ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND LIMITED REVIEW REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

ALMARAI COMPANY

A SAUDI JOINT STOCK COMPANY

INDEX

ERNST & YOUNG

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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 30 September 2009, the related interim consolidated statement of income for the three month and nine month periods ended 30 September 2009, and the interim consolidated statements of cash flows and changes in equity for the nine 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 as of and for the three and nine month periods ended 30 September 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: 21 Shawal 1430AH
(10 October 2009)

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Notes	30 September 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	30 September 2008 (Unaudited) SAR '000
ASSETS				
Current Assets				
Cash and Cash Equivalents		224,063	246,585	230,582
Derivative Financial Instruments		25,795	6,648	1,095
Receivables and Prepayments		569,304	409,777	527,453
Inventories		1,138,177	1,096,723	1,032,213
Investment Available for Sale	4	445,529	-	-
Total Current Assets		**2,402,868**	**1,759,733**	**1,791,343**
Non Current Assets				
Investments and Financial Assets	4	690,500	489,337	772,837
Property, Plant and Equipment		5,889,973	5,343,308	4,981,000
Intangible Assets - Goodwill		548,636	548,636	548,636
Deferred Charges		33,805	40,270	42,304
Total Non Current Assets		**7,162,914**	**6,421,551**	**6,344,777**
TOTAL ASSETS		**9,565,782**	**8,181,284**	**8,136,120**
LIABILITIES AND EQUITY				
Current Liabilities				
Short Term Loans	5	597,979	511,165	319,084
Payables and Accruals		794,114	669,558	816,617
Derivative Financial Instruments		74,946	108,072	49,505
Total Current Liabilities		**1,467,039**	**1,288,795**	**1,185,206**
Non Current Liabilities				
Long Term Loans	5	3,793,123	3,132,956	3,078,333
Employees' Termination Benefits		146,007	128,041	124,289
Total Non Current Liabilities		**3,939,130**	**3,260,997**	**3,202,622**
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		(22,138)	(83,161)	253,353
Retained Earnings		2,048,018	1,581,614	1,453,481
Total Shareholders' Equity		**4,144,569**	**3,617,142**	**3,734,497**
Minority Interest		**15,044**	**14,350**	**13,795**
TOTAL LIABILITIES AND EQUITY		**9,565,782**	**8,181,284**	**8,136,120**

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

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Notes	July - Sep 2009	July - Sep 2008	YTD 30 Sep 2009	YTD 30 Sep 2008
		SAR '000	SAR '000	SAR '000	SAR '000
Sales	6	1,547,440	1,388,534	4,320,638	3,755,120
Cost of Sales		(849,813)	(815,675)	(2,523,452)	(2,251,475)
Gross Profit		**697,627**	**572,859**	**1,797,186**	**1,503,645**
Selling and Distribution Expenses		(229,353)	(191,177)	(637,722)	(548,913)
General and Administration Expenses		(54,416)	(53,190)	(161,999)	(158,562)
Income before Bank Charges, Zakat and Minority Interest		**413,858**	**328,492**	**997,465**	**796,170**
Share of Loss from Associate		(3,316)	-	(3,316)	-
Bank Charges		(36,009)	(28,580)	(122,181)	(87,566)
Income from Main and Continuing Operations		**374,533**	**299,912**	**871,968**	**708,604**
Zakat		(10,347)	(6,189)	(22,663)	(17,498)
Income before Minority Interest		**364,186**	**293,723**	**849,305**	**691,106**
Minority Interest		(752)	(47)	(1,401)	(3)
Net Income for the Period		**363,434**	**293,676**	**847,904**	**691,103**
Earnings per Share (SAR)	7				
Attributable to Income from Main and Continuing Operations		**3.44**	**2.75**	**8.00**	**6.50**
Attributable to Net Income for the Period		**3.33**	**2.69**	**7.78**	**6.34**

The operating results reported above in this interim consolidated statement of income present a true and fair 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 FINANCIAL STATEMENTS

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Notes	YTD 30 Sep 2009 SAR '000	YTD 30 Sep 2008 SAR '000
OPERATING ACTIVITIES			
Net Income for the period		847,904	691,103
Adjustments for:			
Depreciation of Property, Plant and Equipment		350,309	277,135
Net Livestock Appreciation		(160,656)	(114,792)
Loss on Disposal of Property, Plant and Equipment		48,860	46,478
Bank Charges		122,181	87,566
Share of Loss from Associate		3,316	-
Change in Employees' Termination Benefits		17,966	19,386
Share of Minority Interest in Net Income of Consolidated Subsidiary		1,401	3
Changes in:			
Receivables and Prepayments		(159,527)	(159,643)
Inventories		(41,454)	(298,640)
Payables and Accruals		123,032	238,882
Cash Flows from Operating Activities		**1,153,332**	**787,478**
INVESTING ACTIVITIES			
Additions to Property, Plant and Equipment		(865,941)	(1,211,731)
Proceeds from the Sale of Property, Plant and Equipment		80,763	63,042
Acquisition of Investments and Financial Assets	4	(641,258)	-
Cash Flows used in Investing Activities		**(1,426,436)**	**(1,148,689)**
FINANCING ACTIVITIES			
Increase in Loans		746,981	805,641
Dividends Paid		(379,976)	(270,102)
Bank Charges		(122,181)	(87,566)
Changes in Deferred Charges		6,465	(7,612)
Minority Interest Share in Modern Food Industries		-	14,000
Distribution to Minority Interests		(707)	(543)
Cash Flows from Financing Activities		**250,582**	**453,818**
(Decrease) / Increase in Cash and Cash Equivalents		**(22,522)**	**92,607**
Cash and Cash Equivalents at 1 January		246,585	137,975
Cash and Cash Equivalents at 30 September		**224,063**	**230,582**

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

ALMARAI COMPANY
A SAUDI JOINT STOCK COMPANY

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009 (UNAUDITED)

	Attributable to equity holders of the parent							
	Share Capital	Share Premium	Statutory Reserve	Other Reserves	Retained Earnings	Total Shareholders' Equity	Minority Interest	Total Equity
	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	-	-	-	-	691,103	691,103	3	691,106
Dividends Declared	-	-	-	-	(272,500)	(272,500)	-	(272,500)
Distribution to Minority Interests	-	-	-	-	-	-	(543)	(543)
Net Gain on Financial Investments	-	-	-	301,763	-	301,763	-	301,763
Net Movement on Cash Flow Hedges	-	-	-	(39,315)	-	(39,315)	-	(39,315)
Minority Interest Share in Modern Food Industries	-	-	-	-	-	-	14,000	14,000
Balance at 30 September 2008	**1,090,000**	**612,000**	**325,663**	**253,353**	**1,453,481**	**3,734,497**	**13,795**	**3,748,292**
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	-	-	-	-	847,904	847,904	1,401	849,305
Dividends Declared	-	-	-	-	(381,500)	(381,500)	-	(381,500)
Distribution to Minority Interests	-	-	-	-	-	-	(707)	(707)
Net Gain on Financial Investments	-	-	-	8,750	-	8,750		8,750
Net Movement on Cash Flow Hedges	-	-	-	52,273	-	52,273		52,273
Balance at 30 September 2009	**1,090,000**	**612,000**	**416,689**	**(22,138)**	**2,048,018**	**4,144,569**	**15,044**	**4,159,613**

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

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 following GCC countries 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

On 2 Safar 1430 AH (28 January 2009), a new subsidiary, Almarai Investment Holding W.L.L. was incorporated as a holding company for the joint venture with PepsiCo.

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 (IDJ), 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.

On 10 Jumada II 1430 AH (3 June 2009), the Company sold its 75% investment in Teeba Investment for Developed Food Processing Company (Teeba) in Jordan, to IDJ for equity which increased its share capital from USD 7,000,000 to USD 108,449,061. The initial investment in Teeba was completed on 3 Safar 1430 AH (29 January 2009).

On 14 Jumada II 1430 AH (7 June 2009), a new subsidiary, Almarai International Holding W.L.L. was incorporated as a holding company for the acquisition of the International Company for Agro Industrial Projects (Beyti) in Egypt. On 18 Jumada II 1430 AH (11 June 2009), the holding company entered into a definitive agreement to acquire 100% of Beyti. The closing took place on 30 September 2009 and Almarai paid cash consideration of EGP 645.6 million (SAR 445.5 million). The 100% investment in Beyti is expected to be sold to IDJ during the fourth quarter of 2009. Accordingly it is stated at cost in the interim consolidated Balance Sheet as of 30 September 2009.

On 7 Rajab 1430 A.H. (30 June 2009) the Company and Hail Agricultural Development Company (HADCO) signed an agreement to acquire 100% of the outstanding share capital of HADCO in exchange for new shares to be issued by Almarai in the ratio of one new Almarai share for every five HADCO shares and a payment of SAR 0.50 per HADCO share. This equates to the issue of six million new Almarai shares to HADCO shareholders. The proposed transaction was approved by the Capital Market Authority on 9 September 2009 and by Almarai shareholders on 7 October 2009. Among other conditions the proposed transaction is subject to approval by the shareholders of HADCO at their Extraordinary General Meeting (EGM) on 15 October 2009. Under the assumption HADCO shareholders approve the transaction, HADCO results will be consolidated from the date of acquisition in the fourth quarter of 2009.

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
Almarai Investment Company Limited	Saudi Arabia	Holding Company	100%	-	SAR 1,000,000	100,000
Almarai Baby Food Company Limited	Saudi Arabia	Trading Company	100%	-	SAR 5,000,000	500,000
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
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%	-	BHD 250,000	2,500
Almarai Investment Holding W.L.L.	Bahrain	Holding Company	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

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 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 and expected 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.

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 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 acquired 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.

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 Investment Holding W.L.L., Almarai International 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 the 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.

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. Investment Available for Sale and Investments in Securities

Investment available for sale and 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 investments.

P. Investment in an Associate

Investment in an associate is 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. Investment in an associate is carried in the balance sheet at cost, plus post-acquisition changes in the Company's share of net assets of the associate, less any impairment in value. The income statement reflects the Company's share of the results of its associate. Unrealized gains and losses resulting from transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

Q. 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.

R. 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.

S. **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.

4. INVESTMENT AVAILABLE FOR SALE, INVESTMENTS AND FINANCIAL ASSETS

The investments in securities, an associated company and available for sale investments comprise of the following:

	30 September 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	30 September 2008 (Unaudited) SAR '000
International Company for Agro Industrial Projects (Beyti)-Investment Available for Sale	445,529	-	-
Zain Equity Investment	381,500	372,750	656,250
Zain Subordinated Founding Shareholders' Loan	109,587	109,587	109,587
International Dairy and Juice Limited	192,413	-	-
Jannat for Agricultural Investment Company - 10%	7,000	7,000	7,000
	1,136,029	489,337	772,837

(a) The 100% investment in Beyti is expected to be sold to IDJ during the fourth quarter of 2009. Accordingly it is stated at cost in the interim consolidated Balance Sheet as of 30 September 2009 and classified as a current asset.

(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 30 September 2009 of SAR 10.90. This has resulted in an unrealised gain of SAR 27 million which is included 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 27th July 2012 in order to enable ZAIN KSA to refinance its existing debts.

(c) The investment in International Dairy and Juice Limited comprises of the followings:

	30 September 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	30 September 2008 (Unaudited) SAR '000
Balance at 1 January 2009	-	-	-
Add : Capital Introduced	195,729	-	-
Less : Share of Loss	(3,316)	-	-
Balance at 30 September 2009	192,413	-	-

(d) The Company's 10% share of investment in Jannat for Agricultural Investment Company is stated at cost.

5. TERM LOANS

	30 September 2009 (Unaudited) SAR '000	31 December 2008 (Audited) SAR '000	30 September 2008 (Unaudited) SAR '000
Islamic Banking Facilities (Murabaha)	3,775,386	3,078,796	2,799,948
Saudi Industrial Development Fund	606,280	554,890	584,560
Saudi Arabian Agricultural Bank	9,436	10,435	12,909
	4,391,102	3,644,121	3,397,417

The borrowings of the Group from the Saudi Industrial Development Fund are secured by a mortgage on specific assets amounting to SAR 606.3 million as at 30 September 2009 (SAR 554.9 million as at 31 December 2008 and SAR 584.6 million as at 30 September 2008).

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 30 September 2009, 31 December 2008 and 30 September 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
30 September 2009 (Unaudited)				
Sales	3,873,070	447,568	-	4,320,638
Depreciation of Property, Plant and Equipment	(310,400)	(39,909)	-	(350,309)
Income before Minority Interest	761,331	97,854	(9,880)	849,305
Total Assets	7,748,050	1,319,645	498,087	9,565,782
Total Liabilities	(4,688,339)	(220,490)	(497,340)	(5,406,169)
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)
30 September 2008 (Unaudited)				
Sales	3,374,314	380,806	-	3,755,120
Depreciation of Property, Plant and Equipment	(244,052)	(33,083)	-	(277,135)
Income before Minority Interest	621,048	78,378	(8,320)	691,106
Total Assets	6,303,068	1,060,215	772,837	8,136,120
Total Liabilities	(3,761,586)	(155,168)	(471,074)	(4,387,828)

The business activities and operating assets of the Group are mainly concentrated in GCC countries, and selected financial information as at 30 September 2009, 31 December 2008 and 30 September 2008 and for the periods then ended, categorized by these geographic segments are as follows:

	July - Sep 2009	July - Sep 2008	YTD 30 Sep 2009	YTD 30 Sep 2008
	SAR '000	SAR '000	SAR '000	SAR '000
Sales				
Saudi Arabia	1,078,706	964,962	2,980,340	2,587,956
Other GCC Countries	452,194	404,883	1,293,462	1,119,494
Other Countries	16,540	18,689	46,836	47,670
Total	1,547,440	1,388,534	4,320,638	3,755,120

	30 September 2009 (Unaudited)	31 December 2008 (Audited)	30 September 2008 (Unaudited)
	SAR '000	SAR '000	SAR '000
Non-current Assets			
Saudi Arabia	6,873,375	6,325,772	6,261,915
Other GCC Countries	90,126	88,779	75,862
Other Countries	644,942	7,000	7,000
Total	7,608,443	6,421,551	6,344,777

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

	July - Sep 2009	July - Sep 2008	YTD 30 Sep 2009	YTD 30 Sep 2008
	SAR '000	SAR '000	SAR '000	SAR '000
By Product Group				
Fresh Dairy	801,703	719,406	2,113,273	1,861,114
Long Life Dairy	130,228	119,208	408,729	362,121
Fruit Juice	176,337	143,184	464,988	369,236
Cheese and Butter	281,511	253,584	856,926	756,689
Bakery Products	152,764	141,093	447,568	380,806
Other	4,897	12,059	29,154	25,154
	1,547,440	1,388,534	4,320,638	3,755,120

7. EARNINGS PER SHARE

Earnings per Share are calculated on the total number of issued shares at 30 September 2009, 31 December 2008 and 30 September 2008 amounting to 109 million shares.

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 3.50 per share) for the year ended 31 December 2008, which was paid on 11 Rabia II, 1430 A.H. (7 April 2009).

9. SUBSEQUENT EVENTS

On 7 October 2009 the Shareholders of Almarai Company approved the issuance of 6 million new shares resulting in an increase in the share capital of SAR 60 million (from SAR 1,090 million to SAR 1,150 million). This issuance will finance the acquisition of HADCO, which is subject to acceptance of the Almarai offer at the EGM of HADCO, scheduled on 15 October 2009.