



ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND LIMITED REVIEW REPORT
FOR THE THREE MONTHS
ENDED 31 MARCH 2011

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)**

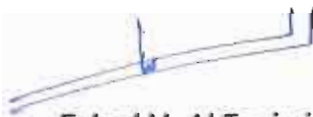
SCOPE:

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 2011, 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



Fahad M. Al Toaimi
Certified Public Accountant
Registration No. 354



Riyadh: 1 Jamad Awal 1432H
(5 April 2011)

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2011

	Notes	31 March 2011 (Unaudited) SAR '000	31 December 2010 (Audited) SAR '000	31 March 2010 (Unaudited) SAR '000
ASSETS				
<u>Current Assets</u>				
Cash and Cash Equivalents		135,044	240,750	241,592
Derivative Financial Instruments		45,863	6,529	-
Receivables and Prepayments		731,522	613,756	548,444
Inventories		1,365,818	1,299,337	1,087,439
Total Current Assets		2,278,247	2,160,372	1,877,475
<u>Non Current Assets</u>				
Investments and Financial Assets	4	920,010	957,683	947,289
Property, Plant and Equipment		8,406,751	7,866,639	6,608,588
Biological Assets		782,297	769,505	737,498
Intangible Assets - Goodwill		793,468	793,468	793,468
Deferred Charges		45,199	23,550	29,675
Total Non Current Assets		10,947,725	10,410,845	9,116,518
TOTAL ASSETS		13,225,972	12,571,217	10,993,993
LIABILITIES AND EQUITY				
LIABILITIES				
<u>Current Liabilities</u>				
Short Term Loans	5	626,556	545,902	409,919
Payables and Accruals		1,300,378	1,253,424	1,001,015
Derivative Financial Instruments		61,515	79,120	100,306
Total Current Liabilities		1,988,449	1,878,446	1,511,240
<u>Non Current Liabilities</u>				
Long Term Loans	5	4,569,635	4,301,301	3,706,544
Employees' Termination Benefits		216,922	206,088	172,346
Total Non Current Liabilities		4,786,557	4,507,389	3,878,890
TOTAL LIABILITIES		6,775,006	6,385,835	5,390,130
EQUITY				
<u>Shareholders' Equity</u>				
Share Capital		2,300,000	2,300,000	1,150,000
Share Premium		1,600,500	1,600,500	1,600,500
Statutory Reserve		654,903	654,903	526,361
Other Reserves		(128,639)	(155,828)	(113,543)
Retained Earnings		1,969,287	1,734,039	2,421,259
Total Shareholders' Equity		6,396,051	6,133,614	5,584,577
Minority Interest		54,915	51,768	19,286
TOTAL EQUITY		6,450,966	6,185,382	5,603,863
TOTAL LIABILITIES AND EQUITY		13,225,972	12,571,217	10,993,993

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

ALMARAI COMPANY
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INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Notes	YTD 31 March 2011 (Unaudited) SAR '000	YTD 31 March 2010 (Unaudited) SAR '000
Sales	6	1,743,568	1,559,488
Cost of Sales		(1,109,416)	(989,462)
Gross Profit		634,152	570,026
Selling and Distribution Expenses		(278,323)	(236,495)
General and Administration Expenses		(64,361)	(55,359)
Net Operating Income		291,468	278,172
Share of Results of Associates and Joint Ventures		(6,923)	(1,842)
Bank Charges		(39,762)	(32,212)
Income from Main and Continuing Operations		244,783	244,118
Zakat and Income Tax		(6,388)	(6,952)
Income before Minority Interest		238,395	237,166
Minority Interest		(3,147)	(3,071)
Net Income for the Period		235,248	234,095
Earnings per Share (SAR)	7		
Attributable to Income from Main and Continuing Operations		1.06	1.06
Attributable to Net Income for the Period		1.02	1.02

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

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Note	YTD 31 March 2011 (Unaudited) SAR '000	YTD 31 March 2010 (Unaudited) SAR '000
<u>OPERATING ACTIVITIES</u>			
Net Income for the period		235,248	234,095
Adjustments for:			
Depreciation of Property, Plant and Equipment		162,732	140,042
Net Appreciation of Biological Assets		(53,123)	(50,372)
Profit on Sale of Property, Plant and Equipment		(3,836)	(2,588)
Loss on Sale of Biological Assets		16,351	21,044
Bank Charges		39,762	32,212
Share of Results of Associates and Joint Ventures		6,923	1,842
Change in Employees' Termination Benefits		10,834	6,532
Share of Minority Interest in Net Income of Subsidiaries		3,147	3,071
Changes in:			
Receivables and Prepayments		(117,766)	(92,952)
Inventories		(66,481)	131,136
Payables and Accruals		46,954	38,430
Cash Flows from Operating Activities		280,745	462,492
<u>INVESTING ACTIVITIES</u>			
Additions to Property, Plant and Equipment		(705,514)	(468,494)
Additions to Biological Assets		(4,547)	-
Proceeds from the Sale of Property, Plant and Equipment		6,506	4,660
Proceeds from the Sale of Biological Assets		28,527	26,519
Dividend received from an Associate	4	1,000	-
Cash Flows used in Investing Activities		(674,028)	(437,315)
<u>FINANCING ACTIVITIES</u>			
Increase / (Decrease) in Loans		348,988	(260,264)
Bank Charges		(39,762)	(32,212)
Change in Deferred Charges		(21,649)	2,091
Distribution to Minority Interests		-	(866)
Cash Flows from / (used in) Financing Activities		287,577	(291,251)
Decrease in Cash and Cash Equivalents		(105,706)	(266,074)
Cash and Cash Equivalents at 1 January		240,750	507,666
Cash and Cash Equivalents at 31 March		135,044	241,592

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

ALMARAI COMPANY
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2011

	Attributable to equity holders of the parent							
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity	Minority Interest	Total Equity
	<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	<u>(Unaudited)</u> SAR '000
Balance at 1 January 2010	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 Movement on Financial Investments	-	-	-	(14,000)	-	(14,000)	-	(14,000)
Net Movement on Cash Flow Hedges	-	-	-	(18,153)	-	(18,153)	-	(18,153)
Balance at 31 March 2010	1,150,000	1,600,500	526,361	(113,543)	2,421,259	5,584,577	19,286	5,603,863
Balance at 1 January 2011	2,300,000	1,600,500	654,903	(155,828)	1,734,039	6,133,614	51,768	6,185,382
Net Income for the Period	-	-	-	-	235,248	235,248	3,147	238,395
Distribution to Minority Interests	-	-	-	-	-	-	-	-
Net Movement on Financial Investments	-	-	-	(29,750)	-	(29,750)	-	(29,750)
Net Movement on Cash Flow Hedges	-	-	-	56,939	-	56,939	-	56,939
Balance at 31 March 2011	2,300,000	1,600,500	654,903	(128,639)	1,969,287	6,396,051	54,915	6,450,966

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

ALMARAI COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011

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 D1' 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 traded between 1976 and 1991 under the Almarai brand name.

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 United Arab Emirates (UAE). Final consumer products are distributed from the 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 ALYOUM 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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011**

Details of subsidiary companies are as follows:

Name of Subsidiary	Country of Incorporation	Business Activity	Direct and Beneficial Ownership Interest		Shares	
			2011	2010	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 200,000,000	20,000,000
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 200,000,000	200,000
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 70,000,000	70,000
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 Company 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
Alyoum for Food Products Company L.L.C	Oman	Sales Company	100%	100%	OMR 20,000 (Unpaid)	20,000

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011

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.
- (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. The Company and its Subsidiaries have identical reporting periods. 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.
- (e) The operating results reported in the interim consolidated statement of income, present a true picture of the past performance of the Group, but are not necessarily indicative of future results.

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.

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D. 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 selling 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 and Joint Ventures

The investments in associates and joint ventures are accounted for under the equity method of accounting when the Company exercises significant influence over the entity and where the entity is not a subsidiary. Investments in associates and joint ventures 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 and joint ventures, less any impairment in value. The interim consolidated statement of income reflects the Company's share of the results of its associates and joint ventures. Unrealized gains and losses resulting from transactions between the Company, its associates and joint ventures are eliminated to the extent of the Company's interest in the associates and joint ventures.

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%

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011

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 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 and Income Tax

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. Income tax for foreign entities is provided for in the interim consolidated financial statements on the basis of an estimated income tax assessment carried out in accordance with the relevant income tax regulations of the countries in which they operate. Adjustments arising from final Zakat and income tax 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.

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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 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.

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 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 Bahrain operations for 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 balance 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.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011**

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

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 associated companies, Joint Ventures and Securities comprise of the followings:

		31 March 2011 <u>(Unaudited)</u> SAR '000	31 December 2010 <u>(Audited)</u> SAR '000	31 March 2010 <u>(Unaudited)</u> SAR '000
<u>Investments in Associates and Joint Ventures</u>				
International Dairy & Juice Limited	48.0%	507,642	513,485	451,982
Pure Breed Company	21.5%	33,487	32,764	30,306
International Pediatric Nutrition Company	50.0%	13,426	16,229	-
Almarai Company WLL	50.0%	204	204	-
		<u>554,759</u>	<u>562,682</u>	<u>482,288</u>
<u>Investments in Securities</u>				
Zain Equity Investment	2.5%	241,500	271,250	341,250
Zain Subordinated Founding Shareholders' Loan	-	109,587	109,587	109,587
National Seeds and Agriculture Services Company	7.0%	2,064	2,064	2,064
National Company for Tourism	1.1%	4,500	4,500	4,500
Jannat for Agricultural Investment Company	10.0%	7,000	7,000	7,000
United Dairy Farms Company	8.3%	600	600	600
		<u>365,251</u>	<u>395,001</u>	<u>465,001</u>
		<u>920,010</u>	<u>957,683</u>	<u>947,289</u>

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS
ENDED 31 MARCH 2011**

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

	31 March 2011 (Unaudited) SAR '000	31 December 2010 (Audited) SAR '000	31 March 2010 (Unaudited) SAR '000
<u>International Dairy & Juice Limited</u>			
Opening Balance	513,485	455,080	455,080
Add : Capital Introduced	-	64,756	-
Less : Share of Results for the period	(5,843)	(6,351)	(3,098)
Closing Balance	<u>507,642</u>	<u>513,485</u>	<u>451,982</u>
<u>Pure Breed Company</u>			
Opening Balance	32,764	29,050	29,050
Less : Distributions	(1,000)	(995)	-
: Share of Results for the period	1,723	4,709	1,256
Closing Balance	<u>33,487</u>	<u>32,764</u>	<u>30,306</u>
<u>International Pediatric Nutrition Company</u>			
Opening Balance	16,229	-	-
Add : Capital Introduced	-	20,500	-
Less : Share of Results for the period	(2,803)	(4,271)	-
Closing Balance	<u>13,426</u>	<u>16,229</u>	<u>-</u>
<u>Almarai Company WLL</u>			
Opening Balance	204	-	-
Add : Capital Introduced	-	204	-
Closing Balance	<u>204</u>	<u>204</u>	<u>-</u>

(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 2011 of SAR 6.90. This has resulted in an unrealised loss of SAR 113.0 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 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.

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5. TERM LOANS

	31 March 2011	31 December 2010	31 March 2010
	(Unaudited)	(Audited)	(Unaudited)
	SAR '000	SAR '000	SAR '000
Islamic Banking Facilities (Murabaha)	4,497,421	4,248,815	3,550,585
Saudi Industrial Development Fund	694,770	593,388	559,160
Agricultural Development Fund	4,000	5,000	6,718
	<u>5,196,191</u>	<u>4,847,203</u>	<u>4,116,463</u>

- A. The borrowings from Islamic banking facilities (Murabaha) are secured by promissory notes given by the Group.
- B. The borrowings of the Group from the Saudi Industrial Development Fund are secured by a mortgage on specific assets amounting to SAR 694.8 million as at 31 March 2011 (SAR 593.4 million as at 31 December 2010 and SAR 559.2 million as at 31 March 2010).
- C. The borrowings from Agricultural Development Fund are secured by a bank payment guarantee.

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6. SEGMENT INFORMATION

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 Alyoum brand, arable and horticultural products as well as other activities. Other activities include our investment in Zain and infant formula. Selected financial information as of 31 March 2011, 31 December 2010 and 31 March 2010 and for the years then ended categorized by these business segments, are as follows:

	Dairy and Juices	Bakery Products	Poultry	Arable and Horticulture	Other Activities	Total
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
<u>31 March 2011 (Unaudited)</u>						
Sales	1,472,381	231,788	63,469	1,511	-	1,769,149
Third Party Sales	1,467,836	211,387	63,469	876	-	1,743,568
(Depreciation) / Appreciation	(68,996)	(21,673)	(6,013)	(12,927)	-	(109,609)
Income / (loss) before Minority Interest	251,480	21,964	772	(30,439)	(5,382)	238,395
Total Assets	8,473,994	1,809,293	894,352	1,161,149	887,184	13,225,972
Total Liabilities	(5,810,963)	(236,254)	(124,521)	(51,907)	(551,361)	(6,775,006)
<u>31 December 2010 (Audited)</u>						
Sales	5,910,086	873,045	176,135	245,274	-	7,204,540
Third Party Sales	5,885,867	821,211	176,135	47,697	-	6,930,910
(Depreciation) / Appreciation	(278,916)	(76,488)	(23,708)	(45,850)	-	(424,962)
Income / (loss) before Minority Interest	1,198,658	116,912	(10,530)	17,279	(15,349)	1,306,970
Total Assets	8,070,426	1,787,018	688,706	1,204,056	821,011	12,571,217
Total Liabilities	(5,395,390)	(273,440)	(69,604)	(121,740)	(525,661)	(6,385,835)
<u>31 March 2010 (Unaudited)</u>						
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)

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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 2011, 31 December 2010 and 31 March 2010 and for the periods then ended, categorized by these geographic segments are as follows:

	Sales	Non- Current Assets
	SAR '000	SAR '000
<u>31 March 2011</u>		
Saudi Arabia	1,232,386	10,302,431
Other GCC Countries	493,314	130,652
Other Countries	17,868	514,642
Total	<u>1,743,568</u>	<u>10,947,725</u>
<u>31 December 2010</u>		
Saudi Arabia	4,935,258	9,763,889
Other GCC Countries	1,931,954	126,471
Other Countries	63,698	520,485
Total	<u>6,930,910</u>	<u>10,410,845</u>
<u>31 March 2010</u>		
Saudi Arabia	1,086,702	8,552,062
Other GCC Countries	453,863	105,474
Other Countries	18,923	458,982
Total	<u>1,559,488</u>	<u>9,116,518</u>

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

	YTD 31 March 2011 (Unaudited)	YTD 31 March 2010 (Unaudited)
	SAR '000	SAR '000
Fresh Dairy	739,282	677,569
Long Life Dairy	186,799	170,649
Fruit Juice	166,214	155,268
Cheese and Butter	367,782	330,677
Bakery	211,387	178,256
Poultry	63,469	35,958
Arable and Horticulture	876	3,419
Other Dairy	7,759	7,692
Total	<u>1,743,568</u>	<u>1,559,488</u>

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7. EARNINGS PER SHARE

Earnings per Share are calculated on the weighted average number of issued shares at 31 March 2011 and 31 March 2010 amounting to 230 million shares. The weighted average number of shares issued has been retrospectively adjusted for the prior period to reflect the effect of the bonus share issue.

8. DIVIDENDS APPROVED

On 29 Rabi Thani 1432 A.H. (3 April 2011) the General Assembly Meeting approved a dividend of SAR 517.5 million (SAR 2.25 per share) for the year ended 31 December 2010 which will be paid on 7 Jumad Awal 1432 A.H. (11 April 2011).