

SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE MONTHS PERIOD AND
YEAR ENDED 31 DECEMBER 2015

**LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF
SAUDI CEMENT COMPANY
(A Saudi Joint Stock Company)**


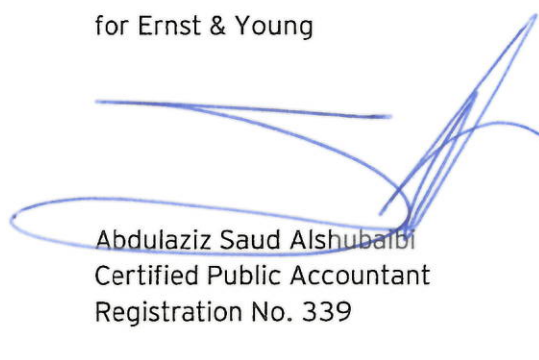
Scope of limited review:

We have reviewed the accompanying interim balance sheet of Saudi Cement Company, a Saudi Joint Stock Company ("the Company") as at 31 December 2015, and the related interim statements of income for the three months period and year then ended and the interim statements of cash flows and changes in shareholders' equity for the year then ended. These interim financial statements have been prepared by the Company's management and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion of limited review:

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young



Abdulaziz Saud Alshubairi
Certified Public Accountant
Registration No. 339

4 Rabi'II 1437H
14 January 2016

Alkhobar

Saudi Cement Company
(A Saudi Joint Stock Company)

INTERIM BALANCE SHEET (UNAUDITED)

As at 31 December 2015

		31 December 2015 SR "000"	31 December 2014 SR "000" (audited)
ASSETS	<i>Note</i>		
CURRENT ASSETS			
Cash and cash equivalents		383,000	298,349
Trade accounts receivable		215,372	216,665
Inventories		746,537	657,963
Prepayments and other receivables		63,467	57,524
TOTAL CURRENT ASSETS		1,408,376	1,230,501
NON-CURRENT ASSETS			
Investments in associated companies		86,754	86,878
Property, plant and equipment		2,876,424	3,109,368
Capital work in progress		121,735	64,107
TOTAL NON-CURRENT ASSETS		3,084,913	3,260,353
TOTAL ASSETS		4,493,289	4,490,854
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade accounts payable		72,131	29,036
Islamic financing	3	600,000	600,000
Dividends payable	6	172,395	172,178
Current portion of Saudi Industrial Development Fund loan		120,000	115,000
Current portion of liability for charitable contribution	4	30,000	20,000
Accruals and other payables		114,826	117,017
Zakat provision		32,845	36,927
TOTAL CURRENT LIABILITIES		1,142,197	1,090,158
NON-CURRENT LIABILITIES			
Saudi Industrial Development Fund loan		-	120,000
Liability for charitable contribution	4	-	30,000
Employees' terminal benefits		91,316	91,366
TOTAL NON-CURRENT LIABILITIES		91,316	241,366
TOTAL LIABILITIES		1,233,513	1,331,524
SHAREHOLDERS' EQUITY			
Share capital	7	1,530,000	1,530,000
Statutory reserve		765,000	765,000
General reserve	5	20,000	20,000
Retained earnings		944,776	844,330
TOTAL SHAREHOLDERS' EQUITY		3,259,776	3,159,330
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,493,289	4,490,854

The attached notes from 1 to 10 form an integral part of these interim financial statements.

Saudi Cement Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF INCOME (UNAUDITED)

For the three months period and year ended 31 December 2015

	For the three months period ended 31 December		For the year ended 31 December	
	2015 SR "000"	2014 SR "000"	2015 SR "000"	2014 SR "000" (audited)
Sales	483,583	525,709	1,932,393	2,024,587
Cost of sales	(203,493)	(209,981)	(796,371)	(795,530)
GROSS PROFIT	280,090	315,728	1,136,022	1,229,057
EXPENSES				
Impairment loss of property, plant and equipment	(66,150)	-	(66,150)	-
Selling and distribution	(8,611)	(10,161)	(35,129)	(38,091)
General and administration	(20,307)	(18,731)	(71,127)	(67,523)
INCOME FROM MAIN OPERATIONS	185,022	286,836	963,616	1,123,443
Other income	443	410	11,559	6,506
Islamic financial charges	(2,159)	(3,711)	(12,061)	(15,246)
INCOME BEFORE SHARE IN RESULTS OF ASSOCIATED COMPANIES AND ZAKAT	183,306	283,535	963,114	1,114,703
Share in results of associated companies	1,015	744	5,241	(3,692)
INCOME BEFORE ZAKAT	184,321	284,279	968,355	1,111,011
Zakat	(4,663)	(16,259)	(24,209)	(36,927)
NET INCOME FOR THE PERIOD/YEAR	179,658	268,020	944,146	1,074,084
EARNINGS PER SHARE (SR):				
Earnings per share from main operations	1.21	1.87	6.30	7.34
Earnings per share from net income	1.17	1.75	6.17	7.02
Number of shares outstanding (in thousands) (note 7)	153,000	153,000	153,000	153,000

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Saudi Cement Company
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INTERIM STATEMENT OF CASH FLOW (UNAUDITED)

For the year ended 31 December 2015

	<i>For the year ended 31 December 2015 SR "000"</i>	<i>For the year ended 31 December 2014 SR "000" (audited)</i>
OPERATING ACTIVITIES		
Income before zakat	968,355	1,111,011
Adjustments for:		
Depreciation of property, plant and equipment	219,296	205,236
Impairment loss of property, plant and equipment	66,150	-
Share in results of associated companies	(5,241)	3,692
Employees' terminal benefits, net	(50)	6,414
Islamic financial charges	12,061	15,246
Gain on disposal of property, plant and equipment	(133)	(1,416)
	<u>1,260,438</u>	<u>1,340,183</u>
Changes in operating assets and liabilities:		
Receivables	(4,650)	63,324
Inventories	(88,574)	(121,409)
Payables	<u>41,121</u>	<u>29,762</u>
Cash from operations	<u>1,208,335</u>	<u>1,311,860</u>
Islamic financial charges paid	(12,061)	(12,967)
Zakat paid	<u>(28,291)</u>	<u>(37,893)</u>
Net cash from operating activities	<u>1,167,983</u>	<u>1,261,000</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,225)	(24,324)
Additions to capital work in progress	(104,906)	(55,877)
Proceeds from disposal of property, plant and equipment	134	1,483
Dividends received from associated companies	<u>5,365</u>	<u>894</u>
Net cash used in investing activities	<u>(104,632)</u>	<u>(77,824)</u>
FINANCING ACTIVITIES		
Net movement in Islamic financing	-	175,000
Charitable contribution paid	(20,000)	-
Net movement in Saudi Industrial Development Fund loan	(115,000)	(100,000)
Board of Directors' remuneration paid	(2,200)	(2,200)
Dividends paid	<u>(841,500)</u>	<u>(1,071,000)</u>
Net cash used in financing activities	<u>(978,700)</u>	<u>(998,200)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>84,651</u>	<u>184,976</u>
Cash and cash equivalents at the beginning of the year	<u>298,349</u>	<u>113,373</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>383,000</u></u>	<u><u>298,349</u></u>
NON-CASH TRANSACTION:		
Transfer from capital work in progress to property, plant and equipment	<u><u>47,278</u></u>	<u><u>120,756</u></u>

The attached notes from 1 to 10 form an integral part of these interim financial statements.

Saudi Cement Company
(A Saudi Joint Stock Company)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the year ended 31 December 2015

	<i>Share capital</i> <i>SR "000"</i>	<i>Statutory</i> <i>reserve</i> <i>SR "000"</i>	<i>General</i> <i>reserve</i> <i>SR "000"</i>	<i>Retained</i> <i>earnings</i> <i>SR "000"</i>	<i>Total</i> <i>SR "000"</i>
Balance at 31 December 2013 (Audited)	1,530,000	765,000	20,000	843,446	3,158,446
Net income for the year	-	-	-	1,074,084	1,074,084
Board of Directors' remuneration	-	-	-	(2,200)	(2,200)
Dividends (note 6)	-	-	-	(1,071,000)	(1,071,000)
Balance at 31 December 2014 (Audited)	<u>1,530,000</u>	<u>765,000</u>	<u>20,000</u>	<u>844,330</u>	<u>3,159,330</u>
Net income for the year	-	-	-	944,146	944,146
Board of Directors' remuneration	-	-	-	(2,200)	(2,200)
Dividends (note 6)	-	-	-	(841,500)	(841,500)
Balance at 31 December 2015 (Unaudited)	<u>1,530,000</u>	<u>765,000</u>	<u>20,000</u>	<u>944,776</u>	<u>3,259,776</u>

The attached notes from 1 to 10 form an integral part of these interim financial statements.

Saudi Cement Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) At 31 December 2015

1 ACTIVITIES

Saudi Cement Company ("the Company") is a Saudi Joint Stock Company incorporated under Royal Decree No. 6/6/10/726 dated 8 Rabi' II 1375 H (corresponding to 23 November 1955) and registered under Commercial Registration No. 2050000602 dated 6 Dhul Qaidah 1377 H (corresponding to 24 May 1958) in the city of Dammam.

The Company is engaged in manufacturing and selling cement and its related products.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The interim financial statements are prepared under the historical cost convention.

Use of estimate

The preparation of interim financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash on hand and Murabaha investment that is readily convertible into known amounts of cash and has original maturities of three months or less, when purchased.

Accounts receivable

Accounts receivable are stated at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when the collection of the account receivable amount is considered doubtful. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost and market value. Costs are those expenses incurred in bringing each product to its present location and condition and calculated on the following basis:

Raw materials and consumables	-	purchase cost on a weighted average basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overhead based on normal level of activity.

Investments in associated companies

Investments in associated companies where the Company has significant influence over the investees' financial and operation decisions, normally when the Company owns stake between 20% to 50% of the capital of the investee company, is accounted for using the equity method.

Property, plant and equipment/depreciation

Property, plant and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. The cost of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

Improvements on assets are amortised on a straight-line basis over the shorter of the useful life of the improvement or the related assets.

Expenditure for repair and maintenance are charged to interim statement of income as incurred. Improvements that increase the value or the materially extend the useful life of the related assets are capitalised.

Saudi Cement Company
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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) - (continued)
At 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress

Capital work in progress is stated at cost and includes all costs relating directly and indirectly to the construction projects in progress and is capitalised as property, plant and equipment when the project is completed.

Impairment of non-current assets

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the interim statement of income.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company.

Zakat

Zakat is provided for the Company in accordance with Saudi Arabian fiscal regulations. The provision is charged to the interim statement of income. Additional amounts, if any, that become due on finalisation of an assessment are accounted for in the year in which the assessment is finalised.

Employees' terminal benefits

Provision is made for amounts payable related to accumulated period of services at the interim balance sheet date in accordance with the employees' contracts of employment.

Dividends

Dividends are recognised as a liability at the time of the shareholders' approval by the Annual General Meeting. Interim dividends are recorded as and when approved by the Board of Directors.

Revenue recognition

Sales represent the invoiced value of goods supplied by the Company during the year. Revenues from sale of goods are recognised when significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably, normally on delivery to the customer.

Expenses

Selling and distribution expenses are those that specifically relate to marketing personnel, advertisements, promotions as well as bad debts expense. All other expenses other than Islamic financial charges and impairment loss are allocated on a consistent basis to cost of sales and general and administration expenses in accordance with allocation factors determined as appropriate by the Company.

Borrowing costs

Borrowing costs that are directly attributable to the construction of an asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the interim statement of income.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals (SR) at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the interim balance sheet date. All differences are taken to interim statement of income.

Saudi Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) - (continued)
At 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

Earnings per share from main operations is calculated by dividing the income from main operations for the period/year by the weighted average number of ordinary shares outstanding during the period/year.

Earnings per share from net income is calculated by dividing the net income for the period/year by the weighted average number of ordinary shares outstanding during the period/year.

Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 ISLAMIC FINANCING

The Islamic facilities have been obtained from various local banks to meet the working capital requirements with a total amount of SR 1,850 million (2014: SR 2,350 million), of which SR 600 million has been withdrawn up to 31 December 2015 (SR 600 million has been withdrawn up to 31 December 2014) and are secured by promissory notes issued by the Company and carry commission agreed with the facilities providers. The Company is required to comply with certain covenants over the facilities agreements. The outstanding Islamic financing is classified under current liabilities in the interim balance sheet as it is repayable within 12 months from the interim balance sheet date.

4 LIABILITY FOR CHARITABLE CONTRIBUTION

The Shareholders in their Extra-ordinary General Assembly Meeting held on 4 Jumada' II 1431H (corresponding to 18 May 2010) approved the appropriation of SR 50 million from the general reserve for the purpose of building a Trauma Centre in the National Guards Hospital in Al-Ahsa for the treatment of people injured in accident, as part of the social services provided by the Company to the community. The Company signed an agreement during 2014 with the National Guard's Health Affair, whereby the amount of SR 50 million shall be disbursed through five equal installments during 2015 and 2016.

5 GENERAL RESERVE

The Shareholders in their General Assembly Meeting held on 24 Shawwal 1415H (corresponding 25 March 1995) approved the Board of Directors' proposal to establish a reserve for the expansion of the Company's plant in Hofuf. After the completion of the expansion in 1996, the reserve was carried forward as a general reserve.

6 DIVIDENDS

On 26 Jumada' I 1436H (corresponding to 17 March 2015), the General Assembly approved the Board of Directors' proposal to distribute cash dividends amounting to SR 2.5 per share (SR 382.5 million in total) for the second half of 2014.

On 7 Sha'ban 1436H (corresponding to 25 May 2015), the Board of Directors resolved to distribute cash dividends amounting to SR 3 per share (SR 459 million in total) for the first half of 2015.

On 16 Jumada' I 1435H (corresponding to 17 March 2014), the General Assembly approved the Board of Directors' proposal to distribute cash dividends amounting to SR 3.5 per share (SR 535.5 million in total) for the second half of 2013.

On 30 Rajab 1435H (corresponding to 29 May 2014), the Board of Directors resolved to distribute cash dividends amounting to SR 3.5 per share (SR 535.5 million in total) for the first half of 2014.

Saudi Cement Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) - (continued)
At 31 December 2015

7 SHARE CAPITAL

The authorised, issued and paid up share capital is SR 1,530 million at 31 December 2015 consisting of 153 million shares (31 December 2014: SR 1,530 million consisting of 153 million shares) of SR 10 each.

8 CAPITAL COMMITMENTS

Management approved future capital expenditures amounting to SR 75.3 million (2014: SR 146.1 million).

9 SEGMENTAL INFORMATION

The Company carries out its activities mainly in the Kingdom of Saudi Arabia through one operating segment engaged in the production of cement and related products.

10 COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period and with last year audited financial statements.