

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2014

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

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YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To: **THE SHAREHOLDERS OF
SAUDI CEMENT COMPANY
Dammam, Saudi Arabia**

AUDIT SCOPE:

We have audited the accompanying balance sheet of Saudi Cement Company (A Saudi Joint Stock Company) as of December 31, 2014 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended including the related notes from 1 to 21. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of the Regulations for Companies and presented to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

UNQUALIFIED OPINION:

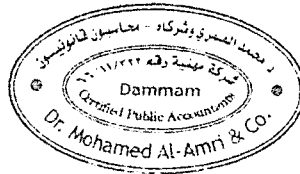
In our opinion, the accompanying financial statements taken as a whole:

- present fairly, in all material respects, the financial position of Saudi Cement Company as of December 31, 2014 and the results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia; and
- comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

For Dr. Mohamed Al-Amri & Co.



Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



Rabi 'II, 20, 1436
February 9, 2015

SAUDI CEMENT COMPANY
(SAUDI JOINT STOCK COMPANY)

BALANCE SHEET
AS OF DECEMBER 31, 2014

	Notes	2014 SR 000	2013 SR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	298,349	113,373
Accounts receivable	4	216,665	214,257
Inventories	5	657,963	536,554
Prepaid expenses and other debit balances		56,492	122,224
Total current assets		1,229,469	986,408
Non-current assets			
Investments in associates	6	86,878	91,464
Fixed assets	7	3,103,986	3,164,038
Capital work in progress	8	64,107	128,985
Total non-current assets		3,254,971	3,384,487
TOTAL ASSETS		4,484,440	4,370,895
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Islamic Tawarruq loans	9	600,000	425,000
Saudi Industrial Development Fund (SIDF) loan - current portion	12	115,000	100,000
Accounts payable	10	33,260	44,895
Dividends and other payables to shareholders		172,178	117,549
Accruals and other credit balances	11	143,262	154,023
Total current liabilities		1,063,700	841,467
Non-current liabilities			
Capital lease obligations		44	1,030
Saudi Industrial Development Fund (SIDF) loan	12	120,000	235,000
End-of-service indemnities	13	91,366	84,952
Total non-current liabilities		211,410	320,982
Shareholders' equity			
Paid up capital	1	1,530,000	1,530,000
Statutory reserve	14(a)	765,000	765,000
Voluntary reserve – appropriated for Trauma Center	14(b)	50,000	50,000
Voluntary reserve – un appropriated	14(b)	20,000	20,000
Retained earnings		844,330	843,446
Total shareholders' equity		3,209,330	3,208,446
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,484,440	4,370,895

The accompanying notes form an integral part of these financial statements

SAUDI CEMENT COMPANY
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STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014

	Notes	2014 SR 000	2013 SR 000
Sales	4,6	2,024,587	2,187,255
Cost of sales	5.6	(795,530)	(902,993)
Gross profit		1,229,057	1,284,262
Selling and distribution expenses	16	(38,091)	(29,904)
General and administrative expenses	17	(67,523)	(67,983)
Operating income		1,123,443	1,186,375
Company's share in (losses) of associated companies	6	(3,692)	(2,814)
Islamic Murabaha income		-	293
Islamic loans charges		(15,246)	(13,335)
Others, net		6,506	512
Net income before zakat		1,111,011	1,171,031
Zakat	15	(36,927)	(47,239)
Net income		1,074,084	1,123,792
Earning per share (SR)	20		
Earning per share from net income		SR 7.02	SR 7.35
Earning per share from continuing main operations		SR 7.00	SR 7.36
Earning (loss) per share from continuing other operations		SR 0.02	SR (0.01)
Weighted average number of shares		153,000,000	153,000,000

The accompanying notes form an integral part of these financial statements

SAUDI CEMENT COMPANY
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

	2014 SR 000	2013 SR 000
OPERATING ACTIVITIES		
Net income before zakat	1,111,011	1,171,031
Adjustments for:		
Depreciation	205,236	199,999
End-of-service indemnities	16,954	20,549
Islamic Murabaha income	-	(293)
Company's share in losses of associated companies	3,692	2,814
Islamic loans charges	15,246	13,335
Gain on disposal of fixed assets	(1,416)	(219)
	<u>1,350,723</u>	<u>1,407,216</u>
Changes in operating assets and liabilities:		
Accounts receivable	(2,408)	(8,823)
Inventories	(121,409)	(213,840)
Prepaid expenses and other debit balances	65,732	(75,447)
Accounts payable	(11,635)	12,004
Accruals and other credit balances	51,526	14,129
	<u>1,332,529</u>	<u>1,135,239</u>
Net cash from operations	1,332,529	1,135,239
Islamic loans charges paid	(12,967)	(13,943)
End-of-service indemnities paid	(10,540)	(8,519)
Zakat paid	(37,893)	(37,937)
	<u>1,271,129</u>	<u>1,074,840</u>
Net cash from operating activities	1,271,129	1,074,840
INVESTING ACTIVITIES		
Additions to fixed assets and capital work in progress	(80,201)	(56,771)
Proceeds from disposal of fixed assets	1,483	229
Dividends received from associated companies	894	3,228
Islamic Murabaha income received	-	293
	<u>(77,824)</u>	<u>(53,021)</u>
Net cash used in investing activities	(77,824)	(53,021)

The accompanying notes form an integral part of these financial statements

SAUDI CEMENT COMPANY
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014

(Continued)

	2014	2013
	SR 000	SR 000
FINANCING ACTIVITIES		
Islamic Tawarruq loans	175,000	25,000
Saudi Industrial Development Fund (SIDF) loan (net)	(100,000)	(85,000)
Capital lease obligations - paid	(710)	(675)
Directors' remuneration paid	(2,200)	(2,200)
Dividends paid	(1,080,419)	(1,072,253)
Net cash used in financing activities	(1,008,329)	(1,135,128)
Net change in cash and cash equivalents	184,976	(113,309)
Cash and cash equivalents, January 1	113,373	226,682
CASH AND CASH EQUIVALENTS, DECEMBER 31	298,349	113,373
Non-cash transactions:		
Fixed assets acquired by capital lease	103	2,212

The accompanying notes form an integral part of these financial statements





SAUDI CEMENT COMPANY
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2014

	Notes	Share capital SR 000	Statutory reserve SR 000	Voluntary reserve Trauma Center SR 000	Voluntary reserve un appropriated SR 000	Retained earnings SR 000	Total SR 000
January 1, 2013		1,530,000	765,000	50,000	20,000	792,854	3,157,854
Appropriation from retained earnings approved by the general assembly in 2013							
Dividends		-	-	-	-	(1,071,000)	(1,071,000)
Directors' remuneration		-	-	-	-	(2,200)	(2,200)
Net income for 2013		-	-	-	-	1,123,792	1,123,792
December 31, 2013		1,530,000	765,000	50,000	20,000	843,446	3,208,446
Appropriation from retained earnings approved by the general assembly in 2014							
Dividends	19	-	-	-	-	(1,071,000)	(1,071,000)
Directors' remuneration		-	-	-	-	(2,200)	(2,200)
Net income for 2014		-	-	-	-	1,074,084	1,074,084
December 31, 2014		1,530,000	765,000	50,000	20,000	844,330	3,209,330

The accompanying notes form an integral part of these financial statements





NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

1. ORGANIZATION AND ACTIVITIES

Saudi Cement Company ("the Company") was established as a Saudi Joint Stock Company in accordance with the Royal Decree No. 6/6/10/726 issued on 8 Rabi II, 1375H corresponding to November 23, 1955.

The principal activity of the Company is the manufacturing and selling of cement and related products.

The Company's share capital of SR 1,530,000,000 (2013: SR 1,530,000,000) consists of 153 million (2013: 153 million) fully paid shares of SR 10 each.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The following is a summary of significant accounting policies applied by the Company:

a) Use of estimates

The preparation of 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 financial statements and the reported amount of revenues and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) Accounting convention

The financial statements are prepared under the historical cost convention and on the accrual basis of accounting.

c) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and Islamic Murabaha that have a maturity date up to three months from the purchasing date are considered as cash and cash equivalents. Islamic Murabaha that have a maturity date of more than three months but less than one year from the purchasing date are classified as Islamic Murabaha in banks in a separate line under the current assets.

d) Inventories

Finished goods and work in process inventories represent the cost of raw materials, labour, materials and other overhead expenses. Raw material inventories are stated at the lower of weighted average cost or net realizable value. Paper bags, spare parts, maintenance consumables and others are valued on weighted average cost basis.

e) Investments

Investments in companies which are at least 20% owned and in which the Company exercises significant influence are recorded using the equity method, under which the investment is stated initially at cost and adjusted thereafter in the light of change in the Company's share of the net assets of the investee based on recent available financial statements of the investee company. These are referred to as associated companies. The Company's share in the associated companies' net income or losses for the year is included in the statement of income.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

f) Fixed assets

Fixed assets except land are stated at cost less accumulated depreciation. Major expenditure incurred to improve the performance of machinery and equipment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Following are the annual depreciation rates:

Buildings, structures and installations	3%	- 5%
Machinery, equipment and improvements	3.25%	- 33%
Tools and transportation equipment	10%	- 25%
Furniture and fixtures	10%	- 25%

Capital work-in-progress is stated at cost.

Upon disposal of the fixed assets, the cost and related accumulated depreciation are derecognised and the resulting gain/loss is taken to the statement of income.

g) End-of-service indemnities

End of service indemnities, payable to employees upon their termination, are provided in the financial statements based on the employees' length of service, in accordance with Saudi Arabian Labor Law.

h) Sales

Sales are recognized upon delivery of the product (cement/clinker) to customers.

i) Selling and distribution and general and administrative expenses

Selling and distribution expenses represent, mainly, salaries and wages, transportation and other related expenses. All other expenses (other than production costs), are classified as general and administrative expenses. Allocations between general and administrative expenses and selling and distribution expenses are made on a consistent basis.

j) Employees' early retirement program

The Company has a voluntary early retirement program, which is granted to eligible employees at the Company's discretion. Employees qualifying for the early retirement scheme are required to choose one of two payment options, either in lump sum payment or monthly instalments. Under the lump sum payment option, the total amount paid is expensed in the year the employee retires. Under the monthly instalment payment option, a liability is established in the year of retirement for all future payments.

k) Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at rates of exchange prevailing at the time of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

l) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

m) Zakat

The Company is subject to the regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Zakat is provided on accrual basis. The zakat provision is computed on the zakat base or adjusted net income whichever is higher. Any difference in the estimate is recorded in the income statement when the final assessment is approved.

n) Dividends

Final dividends distributions are recorded in the year in which the general assembly approves such distributions. Interim dividends are resolved by the Board of Directors in accordance with Ministry of Trade Directive # 222/221/9/1288 dated 2/4/1421H and are recorded in the year in which the resolution is made.

o) Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all or the risks and rewards of ownership to the lessee. All the other leases are classified as operating leases.

3. CASH AND CASH EQUIVALENTS

	2014	2013
	SR 000	SR 000
Cash in hand and banks	298,349	113,373
	298,349	113,373

4. ACCOUNTS RECEIVABLE

	2014	2013
	SR 000	SR 000
Trade receivable	198,778	198,244
Due from related parties	17,887	16,013
	216,665	214,257

Sales to four major customers represent 36 % (2013: 34%) of total sales. Dues from these customers at December 31, 2014 amounted to SR 83.17 million (2013: SR 97.2 million). These balances are fully covered by bank guarantees in favour of the Company.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

5. INVENTORIES

	2014	2013
	SR 000	SR 000
Finished and cement under process	390,992	299,738
Raw materials and paper bags	27,043	31,186
Spare parts, fuel and consumables	239,928	205,630
	<u>657,963</u>	<u>536,554</u>

- The spare parts inventory primarily relates to plant and machinery and, accordingly, it is expected to be utilized over a period exceeding one year.
- Based on accruals basis, the government incentive for clinker importation is deducted from the cost of the imported clinker, and hence this incentive is reflected on the value of the imported clinker inventory until it is grinded into cement and sold when its cost of sales is matched against the revenues earned from those sales.

6. INVESTMENTS IN ASSOCIATES

	Ownership Percentages	2014	2013
		SR 000	SR 000
United Cement Company (Bahraini Closed Joint Stock Company)	36%	30,304	33,857
Cement Product Industry Co. Ltd. (Saudi Limited Liability Company)	33.33%	27,654	26,603
Group International Cement Company (a Kuwaiti Closed Joint Stock Company)	40%	28,920	31,004
		<u>86,878</u>	<u>91,464</u>

The transactions entered into by the Company with associated companies (United Cement Company and Cement Product Industry Co. Ltd) are on an arm's length basis and are transacted in the normal course of the Company's activities. Such transactions are classified under regular account classifications. Following are the major transactions with related parties:

- 1) Sales to an associated company during the year amounted to approximately SR 74.8 million (2013: SR 39.2 million).
- 2) Purchases from an associated company during the year amounted to approximately SR 40.5 million (2013: SR 48.7 million), representing paper bags for cement packaging.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

7. FIXED ASSETS

	Land SR 000	Buildings, structures and installations SR 000	Machinery, equipment and improvements SR 000	Tools and transportation equipment SR 000	Furniture and fixtures SR 000	Capital lease	Total SR 000
Cost							
January 1, 2014	69,462	1,839,664	4,866,562	267,480	59,864	2,212	7,105,244
Additions/transfers	-	4,285	109,098	25,833	5,932	103	145,251
Disposals	-	(1,293)	-	(7,663)	(1,269)	-	(10,225)
December 31, 2014	69,462	1,842,656	4,975,660	285,650	64,527	2,315	7,240,270
Depreciation							
January 1, 2014	-	1,071,448	2,623,059	200,743	45,219	737	3,941,206
Charge for year	-	34,972	142,727	22,037	4,732	768	205,236
Disposals	-	(1,290)	-	(7,606)	(1,262)	-	(10,158)
December 31, 2014	-	1,105,130	2,765,786	215,174	48,689	1,505	4,136,284
Net book value							
December 31, 2014	<u>69,462</u>	<u>737,526</u>	<u>2,209,874</u>	<u>70,476</u>	<u>15,838</u>	<u>810</u>	<u>3,103,986</u>
December 31, 2013	<u>69,462</u>	<u>768,216</u>	<u>2,243,503</u>	<u>66,737</u>	<u>14,645</u>	<u>1,475</u>	<u>3,164,038</u>

- a) "Buildings, structures and installations" include buildings and structures relating to Ain Dar plant and the export terminal at the Dammam port, with an approximate net book value of SR 19.1 million (2013: SR 23.4 million), which were constructed on land owned by the Government.
- b) The cost of fully depreciated property and equipment that are still in service amounted to SR 2,622 million as of December 31, 2014 (2013: SR 2,601 million).

8. CAPITAL WORK IN PROGRESS

During the year an amount of SR 120.76 million (2013: 10.10 million) was transferred from capital work-in-progress to fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
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9. ISLAMIC TAWARRUQ LOANS

Some local banks have granted the Company various revolving Islamic Tawarruq loans facilities for the purpose of financing its working capital with a total limit amounting to SR 2,350 million (2013 : SR 1,900 million). The outstanding loan balances at the year end 2014 is SR 600 million (2013: 425 million). Management has the ability to rollover these loans on their maturity dates if the need arises. Therefore, it is possible that these loans may be repaid over a period exceeding one year.

10. ACCOUNTS PAYABLE

	2014	2013
	SR 000	SR 000
Trade payables	14,676	28,323
Due to related parties	4,224	2,212
Retentions on expansion contracts and supporting projects	14,360	14,360
	33,260	44,895

Retentions on expansion contracts and supporting projects represent a specified percentage retained from invoices received from the contractors against the work done. These amounts are retained until the construction work is finished.

11. ACCRUALS AND OTHER CREDIT BALANCES

	2014	2013
	SR 000	SR 000
Accrued expenses	71,792	83,756
Zakat payable (note 15b)	36,927	37,893
Accrued vacations	4,918	3,103
Advances against cement sales	11,753	12,397
Other credit balances	17,872	16,874
	143,262	154,023

12. SAUDI INDUSTRIAL DEVELOPMENT FUND ("SIDF") LOAN

The Company obtained a loan from SIDF amounting to SR 596 million to finance the two expansion projects and supporting projects. The loan is repayable in 15 unequal semi-annual installments commencing in February 2010 and ending in November 2016. The loan is secured by promissory notes and a primary mortgage of the related projects land and assets. The loan agreement requires the Company to maintain certain financial ratios during the loan period. During 2014, loan amount repaid was SR 100 million (2013: SR 85 million).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

13. END-OF-SERVICES INDEMNITIES

	2014	2013
	SR 000	SR 000
At January 1	84,952	72,922
Provision for end of service for the year	16,954	20,549
End of service paid during the year	(10,540)	(8,519)
At December 31,	91,366	84,952

14. RESERVES

a) **Statutory reserve**

In accordance with the regulations for companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company established a statutory reserve by the appropriation of 10% of net income until the reserve equaled 50% of the share.

The general assembly held on March 22, 2013 (10 Jamada I, 1434H) has approved stopping of appropriation of 10% of net income since the reserve has reached 50% of paid-up capital. This reserve is not available for dividend distribution.

b) **Voluntary reserve**

The Shareholders in their General Assembly Meeting held on March 25, 1995 (24 Shawwal 1415H) 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 voluntary reserve.

The Shareholders in an Extra-ordinary General Meeting held on May 18, 2010 (4 Jamada II, 1431 H) approved the appropriation of SR 50 million from the voluntary reserve for the purpose of building a Trauma Centre in the National Guards Hospital in Al-Ahsa for the treatment of people injured in accidents, 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 Affairs, whereby the amount of SR 50 million shall be disbursed through five equal instalments during 2015 and 2016.

15. ZAKAT

a) **Components of Zakat Base**

Zakat base for the Company is comprised of the following:

	2014	2013
	SR 000	SR 000
Non-current assets	3,254,971	3,384,487
Non-current liabilities	211,410	320,982
Shareholders' equity - opening balance	3,208,446	3,157,854
Net income before zakat	1,111,011	1,171,031

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED DECEMBER 31, 2014

b) Provision for zakat

	2014	2013
	SR 000	SR 000
At January 1	37,893	28,591
Provision for the year	36,927	47,239
Payments during the year	<u>(37,893)</u>	<u>(37,937)</u>
At December 31	<u>36,927</u>	<u>37,893</u>

c) Zakat status:

The Company has finalized its Zakat assessments up to 2010. Final assessments for years 2011, 2012 and 2013 is still under review by the DZIT.

16. SELLING AND DISTRIBUTION EXPENSES

	2014	2013
	SR 000	SR 000
Salaries, wages and benefits	14,001	12,011
Transportation fees and export expenses	10,324	3,902
Depreciation	9,331	7,569
Other	<u>4,435</u>	<u>6,422</u>
	<u>38,091</u>	<u>29,904</u>

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
	SR 000	SR 000
Salaries, wages and benefits	48,615	48,521
Training, employment and professional fees	2,441	3,339
Depreciation	4,411	3,820
Postage and phone	547	621
Stationery and printing	325	414
Board of directors' meeting expenses and remuneration	402	495
Insurance	166	127
Travel and transportation	998	930
Others	<u>9,618</u>	<u>9,716</u>
	<u>67,523</u>	<u>67,983</u>

18. COMMITMENTS AND CONTINGENCIES

Outstanding commitments and contingencies as of December 31 were as follows:

	2014	2013
	SR 000	SR 000
Capital commitments	146,110	43,884
Letters of credit	3,076	3,992
Letters of guarantee	95,338	112,066

19. DIVIDENDS

The General Assembly approved during its meeting held on 17/3/2014 G (16/5/1435 H) the proposal of the Board of Directors to pay interim dividends for second half of 2013 at the rate of SAR 3.5 per share, representing 35% of the nominal share value amounted to SR 535.5 million (SR 3.5 per share for second half of year 2012). Entitlement to the distribution would be to stockholders on record as at the end of Tadawul dealings day of ordinary general assembly meeting on Monday 17/3/2014G (16/5/1435H). Disbursement commenced on Wednesday 26/3/2014 G(25/5/1435 H).

The Board of Directors resolved during its meeting held on Thursday 29/5/2014 G (30/7/1435 H) to pay interim dividends for first half of 2014 at the rate of SAR 3.5 per share, representing 35% of the nominal share value amounted to SR 535.5 million (SR 3.5 per share for first half of year 2013). Entitlement to the distribution would be to stockholders on record as at the end of Tadawul dealings on Monday 01/7/2014G (04/9/1435H). Disbursement commenced on Wednesday 9/7/2014 G(12/9/1435 H).

The Board of Directors proposed during its meeting held on Thursday 5/2/2015 G (16/4/1436 H) to pay interim dividends for second half of 2014 at the rate of SAR 2.5 per share, representing 25% of the nominal share value, and amounting to a total distribution of SR 382.5 million (SR 3.5 per share for second half of year 2013). Entitlement to the distribution would be to stockholders on record as at the end of Tadawul dealings on the date of the forthcoming ordinary Annual General Assembly Meeting expected to be held during March 2015, and which shall be announced later on.

20. EARNING PER SHARE

- Earning per share is computed by dividing net income for the year by the weighted average number of shares outstanding.
- Earning per share from continuing main operations is computed by dividing operating income less finance charges and zakat by the weighted average number of shares outstanding.
- Earning per share for continuing other operations is computed by dividing total other income and expenses which are not directly attributable to the Company's main operations by the weighted average number of shares outstanding.
- If the number of shares changed without changing the shareholders equity (as the case of stock dividends), then the effect of this change on the number of shares outstanding is regarded as if this change has happened at the beginning of the year and the earnings per share for all comparative periods is re-calculated using the new number of shares outstanding.

21. SEGMENTAL INFORMATION

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