



ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS'
REVIEW REPORT FOR THE THREE MONTHS
ENDED 31 MARCH 2009

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

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INDEPENDENT AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF ALMARAI COMPANY, A SAUDI JOINT STOCK COMPANY

SCOPE:

We have reviewed the accompanying interim consolidated balance sheet of Almarai Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries ("the Group") as at 31 March 2009, the related interim consolidated statements of income, cash flows and changes in shareholders' equity for the three month period then ended and notes 1 to 8 which form part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

CONCLUSION:

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements as of and for the three month period ended 31 March 2009 for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For Ernst & Young



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



Riyadh: 15 Rabia II 1430AH
(11 April 2009)

ALMARAI COMPANY
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INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009

	Notes	31 March 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	31 March 2008 (Unaudited) SAR '000
ASSETS				
Current Assets				
Cash and Cash Equivalents		183,370	246,585	325,430
Derivative Financial Instruments		2,481	6,648	13,776
Receivables and Prepayments		481,322	409,777	513,933
Inventories		1,087,226	1,096,723	821,955
Total Current Assets		1,754,399	1,759,733	1,675,094
Non Current Assets				
Investments and Financial Assets	4	866,758	489,337	781,587
Property, Plant and Equipment		5,559,628	5,343,308	4,239,363
Intangible Assets - Goodwill		548,636	548,636	548,636
Deferred Charges		37,915	40,270	44,877
Total Non Current Assets		7,012,937	6,421,551	5,614,463
TOTAL ASSETS		8,767,336	8,181,284	7,289,557
LIABILITIES AND EQUITY				
Current Liabilities				
Short Term Loans	5	311,509	511,165	203,199
Payables and Accruals		1,127,818	669,558	768,812
Derivative Financial Instruments		108,950	108,072	7,157
Total Current Liabilities		1,548,277	1,288,795	979,168
Non Current Liabilities				
Long Term Loans	5	3,657,764	3,132,956	2,929,075
Employees' Termination Benefits		131,811	128,041	111,916
Total Non Current Liabilities		3,789,575	3,260,997	3,040,991
Shareholders' Equity				
Share Capital		1,090,000	1,090,000	1,090,000
Share Premium		612,000	612,000	612,000
Statutory Reserve		416,689	416,689	325,663
Other Reserves		(100,456)	(83,161)	317,132
Retained Earnings		1,397,485	1,581,614	924,573
Total Shareholders' Equity		3,415,718	3,617,142	3,269,368
Minority Interest		13,766	14,350	30
TOTAL LIABILITIES AND EQUITY		8,767,336	8,181,284	7,289,557

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

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INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (UNAUDITED)

	Notes	YTD 31 March 2009	YTD 31 March 2008
		SAR '000	SAR '000
Sales	6	1,326,080	1,119,066
Cost of Sales		(817,835)	(702,807)
Gross Profit		508,245	416,259
Selling and Distribution Expenses		(201,114)	(171,453)
General and Administration Expenses		(58,916)	(50,350)
Income before Bank Charges, Zakat and Minority Interest		248,215	194,456
Bank Charges		(45,817)	(27,861)
Income from Main and Continuing Operations		202,398	166,595
Zakat		(5,183)	(4,277)
Income before Minority Interest		197,215	162,318
Minority Interest		156	(123)
Net Income for the Period		197,371	162,195
Earnings per Share (SAR)	7		
Attributable to Income from Main and Continuing Operations		1.86	1.53
Attributable to Net Income for the Period		1.81	1.49

The operating results reported above in this interim consolidated statement of income present a true picture of the past performance of the Group, but are not necessarily indicative of future results

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM CONSOLIDATED
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (UNAUDITED)

	Notes	YTD 31 March 2009	YTD 31 March 2008
		<u>SAR '000</u>	<u>SAR '000</u>
<u>OPERATING ACTIVITIES</u>			
Net Income for the period		197,371	162,195
Adjustments for:			
Depreciation of Property, Plant and Equipment		110,814	87,015
Net Livestock Appreciation		(45,788)	(34,043)
Loss on Disposal of Property, Plant and Equipment		12,105	14,649
Bank Charges		45,817	27,861
Change in Employees' Termination Benefits		3,770	7,013
Share of Minority Interest in Net Income of Consolidated Subsidiary		(156)	123
Changes in:			
Receivables and Prepayments		(71,545)	(146,123)
Inventories		9,497	(88,382)
Payables and Accruals		76,760	(79,025)
Cash Flows from / (used in) Operating Activities		<u>338,645</u>	<u>(48,717)</u>
<u>INVESTING ACTIVITIES</u>			
Additions to Property, Plant and Equipment		(319,367)	(282,723)
Proceeds from the Sale of Property, Plant and Equipment		25,916	16,871
Acquisition of Investments and Financial Assets	4	(389,671)	-
Cash Flows used in Investing Activities		<u>(683,122)</u>	<u>(265,852)</u>
<u>FINANCING ACTIVITIES</u>			
Increase in Loans		325,152	540,498
Bank Charges		(45,817)	(27,861)
Changes in Deferred Charges		2,355	(10,185)
Distribution to Minority Interests		(428)	(428)
Cash Flows from Financing Activities		<u>281,262</u>	<u>502,024</u>
(Decrease) / Increase in Cash and Cash Equivalents		<u>(63,215)</u>	<u>187,455</u>
Cash and Cash Equivalents at 1 January		246,585	137,975
Cash and Cash Equivalents at 31 March		<u>183,370</u>	<u>325,430</u>

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

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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2009 (UNAUDITED)

	<u>Attributable to equity holders of the parent</u>						Minority Interest	Total Equity
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total		
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
Balance at 1 January 2008	1,090,000	612,000	325,663	(9,095)	1,034,878	3,053,446	335	3,053,781
Net Income for the Period	-	-	-	-	162,195	162,195	123	162,318
Shares Issued	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	(272,500)	(272,500)	-	(272,500)
Distribution to Minority Interests	-	-	-	-	-	-	(428)	(428)
Net Gain on Financial Investments	-	-	-	310,513	-	310,513	-	310,513
Net Movement on Cash Flow Hedges	-	-	-	15,714	-	15,714	-	15,714
Balance at 31 March 2008	1,090,000	612,000	325,663	317,132	924,573	3,269,368	30	3,269,398
Balance at 1 January 2009	1,090,000	612,000	416,689	(83,161)	1,581,614	3,617,142	14,350	3,631,492
Net Income for the Period	-	-	-	-	197,371	197,371	(156)	197,215
Dividends Declared	-	-	-	-	(381,500)	(381,500)	-	(381,500)
Distribution to Minority Interests	-	-	-	-	-	-	(428)	(428)
Net loss on Financial Investments	-	-	-	(12,250)	-	(12,250)	-	(12,250)
Net Movement on Cash Flow Hedges	-	-	-	(5,045)	-	(5,045)	-	(5,045)
Balance at 31 March 2009	1,090,000	612,000	416,689	(100,456)	1,397,485	3,415,718	13,766	3,429,484

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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2009 (UNAUDITED)**

1. THE COMPANY AND ITS BUSINESS DESCRIPTION

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

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

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

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

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

The Company operates in Bahrain and Oman through subsidiaries, Almarai Company Bahrain S.P.C and Arabian Planets for Trade and Marketing L.L.C. respectively.

Almarai's Bakery products trades under the brand name l'Usine and is operated by Western Bakeries Company Limited and International Baking Services Company Limited. These are two Limited Liability companies registered in the Kingdom of Saudi Arabia and based in Jeddah. In the last week of March 2009 Modern Food Industries Limited commenced production and sales, within KSA, of bakery products sold under the brand name "7 days".

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

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

The Company, through its subsidiary Almarai Holding Company W.L.L has entered into a definitive agreement on 18 Thul-Hujja 1429 A.H. (16 December 2008) to acquire 75% of Teeba Investment for Developed Food Processing Company ("Teeba") in Jordan. On 3 Safar 1430 AH (29 January 2009), the transaction was completed and an amount of JOD 54.8 million (SAR 271 million) was paid to the founding shareholder. At the same time, the Company increased its share capital from JOD 12.2 million to JOD 32.2 million.

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

On 7 Thul-Quada 1429 A.H. (5 November 2008) Almarai submitted a formal offer to the Board of Directors of Hail Agriculture Development Company ("HADCO") in KSA to acquire 100% of the outstanding share capital of HADCO in exchange for new shares to be issued by Almarai in the ratio of

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
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one new Almarai share for every six HADCO shares. This equates to the issue of five million new Almarai shares to HADCO shareholders. The proposed offer has been approved by the Board of Directors, however the final offer is subject to due diligence, approvals required by the Capital Market Authority and the approval of the shareholders of both Almarai and HADCO.

On 2 Safar 1430 AH (28 January 2009), a new subsidiary, Almarai Investment Holding W.L.L. was incorporated as a holding company for acquisitions outside Saudi Arabia.

On 19 Safar 1430 AH (14 February 2009), the Company announced the creation of a joint venture with PepsiCo to explore new business opportunities in dairy and juice products. The new joint venture, called International Dairy and Juice Limited, held 52% by PepsiCo and 48% by Almarai (through its subsidiary Almarai Investment Holding W.L.L.), has been incorporated and will focus initially on opportunities in Southeast Asia, Africa and the Middle East excluding the Gulf Cooperation Council Countries.

Details of the group companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Direct and Beneficial Ownership Interest		Shares	
			2009	2008	Capital	Issued
Western Bakeries Company Limited	Saudi Arabia	Bakery Company	100%	100%	SAR 100,000,000	100,000
International Baking Services Company Limited	Saudi Arabia	Trading Company	100%	100%	SAR 500,000	500
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	100%	100%	BHD 100,000	1,000
Almarai Holding Company W.L.L.	Bahrain	Holding Company	100%	100%	BHD 250,000	2,500
Markley Holdings Limited	Jersey	Dormant	100%	100%	-	-
Almarai Investment Holding W.L.L.	Bahrain	Holding Company	99%	-	BHD 250,000	2,500
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	90%	90%	OMR 150,000	150,000
Modern Food Industries Limited	Saudi Arabia	Bakery Company	60%	60%	SAR 35,000,000	35,000
Teeba Investment for Developed Food Processing Company	Jordan	Sales Company	75%	-	JOD 32,200,000	32,200,000
International Dairy and Juice Limited	Bermuda	Holding Company	48%	-	USD 7,000,000	7,000,000

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2009 (UNAUDITED)

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

- (a) The interim consolidated financial statements have been prepared on the accrual basis under the historical cost convention (except for derivative financial instruments and investments that have been measured at fair value) and in compliance with the accounting standards issued by the Saudi Organisation for Certified Public Accountants (SOCPA).
- (b) The statutory records are maintained in Arabic.
- (c) When necessary, prior period comparatives have been regrouped or adjusted on a basis consistent with current period classification. Any adjustments are considered immaterial in the context of these interim consolidated financial statements.
- (d) These interim consolidated financial statements include assets, liabilities and the results of the operations of Almarai Company (the Company) and its subsidiaries (the Group) as set out in note (1) above. A subsidiary company is that in which the Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts practical control. A subsidiary company is consolidated from the date on which the Company obtains control until the date that control ceases. The interim consolidated financial statements are prepared on the basis of the individual financial statements of the company and the reviewed financial statements of its subsidiaries, as adjusted by the elimination of all significant inter group balances and transactions. Minority interests represent the portion of profit or loss and net assets not controlled by the Group and are presented separately in the interim consolidated statement of income and within equity in the interim consolidated balance sheet.
- (e) The figures in these interim consolidated financial statements are rounded to the nearest thousand.

3. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates

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

B. Revenue Recognition

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

C. Cash and Cash Equivalents

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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2009 (UNAUDITED)**

D. Accounts Receivable

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

E. Inventory Valuation

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

F. Accounts payable and accruals

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

G. Intangibles-Goodwill

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

H. Property, Plant and Equipment

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

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

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

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

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Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income.

I. Conversion of Foreign Currency Transactions

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

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

J. Employees' Termination Benefits

Employees' termination benefits are payable as a lump sum to all employees employed under the terms and conditions of the respective GCC Labour and Workman Laws on termination of their employment contracts. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on the employees' final salaries and allowances and their cumulative years of service, in compliance with the conditions stated in the laws of the respective GCC countries.

K. Selling, Distribution, General & Administration Expenses

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

L. Management Fees

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

M. Zakat

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

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N. Operating Leases

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

O. Investments in Securities

Investments in securities are measured and carried in the interim consolidated balance sheet at fair value with unrealised gains or losses recognised directly in equity. When the investment is disposed of or impaired the cumulative gain or loss previously recorded in equity is recognised in the interim consolidated statement of income. Where there is no market for the investments cost is taken as the most appropriate, objective and reliable measurement of fair value of the securities.

P. Derivative Financial Instruments and Hedging

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

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

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

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

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

Q. Statutory Reserve

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

R. Segmental Reporting

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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
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4. INVESTMENTS AND FINANCIAL ASSETS

	31 March 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	31 March 2008 (Unaudited) SAR '000
Zain Equity Investment	360,500	372,750	665,000
Zain Subordinated Funding Shareholders' Loan	109,587	109,587	109,587
Teeba Investment for Developed Food Processing Company	377,038	-	-
International Dairy and Juice Limited	12,633	-	-
Jannat for Agricultural Investment Company	7,000	7,000	7,000
	<u>866,758</u>	<u>489,337</u>	<u>781,587</u>

- (a) The Zain equity investment of 35 million shares at a par value of SAR 10 per share is measured at fair value based on a quoted market price for the shares on the Saudi Arabian (Tadawul) stock exchange at 31 March 2009 of SAR 10.30 This has resulted in an unrealised gain of SAR 6.0 million which is shown within other reserves in shareholders' equity. As a founding shareholder the Group cannot sell shares for a period of 3 years commencing on the 22 March 2008 (lock-up period).
- (b) Teeba equity investment of SAR 377.0 million is stated at cost of acquisition which took place on 29 January 2009. The share of profit for the period of two months ended 31 March 2009 is considered by management as not significant for inclusion into the Group's interim consolidated statement of income. The full integration of Teeba equity investment will be completed in second quarter of 2009.
- (c) The Company's 48% share of investment in International Dairy and Juice Limited is stated at cost.
- (d) The Company's 10% share of investment in Jannat for Agricultural Investment Company is stated at cost.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2009 (UNAUDITED)**

5. TERM LOANS

	31 March 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	31 March 2008 (Unaudited) SAR '000
Islamic Banking Facilities (Murabaha)	3,404,948	3,078,796	2,528,087
Saudi Industrial Development Fund	554,890	554,890	591,280
Saudi Arabian Agricultural Bank	9,435	10,435	12,907
	<u>3,969,273</u>	<u>3,644,121</u>	<u>3,132,274</u>

The borrowings of the Group from the Saudi Industrial Development Fund are secured by a mortgage on specific assets amounting to SAR 554.9 million as at 31 March 2009 (SAR 554.9 million as at 31 December 2008 and SAR 591.3 million as at 31 March 2008).

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
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6. SEGMENT INFORMATION

The Group's principal business activities involve manufacturing and trading of dairy products, fruit juices, dairy and non-dairy foods (related foods), bakery products and investing activities. Selected financial information as at 31 March 2009, 31 March 2008 and 31 December 2008 and for the periods then ended categorised by these business segments, are as follows:

	Dairy, Fruit Juices & Related Foods	Bakery Products	Investing Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000
31 March 2009 (Unaudited)				
Sales	1,191,729	134,351	-	1,326,080
Depreciation of Property, Plant and Equipment	(98,756)	(12,058)	-	(110,814)
Income before Minority Interest	176,342	26,859	(5,986)	197,215
Total Assets	6,716,847	1,183,731	866,758	8,767,336
Total Liabilities	(4,421,020)	(169,076)	(747,756)	(5,337,852)
31 December 2008 (Audited)				
Sales	4,515,097	514,807	-	5,029,904
Depreciation of Property, Plant and Equipment	(334,119)	(44,849)	-	(378,968)
Income before Minority Interest	818,019	106,361	(13,560)	910,820
Total Assets	6,556,270	1,135,677	489,337	8,181,284
Total Liabilities	(3,904,200)	(158,132)	(487,460)	(4,549,792)
31 March 2008 (Unaudited)				
Sales	1,015,442	103,624	-	1,119,066
Depreciation of Property, Plant and Equipment	(76,238)	(10,777)	-	(87,015)
Income before Minority Interest	146,065	18,487	(2,234)	162,318
Total Assets	5,499,917	1,008,053	781,587	7,289,557
Total Liabilities	(3,344,936)	(204,149)	(471,074)	(4,020,159)

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The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 31 March 2009, 31 December 2008 and 31 March 2008 and for the periods then ended, categorized by these geographic segments are as follows:

	YTD 31 March 2009	YTD 31 March 2008
	<u>SAR '000</u>	<u>SAR '000</u>
Sales		
Saudi Arabia	909,208	769,409
Other GCC Countries	405,224	335,978
Other Countries	11,648	13,679
Total	<u>1,326,080</u>	<u>1,119,066</u>

	31 March 2009	31 December 2008	31 March 2008
	(Unaudited)	(Audited)	(Unaudited)
	<u>SAR '000</u>	<u>SAR '000</u>	<u>SAR '000</u>
Non-current Assets			
Saudi Arabia	6,541,668	6,332,772	5,548,650
Other GCC Countries	471,269	88,779	65,813
Other Countries	-	-	-
Total	<u>7,012,937</u>	<u>6,421,551</u>	<u>5,614,463</u>

Analysis of Sales is given by Product Group as shown below.

	YTD 31 March 2009	YTD 31 March 2008
	<u>SAR '000</u>	<u>SAR '000</u>
By Product Group		
Fresh Dairy	614,053	529,162
Long Life Dairy	147,980	122,025
Fruit Juice	124,823	94,265
Cheese and Butter	297,957	261,924
Bakery Products	134,351	103,624
Other	6,916	8,066
	<u>1,326,080</u>	<u>1,119,066</u>

7. EARNINGS PER SHARE

Earnings per Share are calculated on the total number of issued shares at 31 March 2009 and 31 March 2008 amounting to 109 million shares.

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8. DIVIDENDS

On 26 Rabia I, 1430 A.H. (23 March 2009), the General Assembly Meeting approved a dividend of SAR 381.5 million (SAR 3.5 per share) for the year ended 31 December 2008, which was paid on 11 Rabia II, 1430 A.H. (7 April 2009).