YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)
For the three and twelve months periods ended 31 December 2014
with
INDEPENDENT AUDITORS' REVIEW REPORT

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three and twelve months periods ended 31 December 2014
Expressed in Saudi Riyals

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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders
Yanbu Cement Company
Jeddah, Saudi Arabia

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Yanbu Cement Company (the Company) and its subsidiary (collectively referred as "the Group") as at 31 December 2014 and the interim consolidated statement of income for the three and twelve months period then ended and the related interim consolidated statements of cash flows and changes in equity for the twelve months period then ended and the attached condensed notes (1) through (15) which form an integral part of the interim condensed consolidated financial statements. These interim condensed consolidated financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to provide a conclusion on the review of these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with Saudi Organization for Certified Public Accountants (SOCPA) standard on interim financial information. A review is limited principally to analytical procedures applied to financial data and inquiries of Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382

27 Rabie Al Awal, 1436H
Corresponding to 18 January 2015

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET
As at 31 December 2014
Expressed in Saudi Riyals

	Note	2014 (UNAUDITED)	2013 (Audited)
ASSETS			
Current assets:			
Cash and cash equivalents		**289,661,311**	311,194,731
Trade receivables		**191,365,644**	179,967,699
Inventories		**551,292,575**	481,333,517
Prepayments and other current assets		**24,806,590**	59,668,047
Total current assets		**1,057,126,120**	1,032,163,994
Non-current assets:			
Property, plant and equipment	4	**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:			
Long term borrowings – current portion	5	**239,120,405**	280,483,828
Trade payables		**21,771,802**	45,341,073
Dividends payable	6	**68,206,220**	65,282,426
Zakat provision	7	**21,554,516**	16,932,019
Accrued expenses and other current liabilities		**97,014,340**	120,127,960
Total current liabilities		**447,667,283**	528,167,306
Non-current liabilities:			
Long term borrowings	5	**168,247,000**	407,367,405
Employee's end of service benefits		**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	8	**1,575,000,000**	1,575,000,000
Statutory reserve	9	**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 15 form an integral part of these interim condensed consolidated financial statements (unaudited).

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three and twelve months period ended 31 December 2014
Expressed in Saudi Riyals

	Notes	For the three months period ended 31 December 2014 (Unaudited)	For the three months period ended 31 December 2013 (Audited)	For the twelve months period ended 31 December 2014 (Unaudited)	For the twelve months period ended 31 December 2013 (Audited)
Net sales		**378,218,607**	359,127,840	**1,559,389,682**	1,620,260,535
Costs of sales		**(167,937,059)**	(187,911,659)	**(706,173,864)**	(735,153,298)
Gross profit		**210,281,548**	171,216,181	**853,215,818**	885,107,237
Selling and distribution expenses		**(4,072,581)**	(6,543,436)	**(12,747,343)**	(14,194,045)
General and administrative expenses		**(7,426,067)**	(6,556,063)	**(27,645,589)**	(23,934,177)
Income from operations		**198,782,900**	158,116,682	**812,822,886**	846,979,015
Other income	10	**1,234,733**	973,663	**21,944,136**	7,255,430
Financial charges		**(2,785,422)**	(3,511,304)	**(9,408,996)**	(12,623,517)
Net income before Zakat and non-controlling interest		**197,232,211**	155,579,041	**825,358,026**	841,610,928
Zakat		**(3,241,912)**	5,184,055	**(21,741,912)**	(16,415,945)
Net income before non-controlling interest		**193,990,299**	160,763,096	**803,616,114**	825,194,983
Non-controlling interest		**(677,339)**	(543,896)	**(1,683,456)**	(3,899,122)
Net income		**193,312,960**	160,219,200	**801,932,658**	821,295,861
Earning per share from:	11				
Income from operations		**1.26**	1.00	**5.16**	5.38
Other income		**0.01**	0.01	**0.14**	0.05
Net income		**1.23**	1.02	**5.09**	5.21

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YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months period ended 31 December 2014
Expressed in Saudi Riyals

	Note	2014 (UNAUDITED)	2013 (Audited)
Operating activities			
Net income		**801,932,658**	821,295,861
Adjustments to reconcile net income with net cash flows provided by operating activities:			
Depreciation		**209,615,000**	206,204,414
Amortization of deferred financing costs		**2,892,000**	2,892,000
Gain on disposal of property, plant and equipment		**(156,200)**	(108,500)
Zakat provision for the period		**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 period		**9,925,937**	12,627,716
		1,047,634,763	1,063,226,558
Changes in operating assets and liabilities			
Trade receivables		**(11,397,945)**	(10,777,767)
Inventories		**(69,959,058)**	(157,545,390)
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 benefits paid		**(6,646,996)**	(5,157,399)
Zakat paid		**(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		**(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	6	**(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 period		**311,194,731**	786,452,340
Cash and cash equivalents at the end of the period		**289,661,311**	311,194,731

The accompanying notes 1 through 15 form an integral part of these interim condensed consolidated financial statements (unaudited).

YANBU CEMENT COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the twelve months period ended 31 December 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
As of 31 December 2014:							
Balance at the beginning of period	**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 period	--	--	--	**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)**	--	**(2,200,000)**
Balance at 31 December 2014 (UNAUDITED)	**1,575,000,000**	**787,500,000**	--	**1,167,020,163**	**3,529,520,163**	**33,205,401**	**3,562,725,564**
As of 31 December 2013:							
Balance at the beginning of period	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 period	--	--	--	821,295,861	821,295,861	3,899,122	825,194,983
Transferred as increase in capital (Note 8)	525,000,000	--	(525,000,000)	--	--	--	--
Transfer to statutory reserve (Note 9)	--	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 (AUDITED)	1,575,000,000	787,500,000	--	918,537,505	3,281,037,505	33,921,945	3,314,959,450

The accompanying notes 1 through 15 form an integral part of these interim condensed consolidated financial statements (unaudited).

Expressed in Saudi Riyals

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Yanbu Cement Company was established as a Saudi Joint Stock Company ("the Company" and "Parent Company") incorporated per Royal Decree No. M/10 on 24/3/1397H based on the Council of Ministers Resolution No. 1074 on 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 on 17/3/1396H.

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

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

Company's name	Country of incorporation	Shareholding
Yanbu Saudi Kuwaiti Paper Products Company Limited	Kingdom of Saudi Arabia	60%

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements are prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia and in accordance with Sandi Organization for Certified Public Accountants standard on interim financial information. Interim condensed consolidated financial statements include all the adjustments which consist primarily of normal recurring merits considered necessary by the Management to present a fair balance sheet, results of operations and cash flows. Interim condensed consolidated financial statements do not include all the information and disclosures required for the audited financial statements which are prepared according to the Saudi Organization for Certified Public Accountants. In addition, results presented in these interim condensed consolidated financial statements may not represent an accurate indicator for results for a complete one year. The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2013.

2. BASIS OF PREPARATION (continued)

(b) Basis of measurement

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

(c) Basis of consolidation

The interim condensed consolidated financial statements comprise the interim financial statements of the parent company and its subsidiary, as explained in Note (1) above.

Subsidiary
A Subsidiary is an entity 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. Subsidiary is 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/Company 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.

Non-controlling interest (NCI)
Non-controlling interest represents the interest in the subsidiary company, 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 interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is the Group's functional and reporting currency of the Group.

(e) Use of estimates and judgments

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

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)

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 a significant effect on the amounts recognized in the interim condensed consolidated financial statements are as follows:

- 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.

- Impairment of slow moving inventories
  The 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 period.

- Useful lives of property and equipment
  The management determines the estimated useful lives of property 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 followed by the Group in preparing these interim condensed consolidated financial statements are consistent with the policies used in preparing the consolidated financial statements for the year ended December 31, 2013 and interim condensed consolidated financial statements for the comparative period. Significant accounting policies adopted by the Group for the preparation of these interim condensed consolidated financial statements are as follows. Certain comparative amounts have been reclassified to conform with current period presentation.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at banks, time deposits and investments in mutual funds readily convertible to cash and has a maturity of 3 months or less as at the original investment date, if any, which are available to the Company 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
Payment under operating lease is 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)
Repair and maintenance expenditures are charged to the interim 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 period 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 fees that were deducted in advance by the SIDF, is deferred and presented netting 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 and, otherwise, such costs are charged to the consolidated statement of income.

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 benefits, will be required to settle this obligation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits
Employees' end of service benefits, calculated in accordance with Saudi Arabian labour regulations, are accrued and charged to interim 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 are 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 Saudi Arabian Zakat rules and regulations. Zakat for the period was accounted for based on an estimate. The liability is charged to the interim consolidated statement of income in an independent item. Additional zakat, if any, related to prior years' assessments arising from DZIT are accounted for in the period in which the final assessments are finalized.

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

Translation of foreign currencies
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 currency 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 interim consolidated statement of income.

Expressed in Saudi Riyals

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. PROPERTY, PLANT AND EQUIPMENT

a) All the property, plant and equipment of the fifth production line with a total cost amounting to SR 1.82 billion are mortgaged to Saudi industrial Development fund (SIDF) against long term loan obtained from the Fund.

b) As at December 31, 2014, the capital work in progress amounted to SR 80 million represented 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.

5. LONG TERM BORROWINGS

Long-term borrowings at 31 December comprise the following:

	2014	2013
Saudi Industrial Development Fund (SIDF) loan (5.1)	**205,355,000**	242,463,000
National Commercial Bank loans (5.2)	**202,012,405**	445,388,233
	407,367,405	687,851,233

Long term borrowings are presented in the interim consolidated balance sheet as at 31 December 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

Expressed in Saudi Riyals

5. LONG TERM BORROWINGS (continued)

5.1 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 has been capitalized as a part of project cost which related 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 were classified as deferred financing costs and will be amortized over the loan period ending April 30, 2018, and thus. The portion which has been charged to the income statement for the period ended as at 31 December 2014 from these costs amounting to SR 2.9 million (2013: SR 2.9 million).

The SIDF loan balance as at 31 December 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

5.2 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 31 March 2011 and it will end on 1 March 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.

- 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 30 July 2015.

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

Expressed in Saudi Riyals

6. DIVIDENDS PAYABLE

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

	2014	2013
Balance as of January	**65,282,426**	57,070,056
Dividends declared during the period (6.1)	**551,250,000**	840,000,000
Dividends paid during the period	**(548,326,206)**	(831,787,630)
Balance as of 31 December	**68,206,220**	65,282,426

6.1 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. Noting 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 of distributed dividends for the year 2013 amounted to 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 as 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.

7. ZAKAT STATUS

Yanbu Cement Company (Parent 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 has 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 has 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, so there is no any provision has been made for these zakat differences.

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

7. ZAKAT STATUS (continued)

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.

8. CAPITAL

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 1.05 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 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.

9. 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.

10. OTHER INCOME

Other income includes an amount of SR 19.7 million which 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 the shortage in the performance of the cement mills.

11. 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 three and twelve months periods ended December 31, 2014 are calculated based on the outstanding number of shares during the period amounting to 157.5 million shares (December 31, 2013: 157.5 million shares).

12. COMMITMENTS AND CONTINGENCIES

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

b) As of December 31, 2014 the contingent liabilities against Banks letter of guarantees issued on behalf of the Company was amounting to SR 10.1 million, (2013: an amount of SR 14.9 million) and contingent liabilities letter of credits by the amount of SR 33.1 where no security margin paid against it (2013: amount of SR 164 million and SR 34.5 million security margin paid against it)

13. FINANCIAL INSTRUMENTS AND 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.

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 period 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.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

14. SEGMENT INFORMATION

The company has one operating segment representing in the production of Cement. Company's principal operations are only within 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 for Group financial statements for segment reporting purposes.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved for issuance by the Audit Committee on behalf of the Board of Directors on 27 Rabie Al Awal 1436H, corresponding to 18 January, 2015.