YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014
with
INDEPENDENT AUDITORS' REPORT

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended at December 31, 2014
Expressed in Saudi Riyals

KPMG Al Fozan & Al Sadhan
Zahran Business Centre, Tower A, 9th Floor
Prince Sultan Street
PO Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

Telephone +966 12 698 9595
Fax +966 12 698 9494
Internet www.kpmg.com.sa

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

INDEPENDENT AUDITORS' REPORT

The Shareholders
Yanbu Cement Company
Saudi Joint Stock Company
Jeddah, Kingdom of Saudi Arabia

We have audited the accompanying consolidated financial statements of Yanbu Cement Company ("the Company") and its subsidiary (collectively referred to as "the Group") which comprise the consolidated balance sheet as at December 31, 2014 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 23 which form an integral part of the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with Article (123) of the Regulations for Companies and the Company's Article of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

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

1) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

2) comply with the requirements of the Regulations for Companies and the Company's Article of Association with respect to the preparation and presentation of the financial statements.

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382

كي. بي. إم. جي الفوزان والسدحان
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
س.ت.م رقم ٤٦
Certified Public Accountants
KPMG Al Fozan & Al Sadhan

Rabi Al Thani 15, 1436H
Corresponding to February 4, 2015

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at December 31, 2014
Expressed in Saudi Riyals

	Note	2014	2013
ASSETS			
Current assets:			
Cash and cash equivalents	4	**289,661,311**	311,194,731
Trade receivables		**191,365,644**	179,967,699
Inventories	5	**551,292,575**	481,333,517
Prepayments and other current assets	6	**24,806,590**	59,668,047
Total current assets		**1,057,126,120**	1,032,163,994
Non-current assets:			
Property, plant and equipment	7	**3,187,186,090**	3,280,723,589
Total non-current assets		**3,187,186,090**	3,280,723,589
Total assets		**4,244,312,210**	4,312,887,583
LIABILITIES AND EQUITY			
Current liabilities:			
Current portion of long term borrowings	8	**239,120,405**	280,483,828
Trade payables		**21,771,802**	45,341,073
Dividends payable	9	**68,206,220**	65,282,426
Zakat provision	17-B	**21,554,516**	16,932,019
Accrued expenses and other current liabilities	10	**97,014,340**	120,127,960
Total current liabilities		**447,667,283**	528,167,306
Non-current liabilities:			
Long term borrowings	8	**168,247,000**	407,367,405
Employee's end of service benefits	11	**65,672,363**	62,393,422
Total non-current liabilities		**233,919,363**	469,760,827
Total liabilities		**681,586,646**	997,928,133
EQUITY			
Equity attributable to the Company's shareholders:			
Capital	12	**1,575,000,000**	1,575,000,000
Statutory reserve	13	**787,500,000**	787,500,000
Retained earnings		**1,167,020,163**	918,537,505
Total equity attributable to the Company's shareholders		**3,529,520,163**	3,281,037,505
Non-controlling interest		**33,205,401**	33,921,945
Total equity		**3,562,725,564**	3,314,959,450
Total liabilities and equity		**4,244,312,210**	4,312,887,583

The accompanying notes 1 through 23 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2014
Expressed in Saudi Riyals

	Note	2014	2013
Net sales		**1,559,389,682**	1,620,260,535
Costs of sales		**(706,173,864)**	(735,153,298)
Gross profit		**853,215,818**	885,107,237
Selling and distribution expenses	14	**(12,747,343)**	(14,194,045)
General and administrative expenses	15	**(27,645,589)**	(23,934,177)
Income from operations		**812,822,886**	846,979,015
Other income	16	**21,944,136**	7,255,430
Financial charges		**(9,408,996)**	(12,623,517)
Net income before Zakat and non-controlling interest		**825,358,026**	841,610,928
Zakat	17-A	**(21,741,912)**	(16,415,945)
Net income before non-controlling interest		**803,616,114**	825,194,983
Non-controlling interest		**(1,683,456)**	(3,899,122)
Net income		**801,932,658**	821,295,861
Earnings per share from:	18		
- Income from operations		**5.16**	5.38
- Other Income		**0.14**	0.05
- Net income		**5.09**	5.21

The accompanying notes 1 through 23 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2014
Expressed in Saudi Riyals

	Note	2014	2013
Operating activities			
Net income		**801,932,658**	821,295,861
Adjustments for:			
Depreciation	7	**209,615,000**	206,204,414
Amortization of deferred financing costs	8	**2,892,000**	2,892,000
Charge/(reversal) of slow moving spare parts provision	5	**3,487,791**	(1,488,091)
Gain on disposal of property, plant and equipment	16	**(156,200)**	(108,500)
Zakat provision for the year	17-A	**21,741,912**	16,415,945
Non-controlling interest's share in the subsidiary income		**1,683,456**	3,899,122
Employee's end of service benefits provision for the year	11	**9,925,937**	12,627,716
		1,051,122,554	1,061,738,467
Changes in operating assets and liabilities			
Trade receivables		**(11,397,945)**	(10,777,767)
Inventories		**(73,446,849)**	(156,057,299)
Prepayments and other current assets		**34,861,457**	(39,221,871)
Trade payables		**(23,569,271)**	2,115,721
Accrued expenses and other current liabilities		**(23,113,620)**	(20,061,192)
Employee's end of service benefit paid	11	**(6,646,996)**	(5,157,399)
Zakat paid	17-B	**(17,119,415)**	(24,070,680)
Net cash provided by operating activities		**930,689,915**	808,507,980
Investing activities			
Purchase of property, plant and equipment	7	**(116,077,501)**	(90,190,630)
Proceeds from disposal of property, plant and equipment		**156,200**	108,500
Net cash used in investing activities		**(115,921,301)**	(90,082,130)
Financing activities			
Long term loans settled		**(283,375,828)**	(358,375,829)
Dividends paid to shareholders	9	**(548,326,206)**	(831,787,630)
Dividends paid to non-controlling interest		**(2,400,000)**	(1,320,000)
Board of Directors' remunerations		**(2,200,000)**	(2,200,000)
Net cash used in financing activities		**(836,302,034)**	(1,193,683,459)
Net change in cash and cash equivalents		**(21,533,420)**	(475,257,609)
Cash and cash equivalents at the beginning of the year		**311,194,731**	786,452,340
Cash and cash equivalents at the end of the year	4	**289,661,311**	311,194,731

The accompanying notes 1 through 23 form an integral part of these consolidated financial statements.

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2014
Expressed in Saudi Riyals

	Equity attributable to the Company's shareholders						
	Capital	Statutory reserve	Expansionary reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2013	1,050,000,000	525,000,000	741,879,357	985,062,287	3,301,941,644	31,342,823	3,333,284,467
Net income for the year	--	--	--	821,295,861	821,295,861	3,899,122	825,194,983
Transferred as increase in capital	525,000,000	--	(525,000,000)	--	--	--	--
Transfer to statutory reserve	--	262,500,000	(216,879,357)	(45,620,643)	--	--	--
Dividends	--	--	--	(840,000,000)	(840,000,000)	(1,320,000)	(841,320,000)
Board of Directors' remunerations	--	--	--	(2,200,000)	(2,200,000)	--	(2,200,000)
Balance at December 31, 2013	1,575,000,000	787,500,000	--	918,537,505	3,281,037,505	33,921,945	3,314,959,450
Net income for the year	--	--	--	801,932,658	801,932,658	1,683,456	803,616,114
Dividends	--	--	--	(551,250,000)	(551,250,000)	(2,400,000)	(553,650,000)
Board of Directors' remunerations	--	--	--	(2,200,000)	(2,200,000)	--	[illegible]
Balance at December 31, 2014	**1,575,000,000**	**787,500,000**	--	**1,167,020,163**	**3,529,520,163**	**33,205,401**	**3,562,725,564**

The accompanying notes 1 through 23 form an integral part
of these consolidated financial statements.

Expressed in Saudi Riyals

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Yanbu Cement Company (a Saudi Joint Stock Company) referred to as ("The Company" and "The Parent Company") was incorporated per Royal Decree No. M/10 of 24/3/1397H based on the Council of Ministers Resolution No.1074 of 10/8/1394H and is registered in Yanbu City under Commercial Registration No. 4700000233 on 21/11/1398H pursuant to Ministry of Industry and Electricity Resolution No. 67/S of 17/3/1396H.

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

The consolidated financial statements comprise the financial statements of the parent company Yanbu Cement Company and its mentioned below subsidiary (collectively referred to as "the Group"):

Subsidiary's name	Country of incorporation	Ownership percentage
Yanbu Saudi Kuwaiti Paper Products Company Ltd.	Kingdom of Saudi Arabia	60%

The subsidiary is engaged in the manufacturing and wholesale trading of all kinds of cement paper.

The Head office of the company is located at the following address:

Yanbu Cement Company
Al Baghdadiyah Al Gharbiyah District
P. O. Box 5530
Jeddah 21422
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

(b) Basis of measurement

The accompanying consolidated financial statements have been prepared on historical cost basis, using the accrual basis of accounting and the going concern concept.

2. BASIS OF PREPARATION (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31 for each year. The financial statements of the subsidiary are prepared for the same reporting year as the Company.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group transactions that are recognized in assets, are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

ii) Non-controlling interest (NCI)

Non-controlling interest represents the interest in the subsidiary, not held by the Company which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with Non-controlling interest parties are treated as transactions with parties external to the Group.

(d) Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the functional and reporting currency of the Group.

(e) Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)

- Impairment of trade accounts receivable
  A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

- Provision for slow moving inventories
  Management makes a provision for slow moving and obsolete inventory items. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the balance sheet date to the extent that such events confirm conditions existing at the end of year.

- Useful lives of property, plant and equipment
  Management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual value and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

- Impairment of non-financial assets
  Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-current assets other than intangible assets and that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income. Impairment losses recognized on intangible assets and available for sale securities are not reversible.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at banks, time deposits and investments in mutual funds if any , that are readily convertible to cash and has a maturity of 3 months or less as at the original investment date, and which are available to the Group without any restrictions.

Trade receivable
Trade receivables are stated at original invoice amount less provisions made for doubtful debts. A provision against doubtful debts is established when there is an objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables. Bad debts are written off when identified, against their related provisions. The provisions are charged to consolidated statement of income and any subsequent recovery of receivable amounts previously written off are credited to income.

Inventories
Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value comprises estimated selling price in the ordinary course of business, less further production costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

Operating lease
Payments under operating lease are recognized in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
All other expenditures are recognized in the consolidated statement of income when incurred. Depreciation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives of the individual items of property, plant and equipment.

Repair and maintenance expenditures are charged to the consolidated statement of income. Improvements that increase the value or materially extend the life of the related assets are capitalized

Freehold land is not depreciated. The cost less estimated residual value of Property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets - effective from its date of purchase or construction. Paper products factory buildings and paper products factory plant and equipment related to the subsidiary are depreciated using the units of production method.

The estimated useful lives of assets for the current and comparative year are as follows:

	Years
Factory buildings	25
Paper factory production buildings	30
Buildings and other constructions	40
Berth	20
Machinery and equipment	25
Paper factory machinery and equipment	Production units
Vehicles and trucks	4 - 6.67
Furniture and other assets	4 - 6.67

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Borrowings
Borrowings are recognized at the proceeds received, net of transaction costs incurred. Further, upfront fee that was deducted in advance by the SIDF, is deferred and presented netted of the principle amount of the loan. Such deferred amount is amortized over the term of the loan using the straight line method which is not materially different from applying the prevailing interest rate. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed, otherwise, these costs are charged to the consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation.

Employees' end of service benefits

Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to the consolidated statement of income. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should his services be terminated at the balance sheet date.

Revenue recognition

Revenue is recognized to the extent of the following recognition requirements:

- it is probable that the economic benefits will flow to the Group,
- it can be reliably measured, regardless of when the payment is being made
- the cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

Sale of goods

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

Expenses

Selling and distribution expenses are those arising from the Group's efforts underlying the selling and distribution functions. All other expenses, excluding production costs and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling and distribution and general and administrative expenses, when required, are made on consistent basis.

Zakat

The Company and its subsidiary are subject to zakat in accordance with the regulations of Saudi Department of Zakat and Income Tax ("DZIT"). Zakat is accrued and charged to the statement income currently. Additional zakat liability, if any, related to prior years' assessments arising from DZIT are accounted for in the period in which the final assessments are finalized.

Expressed in Saudi Riyals

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Withholding tax
The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with DZIT regulations.

Foreign currency translation
Transactions denominated in foreign currencies are translated to the functional currency of the Group at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency of the Group at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognized in the consolidated statement of income.

Dividends
Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the year in which they were approved by the general assembly of shareholders.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in producing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise the following:

	2014	2013
Cash in hand	**188,907**	129,062
Cheques under collection	**1,808,000**	3,228,750
Cash at bank - current accounts	**287,664,404**	307,836,919
	289,661,311	311,194,731

Expressed in Saudi Riyals

5. INVENTORIES

(a) Inventories at December 31 comprise the following:

	2014	2013
Spare parts	**375,041,242**	333,089,054
Work-in-progress	**240,585,485**	199,628,825
Raw materials	**41,408,138**	47,035,857
Packaging materials	**7,325,171**	11,443,411
Oil and fuel	**6,208,378**	5,863,920
Other materials	**912,441**	972,939
	671,480,855	598,034,006
Less: Provision for slow moving spare parts	**(120,188,280)**	(116,700,489)
	551,292,575	481,333,517

(b) The summary of the movement in provision for slow moving spare parts for the year ended December 31 is as follows:

	2014	2013
Balance at beginning of the year	**116,700,489**	118,188,580
Additions	**3,487,791**	--
Provision no longer required	**--**	(1,488,091)
Balance at end of the year	**120,188,280**	116,700,489

6. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets at December 31 comprise the following:

	2014	2013
Deposits and other receivables	**10,521,516**	15,244,393
Employees' loans (6.1)	**8,896,071**	3,680,262
Prepaid expenses	**5,389,003**	5,207,033
Margins on letters of guarantee and letters of credit (Note 20)	**--**	35,536,359
	24,806,590	59,668,047

6.1 Employees' loans are secured by the end of the service benefits.

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014
Expressed in Saudi Riyals

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movement in property, plant and equipment for the year ending December 31, 2014 is as follows:

	Land	Factory building	Paper factory buildings	Other buildings & constructions	Berth	Machinery & equipment	Paper factory machinery &equipment	Vehicles, mixers & truck	Furniture & other assets	Capital Work-in-progress	**Total 2014**	Total 2013
Cost:												
At the beginning of the year	4,805,116	517,935,603	23,682,301	405,242,144	16,360,228	4,638,745,915	44,786,388	113,995,038	21,658,687	46,921,902	**5,834,133,322**	5,749,369,762
Additions	--	--	--	186,516	--	17,298,828	--	2,799,684	4,044,390	91,748,083	**116,077,501**	90,190,630
Disposals	--	--	--	--	--	--	--	(723,670)	(1,542,659)	--	**(2,266,329)**	(5,427,070)
Transfers	--	--	--	57,206,000	--	--	-	--	1,276,000	(58,482,000)	**--**	--
At the end of the year	4,805,116	517,935,603	23,682,301	462,634,660	16,360,228	4,656,044,743	44,786,388	116,071,052	25,436,418	80,187,985	**5,947,944,494**	5,834,133,322
Depreciation:												
At the beginning of the year	--	354,644,501	5,592,522	186,420,451	16,360,228	1,894,981,596	8,746,370	72,594,968	14,069,097	--	**2,553,409,733**	2,352,632,389
Charge for the year	--	9,030,260	817,585	11,493,433	--	171,429,995	1,619,801	11,596,689	3,627,237	--	**209,615,000**	206,204,414
Disposals	--	--	--	--	--	--	--	(723,670)	(1,542,659)	--	**(2,266,329)**	(5,427,070)
At the end of the year	--	363,674,761	6,410,107	197,913,884	16,360,228	2,066,411,591	10,366,171	83,467,987	16,153,675	--	**2,760,758,404**	2,553,409,733
As at December 31, 2014	**4,805,116**	**154,260,842**	**17,272,194**	**264,720,776**	**--**	**2,589,633,152**	**34,420,217**	**32,603,065**	**9,282,743**	**80,187,985**	**3,187,186,090**	
As at December 31, 2013	4,805,116	163,291,102	18,089,779	218,821,693	--	2,743,764,319	36,040,018	41,400,070	7,589,590	46,921,902		3,280,723,589

Expressed in Saudi Riyals

8. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Capital work in progress represents residential buildings built for employees in the Factory site, a security fence around the plant, a dust filter for the Fourth Line, a cement samples automated handling system for the Fourth line and other constructions in plant and warehouses.

(c) The Company obtained the tenancy right for the factory land and its related quarries from the Ministry of Petroleum and Mineral Resources of the Principality of Medina for 30 years, starting from the year 1428H a nominal rent an annual capacity of SR. 10,000 per square kilometer.

(d) All property, plants and equipment of the fifth production line with total cost amounting to SR. 1.82 billion are mortgaged to Saudi Industrial Development Fund (SIDF) against long term loan from SIDF (Note 8).

(e) Depreciation charge for the year ended December 31, has been allocated as follows:

	2014	2013
Cost of sales	**208,819,313**	205,397,981
Selling and distribution expenses (Note 14)	**567,458**	637,082
General and administrative expenses (Note 15)	**228,229**	169,351
	209,615,000	206,204,414

(f) The cost of property, plant and equipment that are fully depreciated and still in the operation as at December 31, 2014 amounted to SR 1.2 billion (compared to SR. 1.2 billion as at December 31, 2013), the Company's management has reviewed the estimated useful lives of these assets and believes that no adjustment is needed.

8. LONG-TERM BORROWINGS

Long-term borrowings at December 31 comprise of the following:

	2014	2013
Saudi Industrial Development Fund (SIDF) (8.1)	**205,355,000**	242,463,000
National Commercial Bank loans (8.2)	**202,012,405**	445,388,233
	407,367,405	687,851,233

Expressed in Saudi Riyals

8. LONG-TERM BORROWINGS (continued)

Long-term borrowings are presented in the consolidated balance sheet as follows:

	2014	2013
Current portion shown under current liabilities	**239,120,405**	280,483,828
Non-current portion shown under non-current liabilities	**168,247,000**	407,367,405
	407,367,405	687,851,233

8.1 Saudi Industrial Development Fund loan:

- On June 7, 2010, the loan from Saudi Industrial Development Fund (SIDF) was obtained to finance the construction of the fifth production line "the project". The total outstanding balance as of 31 December 2014 is amounting to SR 215 million (31 December 2013: SR 255 million) from the total approved loan amount of SR 300 million out of which an amount of SR 22.5 million is deducted as industrial evaluation costs. The loan is repayable over 6 years in semiannual installments starting from 28 December 2012. The loan is secured by a mortgage of Property, plant and equipment of fifth production line. The loan agreement contains covenants and certain financial ratios to be maintained.

- Part of the industrial evaluation costs amounting to SR 4.9 million was capitalized as a part of project cost during to the period from obtaining the loan until the completion of the project on March 31, 2012. The remaining balance amounting to SR 17.6 million was classified as deferred financing costs and will be amortized over the loan period ending April 30, 2018, and thus. The portion that was charged to the statement of income for the period ended as at 31 December 2014 from these costs amounted to SR 2.9 million (2013: SR 2.9 million).

The SIDF loan balance as at December 31 is represented as follows:

	2014	2013
Total loan	**215,000,000**	255,000,000
Less: Deferred finance charges	**(9,645,000)**	(12,537,000)
	205,355,000	242,463,000

8.2 National Commercial Bank loans:

- During the year 2011, the company obtained bank facilities amounting to SR 1.2 billion from National Commercial Bank to finance the construction of fifth production line with no guarantee. The loan is repayable over 5 years started from March 31, 2011 and it will end on March 1, 2016 with an amount of SR 20 million in a monthly basis. During the year 2013, an amount of SR 80 million was paid as an early settlement of bank installments, accordingly it will end October 31, 2015.

Expressed in Saudi Riyals

8. LONG TERM BORROWINGS (continued)

8.2 National Commercial Bank loans (continued):

- Yanbu Saudi Kuwaiti Products Company (a Subsidiary) obtained bank facilities from the National Commercial Bank amounting to SR 12 million to cover its obligations against construction contractors and to finance local and foreign purchase of the equipment required. The loan is secured by a guarantee from the Parent Company (Yanbu Cement Company). The repayments of the installments starts from 31 July 2011 by SR 281,319 monthly installment and will be ending on June 30, 2015.

All the loans are bearing banks commissions based on agreed commercial rates.

9. DIVIDENDS PAYABLE

The movement in the dividends payable during the year ended December 31, 2014 is as follows:

	2014	2013
Balance as of January 1	**65,282,426**	57,070,056
Dividends declared during the year (9.1)	**551,250,000**	840,000,000
Dividends paid during the year	**(548,326,206)**	(831,787,630)
Balance as of December 31	**68,206,220**	65,282,426

9.1 The Ordinary General Assembly meeting number thirty three held on Sunday Jumada Al Awal 22, 1435H, corresponding to March 23, 2014, has approved to distribute dividends for the second half for the year 2013 amounting to SR 315 million (2012: SR 525 million) based on SR 2 for each share (2012: SR 5 for 105 million shares as of December 31, 2012) as 20% of the Capital (2012: 50% of the capital amounting to SR 1,050 million as of December 31, 2012) to be eligible to the shareholders registered in the Stock Exchanges (Tadawel) records at the end of trading day of the ordinary general assembly meeting date. Note that half year dividends for the first half of the year 2013 has been distributed amounting SR 315 million based on SR 2 per share. Accordingly the total amount distributed dividends for the year 2013 amounting SR 630 million based on SR 4 for each share as 40% of the Capital (2012: SR 525 million based on SR 5 per share representing 50% of the capital).

On July 10, 2014, the Board of Directors recommended to distribute half year dividends for the year 2014 by total amount of SR 236.25 million based on SR 1.5 for each share representing 15% of the capital to be eligible to the shareholders registered in the Stock Exchanges (Tadawel) records at the end of trading day August 7, 2014.

Expressed in Saudi Riyals

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31 comprise the following:

	2014	2013
Accrued expenses	**64,036,353**	87,514,248
Advances from customers	**4,963,078**	5,009,823
Social insurance	**870,556**	589,208
Other payables	**27,144,353**	27,014,681
	97,014,340	120,127,960

11. EMPLOYEES' END OF SERVICES BENEFITS

	2014	2013
Balance at the beginning of the year	**62,393,422**	54,923,105
Additions	**9,925,937**	12,627,716
Payments	**(6,646,996)**	(5,157,399)
Balance at the end of the year	**65,672,363**	62,393,422

12. CAPITAL

Capital of the Company is divided into 157.5 million shares as at December 31, 2014 (2013: 157.5 million shares) of SR 10 value for each (2013: SR 10).

The Extraordinary General Assembly meeting number 6th held on Sunday Jumada Al Awal 12, 1434H, corresponding to March 24, 2013, has approved to increase the Company's capital by 50% from SR 1.050 billion to SR 1.575 billion, Accordingly the number of shares will be 157.5 million shares instead of 105 million shares, by issuing one bonus share for every two shares owned to be eligible grant to shareholders registered in the Company's records at the end of trading day of the extraordinary general assembly meeting date to strengthen the financial position of the Company. The proposed increase to be covered by the transfer of SR 525 million from the expansionary reserve as of December 31, 2012 and to grouping the fractional shares and sell them for the benefit of eligible shareholders of these shares.

The amendments of Articles (6) and (7) of the Company's Article of Association in respect of the increase in the share capital is in process.

Expressed in Saudi Riyals

13. STATUTORY RESERVE

As required by Saudi Arabian Regulations for Companies and the Company article of association, the Company is required to transfer 10% of its net income each year to the statutory reserve until the reserve reaches 50% of the capital. The limit have been achieved on the previous years, However, the Extraordinary General Assembly number 6th held on Sunday Jumada Al Awal 12, 1434H, corresponding to March 24, 2013, agreed to increase the statutory reserve by the amount of SR 262.5 million to become SR 787.5 million by that the transfer of SR 262.5 million from expansionary reserve and retained earnings to statutory reserve and bringing the statutory reserve after adjustment equal to 50% of the new capital.

14. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31 comprise the following:

	2014	2013
Employee costs	**7,867,734**	6,859,019
Donations and social responsibility (14.1)	**3,194,787**	5,508,275
Depreciation (Note 7)	**567,458**	637,082
Advertisement and publicity	**211,500**	176,990
Repair and maintenance	**40,195**	119,889
Secondment expenses	**74,876**	45,188
Fees and subscriptions	**62,015**	44,557
Other	**728,778**	803,045
	12,747,343	14,194,045

14.1 Donations and social responsibility represents the company's donations to several parties within the Company's plan for the development of the society and promote the Company's name.

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year ended December 31 comprise the following:

	2014	2013
Employee costs	**22,485,277**	19,965,008
Professional fees	**1,065,083**	758,935
Fees and subscriptions	**638,408**	601,384
Repair and maintenance	**468,661**	231,378
Advertisement and publicity	**375,440**	376,185
Depreciation (note 7)	**228,229**	169,351
Others	**2,384,491**	1,831,936
	27,645,589	23,934,177

Expressed in Saudi Riyals

16. OTHER INCOME

Other income as at December 31 comprise the following:

	2014	2013
Compensation from supplier (16.1)	**19,748,946**	--
Compensation from insurance companies	**1,041,876**	41,093
Gain on disposal of property, plant and equipment	**156,200**	108,500
Returned custom fees	**155,930**	2,400,927
Foreign currency exchange differences	**52,927**	234,255
Scrap sales	--	2,651,000
Other	**788,257**	1,819,655
	21,944,136	7,255,430

16.1. The amount represents the compensation received by the Company from the supplier of the fifth production line according to the final delivery agreement of the project dated April 10, 2014, representing penalties due to shortage in the performance of the cement mills.

17. ZAKAT

(a) Charge for the year

The Company and its subsidiary, submit separate assessments to the Department of Zakat and Income Tax (DZIT) on unconsolidated bases using the equity method. The main components of the Zakat base for each company include the equity and provisions, as of the beginning of the year and net adjusted profit, less deductions for the net book value of property, plant and equipment and investments and other items. If the Zakat base is negative, the Company has no Zakat liability for the year.

Zakat charge for the year ended December 31 is as follows:

	2014	2013
For current year	**21,741,912**	16,415,945

(b) Zakat provision

The movement in Zakat provision as at December 31 is as follows:

	2014	2013
Balance at beginning of the year	**16,932,019**	24,586,754
Charge for the year	**21,741,912**	16,415,945
Paid during the year	**(17,119,415)**	(24,070,680)
	21,554,516	16,932,019

19. ZAKAT (continued)

(c) Zakat status

Yanbu Cement Company (A Saudi Joint Stock Company)

Zakat assessment has been finalized with the Department of Zakat and Tax (DZIT) for the year ending December 31, 2004. The Company has filed its zakat returns for the years from December 31, 2005 until 2011. The DZIT made a field inspection for these years resulted in claiming the Company to pay zakat differences by an amount of SR 72.7 million and differences for withholding tax by the amount of SR 361 thousand. The Company paid the withholding tax and filed an objection with the DZIT on the above mentioned zakat differences, the Company's management are convinced that the Company's position is favorable and therefore has a great opportunity for non-payment, accordingly no provision was formed for these zakat differences.

The Company has filed its Zakat returns for the years 2012 and 2013 and still waiting for the DZIT assessment.

Yanbu Saudi Kuwaiti Paper Products Company (Subsidiary)

Zakat assessment has been finalized with the Department of Zakat and Tax (DZIT) for the years up to December 31, 2008. The Company has filed its zakat returns for the years from December 31, 2009 until 2013 and settled the amount required and still waiting for the DZIT assessment.

18. EARNING PER SHARE

Earnings per share from income from operations and earnings per share from other income and earnings per share from net income for the year ended December 31, 2014 are calculated based on the outstanding number of shares during the year amounting to 157.5 million shares (December 31, 2013: 157.5 million shares).

19. SEGMENT INFORMATION

The company has one only operating segment represented in the production of Cement. The Company's operations are only in the Kingdom of Saudi Arabia; therefore, financial information has not been segmented into various business or geographical segments. Subsidiary's financial information are not significant to the Group financial statements for segment reporting purposes.

Expressed in Saudi Riyals

20. COMMITMENTS AND CONTINGENCIES

a) As of December 31, 2014 the capital commitments related to projects under construction amounted to approximately SR 54.4 million (2013: SR 105.8 million).

b) As of December 31, 2014 the contingent liabilities against Bank's letter of guarantees issued on behalf of the Company amounted to SR 13 million, (2013: an amount of SR 15.9 million and SR 1 million paid against it as security margin) and contingent liabilities letter of credits by the amount of SR 33.1 million without security margin paid against it (2013: amount of SR 164 million and SR 34.5 million security margin paid against it).

21. RELATED PARTIES TRANSACTIONS

Related parties transactions mainly represent salaries, allowances and remunerations of key management personnel.

Key management personnel are those who have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

Salaries, wages and other benefits during the year ended December 31, includes the following:

Related party	Nature of transactions	Value of transactions 2014	2013
Key management personnel	Salaries, allowances and remunerations	**6,580,000**	6,179,400

22. RISK MANAGEMENT

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of the financial instruments. The Group is subject to interest rate risk on its interest bearing assets and liabilities mainly bank overdraft and bank facilities. The management limits the company's interest rate risk by monitoring changes in interest rates.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The Group's financial current liabilities consist of the current portion of bank facilities, trade accounts payables, dividends payable and accrued expenses and other liabilities. All the financial liabilities are expected to be settled within 12 months of the balance sheet date and the Company expects to have adequate funds available to do so.

22. RISK MANAGEMENT (continued)

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Cash and cash equivalents of the Group standing at the balance sheet date are placed with national banks with sound credit ratings. Trade receivables are mainly due from local customers, 72% as of December 31, 2014 (2013: 70%) of the Group's trade receivables are due from 5 main customers (2013: 5 customers). Trade receivables are stated at their estimated realizable values.

Currency risk
Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to fluctuations in foreign exchange rates during its ordinary course of business, since all significant transactions of the Group during the year are in Saudi Riyal and US Dollars and there is no significant risks related to balance stated at US Dollars since the exchange of Saudi Riyal against the US Dollar is fixed.

Fair values of financial instruments
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. The company's financial assets consist of cash and cash equivalent, accounts receivables and other assets, its financial liabilities consist of bank facilities, trade accounts payables, dividends payables accrued expenses and other liabilities.

The fair values of financial instruments are not materially different from their carrying values.

23. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements were approved for issuance by the Board of Directors on Rabi Al Thani 15, 1436H, corresponding to February 4, 2015.