



ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AND REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2014

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX

	<u>PAGES</u>
REVIEW REPORT	1
INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014 (UNAUDITED)	2
INTERIM CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)	3
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)	4
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)	5
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014 (UNAUDITED)	6 - 18



KPMG Al Fozan & Al Sadhan

KPMG Tower
Salahudeen Al Ayoubi Road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 11 8748500
Fax +966 11 8748600
Internet www.kpmg.com.sa

License No. 46/11/323 issued 11/3/1992

**REVIEW REPORT
TO THE SHAREHOLDERS OF ALMARAI COMPANY
(A SAUDI JOINT STOCK COMPANY)**

SCOPE OF REVIEW:

We have reviewed the accompanying interim consolidated balance sheet of **Almarai Company - A Saudi Joint Stock Company** ("the Company") and its subsidiaries ("the Group") as at 31 March 2014, and the related interim consolidated statements of income, cash flows and changes in equity for the three month period then ended and notes 1 to 11 which form an integral part of these interim consolidated financial statements.

These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them 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).

A limited review consists principally of applying analytical procedures to financial data and information 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:

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

For KPMG Al Fozan & Al Sadhan

**Abdullah H. Al Fozan
License No. 348**



Date: 6 Jamad Thani 1435H
Corresponding to: 06 April 2014

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Notes	31 March 2014 (Unaudited) SAR '000	31 December 2013 (Audited) SAR '000	31 March 2013 (Unaudited) SAR '000
ASSETS				
Current Assets				
Cash and Cash Equivalents		1,160,487	1,810,516	1,793,596
Receivables and Prepayments		1,211,737	978,086	949,512
Inventories		2,528,023	2,545,315	2,517,373
Derivative Financial Instruments		14,089	14,328	5,304
Total Current Assets		4,914,336	5,348,245	5,265,785
Non Current Assets				
Investments	5	488,233	479,075	251,501
Property, Plant and Equipment		15,584,860	15,028,012	13,845,000
Biological Assets		1,028,517	992,350	918,512
Intangible Assets - Goodwill		1,353,673	1,310,126	1,335,455
Derivative Financial Instruments		19,401	11,987	-
Deferred Charges		104,026	108,598	46,491
Deferred Tax Asset		2,239	1,577	9,836
Total Non Current Assets		18,580,949	17,931,725	16,406,795
TOTAL ASSETS		23,495,285	23,279,970	21,672,580
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Short Term Loans	6	1,744,879	1,682,970	1,355,375
Payables and Accruals		2,079,881	1,988,591	2,093,554
Derivative Financial Instruments		18,240	48,902	103,407
Total Current Liabilities		3,843,000	3,720,463	3,552,336
Non Current Liabilities				
Long Term Loans	6	8,006,104	8,288,900	9,323,512
End of Service Benefits		358,771	340,045	301,974
Deferred Tax Liability		124,355	119,985	123,393
Derivative Financial Instruments		43,075	46,389	-
Total Non Current Liabilities		8,532,305	8,795,319	9,748,879
TOTAL LIABILITIES		12,375,305	12,515,782	13,301,215
EQUITY				
Share Capital		6,000,000	6,000,000	4,000,000
Statutory Reserve		1,063,138	1,063,138	912,917
Other Reserves		(130,024)	(188,585)	(237,979)
Treasury Shares		(146,386)	(146,386)	(95,282)
Retained Earnings		1,975,288	1,714,303	3,176,752
Equity Attributable to Shareholders		8,762,016	8,442,470	7,756,408
Perpetual Sukuk		1,700,000	1,700,000	-
Equity Attributable to Equityholders of the Company		10,462,016	10,142,470	7,756,408
Non Controlling Interest		657,964	621,718	614,957
TOTAL EQUITY		11,119,980	10,764,188	8,371,365
TOTAL LIABILITIES AND EQUITY		23,495,285	23,279,970	21,672,580

The accompanying notes 1 to 11 form an integral part of these interim consolidated financial statements.

.....
Paul Gay
Chief Financial Officer


.....
Abdulrahman Al Fadley
Chief Executive Officer

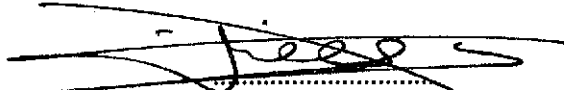
.....
Abdulrahman Al Muhanna
Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	<u>Notes</u>	<u>31 March 2014 (Unaudited) SAR '000</u>	<u>31 March 2013 (Unaudited) SAR '000</u>
Sales	7	2,718,919	2,411,031
Cost of Sales		(1,807,521)	(1,583,236)
Gross Profit		911,398	827,795
Selling and Distribution Expenses		(512,160)	(450,124)
General and Administration Expenses		(88,851)	(76,835)
Operating Income		310,387	300,836
Share of Results of Associates and Joint Ventures	5	200	(5,989)
Re-measurement to Fair Value of Equity Interest Already Held	4	20,897	-
Finance Charges		(52,597)	(38,768)
Income from Main Operations		278,887	256,079
Zakat and Foreign Income Tax		(5,103)	(7,586)
Income before Non Controlling Interest		273,784	248,493
Non Controlling Interest		(208)	6,592
Net Income for the Period		273,576	255,085
Earnings per Share (SAR), based on Income from Main Operations	8		
- Basic		0.45	0.43
- Diluted		0.44	0.43
Earnings per Share (SAR), based on Net Income for the Period	8		
- Basic		0.44	0.43
- Diluted		0.43	0.43

The accompanying notes 1 to 11 form an integral part of these interim consolidated financial statements.


.....
Paul Gay
Chief Financial Officer


.....
Abdulrahman Al Fadley
Chief Executive Officer


.....
Abdulrahman Al Muhanna
Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	Notes	31 March 2014 (Unaudited) SAR '000	31 March 2013 (Unaudited) SAR '000
OPERATING ACTIVITIES			
Net Income for the Period		273,576	255,085
Adjustments for:			
Depreciation of Property, Plant and Equipment		303,917	258,569
Depreciation of Biological Assets		51,075	37,682
Profit on Sale of Property, Plant and Equipment		(4,650)	(2,915)
Loss on Sale of Biological Assets		7,555	7,989
Finance Charges Accrued		52,597	38,768
Zakat and Foreign Income Tax Accrued		5,103	7,586
Deferred Tax		3,791	(2,710)
Share of Results of Associates and Joint Ventures	5	(200)	5,989
Re-measurement to Fair Value of Equity Interest Already Held	4	(20,897)	-
Provision for End of Service Benefits		23,174	22,366
Share Based Payment Expense		3,107	1,632
Non Controlling Interest		208	(6,592)
		<u>698,356</u>	<u>623,449</u>
Changes in:			
Receivables and Prepayments		(228,237)	(163,532)
Inventories		1,606	(210,282)
Payables and Accruals		108,995	(100,520)
<i>Cash Generated from Operations</i>		<u>580,720</u>	<u>149,115</u>
End of Service Benefits Paid		(4,448)	(7,448)
Zakat and Foreign Income Tax Paid		-	(719)
Net Cash Generated from Operating Activities		<u>576,272</u>	<u>140,948</u>
INVESTING ACTIVITIES			
Acquisition of Subsidiary, Net of Cash Acquired	4	(13,160)	-
Investment in Associates and Joint Ventures	5	-	(2,830)
Additions to Property, Plant and Equipment		(856,047)	(714,682)
Proceeds from the Sale of Property, Plant and Equipment		6,254	10,899
Additions to Biological Assets		(20,683)	(14,772)
Appreciation of Biological Assets		(101,211)	(87,347)
Proceeds from the Sale of Biological Assets		27,091	38,965
Dividend Received from an Associate	5	625	-
Net Cash Used in Investing Activities		<u>(957,131)</u>	<u>(769,767)</u>
FINANCING ACTIVITIES			
Increase in Loans, net		(220,555)	2,037,568
Change in Deferred Charges		4,572	4,265
Finance Charges Paid		(63,277)	(35,850)
Payment of Profit on Perpetual Sukuk		(25,603)	-
Transactions with Non Controlling Interests		36,038	-
Net Cash (Used in) / Generated from Financing Activities		<u>(268,825)</u>	<u>2,005,983</u>
Currency Translation Impact on Cash and Cash Equivalents		(345)	(872)
Net (Decrease) / Increase in Cash and Cash Equivalents		<u>(650,029)</u>	<u>1,376,292</u>
Cash and Cash Equivalents at 1 January		1,810,516	417,304
Cash and Cash Equivalents at 31 March		<u>1,160,487</u>	<u>1,793,596</u>

The accompanying notes 1 to 11 form an integral part of these interim consolidated financial statements.


 Paul Gay
 Chief Financial Officer


 Abdulrahman Al Fadley
 Chief Executive Officer


 Abdulrahman Al Muhanna
 Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	Share Capital (Unaudited) SAR '000	Statutory Reserve (Unaudited) SAR '000	Other Reserves (Unaudited) SAR '000	Treasury Shares (Unaudited) SAR '000	Retained Earnings (Unaudited) SAR '000	Equity		Perpetual Sukuk (Unaudited) SAR '000	Equity		Non Controlling Interest (Unaudited) SAR '000	Total Equity (Unaudited) SAR '000
						Attributable to Shareholders (Unaudited) SAR '000	Attributable to Equity Holders (Unaudited) SAR '000		Attributable to Shareholders (Unaudited) SAR '000	Attributable to Equity Holders (Unaudited) SAR '000		
Balance at 1 January 2013	4,000,000	912,917	(189,861)	(95,282)	2,921,667	7,549,441	7,549,441	-	7,549,441	621,549	8,170,990	
Net Income for the Period	-	-	-	-	255,085	255,085	255,085	-	255,085	(6,592)	248,493	
Net Movement in Fair Value of Available For Sale investments	-	-	10,333	-	-	10,333	10,333	-	10,333	-	10,333	
Net Movement on Cash Flow Hedges	-	-	(30,060)	-	-	(30,060)	(30,060)	-	(30,060)	-	(30,060)	
Foreign Currency Translation Differences	-	-	(30,023)	-	-	(30,023)	(30,023)	-	(30,023)	-	(30,023)	
Share Based Payment Transactions	-	-	1,632	-	-	1,632	1,632	-	1,632	-	1,632	
Balance at 31 March 2013	4,000,000	912,917	(237,979)	(95,282)	3,176,752	7,756,408	7,756,408	-	7,756,408	614,957	8,371,365	
Balance at 1 January 2014	6,000,000	1,063,138	(188,585)	(146,386)	1,714,303	8,442,470	8,442,470	1,700,000	10,142,470	621,718	10,764,188	
Net Income for the Period	-	-	-	-	273,576	273,576	273,576	-	273,576	208	273,784	
Net Movement in Fair Value of Available For Sale investments	-	-	22,961	-	-	22,961	22,961	-	22,961	-	22,961	
Net Movement on Cash Flow Hedges	-	-	41,151	-	-	41,151	41,151	-	41,151	-	41,151	
Foreign Currency Translation Differences	-	-	4,354	-	-	4,354	4,354	-	4,354	-	4,354	
Share Based Payment Transactions	-	-	3,107	-	-	3,107	3,107	-	3,107	-	3,107	
Net Movement in Treasury Shares	-	-	-	-	-	-	-	-	-	-	-	
Profit on Perpetual Sukuk	-	-	12,591	-	(12,591)	-	-	-	-	-	-	
Payment of Profit on Perpetual Sukuk Transaction with Non Controlling Interest	-	-	(25,603)	-	-	(25,603)	(25,603)	-	(25,603)	-	(25,603)	
Balance at 31 March 2014	6,000,000	1,063,138	(130,024)	(146,386)	1,975,288	8,762,016	8,762,016	1,700,000	10,462,016	36,038	11,119,980	

The accompanying notes 1 to 11 form an integral part of these interim consolidated financial statements.

.....
Paul Gay
Chief Financial Officer

.....
Abdulrahman Al Fadley
Chief Executive Officer

.....
Abdulrahman Al Muhanna
Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the "Company") is a Saudi Joint Stock Company, which was converted from a limited liability company to a joint stock company on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dī' Hijjah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223. Prior to the consolidation of activities in 1991, the core business was traded between 1976 and 1991 under the Almarai brand name.

The Company's Head Office is located at Exit 7, North Circle Road Al Izdihar District P.O. Box 8524 Riyadh 11492 Saudi Arabia.

The Company and its subsidiaries (together, the "Group") are a major integrated consumer food and beverage Group in the Middle East with leading market shares in Saudi Arabia and the neighbouring Gulf Cooperation Council ("GCC") countries.

The dairy, fruit juices and related food business is operated under the Almarai, Beyti and Teeba brand names. All raw milk production and related processing along with dairy food manufacturing activities are undertaken in Saudi Arabia, United Arab Emirates ("UAE"), Egypt and Jordan. Final consumer products are distributed from the manufacturing facilities in these countries to local distribution centres by the Group's long haul distribution fleet.

Bakery products are manufactured and traded by Western Bakeries Company Limited and Modern Food Industries Limited under the brand names L'usine and 7 Days respectively. These are Limited Liability companies registered in Saudi Arabia.

Poultry products are manufactured and traded by Hail Agricultural Development Company ("HADCO") under the Alyoum brand. HADCO is a closed joint stock company registered in Saudi Arabia and based in Hail.

Almarai Baby Food Company Limited is a limited liability company registered in Saudi Arabia. It owns a modern infant formula manufacturing plant in Al Kharj, which is leased to International Pediatric Nutrition Company ("IPNC").

The distribution centres in the GCC countries (except for Bahrain and Oman) are managed by the Group and operate under Distributor Agency Agreements as follows:

Kuwait	- Al Kharafi Brothers Dairy Products Company Limited
Qatar	- Khalid for Foodstuff and Trading Company
United Arab Emirates	- Bustan Al Khaleej Establishment

The Group operates in Bahrain through its subsidiary Almarai Company Bahrain S.P.C and in Oman through its subsidiaries Arabian Planets for Trade and Marketing L.L.C. and Alyoum for Food Products Company L.L.C.

The Group owns and operates arable farms in Argentina ("Fondomonte Argentina") through its subsidiary Almarai Investment Holding Company W.L.L. ("AIHC"), incorporated in the Kingdom of Bahrain. The Group manages these operations through following legal entities:

- Agro Terra S.A.
- Fondomonte El Descanso S.A.
- Fondomonte Inversiones Argentina S.A.
- Fondomonte Sandoval S.A.

The Group owns and operates milk production, processing and dairy food manufacturing in Egypt and Jordan through its subsidiary AIHC. The Group manages these operations through following key legal entities:

- International Dairy and Juice Limited
- International Company for Agricultural Industries Projects (Beyti) (SAE)
- Teeba Investment for Developed Food Processing

On 1 January 2014, IPNC was equally owned and controlled by the Group and Mead Johnson. However, on 7 Rabi Al-Awal 1435 A.H. (8 January 2013) the Company received regulatory approvals with respect to the acquisition of shares in IPNC held by Mead Johnson, as a result of which IPNC became a wholly owned subsidiary of the Group. Consequently, the Company has consolidated IPNC in the current period.

On 5 Jamada Al-Awal 1435 A.H. (6 March 2014) the Group purchased 9,834 acres of farm land for USD 47.5 million (SAR 178.1 million) through its wholly owned subsidiaries Fondomonte Holdings North America L.L.C. and Fondomonte Arizona L.L.C. which were incorporated as limited liability companies in the United States of America for the purpose of acquiring land to secure supply of animal feed.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest				Share Capital	Number of Shares Issued
				2014		2013			
				Direct (a)	Effective	Direct (a)	Effective		
Almarai Investment Company Limited	Saudi Arabia	Holding Company	SAR	100%	100%	100%	100%	SAR 1,000,000	100,000
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing and Trading Company	SAR	100%	100%	100%	100%	SAR 200,000,000	20,000,000
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Agricultural Company	SAR	52%	52%	52%	52%	SAR 25,000,000	250
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company	SAR	100%	100%	100%	100%	SAR 300,000,000	30,000,000
International Baking Services Company Limited	Saudi Arabia	Dormant	SAR	100%	100%	100%	100%	SAR 500,000	500
International Pediatric Nutrition Company	Saudi Arabia	Manufacturing Company	SAR	100%	100%	50%	50%	SAR 41,000,000	410,000
Modern Food Industries Limited	Saudi Arabia	Bakery Company	SAR	60%	60%	60%	60%	SAR 70,000,000	70,000
Nourfac Company Limited	Saudi Arabia	Trading Company	SAR	100%	100%	100%	100%	SAR 3,000,000	3,000
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	SAR	100%	100%	100%	100%	SAR 200,000,000	200,000
Agro Terra S.A.	Argentina	Dormant	ARG	100%	100%	100%	100%	ARG 475,875	475,875
Fondomonte El Descanso S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 27,475,914	27,475,914
Fondomonte Inversiones Argentina S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 17,849,997	17,849,997
Fondomonte Sandoval S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 4,383,432	4,383,432
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	BHD	100%	100%	100%	100%	BHD 100,000	2,000
Almarai International Holding W.L.L.	Bahrain	Holding Company	BHD	100%	100%	100%	100%	BHD 250,000	2,500
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company	BHD	100%	100%	100%	100%	BHD 250,000	2,500

(a) Direct ownership means directly owned by the Company or through its subsidiaries.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest				Share Capital	Number of Shares Issued
				2014		2013			
				Direct (a)	Effective	Direct (a)	Effective		
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company	BHD	100%	52%	100%	52%	BHD 250,000	2,500
International Dairy and Juice Limited	Bermuda	Holding Company	USD	52%	52%	52%	52%	USD 7,583,334	7,583,334
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company	EGP	100%	52%	100%	52%	EGP 155,000,000	15,500,000
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company	EGP	100%	52%	100%	52%	EGP 418,000,000	41,800,000
Markley Holdings Limited	Jersey	Dormant	GBP	100%	100%	100%	100%	-	-
Al Muthedoon for Dairy Production	Jordan	Manufacturing Company	JOD	100%	52%	100%	52%	JOD 500,000	500,000
Al Atheer Agricultural Company	Jordan	Agricultural Company	JOD	100%	52%	100%	52%	JOD 750,000	750,000
Al Namouthija for Plastic Production	Jordan	Manufacturing Company	JOD	100%	52%	100%	52%	JOD 250,000	250,000
Al Rawabi for juice and UHT milk Manufacturing	Jordan	Manufacturing Company	JOD	100%	52%	100%	52%	JOD 500,000	500,000
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company	JOD	100%	52%	100%	52%	JOD 49,675,352	49,675,352
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	OMR	90%	90%	90%	90%	OMR 150,000	150,000
Algoum for Food Products Company L.L.C.	Oman	Sales Company	OMR	100%	100%	100%	100%	OMR 20,000	20,000
Fondomonte Inversiones S.L.	Spain	Holding Company	EUR	100%	100%	100%	100%	EUR 13,000,000	13,000,000
Almarai Emirates Company L.L.C.	United Arab Emirates	Sales Company	AED	100%	100%	100%	100%	AED 300,000 (Unpaid)	300
International Dairy and Juice (Dubai) Limited	United Arab Emirates	Holding Company	USD	100%	52%	100%	52%	USD 22,042,183	22,042,183
Fondomonte Holding North America L.L.C.	United States of America	Holding Company	USD	100%	100%	-	-	USD 500,000	50,000
Fondomonte Arizona L.L.C.	United States of America	Agricultural Company	USD	100%	100%	-	-	USD 500,000	50,000

(a) Direct ownership means directly owned by the Company or through its subsidiaries.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

2. BASIS OF ACCOUNTING, PREPARATION, CONSOLIDATION AND PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- (a) These interim consolidated financial statements have been prepared on the accrual basis under the historical cost convention (except for derivative financial instruments and available for sale investments that are measured at fair value) and in accordance with the accounting standards generally accepted in Kingdom of Saudi Arabia as issued by the Saudi Organisation for Certified Public Accountants (SOCPA).
- (b) When necessary, prior year comparatives have been regrouped to conform with current period classification.
- (c) These interim consolidated financial statements include assets, liabilities and the results of the operations of Almarai Company (the "Company") and its Subsidiaries (the "Group") as set out in note (1). A subsidiary company is that in which the Group has the power to govern the financial and operating policies of the subsidiary to obtain economic benefit generally accompanying a direct or indirect shareholding of more than one half of the subsidiary's net assets or its voting rights. A subsidiary company is consolidated from the date on which the Group obtains control until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets given or liabilities incurred or assumed at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill in the interim consolidated balance sheet. Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of Subsidiaries are aligned where necessary to ensure consistency with the policies adopted by the Company. The Company and its Subsidiaries have identical reporting periods. Non controlling interests represent the portion of profit or loss and net assets not controlled by the Group and are presented separately in the interim consolidated statement of income and within equity in the interim consolidated balance sheet.
- (d) The preparation of interim consolidated financial statements, in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the use of estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.
- (e) These interim consolidated financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.
- (f) The operating results reported in the interim consolidated statement of income, present a fair picture of the past performance of the Group, but are not necessarily indicative of annual results.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank, cash in hand and short-term deposits that are readily convertible into known amounts of cash and have an original maturity of three months or less.

B. Trade Receivables

Trade receivables are carried at the original invoiced amount less any allowance made for impairment and expected sales returns. Allowance for impairment is made for the receivables which are more than three months due. Allowance for sales returns is calculated based on the forecasted return of expired products in line with the Group's product replacement policy. Bad debts are written off as incurred.

C. Inventory Valuation

Inventory is stated at the lower of cost and net realisable value. Cost is determined using weighted average method. Cost includes all direct manufacturing expenditure based on the normal level of activity and transportation and handling costs. Net realisable value comprises estimated selling price less further production costs to completion and appropriate selling and distribution costs. Allowance is made, where necessary, for obsolete, slow moving and defective stocks.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

D. Investments

a. Investment in Associates and Joint Ventures

The investments in associates and joint ventures are accounted for under the equity method of accounting when the Group exercises significant influence through participation in financial and operating policy decisions of the investee. Investments in associates and joint ventures are initially carried in the interim consolidated balance sheet at cost and subsequently adjusted by the post-acquisition changes in the Group's share in net assets of the associates and joint ventures less any impairment in value. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

b. Available for Sale Investments

Available for Sale Investments that are actively traded in organised financial markets, are measured and carried in the interim consolidated balance sheet at fair value which is determined by reference to quoted market bid prices at the close of business at the interim consolidated balance sheet date. The unrealised gains or losses are recognised directly in equity. When the investment is disposed of or impaired, the cumulative gain or loss previously recorded in equity is recognised in the interim consolidated statement of income. Where there is no market for the investment, cost is taken as the most appropriate, objective and reliable measurement of fair value of the investment.

E. Property, Plant and Equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the qualifying assets are capitalized during the period of time that is required to substantially complete and prepare the qualifying asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures are recognized as an expense when incurred.

The cost less estimated residual value is depreciated on straight-line basis over the following estimated useful lives of the assets:

Buildings	5 – 33 years
Plant, Machinery and Equipment	1 – 20 years
Motor Vehicles	6 – 8 years
Land and Capital Work in Progress	are not depreciated.

Capital work in progress at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant assets categories and are depreciated once they are available for their intended use.

The assets' residual values, useful lives, method of depreciation and impairment indicators are reviewed at each financial year end and adjusted prospectively, if appropriate.

F. Biological Assets

Biological assets are stated at cost of purchase or at the cost of rearing or growing to the point of commercial production, less accumulated depreciation. The costs of immature biological assets are determined by the cost of rearing or growing to their respective age. Immature biological assets are not depreciated. The dairy herd is depreciated over four lactation cycles and other biological assets are depreciated on a straight line basis to their estimated residual value over periods ranging from 36 weeks to 70 years as summarized below:

Dairy Herd	4 Lactation cycles
Plantations	22 – 70 years
Poultry Flock	36 weeks

G. Impairment of Non Current Assets

Non current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, which is the higher of an asset's fair value less cost to sell and value in use; the assets are written down to their recoverable amount. Impairment losses are recognized immediately as an expense in the interim consolidated statement of income.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

Non current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income. Impairment losses recognized on intangible assets are not reversible.

H. Intangible Assets - Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

I. Trade Payable and Accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

J. Zakat and Foreign Income Tax

Zakat is provided for in accordance with Saudi Department of Zakat and Income Tax ("DZIT") regulations. Income tax for foreign entities is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final Zakat and Foreign income tax assessments are recorded in the period in which such assessments are made.

Withholding tax, if any, is withheld in accordance with DZIT regulations.

K. Deferred Tax

Deferred tax is accounted for in foreign subsidiaries, where applicable using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

L. Derivative Financial Instruments and Hedging

Forward foreign exchange contracts are entered into to hedge exposure to changes in currency rates on purchases and other expenditures of the Group.

Commission rate swap agreements are entered into to hedge the exposure to commission rate changes on the Group's borrowings.

Forward purchase commodity contracts are entered into to hedge exposure to changes in the price of commodities used by the Group.

All hedges are expected to be in the range of 80% – 125% effective and are assessed on an ongoing basis. All hedges are treated as cash flow hedges and gains / losses at market valuation are recorded as derivative financial instruments in the interim consolidated balance sheet and taken to other reserves in equity. When the hedging instrument matures or expires any associated gain or loss in other reserves is reclassified to the interim consolidated statement of income, or the underlying asset purchased that was subjected to the hedge.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

M. End of Service Benefits

End of service benefits are payable to all employees employed under the terms and conditions of the Labour Laws applicable on the Company and its subsidiaries, on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date.

N. Statutory Reserve

In accordance with its by-laws and the Regulations for Companies in Kingdom of Saudi Arabia, the Company is required to transfer 10% of its net income for the year to a statutory reserve until such reserve equals 50% of its share capital. This statutory reserve is not available for distribution to shareholders.

O. Sukuk

The Group classifies Sukuk issued as financial liabilities or equity, in accordance with the substance of the contractual terms of the Sukuk. Sukuk having fixed maturity dates and fixed dates for payment of profit distribution are classified as a liability.

Sukuk having no fixed maturity date (Perpetual Sukuk) and no fixed date for payment of profit distribution are classified as equity. Distributions thereon are recognized in equity.

P. Treasury Shares

Own equity instruments that are reacquired (treasury shares), for discharging obligations under the Employee Stock Participation Programme, are recognised at cost and presented as a deduction from equity and are adjusted for any transaction costs, dividends and gains or losses on sale of such shares. No gain or loss is recognised in the interim consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as share premium.

Q. Share Based Payment Transactions

Employees of the Group receive remuneration in the form of share based payments under the Employee Stock Participation Program, whereby employees render services as consideration for the option to purchase equity instruments at a predetermined price (equity settled transactions).

The cost of equity settled transactions is recognised, together with a corresponding increase in other reserves, in equity, over the period during which the service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The interim consolidated statement of income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in Employee Costs.

When the terms of an equity settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of the modification.

When equity settled award is terminated, it is treated as if it vested on the date of termination, and any expense not yet recognised for the award is recognised immediately. This includes any award where non vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the terminated award, and designated as a replacement award on the date that it is granted, the terminated and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

R. Conversion of Foreign Currency Transactions

Foreign currency transactions are converted and booked in Saudi Riyals at standard exchange rates which are periodically set to reflect average market rates or forward rates if the transactions were so covered. At the balance sheet date, assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date or at the forward purchase rates if so covered. Any resulting exchange variances are charged or credited to the interim consolidated statement of income as appropriate.

The functional currencies of foreign subsidiaries are listed in Note 1. As at the reporting date, the assets and liabilities of these subsidiaries are translated into SAR the functional and presentation currency of the Company, at the rate of exchange ruling at the balance sheet date and their statement of income are translated at the weighted average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded as a separate component of equity.

S. Revenue Recognition

Products are sold principally on a sale or return basis. Revenue is recognised on delivery of products to customers by the Group or its distributors, at which time risk and reward passes, subject to the allowance for expected physical return of expired products. Adjustment to the allowance is made in respect of known actual returns.

Revenue from the sale of wheat guaranteed to be sold to the Government is recognised upon completion of harvest but the profit on any undelivered quantities is deferred until delivered to the Government.

T. Government Grants

Government grants are recognized when there is a reasonable assurance that they will be received from the state authority. When the grant relates to a cost item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

U. Selling, Distribution, General and Administration Expenses

Selling, Distribution, General and Administration Expenses include direct and indirect costs not specifically part of Cost of Sales as required under accounting standards generally accepted in Kingdom of Saudi Arabia. Allocations between Cost of Sales and Selling, Distribution, General and Administration Expenses, when required, are made on a consistent basis. The Group charges the payments made in respect of long term agreements with customers and distributors to Selling and Distribution Expenses.

V. Cost Reimbursement

The reimbursement of cost incurred in respect of the management of Arable Farms is recognised as a deduction under general and administration expenses.

W. Operating Leases

Rentals in respect of operating leases are charged to the interim consolidated statement of income over the term of the leases.

X. Borrowing Costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to a stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed; otherwise, such costs are charged to the interim consolidated statement of income.

Y. Segmental Reporting

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

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

4. BUSINESS COMBINATION ACHIEVED IN STAGES

On 7 Rabi Al-Awal 1435 A.H. (8 January 2014) the Company completed the acquisition of shares of International Pediatric Nutrition Company ("IPNC") held by Mead Johnson, for an agreed value of SAR 15.0 million. These interim consolidated financial statements include the results of IPNC from 9 January 2014, as the Company effectively obtained control of IPNC from that date. If the combination had taken place at the beginning of the period, the net operation income would have been higher by SAR 0.1 million and the net income of the Group would have been higher by SAR 0.1 million.

After this acquisition, the objective of IPNC remains to address the Infant Nutrition products market opportunity in the GCC and the wider Arab world. The acquisition will provide greater flexibility in the commercialisation process fully leveraging the existing processes and systems. The goodwill resulting from the transaction is driven by the strong market potential in this product category, including the potential to extend the reach and scope of existing products and introduce new products or brands without incurring significant investment, the expertise in marketing of Infant Nutrition products and the expertise to operate a state-of-art Infant Nutrition manufacturing facility.

The re-measurement to fair value of the Group's existing 50% interest in IPNC resulted in a one-time gain of SAR 20.9 million.

The fair value of identifiable assets and liabilities of IPNC as at the date of acquisition were as follows:

	<u>Fair Value on Acquisition at 8 January 2014</u> SAR'000
<u>Goodwill on Acquisition</u>	
<u>Assets Acquired:</u>	
Cash and Cash Equivalents	1,856
Trade Receivables & Prepayments	5,605
Inventories	6,957
	<u>14,418</u>
<u>Liabilities Acquired:</u>	
Payables and Accruals	5,297
Due to Almarai	20,882
	<u>26,179</u>
Total Acquisition Cost	<u>30,032</u>
Goodwill	<u>41,793</u>
<u>Total Acquisition Cost:</u>	
Cash Consideration	15,016
Fair Value of Previously Held Equity Interest	15,016
Total	<u>30,032</u>
<u>Cash Outflow on Acquisition:</u>	
Net Cash Acquired with the Subsidiary	1,856
Cash Paid	(15,016)
Net Cash Outflow	<u>(13,160)</u>

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

5. INVESTMENTS

The investments in associates, joint ventures and available for sale investments comprise of the following:

			31 March 2014 (Unaudited) SAR '000	31 December 2013 (Audited) SAR '000	31 March 2013 (Unaudited) SAR '000
Investments in Associates and Joint Ventures (Refer note a)					
	2014	2013			
United Farmers Holding Company	33.0%	33.0%	203,950	203,950	330
Pure Breed Company	21.5%	21.5%	33,414	33,883	37,316
International Pediatric Nutrition Company	100.0%	50.0%	-	13,335	7,760
Almarai Company W.L.L.	50.0%	50.0%	204	204	204
			<u>237,568</u>	<u>251,372</u>	<u>45,610</u>
Available for Sale Investments (Refer note b)					
	2014	2013			
Zain Equity Investment	2.1%	2.1%	236,501	213,539	191,727
Jannat for Agricultural Investment Company	10.0%	10.0%	7,000	7,000	7,000
National Company for Tourism	1.1%	1.1%	4,500	4,500	4,500
National Seeds and Agricultural Services Company	7.0%	7.0%	2,064	2,064	2,064
United Dairy Farms Company	8.3%	8.3%	600	600	600
			<u>250,665</u>	<u>227,703</u>	<u>205,891</u>
			<u>488,233</u>	<u>479,075</u>	<u>251,501</u>

(a) The investment in associates and joint ventures comprises the following:

	31 March 2014 (Unaudited) SAR '000	31 December 2013 (Audited) SAR '000	31 March 2013 (Unaudited) SAR '000
United Farmers Holding Company			
Opening Balance	203,950	-	-
Capital Introduced	-	205,676	330
Share of Results for the period	-	(1,726)	-
Closing Balance	<u>203,950</u>	<u>203,950</u>	<u>330</u>
Pure Breed Company			
Opening Balance	33,883	36,886	36,886
Share of Results for the period	156	(637)	430
Distributions	(625)	(2,366)	-
Closing Balance	<u>33,414</u>	<u>33,883</u>	<u>37,316</u>

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

	31 March 2014 <u>(Unaudited)</u> SAR '000	31 December 2013 <u>(Audited)</u> SAR '000	31 March 2013 <u>(Unaudited)</u> SAR '000
<u>International Pediatric Nutrition Company</u>			
Opening Balance	13,335	11,679	11,679
Capital Introduced	-	29,260	2,500
Share of Results for the period *	44	(27,604)	(6,419)
Re-measurement to Fair Value of Equity Interest			
Already held, net	1,637	-	-
Transfer to Consolidated Subsidiary (Refer note 4)	(15,016)	-	-
Closing Balance	<u>-</u>	<u>13,335</u>	<u>7,760</u>

* This represents share of results for the eight day period ended 8 January 2014.

Almarai Company W.L.L.

Opening Balance	<u>204</u>	<u>204</u>	<u>204</u>
Closing Balance	<u>204</u>	<u>204</u>	<u>204</u>

- (b) The Zain equity investment of 23.0 million shares at a par value of SAR 10 per share is measured at fair value based on a quoted market price for the shares on the Saudi Arabian (Tadawul) stock exchange at 27 March 2014 of SAR 10.3 per share. This has resulted in an unrealised loss of SAR 67.3 million which is shown within other reserves in equity. The Company has pledged Zain shares to Banque` Saudi Fransi ("BSF") to secure the BSF loan to Zain KSA.

All other available for sale investments are stated at cost less impairment.

6. TERM LOANS

	<u>Notes</u>	31 March 2014 <u>(Unaudited)</u> SAR '000	31 December 2013 <u>(Audited)</u> SAR '000	31 March 2013 <u>(Unaudited)</u> SAR '000
Islamic Banking Facilities (Murabaha)	(a)	5,716,290	5,851,020	7,199,629
Saudi Industrial Development Fund	(b)	1,445,333	1,539,800	881,260
Banking Facilities of Foreign Subsidiaries	(c)	288,968	280,266	295,998
Agricultural Development Fund		392	784	2,000
		<u>7,450,983</u>	<u>7,671,870</u>	<u>8,378,887</u>
Sukuk	(d)	2,300,000	2,300,000	2,300,000
		<u>9,750,983</u>	<u>9,971,870</u>	<u>10,678,887</u>
Short Term Loan - Current Portion of Long Term Loan		1,744,879	1,682,970	1,355,375
Long Term Loans		<u>8,006,104</u>	<u>8,288,900</u>	<u>9,323,512</u>
		<u>9,750,983</u>	<u>9,971,870</u>	<u>10,678,887</u>

- (a) The borrowings through Islamic banking facilities (Murabaha) are secured by promissory notes given by the Group.
- (b) The borrowings of the Group from the Saudi Industrial Development Fund are secured by a mortgage on specific assets amounting to SAR 1,445.3 million as at 31 March 2014 (SAR 1,539.8 million as at 31 December 2013 and SAR 881.3 million as at 31 March 2013).
- (c) These banking facilities represent borrowings of foreign subsidiaries from foreign banking institutions.
- (d) On 14 Rabi Thani 1433 A.H. (7 March 2012), the Company issued its first Sukuk – Series I amounting to SAR 1,000.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 30 Jumad Thani 1440 A.H. (7 March 2019).

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

On 19 Jamad Awal 1434 A.H. (31 March 2013), the Company issued its second Sukuk - Series II amounting to SAR 787.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 7 Shabaan 1441 A.H. (31 March 2020).

On 19 Jamad Awal 1434 A.H. (31 March 2013), the Company issued its second Sukuk - Series III amounting to SAR 513.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 15 Rajab 1439 A.H. (31 March 2018).

The terms of the Sukuk entitle the Company to commingle its own assets with the Sukuk Assets. Sukuk Assets comprise the sukukholders share in the Mudaraba Assets and the sukukholders interest in the Murabaha Transactions, together with any amounts standing to the credit of the Sukuk Account and the Reserve retained by the Company from the Sukuk Account.

7. SEGMENT INFORMATION

The Group's principal business activities involve manufacturing and trading of dairy and juice products under the Almarai, Beyti and Teeba brands, bakery products under the brands L'usine and 7 Days, poultry products under the Alyoum brand, arable and horticultural products as well as other activities. Other activities include Arable, Horticulture and Infant Nutrition. Selected financial information as of 31 March 2014, 31 December 2013 and 31 March 2013 and for the years then ended categorized by these business segments, are as follows:

	<u>Dairy and Juices</u>	<u>Bakery Products</u>	<u>Poultry</u>	<u>Other Activities</u>	<u>Total</u>
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 March 2014 (Unaudited)					
Sales	2,135,048	373,317	211,098	20,369	2,739,832
Third Party Sales	2,125,596	373,317	211,098	8,908	2,718,919
Depreciation	(234,030)	(33,670)	(65,013)	(22,279)	(354,992)
Income / (loss) before Non Controlling Interest	365,979	21,570	(132,975)	19,210	273,784
Total Assets	14,020,602	1,983,173	5,046,912	2,444,598	23,495,285
31 December 2013 (Audited)					
Sales	8,868,185	1,445,116	792,332	435,103	11,540,736
Third Party Sales	8,835,807	1,445,116	792,332	145,927	11,219,182
Depreciation	(930,050)	(136,709)	(174,578)	(89,283)	(1,330,620)
Income / (loss) before Non Controlling Interest	1,705,444	139,387	(338,626)	(5,833)	1,500,372
Total Assets	13,398,859	2,035,137	4,993,868	2,852,106	23,279,970
31 March 2013 (Unaudited)					
Sales	1,903,627	340,904	162,115	24,429	2,431,075
Third Party Sales	1,901,160	340,904	162,115	6,852	2,411,031
Depreciation	(227,424)	(31,672)	(15,868)	(21,287)	(296,251)
Income / (loss) before Non Controlling Interest	265,039	19,698	(46,058)	9,814	248,493
Total Assets	12,833,243	2,023,207	4,127,664	2,688,466	21,672,580

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2014

The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 31 March 2014, 31 December 2013 and 31 March 2013 and for the periods then ended, categorized by these geographic segments is as follows:

	31 March 2014 (Unaudited) SAR '000	31 March 2013 (Unaudited) SAR '000
Sales		
Saudi Arabia	1,752,454	1,576,484
Other GCC Countries	725,477	624,173
Other Countries	240,988	210,374
Total	2,718,919	2,411,031

	31 March 2014 (Unaudited) SAR '000	31 December 2013 (Audited) SAR '000	31 March 2013 (Unaudited) SAR '000
Non - Current Assets			
Saudi Arabia	16,484,146	16,074,769	14,525,479
Other GCC Countries	339,926	329,810	309,151
Other Countries	1,756,877	1,527,146	1,572,165
Total	18,580,949	17,931,725	16,406,795

8. EARNINGS PER SHARE

Basic Earnings per Share ("EPS") is calculated by dividing income from main operations and net income, attributable to shareholders for the period by the weighted average number of issued shares of 595.9 million and 597.1 million at 31 March 2014 and 31 March 2013 respectively.

Diluted EPS is calculated by dividing income from main operations and net income, attributable to shareholders for the year by 600.0 million shares which represent the weighted average number of issued shares at 31 March 2014 and 31 March 2013 including treasury shares.

In both cases the weighted average number of shares has been retrospectively adjusted for the prior year to reflect the effect of the bonus share issue.

9. DIVIDENDS APPROVED

On 2 Jamad Thani 1435 A.H. (2 April 2014) the Extraordinary General Assembly Meeting approved a dividend of SAR 600.0 million (SAR 1.00 per share) for the year ended 31 December 2013 which will be paid on 9 Jamad Thani 1435 A.H. (9 April 2014).

10. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period end that would have a material impact on the financial position of the Group as reflected in these interim consolidated financial statements.

11. BOARD OF DIRECTORS APPROVAL

These interim consolidated financial statements were approved by the Board of Directors on 6 Jamad Thani 1435 A.H. (6 April 2014).