



2008

تقرير مجلس الإدارة

18 يناير 2009



المركز الرئيسي ص.ب. 8524 الرياض 11492 المملكة العربية السعودية
هاتف: +966(1) 4700005 فاكس: +966 (1) 4701555
800 124 6688
www.almarai.com

تقرير مجلس إدارة شركة المراعي

إلى مساهميننا الكرام

بحمد الله وتوفيقه ، تواصل المراعي مسيرتها من نجاح إلى آخر على مدى الأعوام. وعلى الرغم من التغيرات في تكاليف مدخلات الإنتاج خلال العام، فقد استطاعت الشركة تحقيق نتائج متميزة في نمو إيراداتها وأرباحها خلال العام 2008م.

وقد تحقق للشركة في هذا العام مبيعات قياسية بلغت 5,029.9 مليون ريال، كما بلغ صافي الدخل 910.3 مليون ريال بزيادة 33.4% و 36.4% على التوالي مقارنة مع أرقام السنة المالية السابقة. وتعزى هذه النتائج لخطط الشركة الخمسية الرامية إلى تلبية الطلب المتزايد على منتجاتها والمحافظة على جودتها وتنوعها، والوفاء بالتزاماتها تجاه عملائها ومورديها.

2008 عام النمو -

استمرت الشركة في النمو مستفيدةً من الطلب المتنامي في الأسواق وثقة عملائها بعلامتها التجارية لتكون الخيار المفضل للمستهلكين. وقد تحقق للشركة نمواً قياسياً شمل كافة أصناف المنتجات. فعلى سبيل المثال نمت منتجات الألبان الطازجة بنسبة 25.2%، والمنتجات الطويلة الأجل بنسبة 59.5%، وعصائر الفواكه بنسبة 42.4% والأجبان والزبدة بنسبة 38.7% ومنتجات المخازب بنسبة 39.6%. وبالرغم من التغيرات التي طرأت في أسعار المواد الخام ومدخلات الإنتاج والخدمات المتعلقة بعملياتها، فقد بذلت الشركة جهوداً كبيرة للتقليل من آثارها على المستهلكين.

ومن جهة أخرى فقد بدأت شركة المخازب الغربية (إحدى شركات المراعي)، وهي المنتج والموزع لمجموعة واسعة من المخبوزات والمعجنات تحت الاسم التجاري (لوزين) في تبني خطة لتوزيع منتجاتها في دول مجلس التعاون الخليجي، حيث تحقق ذلك في الكويت وسوف تتبعها بقية الدول الخليجية.

وفي عام 2008م ساهمت منتجات المخازب في زيادة إجمالي مبيعات المراعي بشكل ملحوظ حيث بلغت نسبة 10.2% من المبيعات الكلية، علماً أن الخطط المستقبلية ترمي لتنمية وزيادة أنواع المخبوزات والمعجنات، وإدخال منتجات جديدة إلى الأسواق الرئيسية. وتجدر الإشارة هنا إلى الدور المستقبلي لمشروع "الصناعات الغذائية الحديثة" والمصنع الجديد المزمع إقامته في المنطقة الوسطى الذي سيؤدي إلى نمو منتجاتنا في هذا القطاع بإذن الله.

وكان للتوسع والتطوير في شبكة التوزيع الأثر الكبير في زيادة وإطراد عمليات البيع في الشركة. وفي الوقت الراهن نقوم بإدارة وتشغيل مراكز التوزيع البالغ عددها 97 مركزاً والمنتشرة في دول مجلس التعاون الخليجي. ولمقابلة هذا التوسع ولضمان بقاء منتجاتنا طازجة تم زيادة أسطول سيارات التوزيع وإضافة أعداداً جديدة من الثلاثيات على نقاط بيع التجزئة في كافة الأسواق.

وخلال النصف الثاني من السنة أعلنت المراعي عزمها توسيع نطاق عملها خارج المملكة العربية السعودية ودول الخليج وذلك بأكمال الاستحواذ على 75% من شركة " طيبة " الأردنية، وهي شركة إنتاج ألبان وعصائر معروفة في المملكة الأردنية الهاشمية، كما قامت الشركة بتقديم عرض آخر للاستحواذ على نسبة 100% من شركة " بيتي " وهي شركة إنتاج ألبان وعصائر معروفة في جمهورية مصر العربية. فضلاً عن ذلك فقد أعلنت الشركة عن رغبتها بتوسيع نشاطها حيث تقدمت بعرض للاستحواذ على شركة حائل للتنمية الزراعية " هادكو ".

كما أقر مجلس الإدارة القرارات والاتفاقيات وعقود القروض والتسهيلات والتعهدات الخاصة بمشاركة شركة المراعي في شركة الاتصالات المتنقلة (زين) في المملكة العربية السعودية ، وعلى وجه الخصوص الاتفاقية المبرمة بين شركة المراعي وشركة مدى للاتصالات الخاصة بترتيب التمويل لشركة زين السعودية نيابة عن الشركاء المؤسسين، بالإضافة الى الموافقة على عقود التأسيس والنظام الأساسي لشركة الاتصالات المتنقلة (زين) وشركة مدى للاتصالات، واتفاقية الاقتراض المبرمة بين شركة المراعي وشركة مدى للاتصالات ، واتفاقية رهن حصص شركة المراعي في شركة مدى للاتصالات لصالح البنك السعودي الفرنسي ، واتفاقية رهن حصص شركة المراعي في شركة الاتصالات المتنقلة (زين) السعودية لصالح البنك السعودي الفرنسي .

وبالإضافة إلى ذلك فإن لدى الشركة خططاً للدخول في مجال حليب وأغذية الأطفال، ويتم حالياً إجراء دراسات الجدوى لهذا المشروع النوعي المتميز.

وتود إدارة الشركة أن تؤكد للمساهمين التزامها وحرصها على الإستمرار في عمليات التطوير في كافة مرافق الشركة والعمل على إبتكار منتجات جديدة ومستحدثة والبحث عن فرص إستثمارية واعدة وأسواق جديدة وذلك من خلال تقديم مجموعة أوسع من المنتجات الغذائية والخدمات للمستهلكين والعملاء، ليحقق ريادة الشركة ويضاعف حقوق المساهمين وذلك بالإستثمار الأمثل للمناخ الاقتصادي الواعد في المملكة ودول مجلس التعاون الخليجي، أملاً في استمرار مسيرة النجاح.

ويسرنا أن ننتهز هذه الفرصة لتقديم الشكر إلى إدارة الشركة التنفيذية وإلى موظفيها البالغ عددهم 11,998 لدعمهم المتواصل وإخلاصهم والتزامهم بأهداف التطوير.

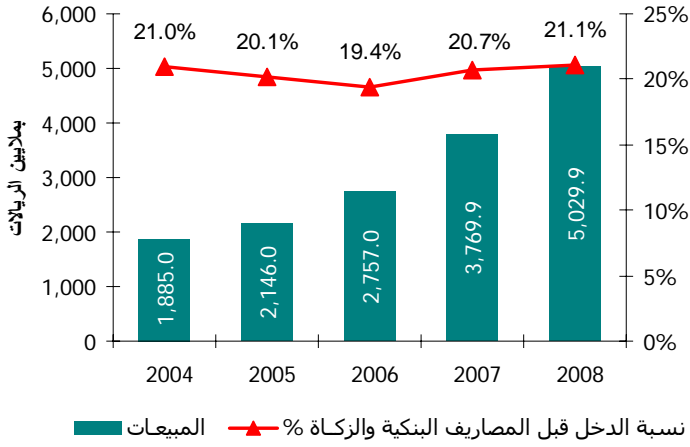
لمحة عن نمو المبيعات في 2008

في عام 2008م بلغت مبيعاتنا 5,029.9 مليون ريال سعودي، كما بلغ صافي الأرباح 910.3 مليون ريال سعودي بزيادة 33.4% و 36.4% على التوالي مقارنة بالعام السابق.

ويمثل العام 2008م عاماً مميزاً في تاريخ المراعي حيث نمت مبيعاتنا مقارنة مع العام السابق. ويعزى هذا النجاح إلى ثقة المستهلكين بعلامة (المراعي) التجارية ولجودة المنتجات، فضلاً عن الاستراتيجيات التسويقية والتوزيعية التي تتبناها الشركة.

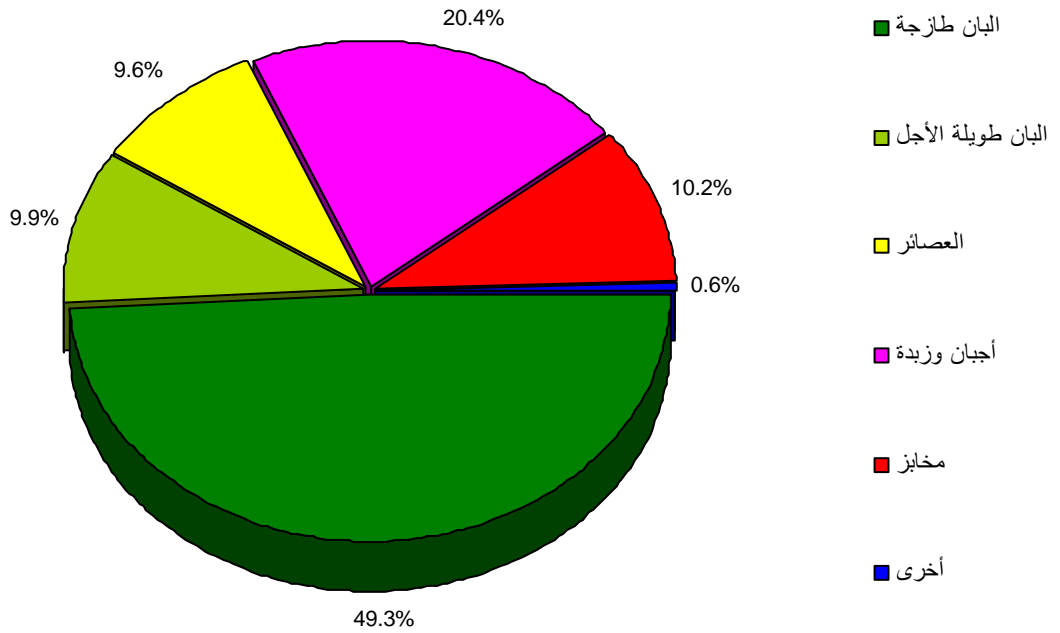
ويبين الجدول التالي مبيعاتنا حسب نوع المنتج:

المبيعات ونسبة الدخل قبل المصاريف البنكية والزكاة



المبيعات حسب فئة المنتجات (بملايين الريالات)	السنة المنتهية في 31 ديسمبر		التغير %
	2007	2008	
البان طازجة	1,977.1	2,474.6	25.2%
البان طويلة الأجل	310.7	495.7	59.5%
العصائر	340.3	484.5	42.4%
أجبان وزبدة	741.5	1,028.2	38.7%
المخابز	368.8	514.8	39.6%
أخرى	31.4	32.1	2.4%
إجمالي المبيعات	3,769.8	5,029.9	33.4%

المبيعات حسب نوع المنتج



الألبان الطازجة:

هي المنتجات قصيرة الصلاحية المصنوعة من الحليب الخام المحلي الطازج، كالألبان الطازج والحليب والزبادي الطبيعي والزبادي بالفواكه و القشطة الطازجة وبعض منتجات الألبان المحلاة الطازجة الأخرى. ولأول مرة شهدت المنطقة في سنة 2008م إنتاج لبن خاص بالحمية الغذائية سمي (تريم)، وهو منتج مدعم يستهدف بصورة رئيسية قطاع المستهلكين المهتمين بالمحافظة على رشاقتهم. وتم أيضاً تغيير تصاميم عبوات جديدة لمنتجات القشطة واللبنه و الكسترد.

وقد بلغت مبيعاتنا من منتجات الألبان الطازجة والتي تشكل الفئة الأكبر من المنتجات 2,474.6 مليون ريال سعودي أي بزيادة مقدارها 25.2% عن العام السابق.

الألبان طويلة الأجل:

هي الحليب طويل الصلاحية والحليب المكثف والقشطة طويلة الصلاحية. وقد تم خلال عام 2008م إضافة عبوات جديدة تلائم شريحة المستهلكين المستهدفة. وأيضاً تم إطلاق الحليب الخالي من سكر اللبن (لاكتوز) وقد أطلقنا على هذا المنتج اسم (لاكتوفري) وهو حليب يناسب الأشخاص الذين يجدون صعوبة في هضم الحليب العادي، مما يمكنهم من التمتع بجودة حليب المراعي دون صعوبة في عملية هضمه.

وقد بلغت مبيعاتنا من منتجات الألبان الطويلة الأجل 495.7 مليون ريال سعودي أي بزيادة في 59.5% عن العام السابق.

العصائر:

استمراراً للنمو الكبير الذي شهده قطاع العصائر في 2007م، شهد هذا العام نمواً في حجم المبيعات، حيث تم إضافة نكهات جديدة من العصائر بالإضافة إلى التطوير الذي أدخلناه في تصاميم العبوات وأحجامها إستجابة لرغبات شريحة كبيرة من عملائنا الكرام.

وقد بلغت مبيعاتنا من منتجات العصائر 484.5 مليون ريال سعودي بنسبة زيادة تعادل 42.4% عن العام السابق.

الأجبان و الزبدة:

بلغت مبيعاتنا من منتجات الأجبان و الزبدة 1,028.2 مليون ريال سعودي، بنسبة زيادة تعادل 38.7% عن العام السابق.

حيث شهد هذا القطاع جملة من التطورات كان أبرزها النمو المتواصل لهذا القطاع مع تغير ملحوظ في زيادة تكاليف مدخلات الإنتاج، وقد سعت الشركة للتقليل من آثارها على المستهلكين. وقد صاحب ذلك تطوير وتحديث لهذه المنتجات مما مكنها من تحقيق ميزة تنافسية في جميع الأسواق.

منتجات المخابز:

تعتبر شركة المخابز الغربية إحدى الشركات المملوكة بالكامل للمراعي وتشمل منتجاتها على مجموعة واسعة من المخبوزات والمعجنات التي يتم تسويقها تحت الإسم التجاري (لوزين). وبفضل سياسة النمو والعناية بجودة المنتجات فقد شهد هذا القطاع زيادة ملحوظة في حجم المبيعات وحصتها السوقية في الأسواق المستهدفة، كما شهد هذا العام إدخال اصناف جديدة ومتنوعة من المعجنات وشرايح الكيك والمعمول وغيرها.

وقد بلغت مبيعاتنا من منتجات المخابز 514.8 مليون ريال بنسبة زيادة قدرها 39.6% عن العام السابق.

تكاليف التشغيل:

السنة المنتهية في 31 ديسمبر		تكلفة التشغيل (بملايين الريالات)
2007	2008	
1,601.9	2,225.1	تكلفة مواد مباشرة
674.6	805.8	تكلفة مبيعات أخرى
570.1	750.9	مصاريف بيع وتوزيع
142.5	187.1	مصاريف عامة وإدارية
2,989.1	3,968.9	إجمالي تكاليف التشغيل

اتسمت تكاليف التشغيل بزيادة ملحوظة تعادل 38.9% وهي تعكس زيادة أسعار السلع والخدمات عالمياً، إضافة إلى تقلب أسعار صرف العملات الأجنبية، فضلاً عن زيادة حجم التكاليف بنسبة 19.0%

الزيادة في مدخلات الإنتاج	التوضيح
28% - 34%	تكلفة الأعلاف لكل لتر
102% - 164%	الأحبان والزبدة
147% - 158%	مواد التغليف
33%	اليورو مقابل الريال

فقد شهد عام 2008 تغييرات ملحوظة في أسعار سلع المواد الأولية بما في ذلك الأعلاف ومواد التغليف وقد ساهم تدني سعر صرف الريال مقابل اليورو بشكل مباشر على ارتفاع تكاليف أسعار المواد المستوردة من الأسواق

الأوروبية. وقد ساهمت الإعانة الحكومية البالغة 17.6 مليون ريال بتعويض جزء من إجمالي الزيادة في تكاليف التشغيل كما هو موضح في الجدول أعلاه.

ولقد سعت شركة المراعي باستحداث طرق مبتكرة للتقليل من الزيادة في تكاليف مواد الخام ومدخلات الإنتاج الأخرى وذلك من خلال البحث عن مصادر بديلة وزيادة كفاءة وفاعلية أساليب الإنتاج والتوزيع.

الاستهلاك والإطفاء:

يتم تصنيف قطع الأبقار وتقييمه كأصول ثابتة بموجب سياستنا المحاسبية المتماشية مع المعايير المحاسبية السعودية المتعارف عليها بهذا الخصوص حسبما هي موضحة في قوائمنا المالية.

وقد زاد استهلاك الأصول الثابتة بنحو 63.4 مليون ريال بسبب الاستثمارات المستمرة في المزارع ومرافق الإنتاج والتوزيع.

ويمكن كذلك عرض هذه التكاليف بصورة مختلفة وحسب طبيعة الإقفاق:

السنة المنتهية في 31 ديسمبر		تكاليف التشغيل (بملايين الريالات)		
من المبيعات %	2007	من المبيعات %	2008	
42.5%	1,601.9	44.2%	2,225.1	تكلفة مواد مباشرة
15.8%	594.8	14.8%	746.7	تكلفة رواتب الموظفين
9.4%	356.0	9.1%	459.0	مصاريف تشغيلية
5.1%	190.6	4.9%	247.3	مصاريف تسويق
0.5%	18.1	0.4%	20.9	تأمين
6.0%	227.7	5.4%	269.9	الإستهلاك والإطفاء
79.3%	2,989.1	78.8%	3,968.9	إجمالي تكاليف التشغيل

المبالغ المدفوعة إلى الجهات الحكومية:

السنة المنتهية في 31 ديسمبر		الدفعات إلى المؤسسات الحكومية (بملايين الريالات)
2007	2008	
55.6	68.2	الرسوم الجمركية
14.0	19.9	الزكاة
17.4	18.7	المؤسسة العامة للتأمينات الإجتماعية
14.2	21.8	تكاليف التأشيرات والإقامة
6.3	7.6	أخرى
107.5	136.2	إجمالي الدفعات إلى المؤسسات الحكومية

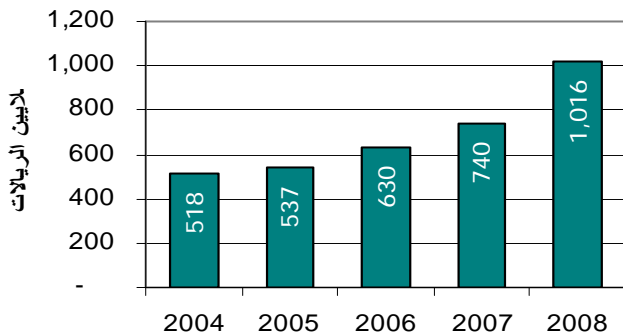
تم خلال السنة تم تسديد الدفعات التالية للجهات الحكومية المبينة في الجدول

الدخل الصافي:

زاد الدخل الصافي من 667.3 مليون ريال إلى 910.3 مليون ريال في 2008م. وارتفعت نسبة صافي الدخل بالنسبة للمبيعات من 17.7% إلى 18.1% .

التدفقات النقدية:

السيولة الواردة من النشاطات التشغيلية 2008 - 2004



السنة المنتهية في 31 ديسمبر		السيولة النقدية (بملايين الريالات)
2007	2008	
740.3	1,016.1	السيولة النقدية الواردة من النشاطات التشغيلية
(1,488.2)	(1,572.1)	السيولة النقدية المستخدمة في النشاطات الإستثمارية
817.8	664.6	السيولة النقدية الواردة من / (المستخدمة في) النشاطات التمويلية
69.9	108.6	الزيادة / النقص في النقد
68.0	138.0	رصيد النقد في بداية أول السنة
137.9	246.6	رصيد النقد في نهاية السنة

تنتج العمليات التشغيلية للمراعي تدفقات نقدية قوية جداً تستخدم في الأساس للمحافظة على قاعدة الأصول وتنميتها وفي تسديد الديون، وأيضاً في توزيع الأرباح للمساهمين.

وتحرص الشركة على الاستمرار في الاستثمار بصورة مستمرة لنتمكن من إستيفاء احتياجات السوق المتزايدة. وسوف تستمر مستويات الاستثمار العالية لمواجهة النمو المرتقب في الطلب للمحافظة على مركز الريادة في الأسواق.

السنة المنتهية في 31 ديسمبر		السيولة النقدية من النشاطات التشغيلية (بملايين الريالات)	
2007	2008		
667.3	910.3		صافي الدخل
227.7	269.9		الإستهلاك والإطفاء
94.9	125.5		رسوم بنكية
19.5	23.1		التغير في مكافأة نهاية الخدمة
0.5	0.5		حقوق الأقلية في صافي الربح
(269.5)	(313.2)		صافي التغيرات في رأس المال العامل
740.3	1,016.1		صافي السيولة النقدية التشغيلية

ولقد ساهمت الزيادة في أسعار المواد الخام ومدخلات الإنتاج إلى زيادة مستويات المخزون منها وبالتالي أدى ذلك وبشكل مباشر لإرتفاع الطلب على رأس المال العامل حيث بلغ صافي التغير في رأس المال العامل ما مقداره 313.2 مليون ريال. وينعكس هذا في الاستثمارات المتواصلة في المزارع ومرافق الإنتاج والتوزيع.

السنة المنتهية في 31 ديسمبر		السيولة النقدية الإستثمارية (بملايين الريالات)	
2007	2008		
(1,099.2)	(1,655.6)		مصاريف رأس مالية
73.6	83.5		عوائد بيع أصول ثابتة
(471.1)	-		إستثمارات
0.9	-		مشتقات أصول مالية
7.6	-		صافي النقد من عمليات الإستحواذ على شركات تابعة
(1,488.2)	(1,572.1)		صافي السيولة النقدية الإستثمارية

أرباح الأسهم:

وافقت الجمعية العامة للشركة في اجتماعها المنعقد في 27 مارس 2008م على توزيع الأرباح الخاصة بعام 2007م على المساهمين المستحقين مبلغ وقدره 272.5 مليون ريال سعودي وذلك بواقع 2.5 ريال لكل سهم.

وقد أوصى مجلس الإدارة للجمعية العامة للمساهمين المقرر إنعقادها في شهر مارس 2009م بتوزيع أرباح العام 2008م بواقع 3.5 ريال سعودي لكل سهم بأجمالي قدره 381.5 مليون ريال.

السنة المنتهية في 31 ديسمبر		السيولة النقدية المستخدمة في النشاطات التمويلية (بملايين الريالات)
2008	2007	
(270.2)	(199.4)	توزيعات أرباح مدفوعة
0.5	(0.4)	توزيعات نقدية لملاك الحقوق الأقلية
(62.5)	(48.2)	القروض من مؤسسات مالية حكومية
67.0	140.5	المردودات المتحصلات
(119.9)	(61.5)	القروض من بنوك إسلامية (مراوحة)
1,167.7	1,096.8	المردودات المتحصلات
(125.5)	(94.9)	صافي الحركة في القروض البنكية التجارية
(5.5)	(15.1)	رسوم بنكية
14.0	-	رسوم مؤجلة
		حقوق الأقلية بأسهم شركة المخازن الحديثة
664.6	817.8	صافي السيولة النقدية للنشاطات التمويلية

وإنسجاماً مع إستراتيجية شركة المراعي الرامية إلى النمو والتوسع في الأسواق المستهدفة فإن الحاجة مستمرة للإستمرار في عملية الإستثمار، والذي قد يتطلب المفاضلة بين خيارات وسياسات بديلة لتوزيع الأرباح وإختيار الأنسب لتحقيق مصلحة الشركة ومساهمتها على حد سواء.

ولذا فإن شركة المراعي تستهدف توزيع أرباح أسهم بنسبة لا تقل عن 30% من أرباح الشركة.

الزكاة:

يتم استقطاع الزكاة من صافي الدخل أو على أساس احتساب رأس المال العامل حسبما تتطلبه أنظمة مصلحة الزكاة والدخل. وقد سددت الشركة ما توجب عليها من زكاة حتى تاريخ 31 ديسمبر 2007م وحصلت على شهادات تسديد الزكاة بالنسبة للأعوام التي سبقت. وقد تلقت الشركة التقييم النهائي سنة 2005م و سنة 2006م.

القروض:

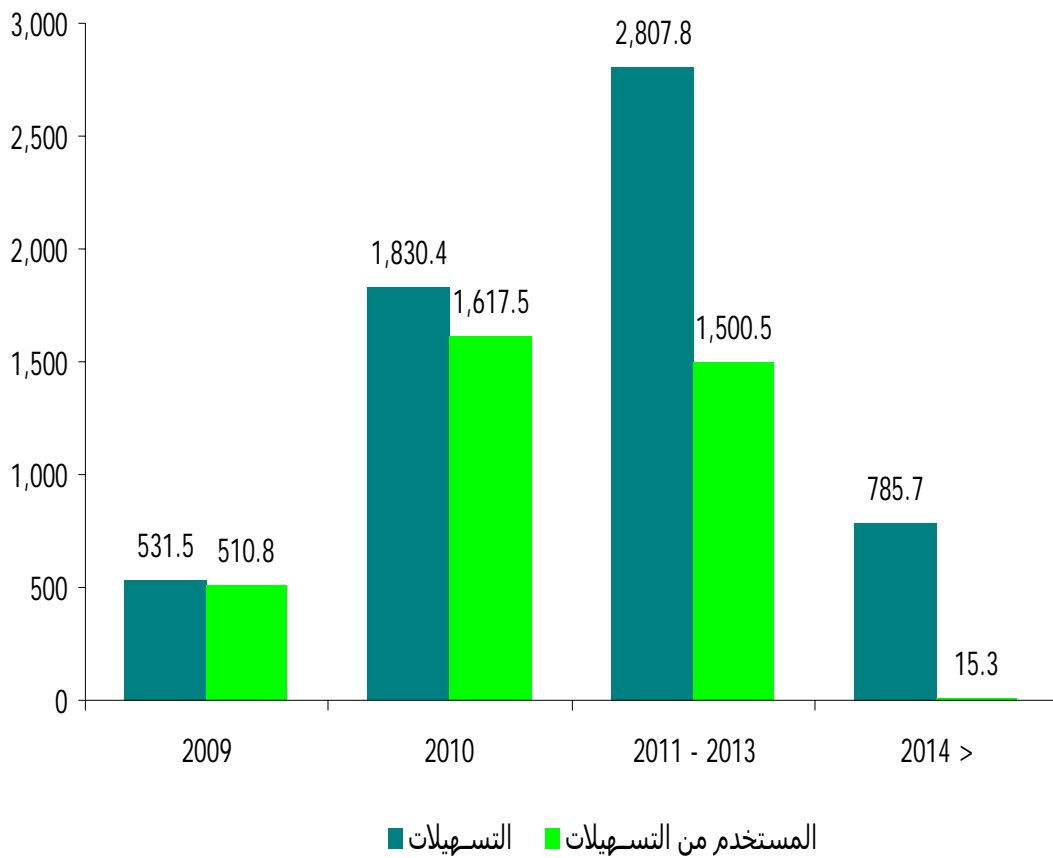
تم الحصول على التمويل اللازم لبرامجنا الإستثمارية الكبرى من مؤسسات تمويلية حكومية متمثلة في صندوق التنمية الصناعية السعودي والبنك الزراعي العربي السعودي، وهو تمويل بدون فائدة أو عمولة. وبالنسبة لصندوق التنمية السعودي تتضمن تكاليف التمويل تقييم مبدئي وتكاليف متابعة مستمرة. إن التكلفة الفعلية لهذه القروض من صندوق التنمية الصناعية السعودي أقل بكثير من القروض المقدمة من البنوك التجارية ولا تخضع لمخاطر تقلبات معدلات العمولة.

ونظراً للحاجة إلى مزيد من الأموال لتمويل توسع الشركة واستحواذها على شركات أخرى، استطاعت الشركة أيضاً تأمين مبلغ إضافي مقداره 1,700.0 مليون ريال سعودي من تسهيلات قروض تجارية متوافقة مع الشريعة الإسلامية، وكذلك مبلغاً إضافياً مقداره 327.7 مليون ريال من صندوق التنمية الصناعية السعودي على استحقاق سداد يتراوح من ثلاث إلى خمس سنوات.

ونشير إلى أن احتساب الرسوم على نسبة 50% من هذه القروض يتم على أساس معدل رسم ثابت.

في 31 ديسمبر 2008م بلغت تسهيلات القروض التجارية 1,729.8 مليون ريال سعودي وقروض صندوق التنمية الصناعية 581.4 مليون ريال سعودي، وهي قروض لم تستخدم حتى الآن ومتاحة للسحب ومدتها أكثر من ثلاث سنوات. وقد زادت الرسوم البنكية من 94.9 مليون ريال سعودي إلى 125.5 مليون ريال سعودي، وتعزى هذه الزيادة إلى زيادة مستوى القروض عن العام السابق.

التسهيلات والمستخدم منها



اجتماعات مجلس الإدارة ومكافآت الأعضاء:

عقد المجلس خلال العام سبعة إجتماعات تميز معظمها بحضور جميع الأعضاء.

ويوضح الجدول أدناه التفاصيل المتعلقة بأعضاء المجلس:

عدد الحضور	مستقل / غير مستقل	أسماء الأعضاء والشركات المساهمة
7	غير مستقل	سمو الأمير سلطان بن محمد بن سعود الكبير (رئيس مجلس الإدارة) شركة أسمنت اليمامة شركة الدرع العربي للتأمين
7	غير مستقل	د.سامي بن محسن باروم مجموعة صافولا شركة اسمنت العربية
6	غير مستقل	عبدالرحمن بن عبدالعزيز المهنا (العضو المنتدب) الشركة السعودية للأسماك
6	مستقل	محمد بن عبدالرحمن الدامر
5	مستقل	المهندس/ ناصر بن محمد المطوع شركة الدرع العربي للتأمين
6	غير مستقل	سمو الأمير نايف بن سلطان بن محمد بن سعود الكبير شركة الاتصالات المتقلة السعودية (زين)
6	مستقل	د.ماجد بن عبدالله القصبي شركة البحر الأحمر
7	غير مستقل	ابراهيم بن محمد العيسى البنك السعودي الفرنسي مجموعة صافولا شركة أسمنت ينبع طبية للاستثمارات
7	غير مستقل	موسى بن عمران العمران البنك السعودي الفرنسي مجموعة صافولا أسمنت العربية

نسبة التملك من رأس المال	عدد الاسهم في 31/12/2008	التغيرات خلال السنة	عدد الاسهم في 31/12/2007	الاسم
30.275%	33,000,000	-	33,000,000	سمو الامير سلطان بن محمد بن سعود الكبير
0.780%	850,000	(89,828)	939,828	عبدالرحمن بن عبدالعزيز المهنا
0.917%	1,000,000	-	1,000,000	سمو الامير نايف بن سلطان بن محمد بن سعود الكبير
0.001%	1,000	-	1,000	محمد بن عبدالرحمن الدامر
0.132%	143,330	(6,000)	149,330	ناصر بن محمد المطوع
0.001%	1,210	-	1,210	ماجد بن عبدالله القصبي
0.001%	1,000	-	1,000	ابراهيم بن محمد العيسى
1.062%	1,157,563	256,563	901,000	موسى بن عمران العمران
0.000%	140	-	140	سامي بن محسن بلروم
33.169%	36,154,243		35,993,508	المجموع

توضيح: تنص أنظمة الشركة على أن تعيين أعضاء مجلس الإدارة يتم عن طريق التصويت التراكمي في الجمعية العامة للمساهمين.

التعاملات مع الأطراف ذوي العلاقة:

خلال دورة أعمالها العادية، كان لدى المجموعة الأرصدة والمعاملات الهامة مع الجهات أو الأطراف ذات العلاقة وذلك خلال السنتين المنتهيتين في 31 ديسمبر 2008م و 31 ديسمبر 2007م:

الرصيد في 31 ديسمبر	المبلغ	طبيعة المعاملات	الأطراف ذوي العلاقة (بملايين الريالات)
2008			
31.4	(155.1)	مبيعات	مساهمون رئيسيون
(46.4)	186.0	مشتريات	مساهمون رئيسيون
2007			
17.9	(113.3)	مبيعات	مساهمون رئيسيون
(37.3)	183.6	مشتريات	مساهمون رئيسيون

ويشمل ذلك مالكي الأسهم العادية وهم مجموعة صافولا وشركة الدرع العربي للتأمين والشركة العربية للخدمات الزراعية (أراسكو)، بالإضافة إلى مزارع الأعلاف المدارة من قبل الشركة ومنتج نوبا للفروسية والتي يمتلك مالكوها حصة من أسهم شركة المراعي.

التقارير القطاعية:

يتضمن نشاط وأعمال المجموعة تصنيع وبيع منتجات الألبان وعصائر الفواكه ومنتجات الألبان وغير الألبان ومنتجات المخابز والأنشطة الاستثمارية. وفيما يلي المعلومات المالية المختارة للسنتين المنتهيتين في 31 ديسمبر 2008م و2007م على أساس قطاعات الإنتاج:

المجموع	الأنشطة الاستثمارية	منتجات المخابز	منتجات الألبان، عصائر فواكه ومنتجات أخرى	بملايين الريالات
2008				
5,029.9	-	514.8	4,515.1	المبيعات
1,274.8	-	158.4	1,116.4	الدخل قبل الاستهلاكات وتكاليف التمويل والزكاة
(213.8)	-	(44.5)	(169.3)	الاستهلاك
1,061.0	-	113.9	947.1	الدخل قبل تكاليف التمويل والزكاة
(125.5)	(13.6)	(4.8)	(107.1)	رسوم بنكية
(24.7)	-	(2.9)	(21.8)	الزكاة
(0.6)	-	-	(0.6)	حقوق الأقلية
910.3	(13.6)	106.2	817.6	صافي الدخل
6,440.0	480.2	966.2	4,993.6	متوسط صافي الأصول التشغيلية
8,181.3	489.3	1,135.7	6,556.3	مجموع الأصول
(4,549.8)	(487.5)	(158.1)	(3,904.2)	مجموع الإلتزامات
16.5%	-	11.8%	19.0%	العائد على الأصول التشغيلية
18.0%	-	27.3%	19.0%	العائد على الأصول التشغيلية بدون الشهرة
109.0	-	9.0	100.0	عدد الأسهم (بالملايين)
8.35	-	11.80	8.18	ريخ السهم (بالريال السعودي)

				2007
3,769.8	-	368.8	3,401.0	المبيعات
1,008.4	-	115.8	892.6	الدخل قبل الاستهلاكات وتكاليف التمويل والزكاة
(227.7)	-	(34.4)	(193.3)	الاستهلاك
780.7	-	81.4	699.3	الدخل قبل تكاليف التمويل والزكاة
(94.9)	(2.8)	(4.6)	(87.5)	رسوم بنكية
(18.0)	-	(2.0)	(16.0)	الزكاة
(0.5)	-	-	(0.5)	حقوق الأقلية
667.3	(2.8)	74.8	595.3	صافي الدخل
4,847.2	235.6	832.5	3,779.1	متوسط صافي الأصول التشغيلية
6,335.8	471.1	958.2	4,906.5	مجموع الأصول
(3,282.1)	(471.1)	(173.1)	(2,637.9)	مجموع الإلتزامات
16.1%	-	9.8%	18.5%	العائد على الأصول التشغيلية
18.2%	0.0%	28.7%	18.5%	العائد على الأصول التشغيلية بدون الشهرة
109.0	-	9.0	100.0	عدد الأسهم (بالملايين)
6.12	-	8.31	5.95	ريخ السهم (بالريال السعودي)

تتركز معظم أنظمة وأصول الشركة في دول الخليج العربي، وفيما يلي بعض المعلومات المالية مصنفة على أساس القطاعات الجغرافية كما هي في 31 ديسمبر لسنة 2008م و 2007م

الأصول غير المتداولة		المبيعات		بملايين الريالات
2007	2008	2007	2008	
5029.37	6332.8	2653.2	3453.6	المملكة العربية السعودية
66.2	88.8	1,087.9	1,510.6	دول مجلس التعاون
-	-	28.7	65.8	دول أخرى
5,095.5	6,421.6	3,769.8	5,029.9	المجموع

الشركات التابعة:

عدد الحصص	رأس مال المساهمة	ملكية المستفيد المباشر		أوجه النشاط	بلد المنشأ	اسم الشركة
		2008	2007			
100,000	ر.س 100,000,000	100%	100%	شركة مخايز	المملكة العربية السعودية	شركة المخايز الغربية المحدودة
500	ر.س 500,000	100%	100%	شركة متاجرة	المملكة العربية السعودية	الشركة العالمية لخدمات المخايز المحدودة
1,000	د.ب 100,000	100%	100%	شركة مبيعات	مملكة البحرين	شركة المراعي البحرين المحدودة
2,500	د.ب 250,000	100%	-	شركة قابضة	مملكة البحرين	شركة المراعي القابضة ذ.م.م
-	-	100%	100%	غير عاملة	جيرسي	شركة ماركلي هولدنجز المحدودة
150,000	ر.ع 150,000	90%	90%	شركة مبيعات	سلطنة عمان	شركة الكواكب العربية للتجارة والتسويق ش.م.م.
35,000	ر.س 35,000,000	60%	-	شركة مخايز	المملكة العربية السعودية	الشركة الحديثة لصناعة الأطعمة المحدودة

التوسع الجغرافي والسوقي:

في 16 ديسمبر 2008م تم إجراء دورة مفاوضات مع الشركاء في شركة طيبة للاستثمار لتطوير صناعة الأغذية (طيبة) في الأردن للاستحواذ على 75% من الحصص في هذه الشركة. ومن المتوقع إنجاز وتوقيع الاتفاقية الثانية خلال شهر يناير 2009م.

وفي الأول من ديسمبر 2008م قامت المراعي بإصدار وتوقيع مذكرة تفاهم للاستحواذ على 100% من أسهم الشركة العالمية للمشاريع الزراعية والصناعية (بيتي) في مصر. ومن المتوقع إتمام الاستحواذ في الربع الأول من 2009م.

وفي 5 نوفمبر 2008م تقدم مجلس إدارة المراعي بعرض إلى شركة حائل للتنمية الزراعية (هادكو) للاستحواذ على 100% من اسهم هذه الشركة مقابل إصدار أسهم جديدة في المراعي بنسبة سهم واحد لكل ستة أسهم في هادكو، بما يعادل عدد خمسة ملايين سهم جديد تصدره المراعي إلى المساهمين في هادكو. وقد وردت إجابة مجلس إدارة هادكو على العرض في 15 نوفمبر 2008م بالإفادة بأنهم يقومون حالياً باستشارة الخبراء الماليين والقانونيين لتقييم عرض المراعي. ونشير إلى أن الإتفاق النهائي مرهون بتوقيع إتفاقية بين الطرفين، مع موافقة الهيئات الحكومية ذات العلاقة، وإقرار الصفقة من قبل المساهمين في كل من المراعي و هادكو.

إدارة المخاطر:

احتمالات المخاطرة قائمة في كل العمليات التجارية. وتتم إدارة المخاطر في أعمالنا التشغيلية بصورة واعية بتجديد وتقييم احتمالية حدوث المخاطر وتقدير العواقب ووضع الخطط المناسبة لتجنب المخاطر المحتملة ولاحتمائها حال حدوثها.

ويتم تصنيف المخاطر بصورة عامة إلى مخاطر تشغيلية ومخاطر مالية. وتحرص الإدارة على معالجة المخاطر حسب الأنشطة التشغيلية والمالية مع تحديد مسؤوليات إدارة المخاطر داخل كل وحدة.

وتنتهج الشركة سياسات وإجراءات خاصة بإدارة المخاطر تشمل المراجعة الدورية لأنشطتها للمراقبة والضبط لمستوى مقبول على جميع فئات المخاطر، بما في ذلك على سبيل المثال لا الحصر، المخاطر التشغيلية في عمليات الشركة التسويقية والإنتاجية، والمخاطر المالية في عمليات تقلب العملات والقروض.

حوكمة الشركات:

تلتزم الشركة بأفضل معايير الإدارة والشفافية المتعارف عليها في حوكمة الشركات، بما في ذلك توفير المعلومات الأساسية إلى المساهمين والمستثمرين في الأوقات المحددة حسب أنظمة هيئة السوق المالية، كما تلتزم الشركة بضوابط حوكمة الشركات الصادرة من هيئة السوق المالية.

ويقوم مجلس إدارة الشركة ولجانه الفرعية مثل (لجنة المراجعة والمخاطر) بدعم وسائل ومتطلبات الحوكمة في الشركة بقوة وبشكل مستمر، ويتم مراجعة وتحديث قواعد الحوكمة بصورة مستمرة بما يضمن ملائمتها لخدمة أغراضها وإستيفاء المستجدات النظامية.

لجنة المراجعة والمخاطر:

تقوم لجنة المراجعة والمخاطر بدور هام في مراقبة التزام الشركة بقواعد حوكمة الشركات. وتتألف اللجنة من ثلاثة أعضاء يتمتعون بالخبرة اللازمة وهم من غير الموظفين التنفيذيين بالشركة. وتقوم اللجنة برفع توصياتها إلى مجلس الإدارة حسب المتبع.

وأعضاء اللجنة هم:

• د. إبراهيم حسن المدهون ، رئيساً

• الأمير / نايف بن سلطان بن محمد بن سعود الكبير، عضواً

• الاستاذ/ هشام أحمد محمد طاشكندي عضواً

وتقوم اللجنة بمراجعة دقيقة للأمور المتعلقة بالمخاطر المالية والحوكمة في الشركة، كما تقوم برقابة أنشطة مراجعي حسابات الشركة الخارجية للتحقق من سلامتها وملائمتها مع المعايير العالمية والمحلية السائدة.

لجنة المكافآت والترشيحات:

تم تشكيل لجنة (المكافآت والترشيحات) حسب متطلبات هيئة السوق المال بموجب قرار لمجلس الإدارة، وإعتماد الجمعية العامة لوائح العمل الخاصة بها.

تتألف الجمعية من الأعضاء التالية أسماؤهم:

• سمو الأمير/ سلطان بن محمد بن سعود الكبير، رئيساً

• الاستاذ/ عبد الرحمن بن عبد العزيز المهنا، عضواً

• الاستاذ/ موسى بن عمران محمد العمران، عضواً

• الاستاذ/ عبد الرحمن عبد المحسن الفضلي، عضواً

وتقوم اللجنة بتقييم ومراجعة صلاحيات وتعويضات كبار التنفيذيين، وأيضاً إستحقاقاتهم من رواتب ومكافآت أخرى، ووضع الضوابط اللازمة لتلك التكاليف.

والغرض من إنشاء اللجنة هو التأكد من قدرة أعضاء مجلس الإدارة من أداء مهامهم والإشراف على أمور الشركة لصالح الشركة والمساهمين، وأن تعويضات كبار التنفيذيين والإدارة العليا مناسبة للدور الذي يقومون به.

وقد بلغت مكافآت رئيس مجلس الإدارة والعضو المنتدب وأعضاء المجلس في هذا العام مبلغاً وقدره 6.4 مليون ريال. كما أن الرواتب والتعويضات المدفوعة في سنة 2008م الى كبار المدراء التنفيذيين في الشركة قد بلغت 10.1 مليون ريال.

اجتماع الجمعية العامة:

سيقوم مجلس الإدارة بإبلاغ المساهمين عن موعد انعقاد الجمعية العامة في حينه.

إقرار:

نقر بأن الضوابط الداخلية تعمل بفعالية ويتم الاحتفاظ بسجلات محاسبية مناسبة مع الوثائق المرتبطة بها ولا توجد أي مخاطر أو معوقات تؤثر على قدرة الشركة على مواصلة أعمالها.

مجلس الإدارة

18 يناير 2009م

المؤشرات المالية الرئيسية:

السنة المنتهية في 31 ديسمبر					المؤشرات المالية الرئيسية (بملايين الريالات)
2004	2005	2006	2007	2008	
الأداء التشغيلي					
1,885	2,146	2,757	3,770	5,030	إجمالي المبيعات
(1,127)	(1,299)	(1,682)	(2,276)	(3,031)	تكلفة المبيعات
758	847	1,075	1,494	1,999	الربح الإجمالي
(276)	(322)	(423)	(570)	(751)	مصاريف البيع والتوزيع
(86)	(93)	(117)	(143)	(187)	المصاريف الإدارية والعمومية
(17)	(36)	(56)	(95)	(126)	تكلفة التمويل والرسوم البنكية
379	396	479	686	935	الدخل قبل الزكاة
(9)	(10)	(14)	(18)	(24)	الزكاة
-	-	(0)	(1)	(1)	حقوق الأقلية
370	386	465	667	910	صافي الدخل
المركز المالي					
143	168	249	561	877	صافي رأس المال العامل
1,909	2,396	3,046	4,041	5,343	الأصول الثابتة
-	-	-	549	549	أصول غير ملموسة - الشهرة
-	-	-	471	489	الإستثمار
2,052	2,564	3,295	5,622	7,258	صافي الأصول التشغيلية
706	1,069	1,315	2,463	3,499	صافي القروض
53	66	82	105	128	مكافأة نهاية الخدمة
1,293	1,429	1,898	3,054	3,617	حقوق المساهمين
-	-	-	-	14	حقوق الأقلية
2,052	2,564	3,295	5,622	7,258	إجمالي الأصول
التدفقات النقدية					
518	537	630	740	1,016	السيولة النقدية من النشاطات التشغيلية
450	614	824	1,488	1,572	السيولة النقدية المستخدمة في النشاطات الإستثمارية
300	250	-	199	270	الأرباح الموزعة
المؤشرات الرئيسية					
19.6%	18.0%	16.9%	17.7%	18.1%	العائد على المبيعات
29.4%	28.4%	27.9%	23.6%	27.3%	العائد على حقوق المساهمين
20.9%	18.7%	18.3%	16.1%	16.5%	العائد على صافي الأصول التشغيلية
54.7%	74.8%	69.3%	80.6%	96.7%	نسبة القروض إلى حقوق المساهمين
159.1%	118.6%	141.2%	166.1%	161.6%	نسبة التداول
7.5%	13.8%	28.5%	75.7%	33.4%	معدل نمو المبيعات
67.5%	-	42.9%	40.5%	41.9%	نسبة الأرباح الموزعة*
100	100	100	109	109	الاسهم المصدرة (بالملايين)
3.70	3.86	4.65	6.12	8.35	ربحية السهم - بالريال
-	-	-	-	382	التوزيعات المقترحة



()

—

-



تقرير مراجعي الحسابات إلى المساهمين في
شركة المراعي
(شركة مساهمة سعودية)

نطاق المراجعة

لقد راجعنا قائمة المركز المالي الموحدة المرفقة لشركة المراعي - شركة مساهمة سعودية (الشركة) والشركات التابعة لها (المجموعة) كما في ٣١ ديسمبر ٢٠٠٨، وقوائم الدخل والتدفقات النقدية والتغيرات في حقوق الملكية الموحدة للسنة المنتهية في ذلك التاريخ. إن هذه القوائم المالية الموحدة من مسؤولية إدارة المجموعة وقد تم إعدادها وفقاً لنص المادة ١٢٣ من نظام الشركات السعودي وقدمت لنا مع كافة المعلومات والبيانات التي طلبناها. إن مسؤوليتنا هي إبداء رأينا حول هذه القوائم المالية الموحدة استناداً إلى أعمال المراجعة التي قمنا بها. تمت مراجعتنا وفقاً لمعايير المراجعة المتعارف عليها في المملكة العربية السعودية والتي تتطلب أن نقوم بتخطيط وتنفيذ أعمال المراجعة للحصول على قناعة معقولة بأن القوائم المالية خالية من أخطاء جوهرية. تشمل المراجعة على فحص الأدلة، على أساس العينة، المؤيدة للمبالغ والإفصاحات التي تتضمنها القوائم المالية. كما تشمل على تقويم المبادئ المحاسبية المتبعة والتقديرات الهامة المطبقة من قبل الإدارة والعرض العام للقوائم المالية. باعتبارنا أن مراجعتنا توفر درجة معقولة من القناعة تمكننا من إبداء رأينا حول القوائم المالية الموحدة.

الرأي المطلق

في رأينا، أن القوائم المالية الموحدة ككل:-

- ١ - تظهر بعدل، من كافة النواحي الجوهرية، المركز المالي الموحد للمجموعة كما في ٣١ ديسمبر ٢٠٠٨ ونتائج أعمالها وتدفقاتها النقدية للسنة المنتهية في ذلك التاريخ وفقاً لمعايير المحاسبة المتعارف عليها في المملكة العربية السعودية.
- ٢ - تتفق مع نظام الشركات والنظام الأساسي للشركة فيما يتعلق بإعداد وعرض القوائم المالية الموحدة.

عن إرنست ويونغ

عبدالعزیز عبدالرحمن السويلم
محاسب قانوني

قيد سجل المحاسبين القانونيين رقم (٢٧٧)



الرياض: ٢١ محرم ١٤٣٠هـ
الموافق: (١٨ يناير ٢٠٠٩)

- -

()

/	/
/	/
/	/ /
/ /	/ /

—

/	/
/ /	/ /
/	/
/	/
/ /	/ /
/ /	/ /
/ /	/ /

—

/	/
/	/
/	/
/	/ /

/ /	/ /
/	/
/ /	/ /
/ /	/ /

/ /	/ /
/	/
(/)	(/)
/ /	/ /
/ /	/ /
	/
/ /	/ /
/ /	/ /

()

<u> </u>	<u> </u>	<u> </u>
(' ')	(' ')	
<u> </u>	<u> </u>	
' '	' '	
(,)	(,)	
(,)	(,)	
<u> </u>	<u> </u>	
' '	' '	
(,)	(,)	
<u> </u>	<u> </u>	
' '	' '	
()	()	
<u> </u>	<u> </u>	
' '	' '	
<u> </u>	<u> </u>	
' '	' '	
<u> </u>	<u> </u>	
' '	' '	
<u> </u>	<u> </u>	
' '	' '	

()

()

()
()

()

()

" "

" "

()

:

:
:
:
:

- / -

()

:

-

" "

%

%

% () ()

" ()

- -

()

-

()

()

.()
.%, %

.()

"

()

"...

....

/
% ()

()

()

" "

()

()

:

		%	%			
,						
	,	%	%			
,	,	%	%		
,	,	-	%		
-	-	%	%			
,	,	%	%			
,		-	%			

- -

()

-

-

)

(

(

(

(

()

()

()

(

%

(

-

(

(

(

(

- -

()

-

-

-

(

(

-

(

(

% %

:

%	%
%	%
%	%

- -

()

-

-

-

(

/ .

/

...

()

()

(

(

(

(

(

(

-

-

- -

()

-

-

-

(

% %

%

(

/ ()

/ ()

(

-

,	,
,	,
,	,
,	,

()

:

:

(

:

(

-

:

:

(

'	'
'	'
(,)	(,)
(,)	(,)
'	'
'	'
'	'
'	'
'	'

.(, :)

'	'
'	'
'	'
'	'

'	'
'	'
'	'
'	'
'	'
'	'

- -

()

-

-

,	,
,	,
,	,
,	,

% -

()

()

()

)

(

.(, :)

.%

-:

(

.%

%

%

.%

%

%

(

()

()

'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'

()

(

(

:)

(

-

-

-

:

(

'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'
'	'	'	'

()

:)

.(

- -

()

-

-

'	'
'	'
'	'
'	'
'	'
'	'
'	'
'	'
'	'
'	'
'	'
'	'

()

-

-

()

-

'

.

-

" "

" "

:

:_____

'	'	-	'	'							
(,)	(,)						
'	'	(,)	'	'					
(,)	(,)	(,)	(,)

:_____

'	'	-	'	'							
(,)	(,)	(,)			
'	'	(,)	'	'					
(,)	(,)	(,)	(,)

()

:

_____	_____
/ /	/ /
/ /	/ /
-	/
_____	_____
/ /	/ /
=====	=====

_____	_____
/ /	/ /
/ /	/ /
-	/
_____	_____
/ /	/ /
=====	=====

:

_____	_____
/ /	/ /
/ /	/ /
/ /	/ /
/ /	/ /
/ /	/ /
_____	_____
/ /	/ /
=====	=====

()

$$\frac{\begin{array}{c} \text{---} \\ ' \quad ' \\ \quad ' \\ \quad ' \\ (\quad , \quad) \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \quad ' \\ \text{---} \\ \text{---} \end{array}}{\begin{array}{c} \text{---} \\ ' \quad ' \\ \quad ' \\ \quad ' \\ (\quad , \quad) \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \quad ' \\ \text{---} \\ \text{---} \end{array}}$$

$$\frac{\begin{array}{c} \text{---} \\ ' \\ \quad ' \\ \quad ' \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \\ \text{---} \\ \text{---} \end{array}}{\begin{array}{c} \text{---} \\ ' \\ \quad ' \\ \quad ' \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \\ \text{---} \\ \text{---} \end{array}}$$

$$\frac{\begin{array}{c} \text{---} \\ ' \\ \quad ' \\ \quad ' \\ (\quad , \quad) \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \\ \text{---} \\ \text{---} \end{array}}{\begin{array}{c} \text{---} \\ ' \\ \quad ' \\ \quad ' \\ (\quad , \quad) \\ \quad ' \\ \quad ' \\ \text{---} \\ ' \\ \text{---} \\ \text{---} \end{array}}$$

()

(-)

-:

_____ ,	_____ ,
_____ ,	_____ ,
_____ ,	_____ ,
_____ =	_____ =
_____ ,	_____ ,
_____ -	_____ -
_____ ,	_____ ,
_____ =	_____ =
_____ ,	_____ ,
_____ ,	_____ -
(,)	(,)
_____ ,	_____ ,
_____ =	_____ =

:

% ,

(

(

-

()

$$\frac{\frac{\frac{\quad}{\quad}}{\quad}}{\quad} \quad \frac{\frac{\frac{\quad}{\quad}}{\quad}}{\quad}$$

()

$$\frac{\frac{\quad}{\quad}}{\quad} \quad \frac{\frac{\quad}{\quad}}{\quad}$$

_____ () ()

$$\frac{\frac{\quad}{\quad}}{\quad} \quad \frac{\frac{\quad}{\quad}}{\quad}$$

$$\frac{\frac{\quad}{\quad}}{\quad} \quad \frac{\frac{\quad}{\quad}}{\quad}$$

-

()

(:)

- -

()

-

-

-

% %

/

(,)

+

-

—

(,)

+

-

—

-:

—	—
,	,
,	,
,	,
—	—
,	,
==	==

/

()

:

/

(,)

% +
% -

(,)

% +
% -

.(% :)

.(:)

.(:)

()

:)

.((, :)

.((, :)

.((, :)

.((, :)

(

(

(

- -

()

-

-

-

-:

(

,	,
,	,
,	,
,	,

-

,

.(, :)

-

-:

,	(,)	/	
(,)	,	/	
,	(,)	/	
(,)	,	/	

()

- -

()

-

-

()

(,)

.()

,

-

()

,

,)

.(

-

.



2008

Board Report

18 January 2009



Head Office, P.O. Box 8524, Riyadh 11492, Saudi Arabia

Tel: +966 (1) 470 0005 | Fax: +966 (1) 470 1555

800 124 6688
www.almarai.com

Almarai Company Board of Directors Report

Almarai has weathered the storm of increased commodity prices and the credit crunch to deliver industry leading sales and net income growth in 2008.

The Company achieved record sales of SAR 5,029.9 million and a net income of SAR 910.3 million, a significant increase of 33.4% and 36.4%, respectively over the previous year's figures. These results bear testament to Almarai's brand strength, innovation and execution.

2008: A Year of Growth

Under the Almarai brand, we continue to grow as the preferred choice of the consumer of all ages. We achieved significant growth in turnover across all our product categories: Fresh Dairy grew by 25.2%, Long-Life Dairy by 59.5%, Fruit Juice by 42.4%, Cheese & Butter by 38.7% and Bakery by 39.6%. Having absorbed direct material cost increases for a number of years the company was obliged to pass on some of these cost increases to the consumer. This growth has come from a combination of consumer knowledge, superior product and excellence in execution across all aspects of the business.

Our subsidiary, Western Bakeries, the leading producer and distributor for a wide variety of baked food products under the brand name L'Usine, commenced roll out of sales to the rest of the GCC, first of all in Kuwait with the remainder of the GCC to follow in 2009. In 2008, the bakery products' contribution was significant, forming 10.2% of turnover. Going forward, expansion of this product range through new products, the joint venture Modern Food Industries and the new factory in the Central Region will give further impetus for growth.

The ambitious expansion of our distribution network has been a major contributor to our growth. We now operate 97 sales depots throughout the GCC. To service this growth, the number of distribution vehicles has increased. In addition, to ensure that fresh products are maintained in a chilled environment, additional fridges were placed in retail outlets.

During the second half of the year, Almarai announced its intention to grow the business geographically through the acquisition of 75% of the Teeba Investment for Development Food Processing Company (Teeba), a dairy and juice company in Jordan and a proposal to acquire 100% of the International Company for Agro Industrial Projects (Beyti), a dairy and juice company in Egypt. Plans were announced to grow our new product lines with the offer to acquire Hail Agricultural Development Company (HADCO). In addition, a full scale feasibility study to enter into the infant formula market is underway.

In order to expand and diversify investments, the Board of Directors has ratified a number of decisions, agreements, loan and facilities agreements, commitments and specially those concerning Almarai Company's participation in Zain Telecommunication Company and the agreement between Almarai Company and Almada Telecommunications company for financing Almarai Company's share in Zain. Moreover, the Board has approved the memoranda of association and by-laws of Zain and Almada companies and ratified the loan agreement between Almarai Company and Almada company, the mortgage agreement of Almarai shares in Almada in favor of Saudi French bank, and the mortgaging of Almarai shares in Zain company in favor of Saudi French bank.

We reiterate our commitment to continue to develop new products and seek new business opportunities by offering a wider range of improved products and services to our customers and consumers with the objective of increasing stakeholder value. The favourable and productive economic environment in Saudi Arabia and the rest of GCC and the visionary initiatives undertaken will ensure that, despite the world economic crisis, we continue to excel on the path to progress and can look forward to even more successful years ahead.

We take this opportunity to thank our Management Team and our 11,998 employees for their continued support, dedication and commitment to the development of the Company.

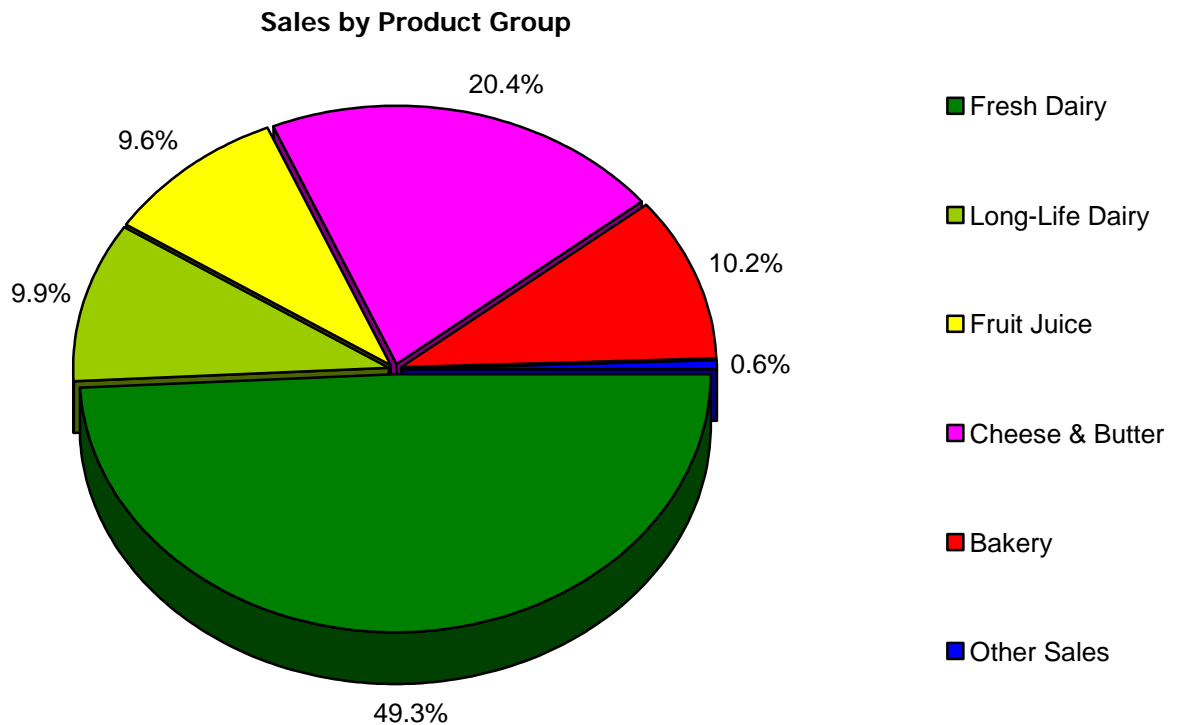
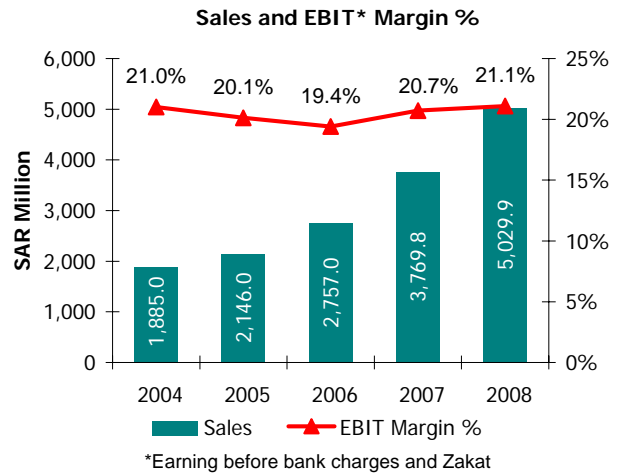
Detailed Review of 2008

Our sales and net income for 2008 amounted to SAR 5,029.9 million and SAR 910.3 million, which represents an increase of 33.4% and 36.4% respectively on the previous year.

Year 2008 was another excellent year in the history of Almarai. The year on year growth is mainly attributed to the strength of the Almarai brand, the quality of our products, the initiatives launched and improved marketing and distribution strategies.

A breakdown of our sales-by-product can be seen in the table below:

Sales by Product Group (SAR Million)	Year ended 31 December		
	2008	2007	% change
Fresh Dairy	2,474.6	1,977.1	25.2%
Long-Life Dairy	495.7	310.7	59.5%
Fruit Juice	484.5	340.3	42.4%
Cheese & Butter	1,028.2	741.5	38.7%
Bakery	514.8	368.8	39.6%
Other Sales	32.1	31.4	2.5%
Total Sales	5,029.9	3,769.8	33.4%



Fresh Dairy

The flagship product group, fresh dairy includes short-life products made with locally produced fresh raw milk. The range includes fresh laban, milk, natural and fruit yoghurts, cream, and dairy desserts. 2008 saw the regions first diet oriented laban, "Trim", a fortified product mainly targeting the health and weight conscious. Ghiste, labneh and custard products underwent new packaging designs.

Sales for our fresh dairy products, the largest product category, amounted to SAR 2,474.6 million, which represents an increase of 25.2% on the prior year.

We continue to be the market leader in this product group in the GCC.

Long-life Dairy

Long-life dairy made from locally produced raw milk, includes UHT milk and cream, evaporated milk and sterilized cream. Flavoured UHT Milk for children underwent a packaging change to a more convenient 150ml pack. The long life offering was expanded by the introduction of the 500ml pack size for plain milk. In addition, the regions first lactose free milk was launched, to help the lactose intolerant consumers enjoy Almarai quality milk without any complications.

Sales for Long-life dairy amounted to SAR 495.7 million, which represents an increase of 59.5% on the prior year.

Fruit Juice

Following on from the revitalisation of the product range in 2007, fruit juice products have continued their phenomenal growth with exciting new flavours (Guava and Lemon), improved recipes and fresh packaging, giving us a competitive advantage and increasing our market share across the GCC.

Sales for Fruit Juice amounted to SAR 484.5 million, which represents an increase of 42.4% on the prior year.

Cheese and Butter

Although a portion of the dairy commodity cost increases were passed on to the consumer, sales of Cheese and Butter remained strong. As part of our continuous product improvement programme, a number of the products have been updated with improved recipes and packaging to increase our competitive advantage.

Sales for Cheese and Butter amounted to SAR 1,028.2 million, which represents an increase of 38.7% on the prior year.

Bakery Products

This relatively young product group for the Almarai food basket, has shown significant growth as a result of new packaging, flavours and products. During 2008, waffles, slices, pound cakes and toffee flavoured cup cakes were launched.

Sales for Bakery Products amounted to SAR 514.8 million, which represents an increase of 39.6% on the prior year.

OPERATING COSTS

The Direct Material Costs increase of 38.9% reflects the increase in world commodity prices and the fluctuation of foreign currencies, as well as the volume increase of 19.0%.

Operating Costs (SAR Million)	Year ended 31 December	
	2008	2007
Direct Material Costs	2,225.1	1,601.9
Other Cost of Sales	805.8	674.6
Selling & Distribution Expenses	750.9	570.1
General & Administration Expenses	187.1	142.5
Total Operating Costs	3,968.9	2,989.1

Increase in Input cost from	2003 to 2008
Description	Increase
Feed Costs per litre	28% to 34%
Cheese & Butter	102% to 164%
Resin LDPE / HDPE	147% to 158%
EURO versus SAR	33%

Increases in world commodity prices for all raw materials has adversely affected Almarai in 2008. The direct government subsidies of SAR 17.6 million was a small compensation for the explosion of the input costs seen in 2008. The increase in dairy commodity prices is a reflection of increased world demand, compounded by insufficient supply and low inventory levels. Packaging cost increases were primarily driven by high petrochemical prices. In addition, the weakening of the Saudi Riyal against the Euro had a further negative impact on imported goods. The adjacent tables detail the dramatic increase in some of

these costs.

In keeping with our policy of offering value to consumers we try to avoid passing on cost increases whenever possible and to reduce their impact by alternative sourcing or by other methods. However the scale of cost increases in 2007 and 2008 were such that these had to be partially passed on to the consumer in most product categories. Although these costs have eased towards the end of 2008 the effect on our cost structure will not be seen until mid 2009.

Depreciation and Amortisation

Net livestock appreciation represents the growth in our dairy herd, which is capitalised as a fixed asset in accordance with our accounting policy for livestock which is in line with International Accounting Standards. Our accounting policy is outlined in our Financial Statements.

The depreciation of property plant and equipment increased by SAR 63.4 million, due to the ongoing investment in our farming, production and distribution facilities.

Operating Costs may also be viewed by the nature of the expenditure incurred:

Operating Costs (SAR Million)	Year ended 31 December			
	2008	% of Sales	2007	% of Sales
Direct Material Costs	2,225.1	44.2%	1,601.9	42.5%
Employee Costs	746.7	14.8%	594.8	15.8%
Operating Overheads	459.0	9.1%	356.0	9.4%
Marketing Expenses	247.3	4.9%	190.6	5.1%
Insurance	20.9	0.4%	18.1	0.5%
Depreciation & Amortisation	269.9	5.4%	227.7	6.0%
Total Operating Costs	3,968.9	78.8%	2,989.1	79.3%

PAYMENTS TO GOVERNMENT AGENCIES

During the year the following payments were made to Government Agencies:

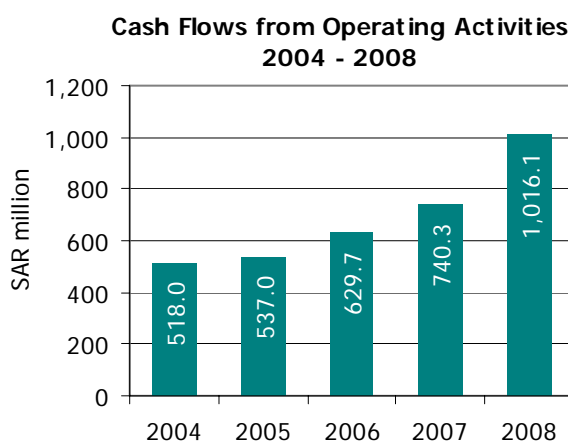
Payments to Government Agencies (SAR Million)	Year ended 31 December	
	2008	2007
Customs duty	68.2	55.6
Zakat	19.9	14.0
G.O.S.I.	18.7	17.4
Ministry Costs	21.8	14.2
Others	7.6	6.3
Total Payments	136.2	107.5

NET INCOME

Net income increased from SAR 667.3 million in 2007 to SAR 910.3 million in 2008. Net income as a percentage of sales increased from 17.7% to 18.1%.

CASH FLOWS

Cash Flow Statement (SAR Million)	Year ended 31 December	
	2008	2007
From Operating Activities	1,016.1	740.3
Used in Investing Activities	(1,572.1)	(1,488.2)
From Financing Activities	664.6	817.8
Increase/(Decrease) in Cash	108.6	69.9
Cash at beginning of period	138.0	68.0
Cash at end of period	246.6	137.9



Our business generates strong operating cash flows, which are primarily utilised in maintaining and developing the asset base, servicing debt and paying Shareholder dividends.

We continue to invest heavily in order to be able to serve future market demand. The level of investment required will continue to remain high to enable us to meet this growth in demand for our products and to continue to be the market leader in the industry.

Cash Flows from Operating Activities (SAR Million)	Year ended 31 December	
	2008	2007
Net Income	910.3	667.3
Depreciation & Amortisation	269.9	227.6
Bank Charges	125.5	94.9
Change in Employees' Termination Benefits	23.1	19.5
Share of Minority Interest in Net Income of a Consolidated Subsidiary	0.5	0.5
Net Changes in Working Capital	(313.2)	(269.5)
Net Operating Cash Flows	1,016.1	740.3

The increase in world commodity prices together with high stock cover requirement have had a negative impact on our inventory levels and consequent additional working capital of SAR 313.2 million.

The high level of capital expenditure in 2008 reflects the ongoing investment in our farming, production and distribution facilities.

Investing Cash Flows (SAR Million)	Year ended 31 December	
	2008	2007
Capital Expenditure	(1,655.6)	(1,099.2)
Proceeds from disposals	83.5	73.6
Acquisitions of Investments	-	(471.1)
Acquisitions/Disposals of Derivative Financial Assets	-	0.9
Acquisitions/Disposals of subsidiaries, Net of Cash Acquired	-	7.6
Net Investing Cash Flows	(1,572.1)	(1,488.2)

DIVIDENDS

For 2007, the General Assembly approved, on 27 March 2008, the distribution of a dividend of SAR 2.50 per share amounting to SAR 272.5 million.

For 2008 the Board of Directors is proposing the distribution of a dividend of SAR 3.50 per share amounting to SAR 381.5 million.

Cash Flows used in Financing Activities (SAR Million)	Year ended 31 December	
	2008	2007
Dividends Paid	(270.2)	(199.4)
Distribution to Minority Interest	(0.5)	(0.4)
<i>Borrowing from state financial Institutions</i>		
Repayments	(62.5)	(48.2)
Receipts	67.0	140.5
<i>Borrowings from Islamic banking facilities (Murabaha)</i>		
Repayments	(119.9)	(61.5)
Receipts	1,167.7	1,096.8
Net Movement in Commercial Borrowings		
Bank Charges	(125.5)	(94.9)
Deffered Charges	(5.5)	(15.1)
Minority Interest share in Modern Food Industries	14.0	-
Net Financing Cash Flows	664.6	817.8

In the next few years our high level of investment may limit our ability to pay a high dividend to our Shareholders. Going forward, we will consider alternative dividend policy options, which are in the best interest of the Company and its Shareholders.

As long as our investment level will remain high, Almarai will target a dividend pay out ratio of 30% to 40%.

ZAKAT

Zakat is charged at the higher of net adjusted income or Zakat base as required by the Saudi Arabian Zakat Regulations. In the current year, the Zakat charge is based on the net income method.

The Company has filed its Zakat returns for all the years up to 2007 and settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the Department of Zakat and Income Tax (DZIT) for all the years up to 2006 while the 2007 Zakat return is still under review by the Department of Zakat and Income Tax (DZIT).

BORROWINGS

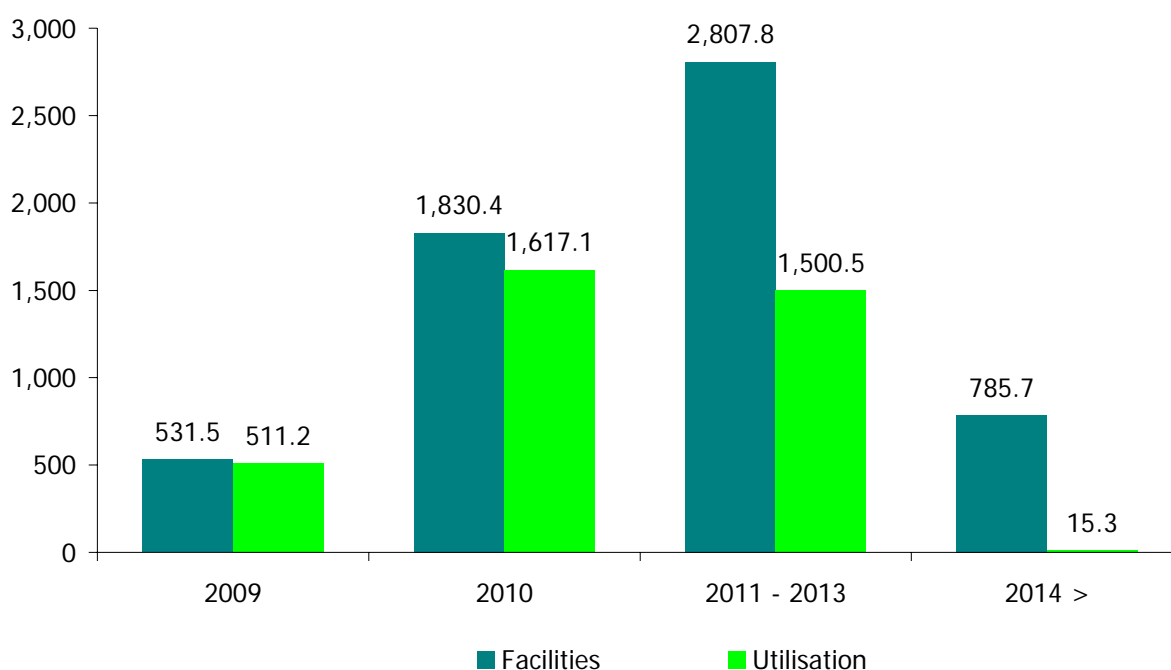
We have obtained financing in respect of our major investment programs from Government financial institutions in Saudi Arabia, namely the Saudi Industrial Development Fund (SIDF) and the Saudi Arabian Agricultural Bank (SAAB). This financing is not commission-bearing and, in the case of SIDF, carries an initial evaluation cost and ongoing follow-up costs. The effective cost of borrowings from SIDF is typically lower than borrowings from commercial banks and is not subject to commission rate risk.

Recognising the need for further finance to fund organic growth and acquisitions, the company secured an additional SAR 1,700.0 million of commercial loan (Murabaha) facilities and an additional SAR 327.7 million of SIDF facilities with a maturity of between three to five years.

The commission rate of more than 50% of these borrowings is on a fixed rate basis.

As at 31st December 2008, SAR 1,729.8 million and SAR 581.4 million of commercial loan facilities and SIDF facilities respectively were unutilised and available for drawdown. Bank charges increased from SAR 94.9 million to SAR 125.5 million mainly due to the increased level of borrowings.

Facilities and Utilisation



BOARD MEETINGS

During the year we held seven board meetings the majority of which were fully attended.

Directors Name and other Public Company Directorships	Independent or Not Independent	No of attendance
HH Prince Sultan bin Mohammed bin Saud Al Kabeer (Chairman of the Board of Almarai) Yamama Cement Company, Arabian Shield Insurance Company	Not Independent	7
Dr Sami Mohsen Baroom The Savola Group and Arabian Cement Company	Not Independent	7
Abdulrahman bin Abdulaziz Al Muhanna (Managing Director of Almarai) Saudi Fisheries Company	Not Independent	6
Mohammed Al Damer	Independent	6
Engr. Nasser Al Muttawa Arabian Shield Insurance Company	Independent	5
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer Zain KSA	Not Independent	6
Dr. Majed M. Al Gassabi Red Sea Company	Independent	6
Ibrahim M. Alissa Banque Saudi Fransi, The Savola Group, Taibah for Investments, Yanbu Cement Company	Not Independent	7
Mosa Omran Al Omran The Savola Group, Arabia Cement, Banque Saudi Fransi	Not Independent	7

Movement in the shareholdings of the Board of Directors	No of Shares held at 12/31/2007	Changes during the year	No of Shares held at 12.31.2008	% of issued share capital
HH Prince Sultan bin Mohammed bin Saud Al Kabeer	33,000,000	-	33,000,000	30.275%
Abdulrahman bin Abdulaziz Al Muhanna	939,828	(89,828)	850,000	0.780%
HH Prince Naif bin Sultan bin Mohammed bin Saud Al Kabeer	1,000,000	-	1,000,000	0.917%
Mohammed Abdulrahman Al Damer	1,000	-	1,000	0.001%
Nasser Mohammed Al Muttawa	149,330	(6,000)	143,330	0.132%
Dr. Majed Abdullah Al Gassabi	1,210	-	1,210	0.001%
Ibrahim Mohammed Al Issa	1,000	-	1,000	0.001%
Mosa Omran Mohammed Al Omran	901,000	256,563	1,157,563	1.062%
Sami Muhsin Ahmed Baroom	140	-	140	0.000%
Total	35,993,508		36,154,243	33.169%

The Company's By-Laws stipulate that the appointment of Board members is by a majority vote at the General Assembly Meeting.

RELATED PARTY TRANSACTIONS

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2008 and 31 December 2007 along with their balances:

Related Party Relationship (SAR million)	Nature of Transaction	Amount	Balance at 31 December
2008			
Common Shareholders / Owners	Sales	(155.1)	31.4
Common Shareholders / Owners	Purchases	186.0	(46.4)
2007			
Common Shareholders / Owners	Sales	(113.3)	17.9
Common Shareholders / Owners	Purchases	183.6	(37.3)

The Common Shareholders / Owners noted above include the Savola Group, Arabian Shield Insurance Company and ARASCO Feed Mills whose major shareholders are also major shareholders of the Company. Also included are Managed Arable Farms and Nofa Equestrian Resort whose owners are major shareholders of the company.

Pricing and terms of payment for these transactions are at arms length.

SEGMENTAL REPORTING

The Group's principal business activities involve manufacturing and trading of dairy products, fruit juices, dairy and non-dairy foods, bakery products and investing activities. Selected financial information for the years ended 31 December 2008 and 2007, categorised by segments, are as follows:

SAR Million	Dairy, Fruit Juices & Related Food	Bakery Products	Investing Activities	Almarai Consolidated
2008				
Sales	4,515.1	514.8	-	5,029.9
Earnings before Depreciation, Amortisation, Bank Charges and Zakat	1,116.4	158.4	-	1,274.8
Depreciation and Amortisation	(169.3)	(44.5)	-	(213.8)
Earnings before Bank Charges and Zakat	947.1	113.9	-	1,061.0
Bank Charges	(107.1)	(4.8)	(13.6)	(125.5)
Zakat	(21.8)	(2.9)	-	(24.7)
Minority Interest	(0.6)	-	-	(0.6)
Net income	817.6	106.2	(13.6)	910.3
Average NOA Net Operating Assets	4,993.6	966.2	480.2	6,440.0
Total Assets	6,556.3	1,135.7	489.3	8,181.3
Total Liabilities	(3,904.2)	(158.1)	(487.5)	(4,549.8)
RONOA Return on Net Operating Assets	19.0%	11.8%	-	16.5%
RONOA without goodwill	19.0%	27.3%	0.0%	18.0%
Number of shares (in million)	100.0	9.0	-	109.0
Earnings per share in SAR	8.18	11.80	-	8.35

SAR Million	Dairy, Fruit Juices & Related Food	Bakery Products	Investing Activities	Almarai Consolidated
2007				
Sales	3,401.0	368.8	-	3,769.8
Earnings before Depreciation, Amortisation, Bank Charges and Zakat	892.6	115.8	-	1,008.4
Depreciation and Amortisation	(193.3)	(34.4)	-	(227.7)
Earnings before Bank Charges and Zakat	699.3	81.4	-	780.7
Bank Charges	(87.5)	(4.6)	(2.8)	(94.9)
Zakat	(16.0)	(2.0)	-	(18.0)
Minority Interest	(0.5)	-	-	(0.5)
Net income	595.3	74.8	(2.8)	667.3
Average NOA Net Operating Assets	3,779.1	832.5	235.6	4,847.2
Total Assets	4,906.5	958.2	471.1	6,335.8
Total Liabilities	(2,637.9)	(173.1)	(471.1)	(3,282.1)
RONOA Return on Net Operating Assets	18.5%	9.8%	-	16.1%
RONOA without goodwill	18.5%	28.7%	0.0%	18.2%
Number of shares (in million)	100.0	9.0	-	109.0
Earnings per share in SAR	5.95	8.31	-	6.12

The business activities and operating assets of the Group are mainly concentrated in the GCC countries, and selected financial information as at 31 December 2008 and 2007, categorised by these geographic segments are as follows:

SAR Million	Sales		Non-Current Assets	
	2008	2007	2008	2007
Saudi Arabia	3,453.6	2,653.2	6,332.8	5,029.3
Other GCC Countries	1,510.5	1,087.9	88.8	66.2
Other Countries	65.8	28.7	-	-
Total	5,029.9	3,769.8	6,421.6	5,095.5

SUBSIDIARIES

Name of Subsidiary	Country of Incorporation	Business Activity	Direct and Beneficial Ownership Interest		Share Capital	No of Shares Issued
			2008	2007		
Western Bakeries Company Ltd.	Saudi Arabia	Bakery Company	100%	100%	SAR 100,000,000	100,000
International Baking Services Company Ltd.	Saudi Arabia	Trading Company	100%	100%	SAR 500,000	500
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	100%	100%	BHD 100,000	1,000
Almarai Holding Company W.L.L.	Bahrain	Holding Company	100%	-	BHD 250,000	2,500
Markley Holdings Ltd.	Jersey	Dormant	100%	100%	-	-
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	90%	90%	OMR 150,000	150,000
Modern Food Industries Co.	Saudi Arabia	Bakery Company	60%	-	SAR 35,000,000	35,000

GEOGRAPHIC AND MARKET EXPANSION

Almarai Company, through its subsidiary Almarai Holding Company W.L.L., entered into a definitive agreement on 16 December 2008 to acquire 75% of Teeba Investment for Developed Food Processing Company PSC ("Teeba"). The remaining shares will be retained by the founding shareholders. The transaction was based on an enterprise value of JOD 89.0 million (SAR 474.0 million) for 100% of the shares and is expected to close in January 2009.

In the third quarter of 2008, the Group signed non binding Memorandum of Understanding for the acquisition of 100% of International Company for Agro Industrial Projects (Beyti) in Egypt. The acquisition is expected to be completed in the first quarter of 2009.

On November 5, 2008 Almarai submitted a formal offer to the Board of Directors of Hail Agriculture Development Company ("HADCO") to acquire 100% of the outstanding share capital of HADCO in exchange for new shares to be issued by Almarai in the ratio of one new Almarai share for every six HADCO shares. This equates to the issue of five million new Almarai shares to HADCO shareholders. The proposed offer has been approved by the Board of Directors, however the final offer is subject to due diligence and approvals required by the Capital Market Authority and the approval of the shareholders of both Almarai and HADCO.

RISK MANAGEMENT

Risk taking is an integral part of doing business. Risks are managed in our operational processes where risks are identified, probability of occurrence assessed and potential consequences estimated. Actions are then taken to reduce or mitigate the risk exposures and limit potential unfavourable consequences.

We broadly categorise risks into operational risks and financial risks. Our approach to risk management leverages the scale and diversity of our business activities and balances central co-ordination with well - defined risk management responsibilities within each operational unit.

Risk Management tools such as reviews, policies, procedures and reports are in place on all major categories of risk including, but not limited to, overall business risk in the company's operations, treasury risk (including currency and borrowing risks), procurement, insurance and litigation.

Further details on financial risk management can be seen in note 20 of the Consolidated Financial Statements.

CORPORATE GOVERNANCE

Almarai is dedicated to maintaining the highest standards of quality and performance in all of its activities. This applies equally to the area of Corporate Governance, where the company is committed to best practice principles in all of its dealings. The Company has a comprehensive Corporate Governance policy setting out rules for directors and officers to adhere to, in order to protect and further the interests of the company and its stakeholders. The Board of Directors, with the assistance of sub-committees like the Audit & Risk Committee, continually support strong corporate governance practices and regularly review the company's governance and control practices.

Audit and Risk Committee

The Audit & Risk committee is a vital part of Almarai's commitment to strong corporate governance. The committee is comprised of three experienced non-executives and reports to the Almarai Board of Directors.

The committee members are:

- a) Dr. Ibrahim Al Madhoun, Chairman
- b) HH Prince Naif bin Sultan Al Kabeer
- c) Hesham Tashkandi

The committee maintains a close oversight of financial, governance and risk related matters in the company, and monitors audit activities in order to gain sufficient comfort in the adequacy of internal control systems, the safeguards over the assets of the company and the integrity of the company's financial statements.

Nomination and Remuneration Committee

In accordance with Capital Market Authority (CMA) requirements, Almarai has constituted a Nomination & Remuneration Committee, in line with the recommendations of the Board of Directors and the approval of the General Assembly.

The committee members are:

- a) HH Prince Sultan bin Mohammed bin Saud Al Kabeer, Chairman
- b) Abdulrahman bin Abdulaziz Al Muhanna
- c) Mosa Omran Mohammed Al-Omran
- d) Abdulrahman Al Fadley

The Nomination & Remuneration Committee looks at the appointment, composition, capacity and remuneration of the Board of Directors and the senior management of the company. The purpose of the committee is to ensure that the directors of the company are able to oversee the affairs of the company in the interests of all shareholders and that the remuneration paid to directors and senior management is appropriate for the roles performed.

The remuneration of the Chairman and members of the Board members in 2008 was SAR 6.4 million. The remuneration paid to the top executives in 2008 was SAR 10.1 million.

GENERAL ASSEMBLY MEETING

The Board of Directors will advise the Shareholders of the date of the General Assembly Meeting in due course.

CERTIFICATION

We certify that the internal controls are working effectively, that appropriate accounting records and related documents are maintained and that there are no going concern issues.

Board of Directors
18th January 2009

Key Financial Highlights

Key Financial Highlights (SAR Million)	Year ended 31 December				
	2008	2007	2006	2005	2004
Operational Performance					
Total sales	5,030	3,770	2,757	2,146	1,885
Cost of sales	<u>(3,031)</u>	<u>(2,276)</u>	<u>(1,682)</u>	<u>(1,299)</u>	<u>(1,127)</u>
Gross profit	1,999	1,494	1,075	847	758
Selling and distribution expenses	(751)	(570)	(423)	(322)	(276)
General and administration expenses	(187)	(143)	(117)	(93)	(86)
Financing cost and bank charges	<u>(125)</u>	<u>(95)</u>	<u>(56)</u>	<u>(36)</u>	<u>(17)</u>
Income before zakat	935	686	479	396	379
Zakat	(25)	(18)	(14)	(10)	(9)
Minority Interest	<u>(1)</u>	<u>(1)</u>	<u>(0)</u>	-	-
Net income	<u>910</u>	<u>667</u>	<u>465</u>	<u>386</u>	<u>370</u>
Balance Sheet					
Net operating working capital	877	561	249	168	143
Property, Plant and Equipment	5,343	4,041	3,046	2,396	1,909
Intangible Assets - Goodwill	549	549	-	-	-
Investment and Financial Assets	<u>489</u>	<u>471</u>	-	-	-
Net Operating Assets	<u>7,258</u>	<u>5,622</u>	<u>3,295</u>	<u>2,564</u>	<u>2,052</u>
Net debt	3,499	2,463	1,315	1,069	706
Employee termination benefits	128	105	82	66	53
Shareholders' equity	3,617	3,054	1,898	1,429	1,293
Minority Interest	<u>14</u>	<u>0</u>	-	-	-
Net Capital Employed	<u>7,258</u>	<u>5,622</u>	<u>3,295</u>	<u>2,564</u>	<u>2,052</u>
Cash Flow					
Cash Flow from Operating Activities	1,016	740	630	537	518
Cash Flow used in Investing activities	1,572	1,488	824	614	450
Dividend paid	270	199	-	250	300
Key Indicators					
Return on sales	18.1%	17.7%	16.9%	18.0%	19.6%
Return on equity	27.3%	23.6%	27.9%	28.4%	29.4%
Return on Net Operating Assets	16.5%	16.1%	18.3%	18.7%	20.9%
Net debt to equity ratio	96.7%	80.7%	69.3%	74.8%	54.7%
Current ratio	136.5%	161.6%	141.2%	118.6%	159.1%
Revenue growth rate	33.4%	36.7%	28.5%	13.8%	7.5%
Dividends payout ratio*	41.9%	40.5%	42.9%	-	67.5%
Shares Issued (in millions)	109	109	100	100	100
Earnings per Share (SAR)	8.35	6.12	4.65	3.86	3.70
Dividend proposed	382	-	-	-	-

* Calculated on previous year's net income and for 2008 based on the dividend proposed.



ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2008

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX

	<u>PAGES</u>
AUDITORS' REPORT	1
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008	2
CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2008	3
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6 – 26



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

SCOPE:

We have audited the accompanying consolidated balance sheet of Almarai Company (a Saudi Joint Stock Company) ("the Company") and its subsidiaries ("the Group") as at 31 December 2008 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated 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 degree of assurance to enable us to express an opinion on the consolidated financial statements.

UNQUALIFIED OPINION:

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

- i) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's bye-laws in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
Registration No. 277



Riyadh: 21 Muharram 1430H
(18 January 2009)

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> SAR '000	<u>2007</u> SAR '000
ASSETS			
<u>Current Assets</u>			
Cash and Cash Equivalents	4	246,585	137,975
Derivative Financial Instruments	21	6,648	938
Receivables and Prepayments	5	409,777	367,810
Inventories	6	1,096,723	733,573
Total Current Assets		1,759,733	1,240,296
<u>Non Current Assets</u>			
Investments and Financial Assets	7	489,337	471,074
Property, Plant and Equipment	8	5,343,308	4,041,132
Intangible Assets - Goodwill	9	548,636	548,636
Deferred Charges		40,270	34,692
Total Non Current Assets		6,421,551	5,095,534
TOTAL ASSETS		8,181,284	6,335,830
LIABILITIES AND EQUITY			
<u>Current Liabilities</u>			
Short Term Loans	10	511,165	182,348
Payables and Accruals	11	669,558	575,337
Derivative Financial Instruments	21	108,072	10,033
Total Current Liabilities		1,288,795	767,718
<u>Non Current Liabilities</u>			
Long Term Loans	10	3,132,956	2,409,428
Employees' Termination Benefits		128,041	104,903
Total Non Current Liabilities		3,260,997	2,514,331
<u>Shareholders' Equity</u>			
Share Capital	12	1,090,000	1,090,000
Share Premium		612,000	612,000
Statutory Reserve		416,689	325,663
Other Reserves		(83,161)	(9,095)
Retained Earnings		1,581,614	1,034,878
Total Shareholders' Equity		3,617,142	3,053,446
Minority Interest		14,350	335
TOTAL LIABILITIES AND EQUITY		8,181,284	6,335,830

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008	2007
		SAR '000	SAR '000
Sales	13	5,029,904	3,769,833
Cost of Sales	14	(3,030,947)	(2,276,495)
Gross Profit		1,998,957	1,493,338
Selling and Distribution Expenses	15	(750,878)	(570,149)
General and Administration Expenses	16	(187,108)	(142,451)
Income before Bank Charges, Zakat and Minority Interest		1,060,971	780,738
Bank Charges		(125,489)	(94,860)
Income from Main and Continuing Operations		935,482	685,878
Zakat	17	(24,662)	(18,079)
Income before Minority Interest		910,820	667,799
Minority Interest		(558)	(530)
Net Income for the Year		910,262	667,269
Earnings per Share (SAR)	18		
Attributable to Income from Main and Continuing Operations		8.58	6.29
Attributable to Net Income for the Year		8.35	6.12

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> SAR '000	<u>2007</u> SAR '000
<u>OPERATING ACTIVITIES</u>			
Net Income for the Year		910,262	667,269
Adjustments for:			
Depreciation of Property, Plant and Equipment	19	378,968	315,528
Net Livestock Appreciation	19	(165,142)	(114,810)
Loss on Disposal of Property, Plant and Equipment	19	56,086	26,966
Bank Charges		125,489	94,860
Change in Employees' Termination Benefits		23,138	19,509
Share of Minority Interest in Net Income of Consolidated Subsidiary		558	530
Changes in:			
Receivables and Prepayments		(41,967)	(131,698)
Inventories		(363,150)	(279,646)
Payables and Accruals		91,894	141,801
Cash Flows from Operating Activities		<u>1,016,136</u>	<u>740,309</u>
<u>INVESTING ACTIVITIES</u>			
Additions to Property, Plant and Equipment	8	(1,655,619)	(1,099,196)
Proceeds from the Sale of Property, Plant and Equipment	19	83,531	73,556
Acquisition of Investments and Financial Assets	7	-	(471,074)
Acquisition / Disposal of Derivative Financial Assets		-	931
Acquisition of Subsidiaries, Net of Cash Acquired		-	7,580
Cash Flows used in Investing Activities		<u>(1,572,088)</u>	<u>(1,488,203)</u>
<u>FINANCING ACTIVITIES</u>			
Increase in Loans		1,052,345	1,127,596
Dividends Paid		(270,173)	(199,396)
Distribution to Minority Interests		(543)	(387)
Bank Charges		(125,489)	(94,860)
Change in Deferred Charges		(5,578)	(15,110)
Minority Interest Share in Modern Food Industries		14,000	-
Cash Flows from Financing Activities		<u>664,562</u>	<u>817,843</u>
Increase in Cash and Cash Equivalents		108,610	69,949
Cash and Cash Equivalents at 1 January		137,975	68,026
Cash and Cash Equivalents at 31 December	4	<u>246,585</u>	<u>137,975</u>

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the parent						Minority Interest	Total
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total		
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000		
Balance at 1 January 2007	1,000,000	-	258,936	4,759	634,336	1,898,031	192	1,898,223
Net Income for the Year	-	-	-	-	667,269	667,269	530	667,799
Transfers from Retained Earnings	-	-	66,727	-	(66,727)	-	-	-
Shares Issued	90,000	612,000	-	-	-	702,000	-	702,000
Distribution to Minority Interests	-	-	-	-	-	-	(387)	(387)
Dividends Approved	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Net Movement on Cash Flow Hedges	-	-	-	(13,854)	-	(13,854)	-	(13,854)
Balance at 31 December 2007	1,090,000	612,000	325,663	(9,095)	1,034,878	3,053,446	335	3,053,781
Net Income for the Year	-	-	-	-	910,262	910,262	558	910,820
Transfers from Retained Earnings	-	-	91,026	-	(91,026)	-	-	-
Net Gain on Financial Investments	-	-	-	18,263	-	18,263	-	18,263
Distribution to Minority Interests	-	-	-	-	-	-	(543)	(543)
Dividends Approved	-	-	-	-	(272,500)	(272,500)	-	(272,500)
Net Movement on Cash Flow Hedges	-	-	-	(92,329)	-	(92,329)	-	(92,329)
Minority Interest Share in Modern Food Industries	-	-	-	-	-	-	14,000	14,000
Balance at 31 December 2008	1,090,000	612,000	416,689	(83,161)	1,581,614	3,617,142	14,350	3,631,492

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

Almarai Company (the "Company") is a Saudi Joint Stock Company, which was converted on 2 Rajab 1426 A.H. (8 August 2005). The Company initially commenced trading on 19 Dī' Hijrah 1411 A.H. (1 July 1991) and operates under Commercial Registration No. 1010084223.

The Company and its subsidiaries (together, "the Group") are a major integrated consumer food group in the Middle East with leadership positions in Saudi Arabia and the neighbouring Gulf Cooperative Council (GCC) countries.

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

The bakery products are traded by Western Bakeries Company Limited and International Baking Services Company Limited under the brand name L'Usine. These are two Limited Liability companies registered in Saudi Arabia and based in Jeddah.

The distribution centres in the GCC countries (except for Bahrain and Oman) are managed by the Group and operate within 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 Company operates in Bahrain and Oman through subsidiaries, Almarai Company Bahrain S.P.C and Arabian Planets for Trade and Marketing L.L.C. respectively.

The Group's Head Office is located at the following address:

Exit 7, North Circle Road
Al Izdihar District
P.O. Box 8524
Riyadh 11492
Saudi Arabia

In the second quarter of 2007 Western Bakeries Company Limited entered into a joint venture to manufacture and distribute a range of bakery products under the "7 Days" brand. The joint venture company is formed with an initial share capital of SAR 35 million, 60% Western Bakeries Company Limited, 25% Chipita Saudi Arabia (Cyprus) Limited (a fully owned subsidiary of Vivartia SA) and 15% Olayan Financing Company. The company registration was finalized in 2 Rabiā I 1429 A.H. (9 April 2008) under the name of Modern Food Industries Company.

The IPO for Zain, the operator of Saudi Arabia's third mobile phone network, successfully took place from 2 to 11 Safar 1429 A.H. (9 to 18 February 2008). Through the IPO the Group's participating interest in Zain has been reduced from 5.0% to 2.5%. The shares started trading on the Saudi Arabian Stock Exchange (Tadawul) on 14 Rabiā I 1429 A.H. (22 March 2008).

On 29 Thul-Quada 1429 A.H. (27 November 2008) a new subsidiary, Almarai Holding Company W.L.L. was incorporated as a holding company for acquisitions outside Saudi Arabia.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Almarai Company, through its subsidiary Almarai Holding Company W.L.L., has entered into a definitive agreement on 18 Thul-Hujja 1429 A.H. (16 December 2008) to acquire 75% of Teeba Investment for Developed Food Processing Company PSC ("Teeba"). The remaining shares will be retained by the founding shareholders. The transaction was based on an enterprise value of JOD 89 million (SAR 474 million) for 100% of the shares and is expected to close in January 2009.

In the third quarter of 2008, the Group signed a non binding Memorandum of Understanding regarding the acquisition of 100% of International Company for Agro Industrial Projects (Beyti) in Egypt. The acquisition is expected to be completed in the first quarter of 2009.

On 7 Thul-Quada 1429 A.H. (5 November 2008) Almarai submitted a formal offer to the Board of Directors of Hail Agriculture Development Company ("HADCO") to acquire 100% of the outstanding share capital of HADCO in exchange for new shares to be issued by Almarai in the ratio of one new Almarai share for every six HADCO shares. This equates to the issue of five million new Almarai shares to HADCO shareholders. The proposed offer has been approved by the Board of Directors, however the final offer is subject to due diligence, approvals required by the Capital Market Authority and the approval of the shareholders of both Almarai and HADCO.

Details of the subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Direct and Beneficial Ownership Interest		Shares	
			2008	2007	Capital	Issued
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	100%	100%	SAR 100,000,000	100,000
International Baking Services Company Limited	Saudi Arabia	Trading Company	100%	100%	SAR 500,000	500
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	100%	100%	BHD 100,000	1,000
Almarai Holding Company W.L.L.	Bahrain	Holding Company	100%	-	BHD 250,000	2,500
Markley Holdings Limited	Jersey	Dormant	100%	100%	-	-
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	90%	90%	OMR 150,000	150,000
Modern Food Industries	Saudi Arabia	Bakery Company	60%	-	SAR 35,000,000	35,000

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- (a) The consolidated financial statements have been prepared on the accrual basis under the historical cost convention (except for derivative financial instruments and investments that have been measured at fair value) and in compliance with the accounting standards issued by the Saudi Organisation for Certified Public Accountants (SOCPA).
- (b) The statutory records are maintained in Arabic.
- (c) When necessary, prior period comparatives have been regrouped or adjusted on a basis consistent with current period classification. Any adjustments are considered immaterial in the context of these consolidated financial statements.
- (d) These 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) above. A subsidiary company is that in which the Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts practical control. A subsidiary company is consolidated from the date on which the Company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the individual financial statements of the company and the audited financial statements of its subsidiaries, as adjusted by the elimination of all significant inter group balances and transactions. Minority interests represent the portion of profit or loss and net assets not controlled by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.
- (e) The figures in these consolidated financial statements are rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting standards generally accepted in the 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.

B. 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 physical return of expired products. Adjustment is made in respect of known actual returns.

C. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of cash at bank, cash on hand, and short-term deposits that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D. Accounts Receivable

Accounts receivable are carried at the original invoiced amount less any provision made for doubtful debts. Provision is made for all debts for which the collection is considered doubtful or more than three months due. Bad debts are written off as incurred.

E. Inventory Valuation

Inventory is stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure based on the normal level of activity. Net realisable value comprises estimated price less further production costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

F. Accounts payable and accruals

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

G. Intangibles-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 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.

H. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. There is no open market for dairy livestock in the GCC against which to measure fair value. Accordingly, dairy livestock are treated as property, plant and equipment and included in the accounts at their cost of purchase or at the cost of rearing to the point of first calving, less accumulated depreciation. The cost of dairy young stock is determined by the cost of rearing to their respective age.

Cows in the dairy herd are depreciated to their estimated residual value, at rates between 10% - 25%, based on their expected continuing useful life. Other property, plant and equipment are depreciated on a straight line basis at the following annual rates:

Buildings	3% - 10%
Plant, Machinery & Equipment	5% - 33%
Motor Vehicles	15% - 25%
Land is not depreciated	

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are expensed in the consolidated statement of income.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior periods. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

I. Conversion of Foreign Currency Transactions

During the financial period 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 Saudi Riyals 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 consolidated statement of income as appropriate.

The functional currencies of foreign operations, Almarai Company Bahrain S.P.C, Almarai Holding Company W.L.L. and Arabian Planets for Trade and Marketing L.L.C are the Bahrain Dinar and Omani Riyal respectively. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Almarai Group (the SAR) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

J. Employees' Termination Benefits

Employees' termination benefits are payable as a lump sum to all employees employed under the terms and conditions of the respective GCC Labour and Workman Laws 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. Termination payments are based on the employees' final salaries and allowances and their cumulative years of service, in compliance with the conditions stated in the laws of the respective GCC countries.

K. Selling, Distribution, General & Administration Expenses

Selling, Distribution, General & Administration Expenses include direct and indirect costs not specifically part of Cost of Sales as required under accounting standards generally accepted in 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 payments in respect of long term agreements with customers and distributors to Selling and Distribution Expenses.

L. Management Fees

The Group credits fees charged in respect of the management of Arable Farms to General and Administration Expenses.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

M. Zakat

Zakat is provided for in the consolidated balance sheet on the basis of an estimated Zakat assessment carried out in accordance with Saudi Department of Zakat and Income Tax (DZIT) regulations. Adjustments arising from final Zakat assessments are recorded in the period in which such assessments are made.

N. Operating Leases

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

O. Investments in Securities

Investments in securities are measured and carried in the consolidated balance sheet at fair value with unrealised gains or losses 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 consolidated statement of income. Where there is no market for the investments cost is taken as the most appropriate, objective and reliable measurement of fair value of the securities.

P. 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 of the Group's borrowings.

Forward purchase commodity contracts are entered into to hedge exposure to changes in 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 consolidated balance sheet and taken to other reserves in Shareholders' Equity. When the hedging instrument matures or expires any associated gain or loss in Other Reserves is reclassified to the consolidated statement of income, or the underlying asset purchased that was subjected to the hedge.

The Group policy is to use financial instruments which are compliant with Shari'a.

Q. Statutory Reserve

In accordance with its Articles of Association and the regulations for Companies in Saudi Arabia, the Company is required each year to transfer 10% of its net income to a Statutory Reserve until such reserve equals 50% of its share capital. This Statutory Reserve is not available for distribution to Shareholders.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

R. Segmental Reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (a business segment) or in 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.

	2008	2007
	SAR '000	SAR '000
4. <u>CASH AND CASH EQUIVALENTS</u>		
Cash at Bank	191,272	108,617
Cash in Hand	55,313	29,358
Total	246,585	137,975
	2008	2007
	SAR '000	SAR '000
5. <u>RECEIVABLES AND PREPAYMENTS</u>		
Trade Accounts Receivable - Third Parties	309,422	248,958
- Related Parties (Refer note 24)	31,357	17,856
	340,779	266,814
Less: Provision for impairment of trade receivables	(11,726)	(7,442)
Less: Provision for sales returns	(10,039)	(7,055)
Net Accounts Receivable	319,014	252,317
Prepayments	90,763	115,493
Total	409,777	367,810

A. The Group's policy is to provide 100% impairment provision for all trade receivables due over three months. As at 31 December 2008, trade receivables more than three months due and impaired were SAR 11.7 million (2007: SAR 7.4 million). Movements on the group provision for impairment of trade receivables were not significant.

	2008	2007
	SAR '000	SAR '000
<u>Trade Accounts Receivable</u>		
Up to 3 months	329,053	259,372
More than 3 months	11,726	7,442
Total	340,779	266,814

B. Unimpaired receivables are expected on the basis of past experiences, to be fully recoverable. It is not the practice of the group to obtain collateral over receivables.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007
	SAR '000	SAR '000
6. <u>INVENTORIES</u>		
Raw Material	839,688	556,770
Finished Goods	163,077	122,419
Spares	57,497	35,884
Work in Progress	36,461	18,500
Total	1,096,723	733,573
	2008	2007
	SAR '000	SAR '000
7. <u>INVESTMENTS AND FINANCIAL ASSETS</u>		
Zain Equity Investment	372,750	354,487
Zain Subordinated Funding Shareholders' Loan	109,587	109,587
Jannat for Agricultural Investment Company - 10%	7,000	7,000
	489,337	471,074

The Zain equity investment of 35 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 Stock Exchange (Tadawul) at 31 December 2008 of SAR 10.65 per share. This has resulted in an unrealized gain of SAR 18.3 million which is shown within other reserves in shareholders' equity. As a founding shareholder the Group cannot sell shares for a period of 3 years commencing on the 22 March 2008 (lock-up period). Investment in Jannat for Agricultural Investment Company is stated at cost.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Plant, Machinery & Equipment	Motor Vehicles	Dairy Herd	Young Stock	Capital Work-in- Progress	Total 2008	Total 2007
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost								
At the beginning of the year	1,431,745	2,353,535	536,569	429,760	181,523	805,459	5,738,591	4,351,786
Acquisition of Subsidiaries	-	-	-	-	-	-	-	318,655
Additions during the year	183,042	179,659	13,642	33,655	88,447	1,157,174	1,655,619	1,099,196
Livestock Appreciation	-	-	-	-	271,589	-	271,589	165,807
Transfers during the year	232,256	464,426	126,801	180,856	(180,856)	(823,483)	-	-
Disposals during the year	(1,612)	(26,393)	(67,826)	(125,454)	(58,303)	-	(279,588)	(196,853)
At the end of the year	<u>1,845,431</u>	<u>2,971,227</u>	<u>609,186</u>	<u>518,817</u>	<u>302,400</u>	<u>1,139,150</u>	<u>7,386,211</u>	<u>5,738,591</u>
Accumulated Depreciation								
At the beginning of the year	286,586	1,019,379	268,448	123,046	-	-	1,697,459	1,305,976
Acquisition of Subsidiaries	-	-	-	-	-	-	-	121,289
Charges for the year	57,738	242,292	78,938	106,447	-	-	485,415	366,525
Disposals during the year	(1,600)	(25,896)	(65,464)	(47,011)	-	-	(139,971)	(96,331)
At the end of the year	<u>342,724</u>	<u>1,235,775</u>	<u>281,922</u>	<u>182,482</u>	<u>-</u>	<u>-</u>	<u>2,042,903</u>	<u>1,697,459</u>
Net Book Value								
At 31 December 2008	<u>1,502,707</u>	<u>1,735,452</u>	<u>327,264</u>	<u>336,335</u>	<u>302,400</u>	<u>1,139,150</u>	<u>5,343,308</u>	
At 31 December 2007	<u>1,145,159</u>	<u>1,334,156</u>	<u>268,121</u>	<u>306,714</u>	<u>181,523</u>	<u>805,459</u>		<u>4,041,132</u>

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. IMPAIRMENT TESTING OF INTANGIBLE ASSETS - GOODWILL

Goodwill arising from the acquisition in 2007 of Western Bakeries Limited and International Baking Services Limited ("the Subsidiaries") is subject to impairment testing. These also represent a reporting segment.

The carrying amount of goodwill allocated to the Subsidiaries was SAR 548.6 million as at 31 December 2008 (2007: SAR 548.6 million).

Assets are tested for impairment by comparing the residual carrying amount of each cash-generating unit to the recoverable amount which has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 12% and the residual value at the end of the forecast period has been calculated using the times earning multiple at acquisition multiplied by the net profit of the final year in the forecast period.

Key Assumptions Used in Value in Use Calculations

Management determined forecast sales growth and gross margin based on past performance and its expectations of market development. The discount rates reflect management's estimate of the specific risks relating to the segment. Estimates for raw material price inflation have been made based on the publicly available information in Saudi Arabia and past actual raw material price movements, which have been used as an indicator of future price movements. Growth rates are based on the industry averages.

The calculation of value in use is most sensitive to the assumptions on sales growth rate and cost of sales inflation used to extrapolate cash flows beyond the budget period.

Sensitivity to Changes in Assumptions

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount. The implications of the key assumptions are discussed below.

(a) Sales Growth Assumption

The current sales growth in 2008 is 40% and in the forecast period has been estimated to be a compound annual growth of 16%. All other assumptions kept the same; a reduction of this growth rate to 11% would give a value in use equal to the current carrying amount.

(b) Cost of Sales Inflation

The current cost of sales in 2008 is 40% and in the forecast period has been estimated at an average of 39%. All other assumptions kept the same; an increase in the rate to an average of 52% would give a value in use equal to the current carrying amount.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007
	SAR '000	SAR '000
10. TERM LOANS		
Islamic Banking Facilities (Murabaha)	3,078,796	2,030,858
Saudi Industrial Development Fund	554,890	544,280
Saudi Arabian Agricultural Bank	10,435	16,638
Total	3,644,121	2,591,776

- A. The borrowings from Islamic banking facilities (Murabaha) are secured by promissory notes given by the Group.
- B. The borrowings from the Saudi Industrial Development Fund (SIDF) are secured as follows:
- (i) in respect of borrowings amounting to SAR 554.9 million for 31 December 2008 (2007: SAR 453.9 million) by a mortgage on specific assets;
 - (ii) in respect of uncollateralized borrowings, no payment guarantee was given for both the years ended 31 December 2007 and 2008.
- C. The borrowings from Saudi Arabian Agricultural Bank are secured by a bank payment guarantee.

D. Maturity of Financial Liabilities:

	Facilities available at 31	2008	2007
	SAR '000	SAR '000	SAR '000
Less than one year	531,509	511,165	182,348
One to two years	1,830,369	1,617,148	871,932
Two to five years	2,807,821	1,500,488	1,409,050
Greater than five years	785,667	15,320	128,446
Total	5,955,366	3,644,121	2,591,776

The Islamic banking facilities (Murabaha) with a maturity period of less than two years are predominantly of a revolving nature.

During 2008 the group secured an additional SAR 1,700.0 million of commercial loan facilities with maturities between three to five years.

As at 31 December 2008 SAR 1,729.8 million Islamic Banking Facilities (Murabaha) were unutilized and available for drawdown.

As at 31 December 2008 the Group had SAR 581.4 million of unutilized SIDF facilities available for draw down with maturities predominantly greater than five years (2007: SAR 321.0 million).

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007
	SAR '000	SAR '000
11. PAYABLES AND ACCRUALS		
Trade Accounts Payable	350,098	324,487
- Third Parties	46,360	37,309
- Related Parties (Refer note 24)	250,318	195,513
Other Payables	22,782	18,028
Zakat Provision (Refer note 17)	669,558	575,337
Total	669,558	575,337

12. SHARE CAPITAL

The Company's share capital at 31 December 2008 and 31 December 2007 amounted to SAR 1,090 million, consisting of 109 million fully paid and issued shares of SAR 10 each.

13. SEGMENTAL REPORTING

The Group's principal business activities are divided into three segments namely manufacturing and trading of dairy products, fruit juices and related foods under the Almarai brand, manufacturing and trading of bakery products under the L'Usine brand and investing activities. Selected financial information as of 31 December 2008 and 2007 and for the years then ended categorized by these business segments, are as follows:

	Dairy, Fruit Juices & Related Foods	Bakery Products	Investing Activities	Total
	-	-	SAR '000	SAR '000
31 December 2008				
Sales	4,515,097	514,807	-	5,029,904
Depreciation of Property, Plant and Equipment	(334,119)	(44,849)	-	(378,968)
Income before Minority Interest	818,019	106,361	(13,560)	910,820
Total Assets	6,556,270	1,135,677	489,337	8,181,284
Total Liabilities	(3,904,200)	(158,132)	(487,460)	(4,549,792)
31 December 2007				
Sales	3,401,038	368,795	-	3,769,833
Depreciation of Property, Plant and Equipment	(279,582)	(35,946)	-	(315,528)
Income before Minority Interest	595,827	74,798	(2,826)	667,799
Total Assets	4,906,488	958,268	471,074	6,335,830
Total Liabilities	(2,635,097)	(173,052)	(473,900)	(3,282,049)

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 31 December 2008 and 2007 and for the years then ended, categorized by these geographic segments are as follows:

	Sales	Non-Current Assets
	SAR '000	SAR '000
<u>2008</u>		
Saudi Arabia	3,453,558	6,332,772
Other GCC Countries	1,510,552	88,779
Other Countries	65,794	-
Total	5,029,904	6,421,551
<u>2007</u>		
Saudi Arabia	2,653,170	5,029,367
Other GCC Countries	1,087,935	66,167
Other Countries	28,728	-
Total	3,769,833	5,095,534

Analysis of sales is given by product group as shown below.

	2008	2007
	SAR '000	SAR '000
Fresh Dairy	2,474,586	1,977,117
Long Life Dairy	495,710	310,704
Fruit Juice	484,455	340,274
Cheese & Butter	1,028,206	741,581
Bakery Products	514,807	368,795
Other	32,140	31,362
Total	5,029,904	3,769,833

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007
	SAR '000	SAR '000
14. <u>COST OF SALES</u>		
Direct Material Costs	2,225,075	1,601,895
Employee Costs	297,622	244,076
Depreciation	396,984	287,086
Livestock Appreciation	(271,589)	(165,807)
Loss on Disposal of Livestock	57,179	37,543
Other Expenses	325,676	271,702
Total	3,030,947	2,276,495
	2008	2007
	SAR '000	SAR '000
15. <u>SELLING AND DISTRIBUTION EXPENSES</u>		
Employee Costs	327,951	249,680
Marketing Expenses	247,319	190,603
Depreciation	78,982	70,924
Other Expenses	96,626	58,942
Total	750,878	570,149
	2008	2007
	SAR '000	SAR '000
16. <u>GENERAL AND ADMINISTRATION EXPENSES</u>		
Employee Costs	121,109	101,067
Insurance	20,936	18,070
Depreciation	9,449	8,515
Profit on Disposal of Property, Plant and Equipment	(1,093)	(10,577)
Other Expenses	36,707	25,376
Total	187,108	142,451

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. ZAKAT

- A. Zakat is charged at the higher of net adjusted income or Zakat base as required by the Saudi Arabian Zakat Regulations. In the current year, the Zakat charge is based on the net income method, calculated as follows:

	2008	2007
	SAR '000	SAR '000
Income from Main and Continuing Operations	935,482	685,878
Disallowed Expenses:		
Accrual for Employees' Termination Benefits	23,138	26,822
Other Provision	10,946	10,460
Net Income for Zakat Purposes	969,566	723,160
Zakat Charge @ 2.5%	24,239	18,079
Adjustment in respect of prior year provision	423	-
Charged to Consolidated Statement of Income	24,662	18,079

B. **Zakat Provisions**

Balance at 1 January	18,028	12,701
Transfer of Western Bakeries Company Limited and International Baking Services Company Limited Zakat Provision 1 January 2007	-	1,250
Charged to Consolidated Statement of Income	24,662	18,079
Payments	(19,908)	(14,002)
Balance at 31 December	22,782	18,028

- C. The Company has filed its Zakat returns for all the years up to 2007 and settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the Department of Zakat and Income Tax (DZIT) for all the years up to 2006 while the 2007 Zakat return is still under review by the Department of Zakat and Income Tax (DZIT).

18. EARNINGS PER SHARE

Earnings per Share are calculated on the total number of issued shares at 31 December 2008 and 31 December 2007 amounting to 109 million shares.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2008	2007
	SAR '000	SAR '000
19. DEPRECIATION AND DISPOSAL OF ASSETS		
<u>A. Depreciation</u>		
<u>Livestock</u>		
Depreciation of Dairy Herd	106,447	50,997
Livestock Appreciation	(271,589)	(165,807)
Net Livestock Appreciation	(165,142)	(114,810)
<u>Fixed Assets</u>		
Depreciation	378,968	315,528
Total	213,826	200,718
<u>B. (Profit)/Loss on the Disposal of Assets</u>		
<u>Livestock</u>		
Proceeds from Disposal of Livestock	(79,567)	(56,942)
Net Book Value of Dairy Herd Cows Disposed	78,443	61,792
Net Book Value of Youngstock Disposed	58,303	32,693
Loss on the Disposal of Livestock	57,179	37,543
<u>Fixed Assets</u>		
Proceeds from the Disposal of Property, Plant and Equipment	(3,964)	(16,614)
Net Book Value of Assets Disposed	2,871	6,037
Profit on the Disposal of Property, Plant and Equipment	(1,093)	(10,577)
Total	56,086	26,966

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, trade and other accounts receivable, derivative financial instruments, investments in securities, loan advances, short term bank borrowings, accounts payable, accrued expenses and other liabilities and long term debt.

Commission Rate Risk is the exposure associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) amounting to SAR 3,078.8 million at 31 December 2008 (2007: SAR 2,030.9 million) bear financing commission charges at the prevailing market rates.

The Group's policy is to manage its financing charges using a mix of fixed and variable commission rate debts. The policy is to keep between 50% and 60% of its borrowings at fixed commission. The following table demonstrates the sensitivity of the income to reasonably possible changes in commission rates, with all other variables held constant. There is no impact on the Company's equity.

	Increase/decrease in basis points of commission rates	Effect on income for the year SAR'000
2008		
SAR	+ 30	9,236
SAR	- 30	(9,236)
2007		
SAR	+ 30	6,093
SAR	- 30	(6,093)

Foreign Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has transactional currency exposure principally in Saudi Riyals, United States Dollars, Great British Pounds and Euro. Other transactions in foreign currencies are not material.

The outstanding foreign currency forward purchase agreements were as follows:

	2008	2007
	SAR '000	SAR '000
Euro	669,819	532,632
Great British Pound	94,800	60,911
Other	37,428	7,971
Total	802,047	601,514

The Group uses forward currency contracts to eliminate significant currency exposures. Management believe that the currency risk for inventory and capital expenditure purchases is adequately managed primarily through entering into foreign currency forward purchase agreements. It is the Group's policy to enter into forward contracts based on the underlying exposure available from the group's business plan/commitment with the suppliers. The forward purchase agreements are secured by promissory notes given by the Group.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following analysis calculates the sensitivity of income to reasonably possible movements of the SAR currency rate against the respective currencies, with all other variables held constant, on the fair value of currency sensitive monetary assets and liabilities as at the reporting date.

	Increase/decrease in Euro rate to SAR	Effect on income for the year SAR'000
2008	+10%	8,602
	-10%	(8,602)
2007	+10%	5,035
	-10%	(5,035)

Credit Risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group limits its credit risk by trading only with recognized, creditworthy third parties. The Group's policy is that all customers who wish to trade on credit terms are subject to credit verification procedures. Trade and other account receivables are mainly due from local customers and related parties and are stated at their estimated realizable values. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Group's exposure to bad debts is not significant. The five largest customers account approximately for 25% of outstanding accounts receivable at 31 December 2008 (2007: 22%).

With respect to credit risk arising from other financial assets of the Group comprising of cash and cash equivalents, investments in securities and loan advances, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. Cash and bank balances are placed with national and international banks with sound credit ratings. All derivative financial instruments form part of effective cash flow hedges.

Liquidity Risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds and bank facilities are available to meet the Company's future commitments. The Group's terms of sales require amounts to be paid either on a cash on delivery or on a terms basis. The average days of sales outstanding for 2008 were 22 days (2007: 21 days). Trade payables are typically settled on a terms basis, the average payables outstanding for 2008 were 46 days (2007: 51 days).

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's consolidated financial statements are prepared under the historical cost method, differences can arise between the carrying values and the fair value. The fair values of financial instruments are not materially different from their carrying values.

Hedging Activities

At 31 December 2008 the Group had 8 commission rate swap agreements in place covering total notional amounts of SAR 100 million and US\$ 210 million. At 31 December 2007 the Group had three commission rate swap agreements in place covering total notional amounts of SAR 300 million and US\$ 53.3 million.

The swaps result in the Group receiving floating 6 month SIBOR/ 3 month US\$ LIBOR rates while paying fixed rates of commission or floating 3 month US\$ LIBOR rates under certain conditions. The swaps are being used to hedge the exposure to commission rate changes of the Group's Islamic borrowings.

At 31 December 2008 and 2007 the Group had various forward foreign exchange contracts that were designated as hedges to cover purchases and other expenditures in a variety of foreign currencies.

All derivative financial instruments are being used as cash flow hedges and are carried in the balance sheet at fair value. All cash flow hedges are either against transactions with either firm commitments, or forecast transactions that are highly probable. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 14 months.

All 2008 hedges were considered highly effective and the net loss on cash flow hedges during the year recognised in Other Reserves within equity was SAR 101.4 million (2007: net loss of SAR 9.1 million). During the year net gains reclassified to the income statement were SAR 14.7 million (2007: SAR 4.8 million).

22. COMMITMENTS AND CONTINGENCIES

- A. The contingent liabilities against letters of credit are SAR 330 million for 31 December 2008 (2007: SAR 73.2 million).
- B. The contingent liabilities against letters of guarantee are SAR 61.1 million for 31 December 2008 (2007: SAR 13.4 million).
- C. The Company had capital commitments to SAR 702.5 million for 31 December 2008 in respect of ongoing projects (2007: SAR 647.4 million). The majority of the capital commitments are for new production facilities, sales depot development, distribution fleet, fridges and information technology.

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D. Commitments under operating leases expire as follows:

	2008	2007
	SAR '000	SAR '000
Within one year	50,723	45,958
Two to five years	48,288	56,831
After five years	96,268	100,383
Total	195,279	203,172

23. DIRECTORS REMUNERATION

The Directors' remuneration paid to the Board of Directors for year ended 31 December 2008 amounted to SAR 6.4 million (2007: SAR 2.1 million).

24. RELATED PARTY TRANSACTIONS AND BALANCES

During the normal course of its operations, the Group had the following significant transactions with related parties during the year ended 31 December 2008 and 31 December 2007 along with their balances:

Related Party	Nature of Transaction	Amount	Balance at 31 December
		SAR '000	SAR '000
<u>2008</u>			
Common Shareholders / Owners	Sales	(155,141)	31,357
Common Shareholders / Owners	Purchases	185,986	(46,360)
<u>2007</u>			
Common Shareholders / Owners	Sales	(113,298)	17,856
Common Shareholders / Owners	Purchases	183,557	(37,309)

The Common Shareholders / Owners noted above include the Savola Group, Arabian Shield Insurance Company and ARASCO Feed Mills whose major shareholders are also major shareholders of the Company. Also included are Managed Arable Farms and Nofa Equestrian Resort whose owners are major shareholders of the company.

Pricing and terms of payment for these transactions are at arms length.

25. DIVIDENDS APPROVED AND PAID

On 16 Rabia I 1429 A.H. (24 March 2008), the General Assembly Meeting approved a dividend of SAR 272.5 million (SAR 2.5 per share) for the year ended 31 December 2007, which was paid on 1 Rabia II 1429 A.H. (7 April 2008).

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. DIVIDENDS PROPOSED

The Board of Directors, on 21 Muharram 1430 (18 January 2009) proposed for approval at the General Assembly Meeting a dividend for the year ended 31 December 2008 of SAR 381.5 million (SAR 3.5 per share).

27. SUBSEQUENT EVENTS

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