



**ALMARAI COMPANY**  
**A SAUDI JOINT STOCK COMPANY**

**THE INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS AND LIMITED REVIEW REPORT FOR**  
**THE THREE MONTHS**  
**ENDED 31 MARCH 2010**

**ALMARAI COMPANY**  
**A SAUDI JOINT STOCK COMPANY**

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**LIMITED 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 2010, and the related interim consolidated statements of income, cash flows and changes in equity for the three month period then ended. 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 limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited 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 limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements 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: 25 Rabi Thani 1431H  
(10 April 2010)

**ALMARAI COMPANY**  
**A SAUDI JOINT STOCK COMPANY**

**INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2010**

	Notes	31 March 2010 (Unaudited) SAR '000	31 December 2009 (Audited) SAR '000	31 March 2009 (Unaudited) SAR '000
<b>ASSETS</b>				
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents		241,592	507,666	183,370
Derivative Financial Instruments		-	-	2,481
Receivables and Prepayments		548,444	455,492	481,322
Inventories		1,087,439	1,218,575	1,087,226
<b>Total Current Assets</b>		<b>1,877,475</b>	<b>2,181,733</b>	<b>1,754,399</b>
<b><u>Non Current Assets</u></b>				
Investments and Financial Assets	4	947,289	963,131	866,758
Property, Plant and Equipment		6,608,588	6,282,208	4,911,731
Biological Assets		737,498	734,689	647,897
Intangible Assets - Goodwill		793,468	793,468	548,636
Deferred Charges		29,675	31,766	37,915
<b>Total Non Current Assets</b>		<b>9,116,518</b>	<b>8,805,262</b>	<b>7,012,937</b>
<b>TOTAL ASSETS</b>		<b>10,993,993</b>	<b>10,986,995</b>	<b>8,767,336</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current Liabilities</u></b>				
Short Term Loans	5	409,919	395,534	311,509
Payables and Accruals		1,001,015	962,585	1,127,818
Derivative Financial Instruments		100,306	82,153	108,950
<b>Total Current Liabilities</b>		<b>1,511,240</b>	<b>1,440,272</b>	<b>1,548,277</b>
<b><u>Non Current Liabilities</u></b>				
Long Term Loans	5	3,706,544	3,981,193	3,657,764
Employees' Termination Benefits		172,346	165,814	131,811
<b>Total Non Current Liabilities</b>		<b>3,878,890</b>	<b>4,147,007</b>	<b>3,789,575</b>
<b><u>Shareholders' Equity</u></b>				
Share Capital		1,150,000	1,150,000	1,090,000
Share Premium		1,600,500	1,600,500	612,000
Statutory Reserve		526,361	526,361	416,689
Other Reserves		(113,543)	(81,390)	(100,456)
Retained Earnings		2,421,259	2,187,164	1,397,485
<b>Total Shareholders' Equity</b>		<b>5,584,577</b>	<b>5,382,635</b>	<b>3,415,718</b>
<b>Minority Interest</b>		<b>19,286</b>	<b>17,081</b>	<b>13,766</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,993,993</b>	<b>10,986,995</b>	<b>8,767,336</b>

The accompanying notes form an integral part of these consolidated financial statements

**ALMARAI COMPANY**  
**A SAUDI JOINT STOCK COMPANY**

**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Notes	YTD 31 March 2010 (Unaudited) SAR '000	YTD 31 March 2009 (Unaudited) SAR '000
Sales	6	1,559,488	1,326,080
Cost of Sales		(989,462)	(817,835)
<b>Gross Profit</b>		<b>570,026</b>	<b>508,245</b>
Selling and Distribution Expenses		(236,495)	(201,114)
General and Administration Expenses		(55,359)	(58,916)
<b>Net Operating Income</b>		<b>278,172</b>	<b>248,215</b>
Share of Results of Associates		(1,842)	-
Bank Charges		(32,212)	(45,817)
<b>Income from Main and Continuing Operations</b>		<b>244,118</b>	<b>202,398</b>
Zakat		(6,952)	(5,183)
<b>Income before Minority Interest</b>		<b>237,166</b>	<b>197,215</b>
Minority Interest		(3,071)	156
<b>Net Income for the Period</b>		<b>234,095</b>	<b>197,371</b>
<b>Earnings per Share (SAR)</b>	<b>7</b>		
Attributable to Income from Main and Continuing Operations		2.12	1.86
Attributable to Net Income for the Period		2.04	1.81

The accompanying notes form an integral part of these consolidated financial statements

**ALMARAI COMPANY**  
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**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Notes	YTD 31 March 2010 (Unaudited) SAR '000	YTD 31 March 2009 (Unaudited) SAR '000
<b><u>OPERATING ACTIVITIES</u></b>			
Net Income for the period		234,095	197,371
Adjustments for:			
Depreciation of Property, Plant and Equipment		140,042	110,814
Net Appreciation of Biological Assets		(50,372)	(45,788)
Profit on Sale of Property, Plant and Equipment		(2,588)	(3,153)
Loss on Sale of Biological Assets		21,044	15,258
Bank Charges		32,212	45,817
Share of Results of Associates		1,842	-
Change in Employees' Termination Benefits		6,532	3,770
Share of Minority Interest in Net Income of Subsidiaries		3,071	(156)
Changes in:			
Receivables and Prepayments		(92,952)	(71,545)
Inventories		131,136	9,497
Payables and Accruals		38,430	76,760
<b>Cash Flows from Operating Activities</b>		<b>462,492</b>	<b>338,645</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Additions to Property, Plant and Equipment		(468,494)	(319,832)
Additions to Biological Assets / Purchase Price Rebates		-	465
Proceeds from the Sale of Property, Plant and Equipment		4,660	5,019
Proceeds from the Sale of Biological Assets		26,519	20,897
Investments in Associates	4	-	(389,671)
<b>Cash Flows used in Investing Activities</b>		<b>(437,315)</b>	<b>(683,122)</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Increase in Loans		(260,264)	325,152
Bank Charges		(32,212)	(45,817)
Change in Deferred Charges		2,091	2,355
Distribution to Minority Interests		(866)	(428)
<b>Cash Flows (used in) / from Financing Activities</b>		<b>(291,251)</b>	<b>281,262</b>
<b>Decrease in Cash and Cash Equivalents</b>		<b>(266,074)</b>	<b>(63,215)</b>
Cash and Cash Equivalents at 1 January		507,666	246,585
<b>Cash and Cash Equivalents at 31 March</b>		<b>241,592</b>	<b>183,370</b>

The accompanying notes form an integral part of these consolidated financial statements

**ALMARAI COMPANY**  
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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2010**

	Attributable to equity holders of the parent							Total Equity
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity	Minority Interest	
	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	<u>(Unaudited)</u> SAR '000	
<b>Balance at 1 January 2009</b>	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 Paid	-	-	-	-	(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)
<b>Balance at 31 March 2009</b>	<b>1,090,000</b>	<b>612,000</b>	<b>416,689</b>	<b>(100,456)</b>	<b>1,397,485</b>	<b>3,415,718</b>	<b>13,766</b>	<b>3,429,484</b>
<b>Balance at 1 January 2010</b>	1,150,000	1,600,500	526,361	(81,390)	2,187,164	5,382,635	17,081	5,399,716
Net Income for the Period	-	-	-	-	234,095	234,095	3,071	237,166
Distribution to Minority Interests	-	-	-	-	-	-	(866)	(866)
Net Loss on Financial Investments	-	-	-	(14,000)	-	(14,000)	-	(14,000)
Net Movement on Cash Flow Hedges	-	-	-	(18,153)	-	(18,153)	-	(18,153)
<b>Balance at 31 March 2010</b>	<b>1,150,000</b>	<b>1,600,500</b>	<b>526,361</b>	<b>(113,543)</b>	<b>2,421,259</b>	<b>5,584,577</b>	<b>19,286</b>	<b>5,603,863</b>

The accompanying notes form an integral part of these consolidated financial statements

**ALMARAI COMPANY**  
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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS**  
**ENDED 31 MARCH 2010 (UNAUDITED)**

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**1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION**

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

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

The dairy, fruit juices and related food business is operated under the Almarai brand name. All raw milk production and related processing along with dairy food manufacturing activities are undertaken in Saudi Arabia and the United Arab Emirates (UAE). Final consumer products are distributed from manufacturing facilities in Saudi Arabia and UAE 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. International Baking Services Company Limited trades bakery products. These are Limited Liability companies registered in Saudi Arabia and based in Jeddah.

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

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

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

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

On 14 Rabi-Thani 1431 (30 March 2010) the Company announced the creation of a 50:50 joint venture with Mead Johnson to produce, market and distribute infant nutrition products in the GCC. The joint venture will lease the plant under construction scheduled for commissioning during 2011.

Details of subsidiary companies are as follows:



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Name of Subsidiary	Country of Incorporation	Business Activity	Direct and Beneficial Ownership Interest		Shares	
			2010	2009	Capital	Issued
Almarai Investment Company Limited	Saudi Arabia	Holding Company	100%	100%	SAR 1,000,000	100,000
Almarai Baby Food Company Limited	Saudi Arabia	Manufacturing and Trading Company	100%	100%	SAR 5,000,000	500,000
Hail Agricultural Development Company	Saudi Arabia	Poultry / Agricultural Company	100%	100%	SAR 300,000,000	30,000,000
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
Modern Food Industries Limited	Saudi Arabia	Bakery Company	60%	60%	SAR 35,000,000	35,000
Agricultural Input Company Limited (Mudkhalat)	Saudi Arabia	Agricultural Company	52%	52%	SAR 25,000,000	250
Almarai Company Bahrain S.P.C.	Bahrain	Sales Company	100%	100%	BHD 100,000	1,000
Almarai International Holding W.L.L.	Bahrain	Holding Company	100%	100%	BHD 250,000	2,500
Almarai Investment Holding W.L.L.	Bahrain	Holding Company	99%	99%	BHD 250,000	2,500
Markley Holdings Limited	Jersey	Dormant	100%	100%	-	-
Arabian Planets for Trade and Marketing L.L.C.	Oman	Sales Company	90%	90%	OMR 150,000	150,000

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS**  
**ENDED 31 MARCH 2010 (UNAUDITED)**

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**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) 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.
- (c) 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 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.
- (d) 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 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. 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.

**C. 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 which have been outstanding for more than three months. Bad debts are written off as incurred.

**D. Inventory Valuation**

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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.

**E. 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.

**F. Investments in Associates**

The investments in associates are accounted for under the equity method of accounting when the Company exercises significant influence over the entity and where the entity is neither a subsidiary nor a joint venture. Investments in associates are carried in the interim consolidated balance sheet at cost, plus post-acquisition changes in the Company's share of net assets of the associates, less any impairment in value. The interim consolidated statement of income reflects the Company's share of the results of its associates. Unrealized gains and losses resulting from transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates.

**G. Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. and 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	

**H. 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. Biological assets are depreciated to their estimated residual value based on commercial production periods ranging from 36 weeks to 50 years. Biological assets are depreciated on a straight line basis (excluding poultry flocks which are depreciated according to actual output) at the following annual rates:

Dairy Herd	15% - 25%
Plantations	2% - 8%

**I. Impairment**

The carrying values of property, plant and equipment and biological assets 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

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recoverable amount, the assets are written down to their recoverable amount. Impairment losses are expensed in the interim consolidated statement of income.

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 years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income.

**J. 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.

**K. 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.

**L. 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.

**M. 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 derivative financial instruments which are compliant with Shari'a.

**N. 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 reporting date. Termination payments

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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.

**O. Statutory Reserve**

In accordance with its by-laws 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.

**P. 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 reporting 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 Investment Holding Company W.L.L., Almarai International Holding W.L.L. is the Bahrain Dinar and the functional currency of Arabian Planets for Trade and Marketing L.L.C is the Omani Riyal. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (the SAR) at the rate of exchange ruling at the reporting date and their interim statements of income are translated at the weighted average exchange rates for the period.

**Q. 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.

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.

**R. 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 an expense 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.

**S. 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.

**T. Management Fees**

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)**

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

**U. Operating Leases**

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

**V. 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.

**4. INVESTMENTS AND FINANCIAL ASSETS**

The investments in securities and associated companies comprise of the followings:

		<b>31 March 2010 (Unaudited) SAR '000</b>	<b>31 December 2009 (Audited) SAR '000</b>	<b>31 March 2009 (Unaudited) SAR '000</b>
International Dairy & Juice Limited	48.0%	451,982	455,080	12,633
Teeba Investment for Developed Food Processing Company	0.0%	-	-	377,038
Pure Breed Company	21.5%	30,306	29,050	-
Zain Equity Investment	2.5%	341,250	355,250	360,500
Zain Subordinated Funding Shareholders' Loan	-	109,587	109,587	109,587
Jannat for Agricultural Investment Company	10.0%	7,000	7,000	7,000
National Company for Tourism	1.1%	4,500	4,500	-
National Seeds and Agriculture Services Company	7.0%	2,064	2,064	-
United Dairy Farms Company	8.3%	600	600	-
		<u>947,289</u>	<u>963,131</u>	<u>866,758</u>

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(a) The investment in associated companies comprises the following:

	<b>31 March 2010 (Unaudited)</b>	<b>31 December 2009 (Audited)</b>	<b>31 March 2009 (Unaudited)</b>
	SAR '000	SAR '000	SAR '000
<b><u>International Dairy &amp; Juice Limited</u></b>			
Opening Balance	455,080	-	-
Add : Capital Introduced	-	458,451	12,633
Less : Share of Results for the period	(3,098)	(3,371)	-
Closing Balance	451,982	455,080	12,633
<b><u>Pure Breed Company</u></b>			
Opening Balance	29,050	-	-
Add : Capital Introduced	-	28,269	-
Less : Distributions	-	(587)	-
: Share of Results for the period	1,256	1,368	-
Closing Balance	30,306	29,050	-

(b) 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 2010 of SAR 9.75. This has resulted in an unrealised loss of SAR 13.2 million which is shown within other reserves in Shareholders' Equity. The founding shareholders have extended the repayment date of the shareholders' loans to ZAIN KSA and have agreed to pledge their ZAIN's shares for and on behalf of the preferred creditors until 27 July 2012 in order to enable ZAIN KSA to refinance its existing debts.

(c) All other investments in securities are stated at cost less impairment.

**5. TERM LOANS**

	<b>31 March 2010 (Unaudited)</b>	<b>31 December 2009 (Audited)</b>	<b>31 March 2009 (Unaudited)</b>
	SAR '000	SAR '000	SAR '000
Islamic Banking Facilities (Murabaha)	3,550,585	3,756,739	3,404,948
Saudi Industrial Development Fund	559,160	612,270	554,890
Agricultural Development Fund	6,718	7,718	9,435
	4,116,463	4,376,727	3,969,273

The borrowings of the Group from the Saudi Industrial Development Fund are secured by a mortgage on specific assets amounting to SAR 559.2 million as at 31 March 2010 (SAR 612.3 million as at 31 December 2009 and SAR 554.9 million as at 31 March 2009).

**6. SEGMENT INFORMATION**

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The Group's principal business activities involve manufacturing and trading of dairy and juice products under the Almarai brand, bakery products under the brands L'usine and 7 Days, poultry products under the HADCO brand, arable and horticultural products as well as other activities. Other activities include the investment in Zain and infant formula. Selected financial information as at 31 March 2010, 31 December 2009 and 31 March 2009 and for the periods then ended categorised by these business segments, are as follows:

	<u>Dairy and Juices</u>	<u>Bakery Products</u>	<u>Poultry</u>	<u>Arable and Horticulture</u>	<u>Other Activities</u>	<u>Total</u>
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
<b><u>31 March 2010 (Unaudited)</u></b>						
Sales	1,347,353	189,923	35,958	17,049	-	1,590,283
Third Party Sales	1,341,855	178,256	35,958	3,419	-	1,559,488
(Depreciation) / Appreciation	(57,100)	(16,656)	(6,156)	(9,758)	-	(89,670)
Income / (loss) before Minority Interest	239,565	26,011	(8,831)	(16,744)	(2,835)	237,166
Total Assets	7,341,942	1,613,962	447,581	976,716	613,792	10,993,993
Total Liabilities	(4,422,746)	(217,932)	(67,943)	(30,416)	(651,093)	(5,390,130)
<b><u>31 December 2009 (Audited)</u></b>						
Sales	5,204,614	646,416	44,498	158,926	-	6,054,454
Third Party Sales	5,177,730	618,122	44,498	28,455	-	5,868,805
(Depreciation) / Appreciation	(206,632)	(56,468)	(2,696)	(22,230)	-	(288,026)
Income / (loss) before Minority Interest	972,450	139,770	8,395	(7,910)	(12,545)	1,100,160
Total Assets	7,490,557	1,467,132	454,201	1,010,519	564,586	10,986,995
Total Liabilities	(4,666,296)	(218,375)	(70,241)	(131,717)	(500,650)	(5,587,279)
<b><u>31 March 2009 (Unaudited)</u></b>						
Sales	1,195,632	139,982	-	4,142	-	1,339,756
Third Party Sales	1,191,719	134,351	-	10	-	1,326,080
(Depreciation) / Appreciation	(49,806)	(12,058)	-	(3,162)	-	(65,026)
Income / (loss) before Minority Interest	184,669	26,859	-	(8,327)	(5,986)	197,215
Total Assets	6,524,741	1,183,731	-	192,106	866,758	8,767,336
Total Liabilities	(4,408,287)	(169,076)	-	(12,733)	(747,756)	(5,337,852)

The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 31 March 2010, 31 December 2009 and 31 March 2009 and for the periods then ended, categorized by these geographic segments are as follows:



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	<b>YTD</b>	<b>YTD</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SAR '000</b>	<b>SAR '000</b>
<b>Sales</b>		
Saudi Arabia	1,086,702	909,208
Other GCC Countries	453,863	405,224
Other Countries	18,923	11,648
Total	<b>1,559,488</b>	<b>1,326,080</b>

	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>
	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>
	<b>SAR '000</b>	<b>SAR '000</b>	<b>SAR '000</b>
<b>Non-current Assets</b>			
Saudi Arabia	8,552,062	8,239,294	6,541,668
Other GCC Countries	105,474	103,888	74,598
Other Countries	458,982	462,080	396,671
Total	<b>9,116,518</b>	<b>8,805,262</b>	<b>7,012,937</b>

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

	<b>YTD</b>	<b>YTD</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>SAR '000</b>	<b>SAR '000</b>
By Product Group		
Fresh Dairy	677,569	614,053
Long Life Dairy	170,649	147,980
Fruit Juice	155,268	124,823
Cheese and Butter	330,677	297,957
Bakery	178,256	134,351
Poultry	35,958	-
Arable and Horticulture	3,419	-
Other	7,692	6,916
Total	<b>1,559,488</b>	<b>1,326,080</b>

**7. EARNINGS PER SHARE**

Earnings per Share are calculated on the weighted average number of issued shares at 31 March 2010 and 31 March 2009 amounting to 115 million shares and 109 million shares respectively.

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**8. DIVIDENDS PROPOSED**

The Board of Directors proposes for approval at the General Assembly Meeting on 26 Rabi Akher 1431 A.H (11 April 2010) a dividend for the year ended 31 December 2009 of SAR 460 million (SAR 4.00 per share).