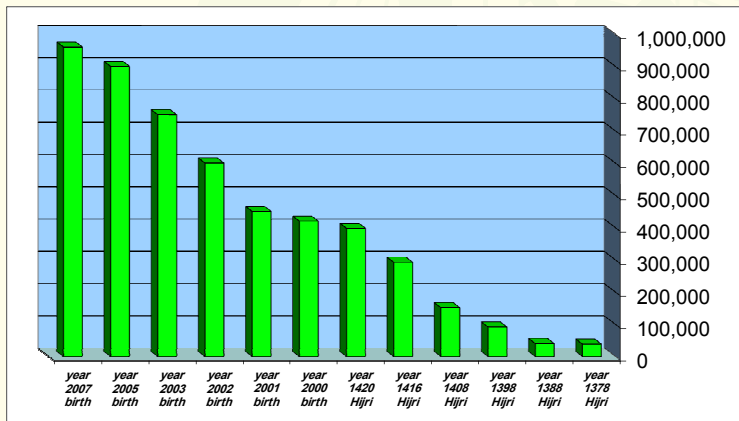


**Mohammed Bin Saleh Al-Awaad**  
Director & Executive Committee Member

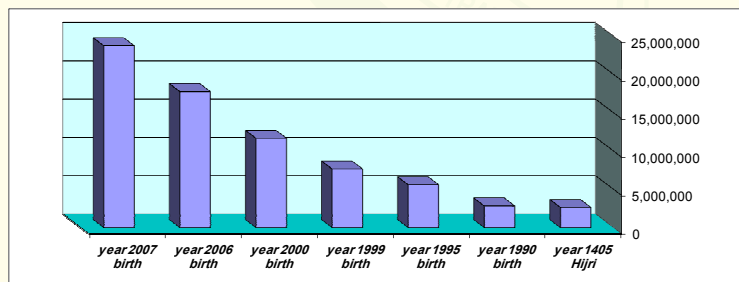
## THE NATIONAL GYPSUM COMPANY IN BRIEF



Development Of Capital		
Million Riyal	12	Istablishment
Million Riyal	36	year 1378 Hijri
Million Riyal	72	year 1388 Hijri
Million Riyal	144	year 1398 Hijri
Million Riyal	200	year 1408 Hijri
Million Riyal	237.5	year 1416 Hijri
Million Riyal	316.6	year 1420 Hijri



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 (48) 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 31/12/2012 G .

**Dear brothers.**

Praise be to Allah the Almighty for the favorable results that achieved by the company despite what the market encountered 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, the net profit that amounted 23,299,421 SR before deducting Zakat on Sales . the Zakat on sales amounted 3,227,503 SR. the net profit that amounted 20,071,918 Saudi Riyals after deducting Zakat on sales.

You will find in the board of director's report this year 2012G, which presented to you a long with the financial statements, a detailed explanation for work executed and the achieved results. The general administration and all the working staff of this company whose strenuous efforts have been channeled in the right direction through the optimal utilization for all production capacity of factories . All this success has been sought from 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 (50 halah) per share that equal to 5% 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 Thanayan

Chairman, Board of Directors

## The Board of Directors Report

The 48<sup>th</sup> Ordinary Session of the General Assembly

Held on Tuesday afternoon, 20 Jumda Alawal 1434 H corresponding 1 st of April 2013 G

**Dear Shareholders,***Greeting*

It's of immense pleasure to welcome you in the meeting of your ordinary session of the general assembly No.( 48). 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 31/12/2012G. 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 2012 G ( Al – Swailem & Al Onaizan 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 2012 G , since the net profit has amounted 23,299,421.SR, before deducting the Zakat on sales which equivalent to 3,227,503 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 2012 G**

**First : Production & production Capacity****A - Primary Products**

Products	Unit	capacity year	Current Year	Previous Year
Gypsum Powder	Ton	900.000	436.455	471.333
Plaster Board	M2	23.760.000	1.320.248	3.268.547



## B- Secondary Products

Products	Unit	Current Year	Previous Year
Gypsum spray & Fixing gypsum	Ton	0	355

### Second : Sales

The total sales, for this year reached the sum of 82.267.797 while they were SR 107.624.792 in the previous year as per the followings :

Products	Current Year 2012	Previous Year 2011	%of sales the previous year		
Value of domestic market sales	72,113,419	96.014.232	-	24,89	%
Value of Export sales	6,435,828	6.132.306	-	4,95	%
Value of sales for (internal use)	3,718,550	5.478.254	-	32,12	%
<b>Total sales</b>	<b>82,267,797</b>	<b>107.624.792</b>	-	<b>23,56</b>	<b>%</b>

### The Sales particulars were as follows

#### A – Primary Products sales

Products	Current Year 2012	Previous Year 2011	Percentage		
Gypsum Powder sales	73,292,392	82.974.169	-	11,67	%
Plaster Board sales	8,929,785	24.490.283	-	63,54	%
<b>Total sales</b>	<b>82,222,177</b>	<b>107.464.452</b>	-	<b>23,49</b>	<b>%</b>

#### B= Secondary Products Sales

Products	Current Year 2012	Previous Year 2012	Percentage		
Gypsum spray & Fixing gypsum	45,620	160.340	-	71,55	%
<b>Total</b>	<b>45,620</b>	<b>160.340</b>	-	<b>71,55</b>	<b>%</b>
<b>Grand Total Sales</b>	<b>82,267,797</b>	<b>107.624.792</b>	-	<b>23,56</b>	<b>%</b>

### **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 Khurais road. There is 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 3.000.000 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.
- We have been paid the sixth installment in 15/8/1433 H which is equal to 4.000.000 SR.
- We have been paid the seventh installment in 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 5.700.000 SR. ( last installment)

## **2 – contingent Liabilities, Obligations and Guarantees Provided by others**

- A. The company has important financial contingent liabilities as at statement of 13/12/2012, the most important are represented in commissioning and operation contracts of Alfa & Beta plants in Dammam with a total amount of 1,305,000 Euro .
- B. Letter of credits issued for third parties up to 31/12/2012 G with a total value of SR 1.700.000. For Aramco supply of crude oil to the company's factories
- C. The company received guarantees from third parties with a total value of SR 11,471,400 , some of which provided by the customers against credit facilities ,

## **3 – Regular payment**

- a. The company has been paying the Zakat as the rules and regulations. The total amount of Zakat for this year is 3,227,503 SR as indicated in the annual balance sheet.
- b. 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 1/1/2012 up 31/12/2012 is 1,717,535 SR.

- D. The company has been paid fees for The basic services for the period from 1/1/2012G until 31/12/2012 G for Tadvul, according to the invoice sent from the Tadvul, the total amount is 300, 000 SR
- E. The company has been paying fees for the social insurance during this year the total amount is 560.068 SR as the rules and regulations.
- F. 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 2012 G the total amount is 344,013 S.R as well as health insurance to employees of the company the total amount is 721,792 S.R.

#### Regular payment schedule

	Paid	Deserved
Zakat		3,277,503
Fees for ministry of Peterol and mineral resources		1,717,535
Charge of basic service –Tadvul	300,000 S.R	
sixth installment No(2008) SIDF	4,000,000S.R	
seventh installment No(2008) SIDF	4,000,000S.R	
Social insurance	560,068 S.R	
general insurance on the property of the company2011	344,013	
health insurance to employees of the company 2011	721,792 S.R	

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

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. to develop and benefit from Al- Khalij gypsum factory, in Dammam , to 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) . Your company has contracted with a French company (Gerlepk) for supplying and installation and equipment of factory, which ended fixtures and will start commercial production soon, God willing

#### **Sixth : Risk Encounter the company**

Your company encounter tough competition in the domestic and overseas markets for their products from gypsum powder and gypsum boards, 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. The company's management is working to reduce the cost of production.

### **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 Thanayan	Chairman, Board of Directors	nonexecutive	6	Full Attendance
2	Thanyan Bin Fahd Al Thanayan	Managing Director & General Manager	Executive	6	Full Attendance
3	Mohammed H. Al Essa	Director & audit committee chairman	independent	6	Full Attendance
4	Dawood Bin Sulaiman Al - Sabti	Director& audit committee member nomination committee	independent	6	Full Attendance
5	Ahmed Bin Abdullah Al Thanayan	Director& audit committee member chairman committee	Executive	6	Full Attendance
6	Fahd bin Al Thanayan	Director& executive committee member nomination committee	nonexecutive	6	Full Attendance
7	Naser Bin Zaid Al – Razook	Director& asst. Gen Manger executive committee member	Executive	6	Full Attendance
8	Suad Bin Abdullah Al Thaonayan	Director & audit committee member	nonexecutive	6	Full Attendance
9	Mohamed Bin Salih A. Al Awad	Director& executive committee member	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)
	19/1/2012	21/1/2012	1/4/2012	16/4/2012	8/7/2012	5/8/2012

**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 thanayan al Thanayan	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	Thonayan 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	%	1133	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 &% at the end of year			Change of share &% at 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 year 2012

**Thirteenth: Committees****1 – Auditing Committee**

1	Mohamed H Al Eisa	Head	5	Full Attendance
2	Dawoud S. Al – Sabti	Member	6	Full Attendance
3	Suad Bin Abdullah Al Thanyan	Member	6	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)	(5)	(6)
	30/1/2012	10/3/2012	1/4/2012	16/4/2012	4/7/2012	11/12/2012

**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 thanayan	Head	4	Full Attendance
2	Dawoud S. Al Sabti	Member	4	Full Attendance
3	Fahd Bin A. Al Thanyan	Member	4	Full Attendance

Schedule meeting	(1)	(2)	(3)	(4)
	7/5/2012	4/8/2012	21/9/2012	15/12/2012

### Responsibilities of the committee.

1. Recommendations regarding board of directors nominations according to approved standards and policies. And taking care not to nominate any person previously convicted of a crime involving moral turpitude and dishonesty
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

Schedule meeting	(1)	(2)	(3)
	18/2/2012	25/3/2012	12/11/2012

## Responsibilities of the committee

- Represent company in exhibitions and conferences so that it does not conflict with the sub-committees of the company.
- Supervision and follow-up with the company management to the sections and development of human resources and strategic priorities and allocation of resources and reports relevant workflow.
- The issuance of the regulations and instructions and take decisions on the organization of work of urgent company, that would not be inconsistent with the statute other commissions and powers of the Managing Director and the Director General and Assistant Director-General.
- To follow up the implementation of the policy and administrative financial, technical and marketing executive committee and undertake all the responsibilities of management of the company according to general plans and decisions of the Council of Administration with the company management.
- The Executive Committee of the company's daily go and play the role the company's general manager in the case of vacated this function.
- The Executive Committee closer relations and coordination of work between the company and of all the relationship so as not contrary to regulations of the company and the Statute, in order to achieve the purposes of the company and stimulate sales and develop the production.
- The committee had the right to interrogate other administrative sections and structures to their work by providing reports to the Governing Council so as not contrary to the work of the other Committees (Audit Committee and the Commission, nominations).
- The committee consists of three members and the quorum of two executive committee members and shall take its decisions by majority vote of Members present.

### • **fourteenth : operating profit**

- Operational profit reached during the fourth quarter 1.73 million Riyals compared to corresponding quarter of previous year 5.98 million Riyals decrease of 71,07%
- Operational profit reached during the twelve month 18,08 million Riyals compared to corresponding quarter of previous year 30,64 million Riyals decrease of 40,99%

### **Fifteenth: Remuneration of Boar 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 – The financial statements included some provisions and remuneration paid to the members of the Council and senior executives of the company during the fiscal year 2012 AD as shown in the following tablen

Executive member	Salaries & Rem	Allowance	Annual Re	Increment	Others	Total
Thanyan Bin Fahd Al Thanayan	372.000					372,000
Naser Bin Zaid Al - Razook	240.000	66.000				306,000
Ahmed Bin Abdullah Al Thanayan	82.080	26.520				108,600
<b>nonexecutive member</b>						
Financial &Administration Manger	155.580	44.895				200,475
Sales plaster Board Manager	144,000	42,000				186,000
Technical factory Manager	84.000	-----				84,000
Board of directors remuneration as per the regulation			223,139	Explained in article 18. total amount for each member 24,793		

### **Sixteenth. 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 18/9/1387 H, and the council of ministers resolution No. 111, dated 9/9/1378 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 director's 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

### **Seventeenth: Net profit and Suggested Distribution**

Praise be to Allah for the profit gained this year 2012 G. the net profit before deducting the Zakat is 23,299,421 SR while it was 32,446,601 SR in the previous year 2011G.

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

Net profit before deduction of Zakat	23,299,421
Minus : Zakat	(3,227,503)
Net profit after deduction of Zakat	20,071,918
Minus 10% from statutory reserve	(2,007,192)
Balance	<u>18,064,726</u>
Minus : First payment of dividend distribution to shareholders at the rate of 5% of capital	(15,833,333)
Balance	<u>2,231,393</u>
Minus : Board of directors' Remuneration	(223,139)
Balance	<u>2,008,254</u>
Add: Carried over from last year's profit	<u>1,315,935</u>
Retained Earnings:	<u>3,324,189</u>

### **Eighteenth. Confirmation of Internal Auditing:**

- 1- The National Gypsum Company's internal auditing committee confirms that the financial accounts for the fiscal year ending in 31/12/2012 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 31/12/2012 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.

**Except for a fine assessed from capital market in the amount of 50 thousand riyals and as remarks in directors' report for the year 2011**

- Il remarks for internal control forwarded by the Audit Committee for the Board of Directors ,There is no substantive remarks could be stated, and all the remarks forwarded 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



**Nineteenth: Companies Governance Regulations issued by the capital market authority (CMA) 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. Expect for a few items and include the following

Article	Text	Notes
section (B) in article (6)	Cumulative voting	The company currently tracking the normal voting system
Article (12) paragraph (c)	that at least counting independent members of the Board of Directors for two or one-third of the members of the Board, whichever is greater	where currently only two members were based on candidates in the current membership of the Council's role according to the announcement timely publication and all requests were made to the concerned authorities at the Ministry of Commerce as well as a copy of the Capital Market Authority and based on that was presented to the Ordinary General assembly, this was done based on the election of members of the Assembly. And, God willing, will be taken into consideration in the next election
Article (1٠) paragraph (g)	Corporate governance system	will be repaired by the company in the future
Article (1٠) paragraph (a)	Periodic review of organizational structures and functional and adoption of the company	Will be prepared within the regulations and policies of the company for the corporate governance system
Article (1٠) paragraph (c)	Develop a written policy governing the relationship of the owners of interests in order to protect them and save their rights to cover compensation mechanisms stakeholders and mechanisms for settling complaints or disputes and mechanisms to establish a good relationship with customers, suppliers and the rules of professional conduct for managers and employees	Policy action will be written and approved by the Board of Directors in the future. But now the company reservation of rights through bank guarantees, agreements and contracts and follow-up and direct with customers and suppliers, according to a system of custom and bylaws and contracts with employees of the company of professional conduct for managers and employees and maintaining the confidentiality of the work and will be working a written policy, God willing
Article (8)	Disclosure policy, procedures and supervision systems are written in accordance with the system	Now been announced by capital market authority system and will be later put written policies
Article (1٠) section (1)	Develop a comprehensive strategy for the company and the main action plans and risk management policy and review and direct it	will be working written policy for risk management
Article (1٠) section (2)	Ensure the application of appropriate control systems to manage risk, and through the identification of the public perception of the risks that the company may face and put it transparently	It will be placed within a policy in the future risks, the company is currently avoid that by follow through net prices and diversity of supply sources for the production requirements and fair contracts for supply and permanent follow-up of the market
Article (1٠) section (d)	Written policies, standards and procedures are clear and specific in the membership of the Governing Council and put into effect	Nomination will be according to the biography on the form from the Ministry of Commerce as well as the Capital Market Authority (CMA) and are packaged by the candidate and sent to the Ministry of Commerce and the Capital Market Authority for approval. The membership of the Council to be by the statutes of the company Section III Article 21 and 22

**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 31/12/2012G
2. To approve the balance sheet and statement of income for the fiscal year ending on 131/12/2012G
3. To exonerate the members of the current board of directors for the fiscal year 2012G
4. To approve the distribution of profits as pre the proposal of the Board of directors, which is half riyal (50 halala) per share ( 5% out of capital ). Effective Tuesday 30/4/2012G corresponding 20/06/1434H. 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.
6. Approve the appointment of the members of the Board of Directors for the next session, which starts from 01/04/2013

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 Salman Bin Abdul Aziz, Minister of defense, and their righteous government, and to help them all towards the achievement of success and prosperity of our beloved country.

**Best regards**

**Board of Director**

the company's development since 2005 G

YEAR2012	YEAR2011	YEAR2010	YEAR2009	YEAR2008	YEAR2007	YEAR2006	YEAR2005
82,267,797	107,624,792	154,115,097	202,708,748	259,993,465	223,275,041	256,913,521	268,517,967
20,071,918	29,602,475	52,525,336	88,560,578	112,315,141	94,845,061	128,142,531	130,814,447
15,833,333	38,000,000	63,333,333	79,166,667	79,166,667	79,166,667	71,250,000	95,000,000
suggestion							

PROFITS

NET SALLES

NET PROFIT AFTER DEDUCTING ZAKAT

DISTRIBUTED PROFITS

451,335,365	452,829,804	462,440,776	474,285,096	457,632,391	447,229,915	415,481,045	362,064,362
316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	316,666,667	237,500,000	237,500,000
31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	31,666,667	23,750,000	4,750,000
0	0	0	0	0	0	79,166,667	0

OWNERSHIP

OWNERSHIP EQUITY

PAID UP CAPITAL

NUMBER OF SHARES

CAPITAL INCREASE

864,028,847	861,898,132	862,430,242	860,622,944	819,621,628	790,022,728	700,838,026	633,470,345
747,718,137	743,743,171	740,997,244	731,151,155	731,015,511	724,524,775	712,836,504	629,606,069
37,800,000	37,800,000	43,700,000	47,800,000	0	38,960,000	0	0

INVESTMENT

INVESTED CAPITAL

COST OF TOTALFIXEDASSETS

LONG TERL LOANS

960,000	960,000	960,000	960,000	900,000	900,000	900,000	900,000
23,760,000	23,760,000	23,760,000	23,760,000	17,760,000	17,760,000	17,760,000	17,760,000

LISNCEOF PRODUCTIONCAPCITY

GYPSUM PRODUCTION CAPCTY-TON

PLASTER BOARD PRODUCTION CAPCTY-M2

436,455	571,333	558,999	578,358	615,460	527,140	650,058	702,249
1,320,248	3,268,547	7,146,082	11,327,053	17,795,452	14,496,941	15,057,787	15,351,993

PRODUCTION

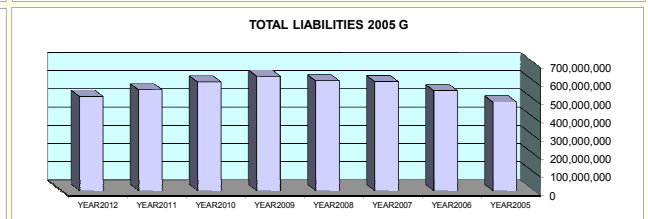
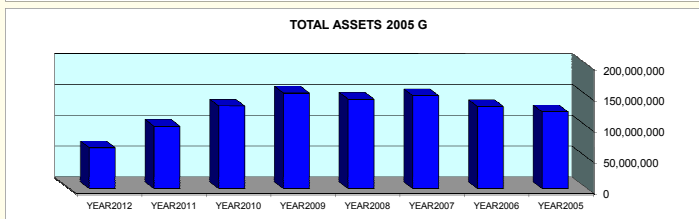
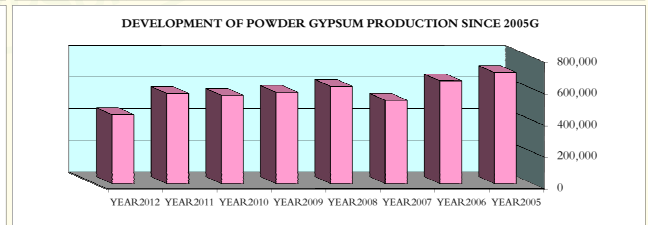
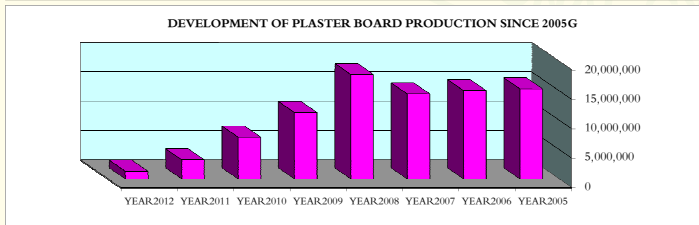
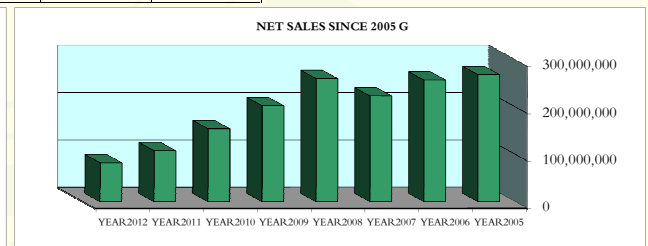
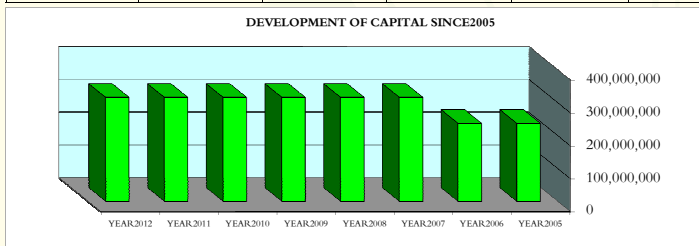
QT OF GYPSUM POWDER

QT OF PLASTER BOARD

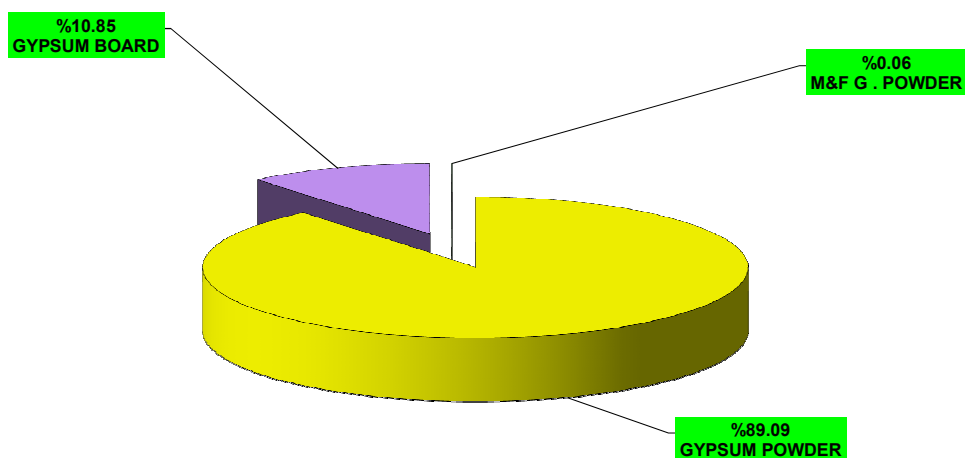
liabilities and shareholders Equity

total liabilities

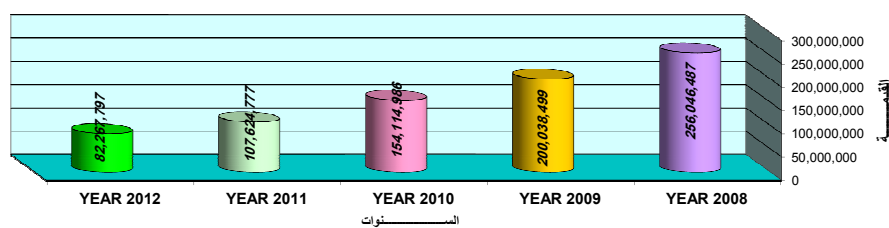
total assets



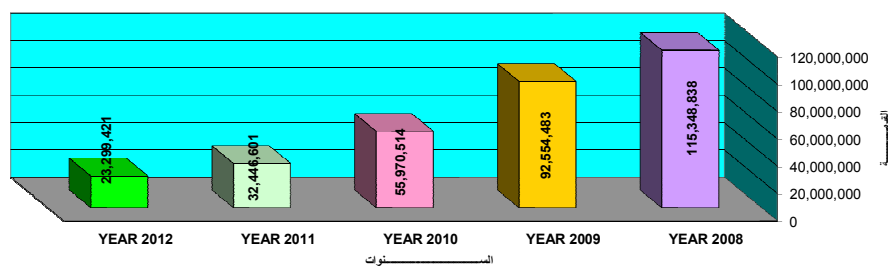
SALES 2012 PERCENTAGE OF ACHIEVEMENTS



TOTAL SALES OF THE COMPANY IN YEARS 2008 TO 2012



FINAL PROFITS BEFORE DISCOUNTING ZAKAT IN YEARS 2008 TO 2012





### *Statement*

Said the managing directors of national gypsum company Thanayan bin Fahd Al Thanayan to the shareholders of national gypsum company that profits for this year were not as required, despite the efforts and rationalization in all expenses, as well the company's import otherwise produce gypsum from investments... as the competition of many that not get them as required from the company as joint stock company.

Your company has been established Your 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 six thousands citizen from different categories, and obligations includes zakat legitimacy and pay the fees of the Ministry of Petroleum and Mineral Resources for extracting crude and other duties that must be performed The company has established franchise and loyal men and the officials of the company throughout the ages efforts ungrateful even provided its production to cover all the needs of kingdom of gypsum material derivatives and exported the surplus of its production to neighboring countries.

The company owns factories for plaster board cost millions of riyals and considered judgment stalled the reasons that created from factories competing with them and that did not have such costs as National Gypsum, as well as the company has factories in Dammam in the Eastern Province manufacturers of gypsum powder and manufacturers of plaster board as well as there is in Yanbu Royal Commission manufacturers of gypsum powder and gypsum factory walls as well as a factory in omlg stop production for reasons indicated, and there have factories in Riyadh six factories gypsum powder and gypsum factory walls, which is stalled in the rule We wanted to make clear to the brothers shareholders that efforts under way at present and in the future, but to reconcile God's hands that what happened to give members of licenses for the establishment of many factories have affected the disposal the company's products , Also make it clear to the brothers shareholders that all clarifications from the company's balance sheet audited by a chartered accountant office Suwailem and Anizan published with this statement described briefly this is what we want to explain to customers and shareholders God willing applicable future efforts .

God is the source of strength ..... Say Work and God will see your work and His messenger and the believers.

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  
Balance Sheet**

As on 31 December	Notes	2012 SR	2011 SR.
<b>Assets</b>			
<b>Current Assets</b>			
Cash in Hand & at Banks	(3)	54,419,537	62.573.268
Account receivable	(4)	12,054,174	22.378.765
Inventory	(5)	39,686,207	40.573.397
Other debit balances(6)		<u>1,790,943</u>	<u>1.532.021</u>
Total current assets		<u>107,950,861</u>	<u>127,057,451</u>
<b>Non current assets</b>			
Investment according to ownership rights (7)		25,086,631	21.596.468
Long –term investment(8)		25,603,622	30.188.879
Net value of fixed assets	(9)	356,212,836	370,002,926
Net value of pre- operating costs	(10)	<u>2.586.729</u>	<u>4.130.183</u>
Total non current assets		<u>409.489.818</u>	<u>425.918.456</u>
<b>Total current assets</b>		<u>517.440.679</u>	<u>552.975.907</u>



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

## Liabilities and Shareholders' equity

<b>Current liabilities</b>		<b>31/12/2012</b>	<b>31/21/2011</b>
		S.R	S.R
Accounts payable	(11)	6,789,608	5.519.614
Profit distribution creditors		6,020,810	6.089.345
Other credit balance	(12)	2,725,185	2.467.380
Provisions	(13)	3,325,058	2.941.681
Current part of long terms loans	(14)	10,000,000	8,000,000
Proposed dividend		<u>16,056,472</u>	<u>39.080.889</u>
Total current liabilities		<u>44,917,133</u>	<u>64.098.909</u>
<b>Non current Liabilities</b>			
Long term loans	(14)	15,700,000	29,700,000
End – of – service provision		5,488,181	6,347,194
Total non current liabilities		<u>21,188,181</u>	<u>36,047,194</u>
Total liabilities		<u>66,105,314</u>	<u>100.146.103</u>
<b>Shareholders Equity</b>			
Paid up capital		316.666.667	316.666.667
Statutory reserve	(15)	124,410,562	122.403.370
Unrealized gain from (investment)		6,933,947	12.443.832
Retained earnings		<u>3,324.189</u>	<u>1,315.935</u>
Total Shareholders equity		<u>451,335,365</u>	<u>452.829.804</u>
Total Liabilities and Shareholders equity		<u>517,440,679</u>	<u>552.975.907</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		2012	2011
	Notes	S.R	S.R
<b>Net Sales</b>		82,267,797	107.624.792
<b><u>Less</u></b>			
cost of sales	(16)	55,811,563	67.761.019
Cross margin		<u>26,456,234</u>	<u>39.863.773</u>
<b><u>Less</u></b>			
General and administrative expense	(17)	4,173,156	4.446.491
Sales and distribution expense	(18)	1,138,776	1.182.383
Depreciation of administrative assets		759,438	764.194
Amortization of pre-operation and start up expenses		1,553,320	2.242.306
End – of – service provision		<u>750,251</u>	<u>590.947</u>
Total expenses		<u>8,374,941</u>	<u>9.226.321</u>
Net income of operation		<u>18,081,293</u>	<u>30.637.452</u>
Other revenues		<u>5,218,128</u>	<u>1.809.149</u>
Net income before Zakat		<u>23,299,421</u>	<u>32.446.601</u>
<b><u>Less</u></b>			
Zakat provision		<u>3,227,503</u>	<u>2.844.126</u>
Net income		<u>20,071,918</u>	<u>29.602.475</u>
Total ordinary share profit		<u>0,84</u>	<u>1.26</u>
Net ordinary share profit		<u>0.63</u>	<u>0.93</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	2012	2010
Notes	SR	SR
<b>Operating Activities</b>		
<b>Net profit before Zakat</b>	23,299,421	32,446,601
<b><u>Adjustment for non cash items</u></b>		
Depreciation	17,820,545	19,287,178
Amortization of deferred charges	1,553,320	2,242,306
End – of – service provision	750,251	590,947
<b><u>Changes in current assets &amp; liabilities</u></b>		
Accounts receivable	10,324,591	1,312,795
Inventory	887,190	(561,939)
Other debit balance	(258,922)	(80,920)
Accounts payable	1,269,994	1,280,913
Other credit balance	257,805	(1,322,280)
Payment for Zakat department	(2,844,126)	(3,432,326)
End – of – service provision	<u>(1,609,264)</u>	<u>(1,109,402)</u>
<b>Net cash flow from operating activities</b>	<b><u>51,450,805</u></b>	<b><u>50,653,873</u></b>

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

## Investing Activities

	<u>31/12/ 2012</u>	<u>31/12/2011</u>
	<u>SR</u>	<u>SR</u>
Investments	(4,414,791)	819,512
Additive fixed assets	(134,791)	(31,382)
Under extension projects and spare parts	(3,895,664)	(3,685,295)
Pr- operating costs	(9,866)	(36,869)
Net cash flow from investment activities	<u>(8,455,112)</u>	<u>(2,934,034)</u>

## Financing Activities

Paid loans	(12,000,000)	(6,000,000)
Dividends distributed	(39,149,424)	(65,136,511)
Net cash flow from financing activities	<u>(51,149,424)</u>	<u>(71,136,511)</u>
Net cash and cash alike flow	(8,153,731)	(23,416,672)
Cash and cash alike at the beginning of the year	<u>62,573,268</u>	<u>85,989,940</u>
Cash and cash alike at the end of the year	<u>54,419,537</u>	<u>62,573,268</u>



The attached explanatory 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 31/12/2012G	<u>31/122012</u>	<u>31/12/ 2011</u>
	SR	SR
Net profit after Zakat	20,071,918	29,602,475
Statutory reserve (10%)	<u>(2,007,192)</u>	<u>(2,960,248)</u>
Balance	18,064,726	26,642,227
First payment of dividends (5% of the capital)	<u>(15.833.333)</u>	<u>(15.833.333)</u>
Balance after first payment	2,231,393	10,808,894
Remuneration of directors	<u>(223,139)</u>	<u>(1,080,889)</u>
Balance	2,008,254	9,728,005
Retained earning at the beginning of the year	1,315,935	<u>13,754,597</u>
Total	3,324,189	23,482,602
Second payment of dividends	-	<u>(22,166,667)</u>
Retained earning at the end of the year	<u>3,324,189</u>	<u>1,315,935</u>



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



## **National Gypsum Company**

### **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
<b>Balance at 1/1/2011</b>	316,666,667	119,443,122	12,576,390	13,754,597	462,440,776
<b>Transferred from year profit</b>	-	2,960,248	-	(2,960,248)	-
<b>Unrealized earnings of investment</b>	-	-	(132,558)	-	(132,558)
<b>Retained earnings used for distribution</b>	-	-	-	(9,478,414)	(9,478,414)
<b>Balance at 31/12/2010</b>	316.666.667	122,403,370	12,443,832	1,315,935	452,829,804
<b>Transferred from year profit</b>	-	2,007,192	-	(2,007,192)	-
<b>Unrealized less of investment</b>	-	-	(5,509,885)	-	(5,509,885)
<b>Retained earnings used for distribution</b>	-	-	-	(4,015,446)	(4,015,446)
<b>Balance at 31/12/2011</b>	<b>316.666.667</b>	<b>124,410,562</b>	<b>6,933,947</b>	<b>3,324,189</b>	<b>451,335,365</b>

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



Dammam Plant

**National Gypsum Company****Saudi Joint-Stock Company****Notes Attached to the Financial Statements in*****J. 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 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". Fair value is determined for these investments either by the market value of securities negotiable, or through the last audited financial statement for the non- current securities, otherwise the cost would be regarded as the fair value.

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

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

The administrative and marketing expenses 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) Projects 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 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 the 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 short period

<b><u>(3). Cash In hand and At Banks:</u></b>	<b><u>31/12/2012</u></b>	<b><u>31/12/20101</u></b>
	<u>S.R</u>	<u>SR</u>
Cash in Hand	2,992,261	2,562,944
Cash in the Banks	6,427,276	11,981,067
Murabaha Investments	<u>45,000,000</u>	<u>48,029,257</u>
Total	<u>54,419,537</u>	<u>62,573,268</u>
<b><u>(4). Accounts Receivable: :</u></b>	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Customers	10,005,130	19,790,686
Provisions for doubtful debts	87,293	332,070
Down payments for suppliers	<u>2,585,537</u>	<u>2,879,795</u>
Total	12,677,960	23,002,551
<b><u>Less</u></b>		
Provision for doubtful accounts	<u>623,786</u>	<u>623,786</u>
<b>The total</b>	<b><u>12,054,174</u></b>	<b><u>22,378,765</u></b>
<b><u>(5). Inventory:</u></b>	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Raw Materials	30,686,045	33,404,311
Other Materials	6,731,090	5,209,624
Finished Products	2,070,341	1,810,805
Oil &Fuel	358,879	308,805
Total	<u>39,846,355</u>	<u>40,733,545</u>
<b><u>Less</u></b>		
Provision for dormant Inventory	<u>160.148</u>	<u>160.148</u>
<b><u>Net</u></b>	<b><u>39,686,207</u></b>	<b><u>40,573,397</u></b>

<b><u>Explanatory (6). Other Debit Balances:</u></b>	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Accrued Income	452,792	243,720
Prepaid Expenses	281,602	231,753
Customer's Debenture	1,002,548	1,002,547
Securities with Others	54,001	54.001
<b>Total</b>	<b><u>1,790,943</u></b>	<b><u>1,532,021</u></b>

#### **Explanatory (7). Investments according to Property rights**

The companies share in Saudi Qatar gypsum Company's capital (limited co) is approximately equal to 33.34% of the company's capital which is 40 million Quatri riyaals.

<b><u>Explanatory (8). Long Term Investments:</u></b>	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Tabook Cement Co	1,870,694	1,735,695
Trans Gulf Co. For Invest. –Oman	1,632,928	1,153,184
Al Kayan Co. for Petrochemicals	12,100,000	17,300,000
Land Investments	<u>10,000.000</u>	<u>10,000,000</u>
<b>Total</b>	<b><u>25,603,622</u></b>	<b><u>30,188,879</u></b>

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

<b>Notes</b>	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Fixed assets net value (9/I)	296,733,542	314,419,297
Projects under execution	36,618,440	32,663,035
Spare parts	<u>22,860,854</u>	<u>22,920,594</u>
<b>Total</b>	<b><u>356,212,836</u></b>	<b><u>370,002,926</u></b>



**(9/1) Net Fixed Assets**

Description	Depreciation Rates	Cost as at 1/1/2012 SR.	Additions during the year	Disposal during the year	Cost as at 31/12/2012	Accumulated Depreciation as at 1/1/2012	Depreciation for year SR	Accumulated Depreciation as at 31/12/2012	Net Book value as at 31/12/2012	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	133,000	-	123,249,370	72,425,020	4,083,891	76,508,911	46,740,459	50,691,350
Inter Road	10%	5,226,494	-	-	5,226,494	3,918,216	231,189	4,149,405	1,077,089	1,308,278
Machinery & Equipment	5%	503,826,258	-	16,803	503,809,455	270,564,970	12,517,519	283,067,532	220,741,923	233,261,288
Water net work	10%	2,505,495	-	-	2,505,495	2,119,140	122,200	2,241,340	264,155	386,355
Electrical net work	7%	8,200,627	-	-	8,200,627	3,754,705	322,702	4,077,407	4,123,220	4,445,922
Equipment of conveyance	17%	12,909,271	-	-	12,909,271	11,418,969	433,239	11,852,208	1,057,063	1,490,302
Tools	25%	1,324,038	270	1,556	1,322,752	1,318,017	3,180	1,319,644	3,108	6,021
Furniture	10%,20%	8,612,663	6,225	41,835	8,577,053	8,221,208	106,625	8,288,854	288,199	391,455
<b>total</b>		<b>688,159,542</b>	<b>139,495</b>	<b>60,194</b>	<b>688,238,843</b>	<b>373,740,245</b>	<b>17,820,545</b>	<b>391,505,301</b>	<b>296,733,542</b>	<b>314,419,297</b>

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

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>S.R</u>	<u>SR</u>
Balance at the year Beginning	4,130,183	6,335,620
Additions during the year	9,866	36,869
Amortizations during the year	(1,553,320)	(2,242,306)
End of the year balance	<u>2,586,729</u>	<u>4,130,183</u>

**( 11). Accounts Payable:**

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>S.R</u>	<u>SR</u>
Suppliers	5,967,634	4,988,847
Pre payments from clients	<u>821,974</u>	<u>530,767</u>
Total	<u>6,789,608</u>	<u>5,519,614</u>

**( 12 ). Other Credit balances:**

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>S.R</u>	<u>SR</u>
Accrued expenses	1,830,574	1,930,384
Securities for other	674,850	311,100
Other	<u>219,761</u>	<u>225,896</u>
Total	<u>2,725,185</u>	<u>2,467,380</u>

**( 13) Others Provisions:**

	<u>31/12/2012</u>	<u>31/12/2011</u>
	<u>S.R</u>	<u>SR</u>
<b>Notes :</b>		
Zakat provision ( explanatory (13/1)	3,240,355	2,856,978
Provision for Development and Quarries Researches	<u>84.703</u>	<u>84.703</u>
Total	<u>3,325,058</u>	<u>2,941,681</u>

**(1/13) Zakat provision:**

	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	SR	SR
<u>Movement During the year</u>		
Balance at the beginning if the year	2,856,978	3,445,178
Provision of Zakat during the year	3,227,503	2,844,126
<u>Minus</u>		
Zakat paid during of the year	<u>2,844,126</u>	<u>3,432,326</u>
End of the year Balance	<u>3,240,355</u>	<u>2,856,978</u>

**Calculation of Zakat Base**

Adjust Net income	24,049,671	33,037,549
Total items subject to zakat	477,726,202	494,202,122
Total items not subject to zakat	(372,675,750)	(413,474,624)
Zakat net Base	129,100,123	113,765,047
Zakat Provision is 2.5% adjusted net profit	<u>3,227,503</u>	<u>2,844,126</u>

**Zakat Status:**

The company ended Zakat status up to 2011

**Explanatory(14) Saudi Industrial Fund loan:**

The company has signed long term loan contract with Saudi Industrial 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 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 aimed the first installment until the seventh during this year 2010G ,2011G ,2012G total amount 23.000,000

The outstanding installments are schedule to be paid 2012 total amount 10.000.000 SR within current liabilities as follows:

Description	Due date of payment	The amount S.R
eighth installment	22/7/2013	5.000.000
ninth installment	18/12/2013	5.000.000
Total		10.000.000

### **Explanatory (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 equal 124,410,562 S.R as follows:

	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Beginning of year balance	122,403,370	119,443,122
Transferred from year net income	<u>2,007,192</u>	<u>2,960,248</u>
<b>Total</b>	<b><u>124,410,562</u></b>	<b><u>122,403,370</u></b>

### **Explanatory(16)Cost of Sales:**

	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>SR</u>
Industrial Cost	38,750,456	49,238,035
Industrial Fixed assets depreciation	<u>17,061,107</u>	<u>18,522,984</u>
<b>Total</b>	<b><u>55,811,563</u></b>	<b><u>67,761,019</u></b>

### **Explanatory (17)General Administrative Expenses:**

	<b><u>31/12/2012</u></b>	<b><u>31/12/2011</u></b>
	<u>S.R</u>	<u>S.R</u>
Salaries, wages and the like	2,691,051	2,963,285
Salaries and rewards of the managing director	372,000	372,000
Publicity and advertising	86,207	91,906
Development fund fees	41,309	43,592
Water and electricity	164,760	106,638
Consultations	87,500	193,250
Insurance	59,232	58,156
Post and telephone	68,507	60,066
Repair and maintenance	113,839	110,176
Fess and subscriptions	395,228	356,945
Stationary and prints	24,181	28,092
Other expenses	<u>69,342</u>	<u>62,385</u>
<b>Total</b>	<b><u>4,173,156</u></b>	<b><u>4,446,491</u></b>

**Explanatory (18) sales and distribution expenses:**

	<u>31/12/2012</u>	<u>31/12/2011</u>
	S.R	S.R
Salaries, wages and the like	1,057,483	1,065,956
Fess and subscriptions	1,075	1,048
Repair and maintenance	3,141	5,301
Post and telephone	26,929	24,603
Stationary and prints	14,544	29,293
Water and electricity	16,945	16,888
Other expenses	<u>18,659</u>	<u>39,294</u>
Total	<u>1,138,776</u>	<u>1,182,383</u>

**Explanatory (19) Contingent liabilities, obligation and Guarantees provided by others:**

**Firstly : contingent liabilities and obligation**

A – The company has important financial contingent liabilities as at 31/12/2012G, the most important ones are as follows.

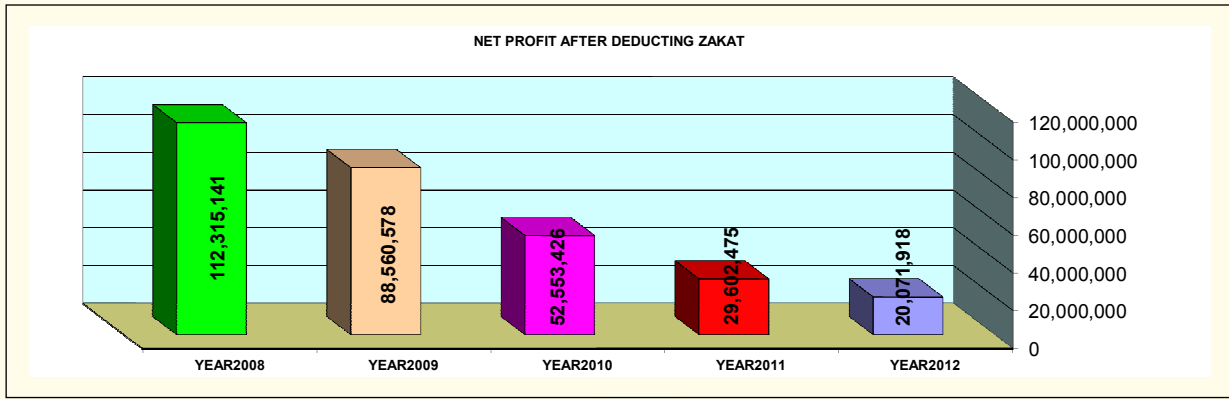
- Installment contracts of Alfa &Beta factories with a total amount of 1,305,000 Euro
- Letter of credits in 31/12/2012G financial statement which values 1,700,000 S.R

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

The company received guarantees from third parties that totaled the sum of 11,471,400 S.R, some of them provided by the customers against credit facilities

**Explanatory (20) Comparative Figures:**

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





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

السَّوَيِّمُ وَالْعَنَازَانُ

AL SWAILEM & AL ONAIZAN

محاسبون مراجعون قانونيون

Chartered Accountants

Professional Partnership - Licence No. 22

Abdullah Al Swailem Reg. No. 183

Ali Al Onaizan Reg. No. 132

شركة لمصاحبه مهنيه - ترخيص رقم ٢٢

عبد الله السوييم قيد رقم ١٨٣

علي العنيزان قيد رقم ١٣٢

### National Gypsum Company

#### 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 31/2012G 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, 2012 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.



Chartered Accountant  
Registration No. (132)

For Al Swailem & Al Onaizan

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

Riyadh in : 23/3/1434H

Cors to : 4/2/2013G

غرب طريق الملك فهد . خلف مركز الثمانين . صندوق بريد : ٨٧١٦٧ الرياض ١١٦٤٢ هاتف : ٤٦٤ ٣٦٩٦ فاكس : ٤٦٣ ١٣٥٩  
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