ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INDEX

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

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

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

INDEPENDENT AUDITORS' REPORT

The Shareholders
Almarai - Joint Stock Company
Riyadh, Kingdom of Saudi Arabia

We have audited the accompanying consolidated financial statements of **Almarai – Joint Stock Company** ("the Company") and its subsidiaries (collectively referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2013 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 31 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia in compliance with Article 123 of the Regulations for Companies and the Company's Articles 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 financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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.

KPMG

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 31 December 2013, and the consolidated results of its operations and its consolidated 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.
2) Comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

For KPMG Al Fozan & Al Sadhan

Abdullah H. Al Fozan
License No. 348

Date: 17 Rabi Al-Awal 1435H
Corresponding to: 19 January 2014

C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Al Sadhan

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 SAR '000	2012 SAR '000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	1,810,516	417,304
Trade Receivables and Prepayments	5	978,086	791,688
Inventories	6	2,545,315	2,317,097
Derivative Financial Instruments	24	14,328	34,934
Total Current Assets		**5,348,245**	**3,561,023**
Non Current Assets			
Investments	7	479,075	244,327
Property, Plant and Equipment	8	15,028,012	13,415,836
Biological Assets	9	992,350	901,029
Intangible Assets - Goodwill	10	1,310,126	1,335,455
Derivative Financial Instruments	24	11,987	-
Deferred Charges		108,598	50,756
Deferred Tax Asset		1,577	10,222
Total Non Current Assets		**17,931,725**	**15,957,625**
TOTAL ASSETS		**23,279,970**	**19,518,648**
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Short Term Loans	11	1,682,970	1,399,818
Payables and Accruals	12	1,988,591	2,176,575
Derivative Financial Instruments	24	48,902	102,977
Total Current Liabilities		**3,720,463**	**3,679,370**
Non Current Liabilities			
Long Term Loans	11	8,288,900	7,254,743
End of Service Benefits		340,045	287,056
Deferred Tax Liability		119,985	126,489
Derivative Financial Instruments	24	46,389	-
Total Non Current Liabilities		**8,795,319**	**7,668,288**
TOTAL LIABILITIES		**12,515,782**	**11,347,658**
EQUITY			
Share Capital	13	6,000,000	4,000,000
Statutory Reserve		1,063,138	912,917
Other Reserves		(188,585)	(189,861)
Treasury Shares		(146,386)	(95,282)
Retained Earnings		1,714,303	2,921,667
Equity Attributable to Shareholders		**8,442,470**	**7,549,441**
Perpetual Sukuk	14	1,700,000	-
Equity Attributable to Equity Holders of the Company		**10,142,470**	**7,549,441**
Non Controlling Interest		621,718	621,549
TOTAL EQUITY		**10,764,188**	**8,170,990**
TOTAL LIABILITIES AND EQUITY		**23,279,970**	**19,518,648**

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Paul Gay Chief Financial Officer	Abdulrahman Al Fadley Chief Executive Officer	Abdulrahman Al Muhànna Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		SAR '000	SAR '000
Sales	16	11,219,182	9,882,996
Cost of Sales	17	(7,267,336)	(6,371,919)
Gross Profit		**3,951,846**	**3,511,077**
Selling and Distribution Expenses	18	(1,870,466)	(1,616,749)
General and Administration Expenses	19	(284,774)	(221,402)
Operating Income		**1,796,606**	**1,672,926**
Share of Results of Associates and Joint Ventures	7	(29,967)	(24,583)
Finance Charges		(224,282)	(157,487)
Income from Main Operations		**1,542,357**	**1,490,856**
Zakat and Foreign Income Tax	20	(41,985)	(50,946)
Income before Non Controlling Interest		**1,500,372**	**1,439,910**
Non Controlling Interest		1,835	718
Net Income for the Year		**1,502,207**	**1,440,628**
Earnings per Share (SAR), based on Income from Main Operations	21		
- Basic		2.56	2.50
- Diluted		2.55	2.48
Earnings per Share (SAR), based on Net Income for the Year	21		
- Basic		2.50	2.41
- Diluted		2.48	2.40

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Paul Gay	Abdulrahman Al Fadley	Abdulrahman Al Muhanna
Chief Financial Officer	Chief Executive Officer	Managing Director

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 SAR '000	2012 SAR '000
OPERATING ACTIVITIES			
Net Income for the Year		1,502,207	1,440,628
Adjustments for:			
Depreciation of Property, Plant and Equipment	22	1,153,466	924,861
Depreciation of Biological Assets	22	177,154	140,836
Profit on Sale of Property, Plant and Equipment	22	(9,926)	(77,122)
Loss on Sale of Biological Assets	22	46,962	46,758
Finance Charges Accrued		224,282	157,487
Zakat and Foreign Income Tax Accrued		41,985	50,946
Deferred Tax		-	(637)
Share of Results of Associates and Joint Ventures		29,967	24,583
Provision for End of Service Benefits		62,709	55,767
Share Based Payment Expense		8,532	6,227
Non Controlling Interest		(1,835)	(718)
Changes in:			
Receivables and Prepayments		(191,848)	(91,133)
Inventories		(239,126)	(504,542)
Payables and Accruals		(172,182)	618,850
		(603,156)	23,175
End of Service Benefits Paid		(9,720)	(12,192)
Zakat and Foreign Income Tax Paid		(37,006)	(44,613)
Cash Flows Generated from Operating Activities		**2,585,621**	**2,735,986**
INVESTING ACTIVITIES			
Acquisition of Subsidiaries, Net of Cash Acquired		-	24,905
Investment in Associates and Joint Ventures	7	(234,936)	(23,501)
Dividend received from an Associate	7	2,366	2,134
Additions to Property, Plant and Equipment	8	(2,798,909)	(3,137,978)
Proceeds from the Sale of Property, Plant and Equipment	22	44,682	98,144
Additions to Biological Assets	9	(79,644)	(44,222)
Appreciation of Biological Assets	22	(393,118)	(351,544)
Proceeds from the Sale of Biological Assets	22	157,308	147,599
Cash Flows used in Investing Activities		**(3,302,251)**	**(3,284,463)**
FINANCING ACTIVITIES			
Increase in Loans, net		1,328,750	1,480,924
Change in Deferred Charges		(57,842)	3,080
Finance Charges Paid		(261,835)	(277,576)
Dividends Paid		(498,522)	(511,842)
Net Movement in Treasury Shares		(51,104)	-
Proceeds from Issuance of Perpetual Sukuk		1,700,000	-
Perpetual Sukuk Issuance Costs		(9,918)	-
Transactions with Non Controlling Interests		(34,416)	(784)
Cash Flows Generated from Financing Activities		**2,115,113**	**693,802**
Currency Translation Impact on Cash and Cash Equivalents		**(5,271)**	**-**
Increase in Cash and Cash Equivalents		**1,393,212**	**145,325**
Cash and Cash Equivalents at 1 January		417,304	271,979
Cash and Cash Equivalents at 31 December	4	**1,810,516**	**417,304**

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

Paul Gay Chief Financial Officer	Abdulrahman Al Fadley Chief Executive Officer	Abdulrahman Al Muhanna Managing Director

ALMARAI COMPANY
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Treasury Shares	Retained Earnings	Equity Attributable to Shareholders	Perpetual Sukuk	Equity Attributable to Equity Holders	Non Controlling Interest	Total Equity
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Balance at 1 January 2012	**2,300,000**	**1,600,500**	**768,854**	**(95,238)**	**(97,757)**	**2,242,102**	**6,718,461**	-	**6,718,461**	**59,191**	**6,777,652**
Net Income for the Year	-	-	-	-	-	1,440,628	**1,440,628**	-	**1,440,628**	(718)	**1,439,910**
Dividend Declared	-	-	-	-	-	(517,500)	**(517,500)**	-	**(517,500)**	-	**(517,500)**
Bonus Shares Issued	1,700,000	(1,600,500)	-	-	-	(99,500)	-	-	-	-	-
Transfer for the year	-	-	144,063	-	-	(144,063)	-	-	-	-	-
Net Movement in Fair Value of Available for Sale Investments	-	-	-	(122,444)	-	-	**(122,444)**	-	**(122,444)**	-	**(122,444)**
Net Movement on Cash Flow Hedges	-	-	-	28,221	-	-	**28,221**	-	**28,221**	-	**28,221**
Foreign Currency Translation Differences	-	-	-	(6,627)	-	-	**(6,627)**	-	**(6,627)**	-	**(6,627)**
Share Based Payment Transactions	-	-	-	6,227	-	-	**6,227**	-	**6,227**	-	**6,227**
Net Movement in Treasury Shares	-	-	-	-	2,475	-	**2,475**	-	**2,475**	-	**2,475**
Transaction with Non Controlling Interests	-	-	-	-	-	-	-	-	-	(784)	**(784)**
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	563,860	**563,860**
Balance at 31 December 2012	**4,000,000**	-	**912,917**	**(189,861)**	**(95,282)**	**2,921,667**	**7,549,441**	-	**7,549,441**	**621,549**	**8,170,990**
Net Income for the Year	-	-	-	-	-	1,502,207	**1,502,207**	-	**1,502,207**	(1,835)	**1,500,372**
Dividend Declared	-	-	-	-	-	(500,000)	**(500,000)**	-	**(500,000)**	-	**(500,000)**
Bonus Shares Issued	2,000,000	-	-	-	-	(2,000,000)	-	-	-	-	-
Transfer for the year	-	-	150,221	-	-	(150,221)	-	-	-	-	-
Net Movement in Fair Value of Available for Sale Investments	-	-	-	32,145	-	-	**32,145**	-	**32,145**	-	**32,145**
Net Movement in Cash Flow Hedges	-	-	-	(933)	-	-	**(933)**	-	**(933)**	-	**(933)**
Foreign Currency Translation Differences	-	-	-	(51,480)	-	-	**(51,480)**	-	**(51,480)**	-	**(51,480)**
Share Based Payment Transactions	-	-	-	8,532	-	-	**8,532**	-	**8,532**	-	**8,532**
Net Movement in Treasury Shares	-	-	-	-	(51,104)	-	**(51,104)**	-	**(51,104)**	-	**(51,104)**
Perpetual Sukuk Issue	-	-	-	-	-	-	-	1,700,000	**1,700,000**	-	**1,700,000**
Profit on Perpetual Sukuk	-	-	-	13,012	-	(13,012)	-	-	-	-	-
Perpetual Sukuk Issuance Costs	-	-	-	-	-	(9,918)	**(9,918)**	-	**(9,918)**	-	**(9,918)**
Transaction with Non Controlling Interests	-	-	-	-	-	(36,420)	**(36,420)**	-	**(36,420)**	2,004	**(34,416)**
Balance at 31 December 2013	**6,000,000**	-	**1,063,138**	**(188,585)**	**(146,386)**	**1,714,303**	**8,442,470**	**1,700,000**	**10,142,470**	**621,718**	**10,764,188**

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

....
Paul Gay
Chief Financial Officer

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Abdulrahman Al Fadley
Chief Executive Officer

....
Abdulrahman Al Muhanna
Managing Director

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

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

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

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

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

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

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

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

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

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

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

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

The Group owns and operates milk production, processing and dairy food manufacturing in Egypt and Jordan through its subsidiary Almarai Investment Holding Company W.L.L., incorporated in the Kingdom of Bahrain. The Group manages these operations through following key legal entities:

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

The Company'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

On 13 Jamad Awal 1434 A.H. (25 March 2013) United Farmers Holding Company ("UFHC") was incorporated as a limited liability company in the Kingdom of Saudi Arabia. Almarai Company has contributed SAR 330,000 for a 33% share holding. UFHC has been incorporated to make long term investments in the agricultural sector in order to develop sustainable sources of food, grain and fodder on a global scale.

On 28 Jamad Awal 1434 A.H. (9 April 2013) the Group increased its stake in Teeba Investment for Developed Food Processing Company, which operates in Jordan from 75% to 100% through the purchase of the non controlling interest shareholding of 25% for a purchase consideration of SAR 64.2 million. The difference between the carrying value of Non Controlling Interest and consideration paid is reflected in Equity, as a transaction with non-controlling interests.

As at 31 December 2013, IPNC was equally owned and jointly controlled by the Group and Mead Johnson. On 2 Safar 1434 A.H. (5 December 2013) the Company entered into an agreement (the "Agreement") to acquire shares of IPNC held by Mead Johnson, for an agreed value of SAR 15.0 million. However, the Group did not have the ability to unilaterally exercise control over the operations of IPNC unless the relevant regulatory approvals for the transaction have been obtained. As these regulatory approvals were not received till 31 December 2013, the investment in IPNC has been accounted for using equity method in these consolidated financial statements (Refer note 7).

However, as the assets, liabilities and results of operations of IPNC are not material to the Group's consolidated assets, liabilities and results of operations, the management believes that the consolidation will not have any material impact for the Group.

Details of the subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest				Share Capital	Number of Shares Issued
				2013		2012			
				Direct (a)	Effective	Direct (a)	Effective		
Almarai Investment Company Limited	Saudi Arabia	Holding Company	SAR	100%	100%	100%	100%	SAR 1,000,000	100,000
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing and Trading Company	SAR	100%	100%	100%	100%	SAR 200,000,000	20,000,000
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Agricultural Company	SAR	52%	52%	52%	52%	SAR 25,000,000	250
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company	SAR	100%	100%	100%	100%	SAR 300,000,000	30,000,000
International Baking Services Company Limited	Saudi Arabia	Dormant	SAR	100%	100%	100%	100%	SAR 500,000	500
Modern Food Industries Limited	Saudi Arabia	Bakery Company	SAR	60%	60%	60%	60%	SAR 70,000,000	70,000
Nourlac Company Limited	Saudi Arabia	Trading Company	SAR	100%	100%	100%	100%	SAR 3,000,000	3,000
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	SAR	100%	100%	100%	100%	SAR 200,000,000	200,000
Agro Terra S.A.	Argentina	Dormant	ARG	100%	100%	100%	100%	ARG 475,875	475,875
Fondomonte El Descanso S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 27,475,914	27,475,914
Fondomonte Inversiones Argentina S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 17,849,997	17,849,997
Fondomonte Sandoval S.A.	Argentina	Agricultural Company	ARG	100%	100%	100%	100%	ARG 4,383,432	4,383,432
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	BHD	100%	100%	100%	100%	BHD 100,000	2,000
Almarai International Holding W.L.L.	Bahrain	Holding Company	BHD	100%	100%	100%	100%	BHD 250,000	2,500
Almarai Investment Holding Company W.L.L.	Bahrain	Holding Company	BHD	100%	100%	100%	100%	BHD 250,000	2,500

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

Name of Subsidiary	Country of Incorporation	Business Activity	Functional Currency	Ownership Interest				Share Capital	Number of Shares Issued
				2013		2012			
				Direct (a)	Effective	Direct (a)	Effective		
IDJ Bahrain Holding Company W.L.L.	Bahrain	Holding Company	BHD	100%	52%	100%	52%	BHD 250,000	2,500
International Dairy and Juice Limited	Bermuda	Holding Company	USD	52%	52%	52%	52%	USD 7,583,334	7,583,334
International Dairy and Juice (Egypt) Limited	Egypt	Holding Company	EGP	100%	52%	100%	52%	EGP 155,000,000	15,500,000
International Company for Agricultural Industries Projects (Beyti) (SAE)	Egypt	Manufacturing and Trading Company	EGP	100%	52%	100%	52%	EGP 418,000,000	41,800,000
Markley Holdings Limited	Jersey	Dormant	GBP	100%	100%	100%	100%	-	-
Al Muthedoon for Dairy Production	Jordan	Manufacturing Company	JOD	100%	52%	100%	39%	JOD 500,000	500,000
Al Atheer Agricultural Company	Jordan	Agricultural Company	JOD	100%	52%	100%	39%	JOD 750,000	750,000
Al Namouthjya for Plastic Production	Jordan	Manufacturing Company	JOD	100%	52%	100%	39%	JOD 250,000	250,000
Al Rawabi for juice and UHT milk Manufacturing	Jordan	Manufacturing Company	JOD	100%	52%	100%	39%	JOD 500,000	500,000
Teeba Investment for Developed Food Processing	Jordan	Manufacturing Company	JOD	100%	52%	75%	39%	JOD 49,675,352	49,675,352
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	OMR	90%	90%	90%	90%	OMR 150,000	150,000
Alyoum for Food Products Company L.L.C.	Oman	Sales Company	OMR	100%	100%	100%	100%	OMR 20,000	20,000
Fondomonte Inversiones S.L.	Spain	Holding Company	EUR	100%	100%	100%	100%	EUR 13,000,000	13,000,000
Almarai Emirates Company L.L.C.	United Arab Emirates	Sales Company	AED	100%	100%	100%	100%	AED 300,000 (Unpaid)	300
International Dairy and Juice (Dubai) Limited	United Arab Emirates	Holding Company	USD	100%	52%	100%	52%	USD 22,042,183	22,042,183

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

2. BASIS OF ACCOUNTING, PREPARATION, CONSOLIDATION AND 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 available for sale investments that are measured at fair value) and in accordance with the accounting standards generally accepted in Kingdom of Saudi Arabia as issued by the Saudi Organisation for Certified Public Accountants (SOCPA).

(b) When necessary, prior year comparatives have been regrouped to conform with current year classification.

(c) 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). A subsidiary company is that in which the Group has the power to govern the financial and operating policies of the subsidiary to obtain economic benefit generally accompanying a direct or indirect shareholding of more than one half of the subsidiary's net assets or its voting rights. A subsidiary company is consolidated from the date on which the Group obtains control until the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the assets given or liabilities incurred or assumed at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill in the consolidated balance sheet. Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of Subsidiaries are aligned where necessary to ensure consistency with the policies adopted by the Company. The Company and its Subsidiaries have identical reporting periods. Non controlling interests represent the portion of profit or loss and net assets not controlled by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet.

(d) The preparation of consolidated financial statements, in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia, requires the use of estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(e) These consolidated financial statements are presented in Saudi Riyal ("SAR"). The figures in these consolidated financial statements are rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Cash and Cash Equivalents

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

B. Trade Receivables

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

C. Inventory Valuation

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

D. Investments

a. Investment in Associates and Joint Ventures

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

b. Available for Sale Investments

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

E. Property, Plant and Equipment

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

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

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

Buildings	5 – 33 years
Plant, Machinery and Equipment	1 – 20 years
Motor Vehicles	6 – 8 years

Land and Capital Work in Progress are not depreciated.

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

F. Biological Assets

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

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

G. Impairment of Non Current Assets

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

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

H. Intangible Assets - Goodwill

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

I. Trade Payable and Accruals

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

J. Zakat and Foreign Income Tax

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

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

K. Deferred Tax

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

L. Derivative Financial Instruments and Hedging

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

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

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

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

M. End of Service Benefits

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

N. Statutory Reserve

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

O. Sukuk

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

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

P. Treasury Shares

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

Q. Share Based Payment Transactions

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

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

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

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

R. Conversion of Foreign Currency Transactions

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

S. Revenue Recognition

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

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

T. Government Grants

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

U. Selling, Distribution, General and Administration Expenses

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

V. Cost Reimbursement

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

W. Operating Leases

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

X. Borrowing Costs

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

Y. Segmental Reporting

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

	2013	2012
	SAR '000	SAR '000

4. CASH AND CASH EQUIVALENTS

Cash at Bank	1,709,352	308,831
Cash in Hand	101,164	108,473
Total	1,810,516	417,304

5. TRADE RECEIVABLES AND PREPAYMENTS

		2013	2012
		SAR '000	SAR '000
Trade Receivables	- Third Parties	632,129	591,649
	- Related Parties (Refer note 27)	79,375	72,736
		711,504	664,385
Less: Allowance for impairment of trade receivables		(45,415)	(38,939)
Less: Allowance for sales returns		(26,958)	(26,570)
Net Trade Receivables		639,131	598,876
Prepayments		338,955	192,812
Total		978,086	791,688

(a) Movement in the group allowance for impairment of trade receivables was as follows:

	2013	2012
	SAR '000	SAR '000
Allowance for Impairment of Trade Receivables		
Balance at 1 January	38,939	23,786
Allowance made / (released) during the year	6,476	(3,953)
On acquisition of subsidiary	-	19,106
Balance at 31 December	45,415	38,939

	2013	2012
	SAR '000	SAR '000
Trade Receivables		
Up to 3 months	666,089	625,446
More than 3 months	45,415	38,939
Total	711,504	664,385

(b) Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables.

(c) The allowance for sales returns is calculated based on the forecasted return of expired products in line with the Group's product return policy.

6. INVENTORIES

	2013 SAR '000	2012 SAR '000
Raw Materials	1,891,620	1,783,060
Finished Goods	233,054	254,375
Spares	233,762	166,771
Work in Progress	186,879	112,891
Total	2,545,315	2,317,097

7. INVESTMENTS

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

			2013 SAR '000	2012 SAR '000
Investments in Associates and Joint Ventures (Refer note a)	**2013**	**2012**		
United Farmers Holding Company	33.0%	-	203,950	-
Pure Breed Company	21.5%	21.5%	33,883	36,886
International Pediatric Nutrition Company	50.0%	50.0%	13,335	11,679
Almarai Company W.L.L.	50.0%	50.0%	204	204
			251,372	48,769
Available for Sale Investments (Refer note b)	**2013**	**2012**		
Zain Equity Investment	2.1%	2.1%	213,539	181,394
Jannat for Agricultural Investment Company	10.0%	10.0%	7,000	7,000
National Company for Tourism	1.1%	1.1%	4,500	4,500
National Seeds and Agricultural Services Company	7.0%	7.0%	2,064	2,064
United Dairy Farms Company	8.3%	8.3%	600	600
			227,703	195,558
Total			479,075	244,327

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

	2013 SAR '000	2012 SAR '000
International Dairy & Juice Limited		
Opening Balance	-	489,500
Share of Results for the year	-	(6,740)
Transfer to consolidated subsidiary	-	(482,760)
Closing Balance	-	-
United Farmers Holding Company		
Capital Introduced	205,676	-
Share of Results for the year	(1,726)	-
Closing Balance	203,950	-
Pure Breed Company		
Opening Balance	36,886	34,723
Share of Results for the year	(637)	4,297
Distributions	(2,366)	(2,134)
Closing Balance	33,883	36,886
International Pediatric Nutrition Company		
Opening Balance	11,679	10,318
Capital Introduced	29,260	23,501
Share of Results for the year	(27,604)	(22,140)
Closing Balance	13,335	11,679
Almarai Company W.L.L.		
Opening Balance	204	204
Closing Balance	204	204

On 13 Jamad Awal 1434 A.H. (25 March 2013) United Farmers Holding Company ("UFHC") was incorporated as a limited liability company in the Kingdom of Saudi Arabia. Almarai Company has contributed SAR 330,000 for a 33% share holding. UFHC has been incorporated to make long term investments in the agricultural sector in order to develop sustainable sources of food, grain and fodder on a global scale.

(b) The Zain equity investment of 23.0 million shares at a par value of SAR 10 per share is measured at fair value based on a quoted market price for the shares on the Saudi Arabian (Tadawul) stock exchange at 31 December 2013 of SAR 9.30. This has resulted in an unrealised gain during the year of SAR 32.1 million (2012: Unrealised loss of SAR 122.4 million) which is shown within other reserves in equity. The Company has pledged Zain shares to Banque Saudi Fransi ("BSF") to secure the BSF loan to Zain KSA.

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

8. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant, Machinery & Equipment	Motor Vehicles	Capital Work-in-Progress [a]	Total 2013	Total 2012
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost						
At the beginning of the year	5,469,726	6,995,608	1,565,070	4,192,649	18,223,053	14,396,777
On acquisition of subsidiaries	-	-	-	-	-	872,500
Additions during the year	-	-	-	2,844,011	2,844,011	3,213,069
Transfers during the year	2,540,981	2,289,940	363,360	(5,194,281)	-	-
Disposals during the year	(139,922)	(166,016)	(68,307)	-	(374,245)	(259,293)
Currency Translation Difference	(19,078)	(13,734)	(4,279)	(24,275)	(61,366)	-
At the end of the year	**7,851,707**	**9,105,798**	**1,855,844**	**1,818,104**	**20,631,453**	**18,223,053**
Accumulated Depreciation						
At the beginning of the year	969,836	3,090,572	746,809	-	4,807,217	3,888,596
On acquisition of subsidiaries	-	-	-	-	-	232,031
Depreciation for the year	185,927	774,988	192,551	-	1,153,466	924,861
Disposals during the year	(117,092)	(161,738)	(60,659)	-	(339,489)	(238,271)
Reclassification	(730)	1,448	(718)	-	-	-
Currency Translation Difference	(3,706)	(10,520)	(3,527)	-	(17,753)	-
At the end of the year	**1,034,235**	**3,694,750**	**874,456**	**-**	**5,603,441**	**4,807,217**
Net Book Value						
At 31 December 2013	**6,817,472**	**5,411,048**	**981,388**	**1,818,104**	**15,028,012**	
At 31 December 2012	**4,499,890**	**3,905,036**	**818,261**	**4,192,649**		**13,415,836**

(a) Capital Work-in-Progress includes SAR 45.1 million of borrowing costs capitalised during the year (2012: SAR 75.1 million).

9. BIOLOGICAL ASSETS

	Mature Dairy	Immature Dairy	Mature Poultry	Immature Poultry	Mature Plantations	Immature Plantations	Total 2013	Total 2012
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Cost								
At the beginning of the year	795,457	325,227	11,603	19,376	37,711	8,950	1,198,324	1,089,562
On acquisition of subsidiaries	-	-	-	-	-	-	-	25,475
Additions during the year	-	-	-	78,395	-	1,249	79,644	44,222
Appreciation	-	393,118	-	-	-	-	393,118	351,544
Transfers during the year	286,843	(286,843)	64,554	(64,554)	3,392	(3,392)	-	-
Disposals during the year	(211,485)	(82,485)	(34,028)	-	-	-	(327,998)	(312,479)
Reclassification	(1,099)	7,660	-	-	-	-	6,561	-
Currency Translation Difference	(156)	(63)	-	-	-	-	(219)	-
At the end of the year	**869,560**	**356,614**	**42,129**	**33,217**	**41,103**	**6,807**	**1,349,430**	**1,198,324**
Accumulated Depreciation								
At the beginning of the year	288,118	-	3,388	-	5,789	-	297,295	271,944
On acquisition of subsidiaries	-	-	-	-	-	-	-	2,637
Depreciation for the year	138,267	-	38,087	-	800	-	177,154	140,836
Disposals during the year	(103,490)	-	(20,238)	-	-	-	(123,728)	(118,122)
Reclassification	6,561	-	-	-	-	-	6,561	-
Currency Translation Difference	(202)	-	-	-	-	-	(202)	-
At the end of the year	**329,254**	**-**	**21,237**	**-**	**6,589**	**-**	**357,080**	**297,295**
Net Book Value								
At 31 December 2013	**540,306**	**356,614**	**20,892**	**33,217**	**34,514**	**6,807**	**992,350**	
At 31 December 2012	**507,339**	**325,227**	**8,215**	**19,376**	**31,922**	**8,950**		**901,029**

10. INTANGIBLE ASSETS – GOODWILL

The goodwill arises from the acquisition of Western Bakeries Company Limited in 2007, HADCO in 2009, Fondomonte in 2011 and IDJ in 2012.

	2013	2012
	SAR '000	SAR '000
Western Bakeries Company Limited (WB)	548,636	548,636
Hail Agricultural Development Company (HADCO)	244,832	244,832
International Dairy and Juice Limited (IDJ)	488,863	514,192
Fondomonte	27,795	27,795
Total	1,310,126	1,335,455

Western Bakeries Company Limited forms part of the Bakery Products reporting segment, HADCO represents part of both the Arable and Horticulture reporting segment and the Poultry reporting segment while Fondomonte forms part of the Arable and Horticulture reporting segment. IDJ falls under the dairy and juice reporting segment.

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each cash-generating unit (CGU) 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 varies between 8.5% and 15.1% for each CGU and the residual value at the end of the forecast period has been calculated by applying an earnings multiple to the net income for the final year in the forecast period. The recoverable amount for Fondomonte has been determined based on a fair value less costs to sell calculation.

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 and historical 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 of 5 years, as well as the earnings multiple applied to the net income for the final year of the forecast period.

Sensitivity to Changes in Assumptions – Western Bakeries Company Limited

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above 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 sales growth in the forecast period has been estimated to be a compound annual growth rate of 15%. All other assumptions kept the same; a reduction of this growth rate to 12% would give a value in use equal to the current carrying amount.

(b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 47% of sales. All other assumptions kept the same; an increase in the rate to an average of 59% would give a value in use equal to the current carrying amount.

(c) Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 14.7. All other assumptions kept the same; a reduction of this multiple to 0.1 would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – HADCO

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above 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 sales growth in the forecast period has been estimated to be a compound annual growth rate of 28%. All other assumptions kept the same; a reduction of this growth rate to 25% would give a value in use equal to the current carrying amount.

(b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 36% of sales. All other assumptions kept the same; an increase in the rate to an average of 48% would give a value in use equal to the current carrying amount.

(c) Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 10.8. All other assumptions kept the same; a reduction of this multiple to 3.2 would give a value in use equal to the current carrying amount.

Sensitivity to Changes in Assumptions – IDJ

With regard to the assessment of the value in use, management believes that no reasonably possible change in any of the key assumptions above 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 sales growth in the forecast period has been estimated to be a compound annual growth rate of 18%. All other assumptions kept the same; a reduction of this growth rate to 16% would give a value in use equal to the current carrying amount.

(b) Cost of Sales

The cost of sales in the forecast period has been estimated at an average of 66% of sales. All other assumptions kept the same; an increase in the rate to an average of 73% would give a value in use equal to the current carrying amount.

(c) Terminal Value Multiple

The multiple applied to net income for the final year of the forecast period to determine the terminal value is 18.7. All other assumptions kept the same; a reduction of this multiple to 2.9 would give a value in use equal to the current carrying amount.

Key Assumptions Used in Fair Value Calculations - Fondomonte

The recoverable amount is measured on the basis of fair value less costs to sell. Fair value less costs to sell is defined as "the amount obtainable from the sale of an asset or cash generating unit in an arms length transaction between knowledgeable, willing parties, less the costs of disposal".

Management has reviewed the carrying value of Fondomonte and its underlying assets internally. Based on the current price of cereal grains the market value of these assets is determined to be at least equal to their carrying value.

11. TERM LOANS

	Notes	2013 SAR '000	2012 SAR '000
Islamic Banking Facilities (Murabaha)	(a)	5,851,020	6,402,409
Saudi Industrial Development Fund	(b)	1,539,800	974,219
Banking Facilities of Foreign Subsidiaries	(c)	280,266	275,807
Agricultural Development Fund		784	2,126
		7,671,870	7,654,561
Sukuk	(d)	2,300,000	1,000,000
		9,971,870	8,654,561
Short Term Loans - Current Protion of Long Term Loans		1,682,970	1,399,818
Long Term Loans		8,288,900	7,254,743
		9,971,870	8,654,561

(a) The borrowings throughIslamic banking facilities (Murabaha) are secured by promissory notes given by the Group. The Islamic banking facilities (Murabaha) with a maturity period of less than two years are predominantly of a revolving nature. During 2013 the Group secured an additional SAR 1,752.0 million of Islamic Banking Facilities (Murabaha) with maturities greater than five years (2012: SAR 1,800.0 million with maturities between three to five years). As at 31 December 2013 SAR 3,143.0 million Islamic Banking Facilities (Murabaha) were unutilized and available for drawdown (2012: SAR 2,658.3 million).

(b) The borrowings of the Group from the Saudi Industrial Development Fund ("SIDF") are secured by a mortgage on specific assets amounting to SAR 1,539.8 million as at 31 December 2013 (2012: SAR 974.2 million). As at 31 December 2013 the Group had SAR 607.7 million of unutilized SIDF facilities available for drawdown with maturities predominantly greater than five years (2012: SAR 972.3 million).

(c) These banking facilities represent borrowings of foreign subsidiaries from foreign banking institutions.

(d) On 14 Rabi Thani 1433 A.H. (7 March 2012), the Company issued its first Sukuk – Series I amounting to SAR 1,000.0 million at a par value of SAR 1.0 million each without discount or premium. The Sukuk issuance bears a return based on SIBOR plus a pre-determined margin payable semi-annually in arrears. The Sukuk is due for maturity at par on its expiry date of 30 Jumad Thani 1440 A.H. (7 March 2019).

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

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

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

(e) Maturity of Financial Liabilities:

	Facilities available at 31 December 2013	Outstanding Term Loans 2013	Outstanding Term Loans 2012
	SAR '000	SAR '000	SAR '000
Less than one year	1,688,970	1,682,970	1,399,818
One to two years	4,969,536	1,811,537	2,683,756
Two to five years	3,393,539	3,273,539	3,383,747
Greater than five years	3,670,576	3,203,824	1,187,240
Total	13,722,621	9,971,870	8,654,561

12. PAYABLES AND ACCRUALS

		2013	2012
		SAR '000	SAR '000
Trade Payable	- Third Parties	1,225,392	1,429,075
	- Related Parties (Refer note 27)	45,445	38,465
Other Payables		644,455	636,797
Zakat and Foreign Income Tax Accrued (Refer note 20)		73,299	72,238
Total		1,988,591	2,176,575

13. SHARE CAPITAL

On 3 Dhul Qadah 1434 A.H. (9 September 2013) the Extra Ordinary General Assembly Meeting approved an increase in the Share Capital from SAR 4,000.0 million to SAR 6,000.0 million through the distribution of 1 bonus share for each 2 outstanding shares for existing shareholders at the end of the trading on the same day. All legal formalities to affect this increase have been completed.

The Company's share capital at 31 December 2013 amounted to SAR 6,000.0 million (2012: SAR 4,000.0 million), consisting of 600 million (2012: 400 million) fully paid and issued shares of SAR 10 each.

14. PERPETUAL SUKUK

	2013	2012
	SAR '000	SAR '000
Perpetual Sukuk	1,700,000	-

On 24 Dhul Qadah 1434 A.H. (30 September 2013), the Company issued its first Perpetual Sukuk - Series I amounting to SAR 1,700.0 million at a par value of SAR 1 million each without discount or premium, bearing a return based on SIBOR plus a pre-determined margin.

The Company may redeem the Perpetual Sukuk, in full or in part, at its own discretion and may defer, in full or in part, payment of any profit distribution at its own discretion. The Company is not subject to any limitation on the number of times that it may defer such payment at its own discretion and such deferral is not considered as an event of default.

The Perpetual Sukuk rank in priority to all subordinated obligations and the ordinary share capital of the Company. These Sukuk do not carry the right to vote, however each sukukholder participates in the Sukuk Assets.

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

15. EMPLOYEE STOCK PARTICIPATION PROGRAM

The Company is offering certain employees (the "Eligible Employees") the option (the "Option") for equity ownership ("Restricted Shares") opportunities and performance based incentives which will result in more alignment between the interest of both shareholders and these employees. The vesting of the Option is dependent on meeting or exceeding the requisite annual performance targets set by the Company in accordance with its five year plan. The exercise of the Option is contingent upon the shares of the Company continuing to be listed on the Saudi Arabian (Tadawul) stock exchange.

If Restricted Shares have not been granted to Eligible Employees in the reporting period for which it was earmarked, it shall carry over to the next reporting period.

In the event of a capital increase, share split or dividend distribution (in the form of shares), the number of Restricted Shares and the exercise price subject to the Option will be adjusted accordingly.

The number of share options and the exercise price has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

The first tranche was granted in Dhul Qadah 1432 A.H. (October 2011). The number of Restricted Shares shall not exceed 2,869,565 shares.

The second tranche was granted in Rajab 1434 A.H. (June 2013). The number of Restricted Shares shall not exceed 1,237,500 shares.

The following table sets out the number of, and movements in, share options during the year:

EMPLOYEE SHARE OPTION PLAN	2013	2012
Outstanding at 1 January	2,741,740	2,767,825
Granted during the year	1,008,000	-
Forfeited during the year	(289,750)	(26,085)
Outstanding at 31 December	3,459,990	2,741,740

The fair value per Options, estimated at the grant date using the Black Scholes Merton pricing model, taking into account the terms and conditions upon which the share options were granted, was SAR 13.5 for first tranche and SAR 23.9 for second tranche. The following table lists the inputs to the model:

	First tranche	Second tranche
Dividend Yield (%)	2.50%	1.50%
Expected Volatility (%)	20.95%	17.97%
Risk Free Interest Rate (%)	5.00%	5.00%
Contractual Life of Share Options (Years)	2.42	2.75
Weighted Average Share Price (SAR) at Grant Date	89.50	83.25
Exercise Price (SAR) at Grant Date	88.25	64.84

The exercise price, after taking account of bonus shares issued, for first tranche and second tranche is SAR 33.83 and SAR 43.23 respectively.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Options is indicative of future trends, which may also not necessarily be the actual outcome.

16. SEGMENTAL REPORTING

(a) The Group's principal business activities involve manufacturing and trading of dairy and juice products under the Almarai, Beyti and Teeba brands, bakery products under the brands L'usine and 7 Days, poultry products under the Alyoum brand, arable and horticultural products as well as other activities. Other activities include the investments in Zain and infant nutrition. Selected financial information as of 31 December 2013 and 2012 and for the years then ended categorized by these business segments, are as follows:

	Dairy and Juice	Bakery	Poultry	Arable and Horticulture	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
31 December 2013						
Sales	8,868,185	1,445,116	792,332	430,602	4,501	11,540,736
Third Party Sales	8,835,807	1,445,116	792,332	141,426	4,501	11,219,182
Depreciation	(930,050)	(136,709)	(174,578)	(71,196)	(18,087)	(1,330,620)
Share of Results of Associates and Joint Ventures	-	-	(637)	(1,726)	(27,604)	(29,967)
Income / (loss) before Non Controlling Interest	1,705,444	139,387	(338,626)	68,074	(73,907)	1,500,372
Share of Net Assets in Associates and Joint Ventures	204	-	33,883	203,950	13,335	251,372
Additions to Non-Current Assets	2,089,622	172,073	1,074,861	239,991	33,004	3,609,551
Non-Current Assets	9,029,306	1,797,191	4,503,283	1,591,155	1,010,790	17,931,725
Total Assets	13,398,859	2,035,137	4,993,868	1,825,909	1,026,197	23,279,970
31 December 2012						
Sales	7,988,323	1,290,645	504,350	386,032	83	10,169,433
Third Party Sales	7,972,603	1,290,645	504,350	115,315	83	9,882,996
Depreciation	(832,798)	(114,150)	(50,340)	(68,408)	(1)	(1,065,697)
Share of Results of Associates and Joint Ventures	(6,740)	-	4,297	-	(22,140)	(24,583)
Income / (loss) before Non Controlling Interest	1,436,526	107,065	(96,800)	30,880	(37,761)	1,439,910
Share of Net Assets in Associates and Joint Ventures	204	-	36,886	-	11,679	48,769
Additions to Non-Current Assets	2,594,310	180,457	1,833,192	21,568	109,327	4,738,854
Non-Current Assets	8,184,109	1,786,702	3,559,923	1,433,157	993,734	15,957,625
Total Assets	11,046,965	2,002,503	3,728,592	1,736,202	1,004,386	19,518,648

(b) The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 31 December 2013 and 2012 and for the years then ended, categorized by these geographic segments are as follows:

	2013	2012
	SAR '000	SAR '000
Sales		
Saudi Arabia	7,276,782	6,650,596
Other GCC Countries	2,874,201	2,575,357
Other Countries	1,068,199	657,043
Total	11,219,182	9,882,996

	2013	2012
	SAR '000	SAR '000
Non - Current Assets		
Saudi Arabia	16,074,769	14,053,017
Other GCC Countries	329,810	300,535
Other Countries	1,527,146	1,604,073
Total	17,931,725	15,957,625

17. COST OF SALES

	2013	2012
	SAR '000	SAR '000
Direct Material Costs	4,995,390	4,403,588
Government Grants	(250,968)	(124,388)
Employee Costs	894,881	725,392
Share Based Payment Expense	4,282	3,024
Depreciation of Property, Plant and Equipment	933,099	728,881
Depreciation of Biological Assets	177,154	140,836
Appreciation of Biological Assets	(393,118)	(351,544)
Loss on Sale of Biological Assets	46,962	46,758
Other Expenses	859,654	799,372
Total	7,267,336	6,371,919

18. SELLING AND DISTRIBUTION EXPENSES

	2013	2012
	SAR '000	SAR '000
Employee Costs	901,183	756,460
Share Based Payment Expense	2,444	1,902
Marketing Expenses	552,871	487,159
Depreciation of Property, Plant and Equipment	181,364	164,362
Other Expenses	232,604	206,866
Total	1,870,466	1,616,749

19. GENERAL AND ADMINISTRATION EXPENSES

	2013 SAR '000	2012 SAR '000
Employee Costs	306,394	287,979
Share Based Payment Expense	1,806	1,301
Depreciation of Property, Plant and Equipment	39,003	31,618
Profit on Sale of Property, Plant and Equipment	(9,926)	(77,122)
Other Expenses	(52,503)	(22,374)
Total	284,774	221,402

20. ZAKAT AND FORIEGN INCOME TAX

A. Zakat is charged at the higher of net adjusted income or Zakat base as required by the Department of Zakat and Income Tax (DZIT). In both 2013 and 2012, the Zakat charge is based on the net adjusted income. Foreign Income Tax in each jurisdiction is calculated as per applicable tax regulations.

	2013 SAR '000	2012 SAR '000
Zakat Charge	32,994	44,067
Income Tax Charge for Foreign Subsidiaries	5,073	6,879
Deferred Tax Charge for Foreign Subsidiaries	3,918	-
Charged to Consolidated Statement of Income	41,985	50,946

B. **Zakat Provision**

	2013 SAR '000	2012 SAR '000
Balance at 1 January	67,699	61,517
Charged to Consolidated Statement of Income	32,994	44,067
Payments	(34,141)	(37,885)
Balance at 31 December	66,552	67,699

The Company has filed its Consolidated Zakat returns for all the years up to 2012 and settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all the years up to 2006 while the 2007 to 2012 Zakat returns are under review by the DZIT.

HADCO has filed its Zakat returns for all years up to 31 December 2008 and has settled its Zakat liabilities accordingly. The Zakat assessments have been agreed with the DZIT for all years up to 31 December 2002 while the 2003 to 2008 Zakat returns are under review by the DZIT. From 2009 onwards HADCO is not required to file a return as its results are included in the Company's Consolidated Zakat returns.

C. **Foreign Income Tax Provision**

	2013 SAR '000	2012 SAR '000
Balance at 1 January	4,539	4,375
Charged to Consolidated Statement of Income	5,073	6,879
Payments	(2,865)	(6,728)
On acquisition of subsidiarires	-	13
Balance at 31 December	6,747	4,539

Foreign Subsidiaries have filed their tax returns for all years up to 2012, and settled their tax liabilities accordingly. While all the returns have been filed, final assessments are pending for certain years. The earliest year open for assessment is 2007, and the latest year assessed is 2011.

21. EARNINGS PER SHARE

Basic Earnings per Share ("EPS") is calculated by dividing income from main operations and net income, attributable to shareholders for the year by the weighted average number of issued shares of 596.2 million and 597.1 million at 31 December 2013 and 31 December 2012 respectively.

Diluted Earnings per Share is calculated by dividing income from main operations and net income, attributable to shareholders for the year by 600.0 million shares which represent the weighted average number of issued shares at 31 December 2013 and 31 December 2012 including treasury shares.

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

22. DEPRECIATION AND DISPOSAL OF ASSETS

	2013 SAR '000	2012 SAR '000
A. Depreciation		
Property, Plant and Equipment		
Depreciation of Property, Plant and Equipment	1,153,466	924,861
Biological Assets		
Depreciation of Biological Assets	177,154	140,836
Appreciation of Biological Assets	(393,118)	(351,544)
Net Biological Assets Appreciation	(215,964)	(210,708)
Total	937,502	714,153
B. (Profit) / Loss on the Sale of Assets		
Property, Plant & Equipment		
Proceeds from the Sale of Property, Plant and Equipment	(44,682)	(98,144)
Net Book Value of Property, Plant and Equipment Sold	34,756	21,022
Profit on Sale of Property, Plant and Equipment	(9,926)	(77,122)
Biological Assets		
Proceeds from Sale of Biological Assets	(157,308)	(147,599)
Net Book Value of Biological Assets Sold	204,270	194,357
Loss on Sale of Biological Assets	46,962	46,758
Total	37,036	(30,364)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments carried on the consolidated balance sheet include cash and cash equivalents, trade and other receivables, derivative financial instruments, investments in securities, loans, trade and other payables and other liabilities.

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), other banking facilities and Sukuk amounting to SAR 8,431.3 million at 31 December 2013 (2012: SAR 7,678.2 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% to 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 direct impact on the Company's equity.

		Increase / decrease in basis points of commission rates	Effect on income for the year SAR'000
2013	SAR	+30	(25,294)
	SAR	-30	25,294
2012	SAR	+30	(23,035)
	SAR	-30	23,035

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 United States Dollars, Euros and Great Britain Pounds. Other transactions in foreign currencies are not material.

The outstanding foreign currency forward purchase agreements were as follows:

	2013 SAR '000	2012 SAR '000
United States Dollar	2,683,125	734,699
Euro	1,197,665	1,002,025
Great Britain Pound	48,204	115,640
Other	108,349	49,058
Total	4,037,343	1,901,422

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. As the Saudi Riyal is pegged to the United States Dollar any exposure to fluctuations in the exchange rate are deemed to be insignificant.

The following analysis shows the sensitivity of income to reasonably possible movements of the SAR currency rate against the Euro, 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
2013	+10%	(11,638)
	-10%	11,638
2012	+10%	(15,753)
	-10%	15,753

Commodity Price Risk is the risk that is associated with changes in prices to certain commodities that the Group is exposed to and its unfavorable effect on the Group's costs and cash flow. This commodity price risk arises from forecasted purchases of certain commodities that the Group uses as raw material, which is managed and mitigated by entering into commodity derivatives.

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 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 26% of outstanding trade receivables at 31 December 2013 (2012: 27%).

With respect to credit risk arising from other financial assets of the Group comprising of cash and cash equivalents, investments in securities, 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.

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 banking and other credit facilities are available to meet the Group'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 2013 were 22 days (2012: 22 days). Trade payables are typically settled on a terms basis, the average payables outstanding for 2013 were 67 days (2012: 67 days).

24. 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 2013, the Group had various financial derivatives that were designated as cash flow hedges to cover cash flow fluctuations arising from commission rates, foreign exchange prices and commodity prices that are subject to market price fluctuations. As per Group policy derivative instruments are not used for trading or speculative purposes.

At 31 December 2013 the Group had 22 commission rate swap agreements in place covering a total notional amount of SAR 3,300.0 million. At 31 December 2012 the Group had 19 commission rate swap agreements in place covering a total notional amount of SAR 1,450.0 million and USD 210.0 million. Ten new commission rate swaps in either SAR or USD were taken in 2013 for notional of SAR 1,850.0 Million.

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

The Group entered into hedging strategies by using various financial derivatives to cover foreign exchange firm commitments and forecasted transactions that are highly probable.

The Group entered in to various commodity derivatives to hedge the price of certain commodity purchases. These derivatives match the maturity of the expected commodity purchases and use the same underlying index as for the hedged item, therefore does not result in basis risk.

All financial derivatives are carried in the consolidated balance sheet at fair value. All cash flow hedges are considered highly effective. The net decrease in fair value of SAR 0.9 million (2012: net increase of SAR 28.2 million) was recognised in Other Reserves within equity.

25. COMMITMENTS AND CONTINGENCIES

A. The contingent liabilities against letters of credit are SAR 160.6 million at 31 December 2013 (2012: SAR 233.2 million).

B. The contingent liabilities against letters of guarantee are SAR 1,065.0 million at 31 December 2013 (2012: SAR 381.1 million).

C. The Company had capital commitments amounting to SAR 1,747.8 million at 31 December 2013 in respect of ongoing projects (2012: SAR 1,699.1 million). The majority of the capital commitments are for new production facilities, sales depot development, distribution fleet, fridges and IT equipments.

D. Commitments under operating leases expire as follows:

	2013	2012
	SAR '000	SAR '000
Within one year	89,048	91,635
Two to five years	96,770	67,217
After five years	67,329	22,821
Total	253,147	181,673

26. DIRECTORS REMUNERATION

The Directors' remuneration paid to the Board of Directors for year ended 31 December 2013 amounted to SAR 6.6 million (2012: SAR 6.6 million).

27. 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 2013 and 31 December 2012 along with their balances:

Nature of Transaction	Amount	Balance at 31 December
	SAR '000	SAR '000
2013		
Sales	(426,940)	79,375
Purchases	335,374	(45,445)
2012		
Sales	(406,691)	72,736
Purchases	344,568	(38,465)

Pricing and terms for these transactions are at arm's length. The related parties noted above include the following:

Entity	Relationship
Savola Group	Major Shareholder
Arabian Shield Cooperative Insurance Company	Common Ownership
Managed Arable Farms	Common Ownership
Pure Breed Company	Investment in Associate
International Pediatric Nutrition Company	Investment in Joint Venture

28. DIVIDENDS APPROVED AND PAID

On 22 Jamad Awal 1434 A.H. (2 April 2013) the Extraordinary General Assembly Meeting approved a dividend of SAR 500.0 million (SAR 1.25 per share based on 400 million shares) for the year ended 31 December 2012, which was paid on 30 Jamad Awal 1434 A.H. (10 April 2013).

29. DIVIDENDS PROPOSED

The Board of Directors proposes for approval at the General Assembly Meeting a dividend for the year ended 31 December 2013 of SAR 600.0 million (SAR 1.00 per share based on 600 million shares).

30. SUBSEQUENT EVENTS

In the opinion of the Management, there have been no significant subsequent events since the year end except for the event mentioned below.

On 7 Rabi Al-Awal 1435 A.H. (8 January 2014), the Company has received regulatory approvals with respect to the acquisition of shares in IPNC held by Mead Johnson (Refer Note 1) as a result of which IPNC has become a wholly owned subsidiary of the Group subsequent to the approval date. Consequently, the Company will consolidate IPNC in the next financial year.

31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 17 Rabi Al-Awal 1435 A.H. (19 January 2014).