

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 JUNE 2009
(UNAUDITED)**

Yanbu Cement Company (A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 30 June 2009

(Unaudited)

	Note	2009 SR	2008 SR
ASSETS			
CURRENT ASSETS			
Cash and bank balances		123,373,595	59,301,157
Term deposit		50,011,458	202,165,145
Investments in mutual investment		132,666,152	231,334,514
Accounts receivable and other assets		154,353,427	143,440,034
Inventories, net		<u>248,792,012</u>	<u>241,078,595</u>
TOTAL CURRENT ASSETS		<u>709,196,644</u>	<u>877,319,445</u>
NON-CURRENT ASSETS			
Property and equipment, net		1,759,882,655	1,460,691,063
Deferred charges, net		<u>277,631</u>	<u>914,260</u>
TOTAL NON-CURRENT ASSETS		<u>1,760,160,286</u>	<u>1,461,605,323</u>
TOTAL ASSETS		<u>2,469,356,930</u>	<u>2,338,924,768</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank facilities - current portion		4,659,504	4,659,504
Bank overdraft		2,941,363	3,242,624
Trade Accounts payable		8,036,660	20,967,205
Dividends payable		58,311,941	53,860,130
Zakat provision		7,919,641	7,347,902
Accrued expenses and other liabilities		<u>92,314,903</u>	<u>76,921,284</u>
TOTAL CURRENT LIABILITIES		<u>174,184,012</u>	<u>166,998,649</u>
NON-CURRENT LIABILITIES			
Bank facilities		2,761,218	7,377,548
End of service benefits provision		<u>39,049,671</u>	<u>34,479,671</u>
TOTAL NON-CURRENT LIABILITIES		<u>41,810,889</u>	<u>41,857,219</u>
TOTAL LIABILITIES		<u>215,994,901</u>	<u>208,855,868</u>
SHAREHOLDERS' EQUITY			
Authorized and fully paid capital		1,050,000,000	1,050,000,000
Statutory reserve		525,000,000	525,000,000
General reserve		358,854,550	221,318,203
Retained earnings		<u>302,849,655</u>	<u>317,821,783</u>
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS IN PARENT COMPANY		<u>2,236,704,205</u>	<u>2,114,139,986</u>
Minority interest		<u>16,657,824</u>	<u>15,928,914</u>
TOTAL SHAREHOLDERS' EQUITY AND MONORITY INTEREST		<u>2,253,362,029</u>	<u>2,130,068,900</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,469,356,930</u>	<u>2,338,924,768</u>

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the Period Ended 30 June 2007

(Unaudited)

	Interim Period		Beginning of the year to	
	From 1 April 2009 to 30 June 2009 SR	From 1 April 2008 to 30 June 2008 SR	30 June 2009 SR	30 June 2008 SR
Note				
Net sales	275,228,785	273,546,037	552,630,669	596,660,541
Cost of sales	(117,977,038)	(116,074,683)	(235,495,414)	(265,403,713)
GROSS INCOME	157,251,747	157,471,354	317,135,255	331,256,828
Selling and distribution expenses	(1,967,476)	(1,993,351)	(4,323,712)	(4,329,320)
General and administrative expenses	(3,479,562)	(3,478,931)	(6,780,561)	(7,249,498)
NET OPERATING INCOME	151,804,709	151,999,072	306,030,982	319,678,010
Financial charges	(61,554)	(143,390)	(131,627)	(357,525)
Other income	3,824,705	2,027,254	6,134,009	7,862,455
Net income before Zakat and minority interest	155,567,860	153,882,936	312,033,364	327,182,940
Zakat	(3,928,000)	(3,400,000)	(8,000,000)	(7,500,000)
NET INCOME BEFORE MINORITY INTEREST	151,639,860	150,482,936	304,033,364	319,682,940
Minority interest	(572,905)	(1,034,568)	(1,183,709)	(1,861,157)
NET INCOME	151,066,955	149,448,368	302,849,655	317,821,783
EARNING PER SHARE FROM NET OPERATING PROFIT	1.45	1.45	2.91	3.04
EARNING PER SHARE FROM NET INCOME	1.44	1.42	2.88	3.03

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Period Ended 30 June 2009

(Unaudited)

	<i>2009</i> <i>SR</i>	<i>2008</i> <i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	302,849,655	317,821,783
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	48,552,057	49,601,949
Amortization	111,060	593,052
Amortization of capital expenditure	-	16,122,718
Minority interest	1,183,709	1,861,157
Gain on disposal of property and equipment	(16,850)	(44,400)
Provision for slow moving inventories (note 14)	6,021,354	780,494
Zakat provision	8,000,000	7,500,000
End of service benefits, net	2,772,128	3,302,402
Change in assets and liabilities:		
Accounts receivable and other assets	(19,623,290)	(26,780,102)
Inventories	16,084,202	909,632
Accounts payable	2,318,601	(2,791,670)
Accrued expenses and other liabilities	(11,267,602)	(9,594,869)
Zakat paid	(16,578,181)	(20,126,948)
Net cash from operating activities	<u>340,406,843</u>	<u>339,155,198</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(135,273,876)	(8,059,961)
Proceeds on disposal of property and equipment	<u>16,850</u>	<u>44,400</u>
Net cash used in investing activities	<u>(135,257,026)</u>	<u>(8,015,561)</u>
FINANCING ACTIVITIES		
Settlement of bank facilities	(2,329,758)	(2,329,758)
Bank overdraft	(1,047,510)	(900,980)
Dividends paid to shareholders	(412,955,843)	(517,015,639)
Dividends paid to minority interest's	(1,200,000)	-
Board of directors' fees	<u>(2,200,000)</u>	<u>(2,200,000)</u>
Net cash used in financing activities	<u>(419,733,111)</u>	<u>(522,446,377)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(214,583,294)</u>	<u>(191,306,740)</u>
Cash and Cash Equivalents - beginning of the period	<u>520,634,499</u>	<u>684,107,556</u>
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	<u>306,051,205</u>	<u>492,800,816</u>

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company)**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

For the Period Ended 30 June 2009

(Unaudited)

	2009 SR	2008 SR
AUTHORIZED AND FULLY PAID CAPITAL	<u>1,050,000,000</u>	<u>1,050,000,000</u>
STATUTORY RESERVE	<u>525,000,000</u>	<u>525,000,000</u>
GENERAL RESERVE		
Balance at the beginning of the period	221,318,203	-
Transferred from retained earnings	<u>137,536,347</u>	<u>221,318,203</u>
Balance at the end of the period	<u>358,854,550</u>	<u>221,318,203</u>
RETAINED EARNINGS		
Balance at the beginning of the period	559,736,347	748,518,203
Net income for the period	302,849,655	317,821,783
Dividends	(420,000,000)	(525,000,000)
Transferred to general reserve	(137,536,347)	(221,318,203)
Board of directors fees	<u>(2,200,000)</u>	<u>(2,200,000)</u>
Balance at the end of the period	<u>302,849,655</u>	<u>317,821,783</u>
Total equity shareholders in Parent company	<u>2,236,704,205</u>	<u>2,114,139,986</u>
MINORITY INTERESTS		
Balance at the beginning of the period	16,674,115	14,067,757
Minority share of net income for the period	1,183,709	1,861,157
Dividends	<u>(1,200,000)</u>	<u>-</u>
Balance at the end of the period	<u>16,657,824</u>	<u>15,928,914</u>
TOTAL PARTNERS' EQUITY	<u>2,253,362,029</u>	<u>2,130,068,900</u>

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

Yanbu Cement Company (A Saudi Joint Stock Company) and its subsidiary

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENT

30 June 2009

(Unaudited)

1. ACTIVITIES

Yanbu Cement Company (a Saudi Joint Stock Company) incorporated per Royal Decree No. M/10 of 24/3/1397H based on the Council of Ministers Resolution No. 1074 of 10/8/1394H, is registered in Yanbu City under Commercial Registration No. 4700233 of 21/11/1398H pursuant to Ministry of Industry and Electricity Resolution No. 67/S of 17/3/1396H.

As of 4 March 2009, the board of directors agreed in their general meeting to transfer the balance of the retained earnings remaining from the year ended 31 December 2008, after dividend distribution and board of directors' fees, to the general reserve.

The Company is engaged in the manufacturing of ordinary Portland cement, resistant cement and pozolanic cement.

The consolidated financial statements comprise the accounts of the parent company, Yanbu Cement Company and its subsidiary as detailed below:

Company's Name	Country of Incorporation	Shareholding
Yanbu Al-Shuaiba Paper Products Company Ltd.	Kingdom of Saudi Arabia	60%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia, and in accordance with Saudi Organization for Certified Public Accountants standards on interim financial information. The Company's significant accounting policies followed in preparing these interim financial statements are consistent with the policies stated in the financial statements for the year ended 31 December 2008, and are summarized as follows:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary, as explained in Note (1) after eliminating all inter-company transactions and balances.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Revenue is recognized on delivery of goods and issuance of relevant invoice to the customer.

Inventories

Raw material inventories, work-in-progress and spare parts are stated at the lower of cost or net realizable value. Cost of raw materials and spare parts is determined using the moving average method. The cost of work-in-progress includes direct materials, direct labor and any related overheads. Slow moving and obsolete spare parts are provided for and stated at net book value.

Property and equipment

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation for machinery and equipment in its subsidiary is calculated using the units of production method.

The attached notes 1 to 5 form part of these interim condensed consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred expenses

Deferred expenses are amortized over the estimated useful life of 5 years.

Zakat

In accordance to Zakat financial accounting standard, Zakat provision for individual fiscal periods is measured and recognized in accordance with Saudi Arabia applicable Zakat regulations on accrual basis. The liability is charged to the consolidated statement of income.

End of service benefits

Provision is made for amounts payable under the Saudi Arabian Labour Law applicable to employees' accumulated periods of service at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash in hand, time deposits and investments in mutual funds readily convertible to cash and has a maturity of 3 months or less as at the purchase date.

Selling, distribution, general and administration expenses

Selling and distribution expenses are those that specifically relate to salesmen, warehousing and other overheads. All other expenses are classified as general and administration expenses.

Translation of foreign currencies

The accompanying interim financial statements are expressed in Saudi Riyals. Appropriate exchange rates are used to translate transactions or balances denominated in foreign currencies. The resulting gains or losses are included in the statement of income.

3. INTERIM FINANCIAL RESULTS

The interim financial results may not represent an accurate indicator for the annual results.

4. CAPITAL RESERVE

Board of directors have approved the budget of production line number five amounting billion and seven hundred million Saudi Riyal in there meeting dated on 21 May 2008

5. RECLASSIFICATIONS

Certain figures of the period ended on 30 June 2008 consolidated financial statements have been reclassified to conform to the classification used on period ended 30 June 2009.