شركة أسمنت المنطقة الشمالية
NORTHERN REGION CEMENT CO.

Prospectus

The Offering of 90,000,000 ninety million ordinary shares representing 50% of Northern Region Cement Company (following subscription) through an Initial Public Offering at an Offer Price of SAR 10 per share (the “Offering”).
A Saudi joint stock company incorporated pursuant to Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G) with Commercial Registration No. 3450008480 dated 19/02/1427H (corresponding to 20/03/2006G).

Offer Period: 26/02/1434H (corresponding to 08/01/2013G) to 02/03/1434H (corresponding to 14/01/2013G)

Northern Region Cement Company (“NRCC” or the “Company”) is a Saudi joint stock company incorporated pursuant to Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G) with commercial registration number 3450008480 issued on 19/02/1427H (corresponding to 20/03/2006G) with a share capital of SAR 1,200,000,000 (one billion two hundred million Saudi Riyals) divided into 120,000,000 (one hundred twenty million) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) each (each a “Share” and collectively the “Shares”). On 02/12/1432H (corresponding to 29/10/2011G) the Extraordinary General Assembly adopted a resolution providing for an increase of the Company’s share capital by SAR 600,000,000 (six hundred million Saudi Riyals), increasing the Company’s share capital to SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) ordinary shares, out of which the current shareholders (whose names appear in the “Current Shareholders” section) subscribed to a total of 126,000,000 (one hundred twenty-six million) ordinary Shares with a total and fully paid up nominal value of SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals). The partial increase was accomplished by capitalizing the Company’s statutory reserves involving the issuance of 6,000,000 (six million) new shares with a nominal value of SAR 60,000,000 (sixty million Saudi Riyals) to the Current Shareholders. The remaining 54,000,000 (fifty four million) Shares valued at SAR 540,000,000 (five hundred forty million Saudi Riyals) will be offered to the public.

Pursuant to the provisions of the Company's Bylaws and the terms of the Raw Materials Quarry License (the “Quarry License”) for quarrying limestone in north Harrat al-Harrah, Northern Borders Province, KSA issued by the Ministry of Petroleum and Mineral Resources (“MPMR”), it is mandatory for the Company to offer 50% of its share capital to the public through an initial public offering. On 20/12/1432H (corresponding to 16/11/2011G), the Extraordinary General Assembly resolved to offer 90,000,000 (ninety million) shares representing 50% of the share capital of NRCC (after the Offering) to the public. The Company will offer 54,000,000 (fifty four million) new Shares to the public which represents 30% of the Company's share capital (after the Offering) and the Current Shareholders have agreed to sell 36,000,000 (thirty-six million) Shares to the public which represents 20% of the Company's share capital (after the Offering). The Current Shareholders have agreed to sell their respective shares and to waive their rights to receive their pro rata share of the proceeds of the Offering in favour of the Company through individual consent letters signed by each of them. Further, pursuant to Article (7) of the Company's Bylaws, the Founding Shareholders have agreed to waive their priority right to subscribe for the new shares and such agreement was ratified by the Extraordinary General Meeting held on 20/12/1432H (corresponding to 16/11/2011G).

The Offering is of 90,000,000 (ninety million) Shares (each and “Offer Share and collectively the “Offer Shares”) with a nominal value of SAR 10 (ten Saudi Riyals) each at an offer price of SAR 10 (ten Saudi Riyals) per Share representing 50% of the issued share capital of the Company (after the Offering). The Offering is directed at and may only be accepted by Individual Investors who are Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband and who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit (each an “Individual Investor” and collectively “Individual Investors”). Subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases the relevant regulations shall be enforced against that person.

The proceeds from the Offering after deducting related expenses (the "Net Proceeds") will be used to finance the Company’s business and its expansion plans (please refer to the “Use of Proceeds and Future Projects” section) and all Current Shareholders have waived their rights to receive their pro rata share of the proceeds of the Offering in favour of the Company through individual consent letters signed by each of them. The Underwriters have committed to fully underwrite the Offering (please refer to the "Underwriting" section). Upon completion of the Offering, the Current Shareholders will own 50% of the share capital of the Company.

The Offering will commence on 26/02/1434H (corresponding to 08/01/2013G) and will remain open for a period of seven (7) days up to and including 02/03/1434H (corresponding to 14/01/2013G) (the "Offering Period"). Subscription to the Offer Shares can be made through branches of the Selling Agents (the "Selling Agents") listed on page (j-k) during the Offering Period (please refer to the "Key Dates for Investors and Subscription Procedure" section).

Each Individual Investor who subscribes to the Offer Shares (each a "Subscriber" and collectively the "Subscribers") must apply for a minimum of fifty (50) Offer Shares. The maximum number of Offer Shares for which a Subscriber may apply is two hundred thousand (200,000). The minimum allocation per Subscriber is fifty (50) Offer Shares, and the balance of the Offer Shares (if available) will be allocated on a pro-rata basis. In the event that the number of Subscribers exceeds one million eight hundred thousand (1,800,000), the Company will not guarantee the minimum allocation of fifty (50) Offer Shares per Individual Investor, and the Offer Shares will be allocated equally between all Subscribers. Excess subscription monies, if any, will be refunded to the Subscribers by the Selling Agents without any charge or withholding. Notification of the final allotment and refund of excess subscription monies, if any, will be made by 09/03/1434H (corresponding to 21/01/2013G) (please refer to the "Information Concerning the Shares and Terms and Conditions of the Offer" section).

The Company has one class of shares which does not carry any preferential voting rights. Each Share entitles the holder (a “Shareholder”) to one vote, and each Shareholder with at least twenty (20) Shares has the right to attend and vote at a General Assembly (the “General Assembly Meeting”). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared by the Company after the completion of the Offering Period and during subsequent fiscal years (please refer to the "Dividends" section).

Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the admission of the Shares to the Official List, all supporting documents required by the CMA have been supplied, and all relevant approvals pertaining to this prospectus (the "Prospectus") and the Offering have been granted. Trading in the Offer Shares is expected to commence on the Saudi Stock Exchange (the "Exchange" or "Tadawul") shortly after the final allocation of the Offer Shares and fulfillment of all of the relevant regulatory requirements (please refer to the "Key Dates for Investors and Subscription Procedures" section). Following admission of the Shares to the Official List, Saudi nationals, non-Saudi individuals having a valid Iqama (residence visa) in the KSA, foreign investors, foreign investors through swap agreements, nationals of other GCC countries, companies, banks and funds will be permitted to trade in the Shares on Tadawul.

The "Important Notice" and "Risk Factors" Section of this Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Financial Advisors

anb invest — ITHRAA CAPITAL

Lead Manager and Underwriter

anb invest

Selling Agents

anb — NCB — riyad bank — BANK ALJAZIRA — Banque Saudi Fransi — SABB — samba — Al Rajhi Bank

This Prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The Directors, whose names appear on page (d), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange ("Tadawul") do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, this Prospectus or any part thereof.

Issued on 21/01/1434H (corresponding to 05/12/2013G)

English Translation of the Official Arabic Prospetcus

شركة أسمنت المنطقة الشمالية

NORTHERN REGION CEMENT CO.

Important Notice

This Prospectus contains detailed information relating to Northern Region Cement Company and the Offer Shares. When applying for the Offer Shares, Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager, the Selling Agents or by visiting the websites of the Company (www.nrc.sa) or the CMA (www.cma.org.sa).

Arab National Investment Company ("ANB Invest") and Ithraa Capital ("Ithraa Capital") have been appointed by the Company to act as Financial Advisors ("Financial Advisors"). ANB Invest has also been appointed as Lead Manager ("Lead Manager") and Underwriter ("Underwriter") in relation to the Offer Shares described herein.

This Prospectus includes information given in compliance with the Listing Rules issued by the Capital Market Authority ("CMA"). The Directors, whose names appear on page (d) of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein is derived from external sources, and while neither the Financial Advisors nor the Company or its advisors, whose names appear on page (f-g-h) of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been verified by the Company, and no representation is made by the Company with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors over which the Company has no control (please refer to the "Risk Factors" section). Neither the delivery of this Prospectus nor any oral or written communication in relation to the Offering is intended to be, nor should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Current Shareholders or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offering. An investment in the Offer Shares may be appropriate for some investors and not for others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is directed at and is limited to Saudi Arabian natural persons (each an "Individual Investor"), including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit provided that any such woman provides evidence that she is the child's mother and that she is widowed or divorced. The subscription by a person in the name of his divorced wife shall be deemed invalid.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than Saudi Arabia are expressly prohibited. The Company, the Current Shareholders and the Financial Advisors require recipients of this Prospectus to inform themselves of any regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions.

Financial and Statistical Information

The Company's audited financial statements for the financial periods ended 31 March 2012G and 30 June 2012G, and for the financial years ended 31 December 2009G, 2010G and 2011G, and the notes thereto which were audited by Ernst & Young for the financial year 2009G and by Deloitte & Touche Bakr Abulkhair & Co for the financial years 2010G, 2011G and 2012G, each of which are incorporated herein, have been prepared in conformity with Generally Accepted Accounting Principles published by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Company publishes its financial statements in Saudi Arabian Riyals.

The audited financial statements of Northern Cement Company (Jordan) ("NCC (Jordan)") for the financial periods ended 31 March 2012G and 30 June 2012G, and the financial years ended 31 December 2009G, 2010G and 2011G, and the notes thereto which were audited by the International Bureau Professional Consulting and AuditLLC, each of which are incorporated herein, have been prepared in conformity with the International Standards on Auditing (ISAs). NCC (Jordan) publishes its financial statements in Jordanian Dinars.

Where statistical information has been sourced for publication in this Prospectus, the Company believes that the information represents the latest information available from the relevant particular source.

Industry and Market Data

In this Prospectus, information and data concerning the economy of Saudi Arabia and the cement industry has been obtained or derived from: (i) the "Market Due Diligence" report prepared in June 2012G by Holtec Consulting Private Ltd. (hereinafter referred to as "Holtec"), ii) the feasibility study of Line II ("Line II Feasibility Study") prepared in October 2011G by Ernst & Young ("E&Y") and updated in June 2012G, and (iii) publicly available information such as the websites of Ministry of Economy & Planning, Saudi Arabian Monetary Agency ("SAMA"), International Monetary Fund ("IMF"), Organization of the Petroleum Exporting Countries ("OPEC") and the World Bank.

Holtec is an independent consulting company established in 1967G and is one of the leading consulting firms that specializes in the cement industry in the Middle East and North Africa. E&Y is an independent consulting firm operating in KSA since 1974G that offers highly specialized services in the areas of taxation, advisory, assurance and transactions.

Neither Holtec, nor any of its affiliates, shareholders, directors or their relatives hold any shareholding or any interest in the Company. Holtec has given and not withdrawn its written consent to the use of the information supplied by it to the Company in the manner and format set out in this Prospectus.

Neither E&Y, nor any of its affiliates, shareholders, directors or their relatives hold any shareholding or any interest in the Company. E&Y has given and not withdrawn its written consent to the use of the information supplied by it to the Company in the manner and format set out in this Prospectus.

Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no affirmation,representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be", or the negative thereof or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and the Company's management with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for example, please refer to the "Risk Factors" and "Northern Region Cement Company" section). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Listing Rules, the Company must submit a supplementary Prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission to the Official List, the Company becomes aware that (i) there has been a significant change in any material information contained in the Prospectus or any document required by the Listing Rules, or (ii) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Terms and Definitions

For an explanation of certain defined terms and abbreviations, please refer to the "Terms and Definitions" section.

Corporate Directory

Board of Directors

Table 1 Directors

No.	Name	Position	Representing	Nationality	Age	Status	Direct Shareholding (before Offering)		Indirect Shareholding (before Offering)		Total Shareholding (before Offering)	
							Shares	%	Shares	%	Shares	%
1	Sulaiman Saleem Saleem Al Harbi	Chairman	Pan Kingdom Investment Co.	Saudi	50	Non-Independent Non-executive	966,000	0.77%	5,347,005	4.24%	6,313,005	5.01%
2	Raed Ibrahim Suleiman Al Mudaihim	Vice Chairman	Abdulqader Al Muhaidib& Sons Co.	Saudi	48	Non-Independent Non-executive	210,000	0.17%	-	-	210,000	0.17%
3	Saud Sa'ad Saud Al Arifi	Managing Director	Pan Kingdom Investment Co.	Saudi	41	Non-Independent Executive	-	-	4,573,691	3.63%	4,573,691	3.63%
4	Mohammed Fayez Mohammed Al Darjm	Director	Pan Kingdom Investment Co.	Saudi	49	Non-Independent Non-executive	-	-	4,573,691	3.63%	4,573,691	3.63%
5	Mohammad Salim Turais Al Sa'edi	Director	Alturais Saudi Trdg., Industry, Contg. Co. Ltd.	Saudi	67	Independent* Non-executive	-	-	3,618,751	2.87%	3,618,751	2.87%
6	Fuad Fahad Mohammad Al Saleh	Director	Abdulqader Al Muhaidib& Sons Co.	Saudi	64	Independent** Non-executive	-	-	-	-	-	-
7	Khalid Abdulaziz Mohammed Al Arifi	Director	Abdulaziz Ibrahim Abdulaziz Al Ibrahim	Saudi	50	Independent Non-executive	-	-	-	-	-	-

Source: Company

* After subscription, the total combined indirect shareholdings of Mr. Mohammad Saleem Turais Al Saedi and direct shareholdings of Alturais Saudi Trading, Industry, Contracting. Co. Ltd. in the Company will fall below 5% (please refer to the "Current Shareholders" section). Mohammad Saleem Turais Al Saedi will accordingly be treated as "independent" after the Offering.

** After subscription, the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company will fall bellow 5% (please refer to the "Current Shareholders" section). Mr. Fuad Fahad Mohammed Al Saleh will accordingly be treated as "independent" after the Offering. Note that the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company is considered to impact Mr. Fuad Fahad Mohammed Al Saleh's status given both that Mr. Fuad Fahad Mohammed Al Saleh represents Abdulqader Al Muhaidib & Sons Co. and that Fuad Fahad Mohammed Al Saleh's wife holds an indirect ownership interest in the shares of the Company through Abdulqader Al Muhaidib & Sons Co.

Registered Office

Northern Region Cement Company

PO Box: 3100, Ar’ar 91471

Kingdom of Saudi Arabia

Tel. +966 (4) 663 3661

Fax: +966 (4) 661 1040

e-mail: ipo@nrc.com.sa

website: www.nrc.com.sa

Company Representatives

Sulaiman Saleem Al Harbi Chairman Northern Region Cement Company PO Box: 61011, Riyadh 11565 Kingdom of Saudi Arabia Tel. +966 (1) 216 0011 Fax: +966 (1) 216 0044 e-mail: s.alharbi11@sapac.com.sa	**Saud Sa'ad Saud Al Arifi** Managing Director Northern Region Cement Company PO Box: 61011, Riyadh 11565 Kingdom of Saudi Arabia Tel. +966 (1) 201 2493 Fax: +966 (1) 201 2384 e-mail: engsaud@yahoo.com

Board of Directors Secretary

Hazza' Bin Ghutaiyan Al Enezy
Northern Region Cement Company
PO Box: 3100, Ar’ar 91471
Kingdom of Saudi Arabia
Tel. +966 (4) 652 3733
Fax: +966 (4) 653 3448
e-mail: henezy@nrc.com.sa

Head of Shareholders Relationship Department

Ma'adi Dhaisan Al Subaei
Northern Region Cement Company
PO Box: 61011, Riyadh 11565
Kingdom of Saudi Arabia
Tel. +966 (1) 201 1212
Fax: +966 (1) 201 2384
e-mail: malsubaei@nrc.com.sa

Share Registrar

Saudi Stock Exchange (Tadawul)
Al-Tawunia Towers , King Fahad Road
PO Box: 60612, Riyadh 11555
Kingdom of Saudi Arabia
Tel. +966 (1) 218 9999
Fax: +966 (1) 218 1220
e-mail: webinfo@tadawul.com.sa
website: www.tadawul.com.sa

Advisors

Financial Advisors

Arab National Investment Company
PO Box: 220009, Riyadh 11311
Kingdom of Saudi Arabia
Tel. +966 (1) 406 2500
Fax: +966 (1) 406 2548
e-mail: goueijan@anbinvest.com.sa
e-mail: mzreik@anbinvest.com.sa
e-mail: sferguson@anbinvest.com.sa
website: www.anbinvest.com.sa

Ithraa Capital
PO Box: 64230, Riyadh 11536
Kingdom of Saudi Arabia
Tel. +966 (1) 207 2626
Fax: +966 (1) 207 2627
e-mail: eid@ithraacapital.com
e-mail: f.meerza@ithraacapital.com
website: www.ithraacapital.com

Lead Manager and Underwriter

Arab National Investment Company
PO Box: 220009, Riyadh 11311
Kingdom of Saudi Arabia
Tel. +966 (1) 406 2500
Fax: +966 (1) 406 2548
e-mail: goueijan@anbinvest.com.sa
e-mail: mzreik@anbinvest.com.sa
e-mail: sferguson@anbinvest.com.sa
website: www.anbinvest.com.sa

Legal Advisors

Abdulaziz A. Al-Bosaily Law Office in association with Clyde & Co LLP
King fahad Road
Tatweer Towers, Tower 3, 9th Floor
PO Box: 16560, Riyadh 11474
Kingdom of Saudi Arabia
Tel.: +966 (1) 200 8868
Fax: +966 (1) 200 8558
e-mail: abdulaziz@albosailylawoffice.com
website: www.albosailylawoffice.com

Financial Due Diligence Advisors

KPMG Al Fozan & Al Sadhan
P.O. Box 92876, Riyadh 11663
Kingdom of Saudi Arabia
Tel: +966 (1) 291 4350
Fax: +966 (1) 291 4351
e-mail: aalfozan@kpmg.com
e-mail: rsashikanth@kpmg.com
Website: www.kpmg.com.sa

Market Research and Technical Consultant

Holtec Consulting Pvt. ltd.
Gurgaon 122001 , Haryana
India
Tel. +91-124-238 5095
Fax: +91-124-238 5114
Email: dsa@holtecnet.com
Website:www.holtecnet.com

Expansion Feasibility Advisor

Ernst & Young
PO Box: 2732, Riyadh, 11461
Kingdom of Saudi Arabia
Tel: +966 (1) 215 9898
Fax: +966 (1) 273 4730
e-mail: hossam.mounir@sa.ey.com
website: www.ey.com

Investment in Iraq Feasibility Advisor

Consult Works
PO Box: 16160
Amman, 11152
Tel: +962 (6) 568 9994
Fax: +962 (6) 562 2271
Email: galjamal@consultworks.net
Website: www.consultworks.net

Auditors

Deloitte & Touche
Bakr Abulkhair & Co.
PO Box 213, Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (1) 463 0018
Fax: +966 (1) 463 0865
e-mail: wslim@deloitte.com
website: www.deloitte.com

Media and Advertising Consultant

Shawaf International Company
Safwa Center, Sulaymania
PO Box 43307, Riyadh 11561
Kingdom of Saudi Arabia
Tel: +966 (1) 288 6632
Fax: +966 (1) 288 6631
e-mail: info@advert1.com
website: www.advert1.com

Note: The above advisors have given and not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Prospectus, and do not themselves, their employees or their employees' first-degree relatives have any shareholding or interest of any kind in the Company, with the exception of:

- Tareq Abdulrahman Saleh Al Sadhan, who owns shares in the Company together with his children and is a partner in KPMG Al Fozan & Al Sadhan;
- Mr. Abdullah Al Fozan, who is an indirect shareholder in the Company and is a partner in KPMG Al Fozan & Al Sadhan;
- Atheeb Holding Company, which owns shares in the Company and is an indirect shareholder in Ithraa Capital; and
- HH Prince Abduaziz Bin Ahmed Bin Abduaziz Al Saud, who is an indirect shareholder in the Company and indirect shareholder in and Chairman of the Board of Directors of Ithraa Capital.

Principal Commercial Banking Relationships

As at the date of this Prospectus, the Company has commercial banking relationships with the following banks:

Arab National Bank
King Faisal Street
PO Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 (1) 402 9000
Fax: +966 (1) 402 7747
e-mail: aalnassir@anb.com.sa
website: www.anb.com.sa

Riyad Bank
King Abdulaziz Road
PO Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (1) 401 3030
Fax: +966 (1) 404 2707
e-mail: customercare@riyadbank.com
website: www.riyadbank.com

The National Commercial Bank
King Abdulaziz Road
PO Box 3555, Jeddah 21481
Kingdom of Saudi Arabia
Tel: +966 (2) 649 3333
Fax: +966 (2) 644 6468
e-mail: contactus@alahli.com
website: www.alahli.com.sa

Selling Agents

Arab National Bank
King Faisal Street
PO Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 (1) 402 9000
Fax: +966 (1) 402 7747
e-mail: abinayba@anb.com.sa
website: www.anb.com.sa

Banque Saudi Fransi
PO Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 (1) 289 9999
Fax: +966 (1) 404 2311
e-mail: faloufi@alfransi.com.sa
Website: www.alfransi.com.sa

Al Rajhi Bank
Olaya Road
PO Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (1) 211 6000
Fax: +966 (1) 460 0705
e-mail: alrayesrn@alrajhi-capital.com
Website: www.alrajhibank.com.sa

The National Commercial Bank
King Abdulaziz Road
PO Box 3555, Jeddah 21481
Kingdom of Saudi Arabia
Tel: +966 (2) 649 3333
Fax: +966 (2) 644 6468
e-mail: a.hadadi@alahli.com
website: www.alahli.com.sa

Riyad Bank
King Abdulaziz Road
PO Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (1) 401 3030
Fax: +966 (1) 404 2707
e-mail: majid.al-gwaiz@riyadbank.com
website: www.riyadbank.com

Samba Financial Group
King Abdulaziz Road
PO Box 833, Riyadh 11421
Kingdom of Saudi Arabia
Tel: +966 (1) 477 4770
Fax: +966 (1) 217 7979
e-mail: samy.ragheb@samba.com
website: www.samba.com.sa

	The Saudi British Bank (SABB) Prince Abdulaziz bin Musaed bin Jlawy Street PO Box 9084, Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 (1) 405 0677 Fax: +966 (1) 405 0660 e-mail: irangakalansooriya@hsbc.com website: www.sabb.com
	Bank AlJazira King Abdulaziz Road POBox: 6277, Jeddah 21442 Kingdom of Saudi Arabia Tel.: +966 (2) 609 8888 Fax: +966 (2) 609 8881 e-mail: a.almisbahi@aljaziracapital.com.sa website: www.baj.com.sa

Offering Summary

The objective of this Summary is to provide a brief and general overview of the Offering, detailed information concerning which may be found in the Prospectus. The Summary does not contain all the information to be considered prior to making a decision to invest in the Company's Shares. Therefore, each recipient of this Prospectus is responsible for reading the entire Prospectus thoroughly prior to making an investment decision and not to rely solely on this Summary.

The Company	Northern Region Cement Company is a Saudi joint stock company incorporated pursuant to Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G) with commercial registration number 3450008480 on 19/02/1427H (corresponding to 20/03/2006G).
Activities of the Company	• Production of all kinds of cement pursuant to the Industrial License No. 900/I dated 28/04/1426H and amended under number 1405/I dated 26/07/1426H. • Managing and operating Portland cement (regular and resistant or other) plants. • Wholesale and retail trade of the Company's products and building materials, including import and export outside the Kingdom. • Management, operation and maintenance of industrial plants for the purpose of supplementing the Company's business. • Ownership of land and real estate for the purpose of building the Company's plants. • Commercial agencies business.
Key Shareholders	See Table 2 and Table 3 below

Table 2 : Current Shareholders directly holding more than 5% of the Shares before the Offering

Name	Pre-Offering		Post-Offering	
	Shares	%	Shares	%
Pan Kingdom Investment Co.	30,491,270	24.20%	21,779,479	12.10%
Abdulqader Al Muhaidib & Sons Co.	12,495,000	9.92%	8,925,000	4.96%
Alturais Saudi Trdg., Industry, Contg. Co. Ltd.	7,237,501	5.74%	5,169,643	2.87%
Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan	6,300,000	5.00%	4,500,000	2.50%
Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim	6,300,000	5.00%	4,500,000	2.50%
International Trading & Contracting Co. Ltd.	6,300,000	5.00%	4,500,000	2.50%

Table 3 : Current Individual Shareholders directly and/or indirectly holding more than 5% of the Shares before the Offering

Name	Pre-Offering		Post-Offering	
	Shares	%	Shares	%
Sulaiman Saleem Saleem Al Harbi	6,313,005	5.01%	4,509,289	2.51%
Abdullah Mohammed Abdulaziz Al Rumaizan	6,300,000	5.00%	4,500,000	2.50%
Khalid Ibrahim Abdulaziz Al Ibrahim	6,300,000	5.00%	4,500,000	2.50%

Current Share Capital	SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals), out of which the Current Shareholders have subscribed for SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals) and paid the value thereof in full.
Post-Offering Share Capital	SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals).
Total Number of Issued Shares	180,000,000 (one hundred eighty million) ordinary shares, out of which 126,000,000 (one hundred twenty six million) shares have been subscribed and fully paid by the Current Shareholders. The remaining 54,000,000 (fifty four million) Shares will be offered to the public.

Nominal Value	SAR 10 (ten Saudi Riyals) per Share.
Total Number of Offer Shares	90,000,000 (ninety million) ordinary shares that include 54,000,000 (fifty four million) new shares and 36,000,000 (thirty six million) Shares to be sold by the Selling Shareholders.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 50% the share capital of the Company after completion of the Offering.
Offer Price	SAR 10 (ten Saudi Riyals) per Share.
Total Value of Offer Shares	SAR 900,000,000 (nine hundred million Saudi Riyals).
Use of Proceeds	The total proceeds from the Offering is SAR 900,000,000 (nine hundred million Saudi Riyals) and the net proceeds after the deduction of the costs of the Offering which amount to SAR 28,000,000 (twenty eight million Saudi Riyals) are expected to be SAR 872,000,000 (eight hundred seventy two million Saudi Riyals). Net proceeds will be used to finance the Company's expansion plans as follows: - SAR 692,905,000 (six hundred ninety two million nine hundred and five thousand Saudi Riyals) for repayment of the loan facilities, which the Company obtained from Saudi Industrial Development Fund and Arab National Bank, and - SAR 179,095,000 (one hundred seventy nine million and ninety five thousand Saudi Riyals) to finance the second production line designated for the production of Sulphate Resistant Clinker (SRC) and to meet its future working capital needs. For further information, please refer to the "Use of Proceeds and Future Projects" section.
Number of Shares Underwritten	90,000,000 (ninety million) ordinary shares.
Amount Underwritten	SAR 900,000,000 (nine hundred million Saudi Riyals).
Target Key Investors	The Offering is directed at and may only be accepted by Individual Investors who are Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit. The subscription by a person in the name of his divorced wife shall be deemed invalid.
Subscription procedure	Subscription Forms will be available during the Offering Period at the branches of the Selling Agents. Subscription Forms must be completed in accordance with the instructions setout in the "Information Concerning the Shares and Terms and Conditions of the Offer"section. Subscription may also be made through the internet, telephone banking or ATMs through any of the Selling Agents which offer such services to Subscribers who have participated in any recent initial public offering.
Minimum Number of Offer Shares to be Applied for	Fifty (50) Shares.
Minimum Subscription Amount	SAR 500 (five hundred Saudi Riyals).
Maximum Number of Offer Shares to be Applied for	Two hundred thousand (200,000) Shares.
Maximum Subscription Amount	SAR 2,000,000 (Two million Saudi Riyals).
Allocation of Offer Shares	Allocation of the Offer Shares is expected to be completed on or around 09/03/1434H (corresponding to 21/01/2013G). Each individual investor will be allocated a minimum of fifty (50) Offer Shares and the balance of the Offer Shares (if available) will be allocated on a pro-rata basis. The Company does not guarantee the minimum allocation of fifty (50) Offer Shares in the event that the number of Subscribers exceeds 1,800,000 (one million and eight hundred thousand). In that case, the Offer Shares will be allocated equally between all Subscribers.

Refund of ExcessSubscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Lead Manager or the relevant Selling Agent. The final allotment and refund of subscription monies, if any, will be made by 09/03/1434H (corresponding to 21/01/2013G) (please refer to the "Information Concerning the Shares and Terms and Conditions of the Offer" section).
Offering Period	The Offering will commence on 26/02/1434H (corresponding to 08/01/2013G) and will remain open for a period of 7 days up to and including 02/03/1434H (corresponding to 14/01/2013G).
Dividends	The Offer Shares will be entitled to receive dividends declared by the Company starting from the completion of the Offering Period and for subsequent fiscal years. For further information on the Company's dividend policy, please refer to the "Dividends" section.
Voting Rights	The Company has only one class of Shares and no Shareholder has any preferential voting rights. Each Share entitles the holder to one vote and each Shareholder holding at least twenty (20) Shares has the right to attend and vote at the General Assembly Meeting. A Shareholder may authorize another Shareholder (who is not a Board member) to attend the General Assembly Meeting on his behalf. For further information on the Company's voting rights, please refer to the "Legal Information" section.
Share Restrictions	The Current Shareholders referred to in this Prospectus may not dispose of any Shares during the period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange ("Lock-in Period"). After the Lock-in Period has elapsed, the Selling Shareholders may dispose any of their Shares only after obtaining CMA approval.
Listing of Shares	Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the admission of the Shares to the Official List and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the CMA in addition to all relevant regulatory approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares and fulfillment of all related requirements. (please refer to the "Key Dates for Investors" section).
Costs	Offering costs are estimated to be approximately SAR 28,000,000 (twenty eight million Saudi Riyals). This figure includes the Financial Advisors' fees, the Lead Manager's fees, the Underwriters' fees, Selling Agents' expenses, legal advisor's fees, Financial Due Diligence Advisor's fees, Market Research and Technical Consultants' fees, marketing expenses, printing and distribution expenses and other related expenses.
Risk factors	There are certain risks relating to an investment in this Offering. These risks can be categorized into (i) risks relating to the Company's operations and prospects; (ii) risks relating to the market and the cement sector; (iii) risks relating to ordinary shares, (iv) political, economic and regulatory risks; and (v) risks related to the new expansion plan for Line II and investment of the Company in the cement plant in AlKobaisah, Iraq (please refer to the "Risk Factors" Section of this Prospectus).

The "Important Notice" and "Risk Factors" sections of this Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Key Dates for Investors and Subscription Procedure

Key Dates for Investors

Offering Period	From: 26/02/1434H (corresponding to 08/01/2013G) To: 02/03/1434H (corresponding to 14/01/2013G)
Last date for submission of application form and subscription monies	02/03/1434H (corresponding to 14/01/2013G)
Notification of final allotment and refund of funds (in the event of over-subscription)	09/03/1434H (corresponding to 21/01/2013G)
Expected date of commencement of trading in Offer Shares	Upon fulfillment of all related requirements and regulatory procedures.

Note: The above timetable shows indicative dates. Actual dates will be conveyed through announcements appearing in national daily newspapers, the CMA website(www.cma.gov.sa) and the Tadawul website (www.tadawul.com.sa).

Subscription Procedure

The Offering is directed at and may only be accepted by individual investors who are Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit (collectively "Individual Investors" and severally "Individual Investor"), provided that any such woman provides evidence that she is the child's mother and that she is widowed or divorced. The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, and the relevant regulations shall be enforced against that person.

Subscription Forms will be available during the Offering Period at the branches (or websites) of the Selling Agents. Subscription may also be made through the internet, telephone banking or ATMs through any of the Selling Agents which offer such services to Subscribers, provided that:

- the subscriber has participated in a recent initial public offering;
- the subscriber must have a bank account at the Selling Agent which offers such services; and
- there should have been no changes in the personal information of the subscriber since the last offering.

The Subscription Forms must be completed in accordance with the instructions set out in the "Information Concerning the Shares and Terms and Conditions of the Offer" section of this Prospectus. Each Subscriber must complete and accept all relevant sections of the Subscription Application Form. The Company reserves the right to decline any Subscription Application Form, in part or in whole, in the event that any of the subscription terms and conditions are not met. Amendments to and withdrawal of the Subscription Application Form shall not be permitted once the Subscription Application Form has been submitted to any Selling Agent. Furthermore, the Subscription Application Form shall, upon its submission, be considered to be a legally binding agreement between the Company and the Subscriber.

Summary of Key Information

This summary of key information is intended to provide an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to interested subscribers. Recipients of this Prospectus should read the whole Prospectus before making a decision as to whether or not to invest in the Company's Shares.

The Company

Northern Region Cement Company (the "NRCC" or the "Company") is a Saudi joint stock company incorporated pursuant to Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G) with commercial registration number 3450008480 dated 19/02/1427H (corresponding to 20/03/2006G) with its head office in the city of Ar'ar, Al Moushref Area.

The Company was incorporated with a share capital of SAR 1,200,000,000 (one billion two hundred million Saudi Riyals) divided into 120,000,000 (one hundred twenty million) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) each (each a "Share", collectively the "Shares"). On 02/12/1432H (corresponding to 29/10/2011G) the Extraordinary General Assembly adopted a resolution providing for an increase of the Company's share capital by SAR 600,000,000 (six hundred million Saudi Riyals), thereby bringing the Company's share capital up to SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) ordinary shares, out of which the current shareholders subscribed for a total of 126,000,000 (one hundred twenty-six million) ordinary shares with a total and fully paid up nominal value of SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals). The partial increase was accomplished by capitalizing the Company's statutory reserves involving the issuance of 6,000,000 (six million) new shares with a nominal value of SAR 60,000,000 (sixty million Saudi Riyals) to the current shareholders. The remaining 54,000,000 (fifty four million) shares valued at SAR 540,000,000 (five hundred forty million Saudi Riyals) will be offered to the public.

Pursuant to the provisions of the Company's Bylaws and the terms of the Raw Materials Quarry License (the "Quarry License") for quarrying limestone in north Harrat al-Harrah, Northern Border Province, KSA, issued by the Ministry of Petroleum and Mineral Resources ("MPMR"), it is mandatory for the Company to offer 50% of its share capital to the public through an initial public offering. On 20/12/1432H (corresponding to 16/11/2011G), the Extraordinary General Assembly resolved to offer 90,000,000 (ninety million) shares representing 50% of the share capital of NRCC (after the Offering) to the public as follows:

- The Company will offer 54,000,000 (fifty four million) new shares to the public which represents 30% of the Company's share capital (after the Offering).
- The Current Shareholders have agreed to offer 36,000,000 (thirty-six million) Shares to the public which represents 20% of the Company's share capital (after the Offering).

Table 4 : Changes in the Share Capital of the Company

(,000 Riyals)	As at 31 December			The 6-Months Period Ended in 30 June
	2009G	2010G	2011G	2012G
Paid Up Capital*	600,000	600,000	1,260,000	1,260,000
Statutory Reserves	25,907	54,403	19,022	19,022
Special Reserve	-	-	-	53,289
Retained Earnings	231,759	180,826	96,401	88,998
Total Equity	857,666	835,229	1,375,424	1,421,310

Source: Company

* On 25/09/2011G, the Current Shareholders paid the value of the company's unpaid capital amounting to SAR 600,000,000, and on 29/10/2011G, an amount of SAR 60,000,000 of the statutory reserve was capitalized and therefore the Capital became SAR 1,260,000,000.

The Company's main business is the production of Ordinary Portland Cement and Sulphate Resistant Cement and the trading of cement inside and outside the Kingdom. The Company exports clinker and cement to Jordan and Iraq.

Situated on a 980,000 sqm property, the Company's cement plant is strategically located at Hazm Al Jalamid, 190 km north of Ar'ar and 50km east of the City of Turaif, Northern Border Province. The location is significance being adjacent to a raw materials quarry and close to a number of local and regional markets.

NRCC's cement plant (the "Plant") is fully integrated and built in accordance with the most advanced international technical standards in the field of cement manufacturing. An electrical generation station and a water treatment unit supply the Plant. The Company has also built a residential compound to accommodate the Plant's workers, employees and their families. The residential compound includes family accommodation, bachelors' accommodation, a mosque, two schools and playgrounds.

The Plant has a production capacity of 6,000 (tonnes per day "TPD") of clinker and an annual production capacity of 1,920,000 ton.

In addition to Ordinary Portland Clinker and Sulphate Resistant Clinker, the Company produces and sells:

- Ordinary Portland Cement (OPC) used in masonry and concrete works, and
- Sulphate Resistant Cement (SRC) used in projects that are exposed to high amounts of Sulphates.

On 02/05/2007G, and in implementation of the Company's strategic objectives in entering new markets and opening new distribution outlets, the Company enhanced its presence in Jordan by establishing its fully owned subsidiary NCC (Jordan), which is now listed on the Amman Stock Exchange. As at 30/06/2012G, the Company owned approximately 99% of NCC (Jordan).

NCC (Jordan) imported clinker from NRCC which it ground and mixed with other additives such as Pozzolana and gypsum to produce OPC and Pozzolana cement. However, the export license obtained by the Company on 02/12/1432H (corresponding to 30/10/2011G) was valid for only 3 months and was not renewed upon expiry. Further, on 12/02/2012G, the Saudi Ministry of Commerce and Industry banned all cement producers from exporting cement outside of Saudi Arabia so NCC (Jordan) is now required to source its clinker requirements from local Jordanian suppliers. NCC (Jordan) has a production capacity of 3,000 TPD (i.e. 1,000,000 TPA) and all its products are sold within Jordan. NRCC is now seeking new markets in other countries as Iraq and Syria.

During Q2 2011G, NRCC began construction of a new production line with a total capacity of 3,000 TPD of SRC. Commercial production is expected to start in Q4 2012G.

Key Shareholders

Table 5 : Current Shareholders directly holding more than 5% of the shares before the Offering

Name	Pre-Offering		Post-Offering	
	Shares	%	Shares	%
Pan Kingdom Investment Co.	30,491,270	24.20%	21,779,479	12.10%
Abdulqader Al Muhaidib & Sons Co.	12,495,000	9.92%	8,925,000	4.96%
Alturais Saudi Trdg., Industry, Contg. Co. Ltd.	7,237,501	5.74%	5,169,643	2.87%
Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan	6,300,000	5.00%	4,500,000	2.50%
Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim	6,300,000	5.00%	4,500,000	2.50%
International Trading & Contracting Co. Ltd.	6,300,000	5.00%	4,500,000	2.50%

Table 6 : Current Individual Shareholders directly and/or indirectly holding more than 5% of the Shares before the Offering

Name	Pre-Offering		Post-Offering	
	Shares	%	Shares	%
Sulaiman Saleem Al Harbi	6,313,005	5.01%	4,509,289	2.51%
Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan	6,300,000	5.00%	4,500,000	2.50%
Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim	6,300,000	5.00%	4,500,000	2.50%

Mission and Strategy

The Company's mission is to focus on complying with the highest quality standards, applying the latest available technologies in the cement industry and improving performance levels to best serve its customers' needs. NRCC's products are well known throughout the northern regions of the Kingdom for their quality and reliability. It has always been the Company's point of focus to concentrate on issues related to public health, safety and environment.

• Vision

NRCC's vision is to become leading manufacturer of cement in GCC and the Middle East by achieving sustainable growth and high quality performance in producing cement products that are in full compliance with Saudi and international specifications.

- **Objectives**
  - Production of clinker (both ordinary and resistant),
  - Production of cement (both ordinary and resistant),
  - Operation and management of all kind of Portland cement plants,
  - Wholesale and retail trade of the Company's products and construction materials, including import and export outside the Kingdom,
  - Management, operation and maintenance of industrial plants for the purpose of supplementing the Company's objectives,
  - Ownership of land and real estate for the purpose of building the Company's plants,
  - Commercial agencies business, and
  - Participation in establishing companies carrying out similar business, helping in attainment of the Company's objectives or complementing the Company's business inside and outside the Kingdom.
- **Goals**
  - Using state-of-the-art technologies in the cement industry as a preliminary step toward localizing such technologies,
  - Providing Saudi staff with training courses in modern technologies in manufacturing cement and its derivatives,
  - Creating new work opportunities for Saudi nationals residing in the northern part of KSA, and
  - Delivering superior returns for the investors in the Company.

Competitive Advantages

• Location

The Company's plant is strategically located in the northern region, 190 km from Ar'ar and 50 km from the city of Turaif. The significance of the location stems from being adjacent to a raw materials quarry. The Plant is also close to a number of local and regional markets, which are useful for any plans of opening export outlets near neighbouring border lines.

• Quality Products

The Company is committed to manufacture products that comply with the best international standards thanks to the consistent monitoring system and quality assurance checks undertaken throughout the production stages by a highly specialised laboratory established on the Plant's site especially for this purpose. Testament to the quality of NRCC's products is best demonstrated in the increasing demands received from domestic market and from neighbouring countries such as Iraq and Jordan and through the ISO 9001 certification received by the Company (please refer to the "Legal Information" section), which will be made available to public (please refer to the "Documents Available for Inspection " section).

A recent study conducted by Holtec Private Consulting Ltd. revealed that the Company outperformed its competitors in terms of the quality of products. Moreover, the cement produced by the Company is dark in colour, which is preferred by customers in KSA, Iraq and Jordan.

• Know-How and Management Skills

The Company employs experienced management staff with expertise in technical, financial and corporate management fields and extensive knowledge of prevailing trends in both regional and international markets.

• Availability of Raw Materials

The Company holds a Raw Materials Quarry License (the "Quarry License") for quarrying limestone in north Harrat al-Harrah, Ar'ar. The Quarry License is valid for 30 years from the date of issue (06/07/1427H, corresponding to 01/08/2006G).

The Company entered into an agreement with Pan Kingdom for Trading, Industry, and Construction Co., whereunder the latter assigned a raw materials quarry license no. 48/Q issued by the Ministry of Petroleum and Mineral Resources ("MPMR") on 06/07/1427H (corresponding to 01/08/2006G) to the Company. However, MPMR has not approved the assignment to date and has made their approval contingent upon the Company offering 50% its shares for public subscription. Therefore, it is anticipated that MPMR will approve the assignment once the Offering is completed.

- **Product Costs**

A key advantage of the Plant is that the major inputs are available in the quarries owned by the Company. This significantly reduces transportation costs in comparison with other manufacturers. Additionally, consistent government support and encouragement for improving this industry significantly contributes to Company's capability to manufacture its products at fairly competitive costs.

Market Overview

Cement manufacturing is witnessing an unprecedented boom in the Kingdom. Cement factories have increasingly expanded during the past few years and become one of the dominant sectors in the GCC.

Saudi cement manufacturers have a competitive advantage over their regional rivals due to the availability of raw materials and subsidized fuel supplied by Saudi Aramco.

Given the boom in the construction industry in KSA, cement consumption has grown from 16.9 MTPA in 1999G to 47.9 MTPA in 2011G, with the highest growth rate in 10 years. Cement consumption witnessed growth at a cumulative annual growth rate ("CAGR") of 14% for the period from 2006G to 2011G as versus a CAGR of 9.2% for the period from 2001G to 2005G.

Major drivers for the recent growth in cement consumption include:

- Housing projects,
- Commercial projects, and
- Infrastructure projects.

As at the date of this document, there are fourteen (14) cement companies operating in Saudi Arabia with a total production capacity of 53 MTPA as at May 2012G compared with 50.7 MTPA in 2011G and 47.5 MTPA in 2010G. In light of the expected increase in demand for cement, the said total production capacity is expected to increase to as much as 79 MTPA by 2017 given expansion by existing companies and commencement of commercial production by new players.

The increase in demand for cement during the boom years has led to a state of supply-demand imbalance in the GCC markets, which, in turn, brought about a drastic increase in cement prices. In 2008G, the Government imposed restrictions on cement producers, one of which was that a producer must sell a bag of cement to the Saudi Market at the price of SAR 10 (ten Saudi Riyals) per 50 kg/bag during times when export was permitted.

Table 7 : Cement Consumption Growth in the KSA During the Period from 1999G to 2011G

	1999G	2000G	2001G	2002G	2003G	2004G	2005G	2006G	2007G	2008G	2009G	2010G	2011G
Consumption (MTPA)	16.9	15.9	19.9	21.0	22.6	24.1	25.4	24.8	27.1	30.3	36.7	41.2	47.9
Consumption Growth (%)	19.0	(5.9)	25.2	5.5	7.6	6.6	5.4	(2.4)	9.3	11.8	21.1	12.3	16.3

Source: Holtec Report

Driven by the sharp boom witnessed by construction industry in the past few years, cement prices grew by 6.5% in 2011G and 14.6% during Q1 2012G due to the increasing demand for cement. In January 2012G, prices of ordinary and sulphate-resisting Portland cement reached thresholds of about SAR 260-per-ton and SAR 270-per-ton, respectively. This was caused by a drop in supply and an increase in cement prices, and the most affected parts in the Kingdom were western areas. In February 2012G, the Government in an attempt to respond to the unprecedented increase in cement prices banned all cement producers from exporting cement outside the Kingdom and introduced a price ceiling of SAR 240 per ton and SAR 260 per ton for ordinary and sulphate-resisting Portland cement respectively.

The Company's primary target market is the Northern Region, which consists of Northern Borders and Al Jawf Provinces, while its secondary and tertiary markets comprise Hail (center), Tabuk and Madinah (west). The Company's sales in Northern Borders and Al Jawf Provinces accounted for 22.6% and 43.7% respectively of the Company's total sales.

Table 8 : Cement Consumption in Targeted Areas in 2010G and 2011G

Region	Consumption (,000 ton)	
	2010G	2011G
Northern Borders	706	1,291
Al Jawf	969	929
Total Consumption in Primary Target Market*	1,675	2,220
Hail	1,335	1,438
Tabuk	862	1,040
Madinah	2,700	2,941
Total Consumption in Other Target Markets	4,897	5,419
Total Consumption all Targeted Markets	6,572	7,639

Source: Holtec Report

* The Company's sales in Northern Borders and Al Jawf Provinces accounted for 22.6% and 43.7% respectively of the Company's total sales.

The Northern Region witnessed a growth in demand for cement from 1.7 MTPA in 2010G to 2.2 MTPA in 2011G driven by the increase in demand for cement due to Government-led housing and infrastructure development projects in the area.

As with other competitors, the Company's capability to increase its market share is heavily dependant on two factors: the manufacturing costs of cement and the transportation costs from the manufacturing plant to the relevant market. Cement is heavy and bulky, and is therefore relatively expensive to transport. This means that cement companies have an inbuilt competitive advantage in the markets closest to their plants.

Over the past two decades, the cement industry witnessed a steady growth in cement consumption, which is expected to continue in the future driven by construction and infrastructure development projects. While production capacities are expected to increase in the future, cement demand is also expected to outpace supply, thus creating a state where quantity demanded is expected to exceed quantity supplied during the few next years.

A recent independent market research on Iraqi cement sector has revealed that the locally produced cement is insufficient to meet domestic demand. Demand is also expected to grow even more over the next few years. Furthermore, when considering production and transportation costs, Iraqi exporter are placed at a disadvantage compared to Saudi exporters.

The relatively low cost of power in the Kingdom has given Saudi clinker exporters to the Jordanian market a competitive advantage. This helped NCC (Jordan) to achieve a considerable market share and operate at full capacity within one year from the commencement of its operations. Another advantage is that, despite relentless efforts on the part of Jordanian cement manufacturers, no taxation has been imposed on Jordanian cement importers so far, and both the Saudi and Jordanian governments have agreed to exempt cement from taxes in compliance with the requirements of the World Trade Organisation.

Summary Risk Factors

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information in this Prospectus, particularly the risk factors described below (more detailed information are available in the "Risk Factors" Section). The risks described below may not include all the risks that the Company may encounter, and additional factors may exist that are not currently known by the Company and which may affect its operations.

- Risks related to the Company's Operations
  - Mining rights,
  - Distribution Networks,
  - Raw materials,

- Power supply,
- Operational Hazards and Events of Force Majeure,
- Risks relating to Transportation,
- Risks relating to Product Defects,
- Risks relating to Inventory Policy,
- Risks relating to Management Decisions,
- Dependence on Key Personnel,
- Risks relating to Employees' Errors,
- Construction and Development,
- Use of Proceeds Risks,
- Investment in Iraq,
- Limited Historical Financial Data,
- Risks Relating to Quarry License,
- Licenses and permits,
- Saudization,
- Insurance coverage,
- Financing risks,
- Risks of Additional Funding,
- Compliance of Financing from Arab National Bank with Islamic Shariah,
- Risks of Growth and Expansion, and
- Goodwill Recorded in the Books of NRCC.

• Risks Related to the Market and Cement Sector

- Supply and Demand Factors,
- Competition in Saudi Market,
- Competition in Jordanian Market,
- Environmental Regulations,
- Economic Conditions in KSA,
- Export Suspension,
- Exchange Fluctuation Risk,
- Financing Costs,
- Clinker Export to Jordan,
- Import Duty and Taxes in Jordan,
- Export and competition in Iraq Market,
- Risks relating to competition with affiliates, and
- Regulatory environment.

• Risks Related to the Offer Shares

- Absence of a Prior Market for the Shares and Volatility of the Share Price,
- Dividend Payment,
- Risks Relating to Effective and Actual Control by the Current Shareholders, and
- Future sales of the shares.

Summary of Financial Information

The selected financial information presented below should be read together with the audited financial statements for the financial years ended 31 December 2009G, 2010G and 2011G, and the financial periods ended 31 March 2012G and 30 June 2012G including, in each case,the notes thereto, each of which are included elsewhere in this Prospectus.

Table 9 : Summary Consolidated Income Statement

(,000 Riyals)	The 12-Month Period Ended in 31 December			The 3-Month Period Ended in 31 March		The 6-Month Period Ended in 30 June	
	2009G	2010G	2011G	2011G	2012G	2011G	2012G
Sales	444,592	893,970	586,755	174,358	152,738	199,534	307,565
Cost of Sales	(245,385)	(573,006)	(349,457)	(108,769)	(102,035)	(111,932)	(217,658)
Gross Profit	199,207	320,964	237,297	65,588	50,703	87,601	89,907
Sales & marketing expenses	(5,078)	(4,582)	(5,610)	(1,109)	(955)	(1,201)	(2,499)
General and administrative expenses	(14,297)	(23,452)	(32,074)	(5,490)	(5,810)	(9,027)	(14,503)
Profit from operations	179,832	292,930	199,614	58,989	43,938	77,373	72,905
Net Profit	171,663	284,963	246,194	53,215	39,465	76,812	68,197
Key Indicators							
Sales growth rates	-	101.08%	(34.37%)	-	(12.40%)	-	54.14%
Sales & marketing cost-to-sales ratio	1.14%	0.51%	0.96%	0.64%	0.63%	0.60%	0.81%
General expenses to sales ratio	3.22%	2.62%	5.47%	3.15%	3.80%	4.52%	4.72%
Gross profit margin	44.81%	35.90%	40.44%	37.62%	33.20%	43.9%	29.2%
Net profit/ (loss) margin	38.61%	31.88%	41.96%	30.52%	25.84%	38.5%	22.2%

Source: the Company's Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2011G, 2010G and 2009G, and the Financial Periods Ended 31 March 2012G and 30 June 2012G.

Table 10 : Summary Consolidated Statement of Financial Position

(,000 Riyals)	The 12-Month Period Ended in 31 December			The 3-Month Period Ended 31 March	The 6-Month Period Ended 30 June
	2009G	2010G	2011G	2011G	2012G
Total current assets	307,289	311,024	391,280	402,909	423,244
Fixed assets	1,269,496	1,235,791	1,339,574	1,382,668	1,468,479
Intangible assets	23,480	21,032	528,417	550,036	536,923
Total non-current assets	1,292,976	1,256,823	1,867,991	1,932,704	2,005,402
Total assets	1,600,265	1,567,847	2,259,271	2,335,612	2,428,646
Total current liabilities	540,614	562,830	453,352	488,771	673,979
Total Non-current liabilities	201,985	169,450	353,680	354,238	324,153
Total liabilities	742,599	732,280	807,032	843,009	998,132
Total Shareholders' equity (including minority interests)	857,666	835,566	1,452,239	1,492,603	1,430,514
Key Indicators					
Liquidity ratio	0.57	0.55	0.86	0.82	0.63
Total liabilities to total assets	0.46	0.47	0.36	0.36	0.41
Total liabilities to total equity	0.87	0.88	0.56	0.56	0.70
Return on equity	20.02%	34.10%	16.95%	2.64%	4.76%
Return on assets	10.73%	18.18%	10.90%	1.69%	2.81%

Source: the Company's Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2011G, 2010G and 2009G, and the Financial Periods Ended 31 March 2012G and 30 June 2012G.

Table 11 : Summary Cash Flows

(,000 Riyals)	The 12-Month Period Ended in 31 December			The 3-Month Period Ended in 31 March		The 6-Month Period Ended in 30 June	
	2009G	2010G	2011G	2011G	2012G	2011G	2012G
Net cash from/ (used in) operating activities	187,644	247,655	217,451	54,754	72,638	93,987	113,173
Net cash from/ (used in) investing activities	(141,441)	(24,719)	(564,743)	(25,375)	(81,501)	(58,099)	(119,165)
Net cash from/ (used in) financing activities	(71,356)	(312,985)	427,163	(52,327)	25,899	(59,972)	36,067
Net change in cash and cash equivalents	(25,153)	(90,049)	79,871	(22,948)	17,036	(24,084)	30,075
Cash and bank balances at beginning of year	178,873	153,719	63,670	63,670	143,541	36,403	143,541
Cash and bank balances at end of year	153,719	63,670	143,541	40,721	160,577	12,319	173,616

Source: the Company's Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2011G, 2010G and 2009G, and the Financial Periods Ended 31 March 2012G and 30 June 2012G.

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1. Terms and Definitions

Defined Term	Definition
Listing	The Admission of shares to the Official List of KSA Capital Market Authority.
Company	Northern Region Cement Company.
Board or Board of Directors	The board of directors of the Company.
Director / Board Member	A member of the Company's Board of Directors.
Bylaws	The Bylaws of the Company as summarized in the section entitled "Legal Information".
Companies Regulations	The KSA Companies Regulations issued under Royal Decree No. M/6 dated 22/3/1385H, as amended.
Corporate Governance Regulations	The Corporate Governance Regulations of the KSA, issued by the CMA dated 21/10/1427H (corresponding to 12/11/2006G) and amended by the CMA's Resolution No. 1/10/2010 dated 30/03/1431H (corresponding to 16/03/2010G).
Authority or CMA	The Capital Market Authority of the KSA.
Exchange or Tadawul	The Saudi Stock Exchange operating the electronic system for trading in listed securities in the KSA.
Management	The management of the Company.
Offering	The initial public offering of ninety million (90,000,000) Shares in accordance with the terms and conditions included herein.
Offer Shares	Ninety million (90,000,000) Shares, representing 50% of the issued share capital of the Company after the Offering.
Prospectus	This Prospectus.
Selling Agents	Arab National Bank, Banque Saudi Fransi, Al Rajhi Bank, The National Commercial Bank, Riyad Bank, Samba Financial Group, The Saudi British Bank (SABB) and Bank AlJazira.
KSA or Kingdom	The Kingdom of Saudi Arabia.
Products	Products of the Company.
Share(s)	Ordinary share(s) of the Company of nominal value of SAR 10 (ten Saudi Riyals) each.
Shareholder(s)	Shareholder(s) of the Company.
Individual Investors/ Subscribers	Saudi Arabian natural persons subscribing in the Offer Shares, including divorced or widowed Saudi women with children from a marriage to a non-Saudi, who can subscribe to the benefit of their own account.
Subscription Application Form	The subscription application form in relation to the Offer Shares.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriter in connection with the Offering.
Listing Rules	The Listing Rules issued by the CMA's Resolution No. 3/11/2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended.
Subscription Period	The Offering will commence on 26/02/1434H (corresponding to 08/01/2013G) and will remain open for a period of 7 days up to and including 02/03/1434H (corresponding to 14/01/2013G).
Net Offering Proceeds	Net Offering Proceeds after the deduction of the costs of the Offering.
Lock-in Period	The Selling Shareholders may not dispose of any Shares for the period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. After the six (6) months when the share restriction period has elapsed, the Selling Shareholders may only dispose of their Shares after obtaining CMA approval.

Defined Term	Definition
SAR	Saudi Riyal, the official currency of KSA.
US$/Dollar	The official currency of USA.
Euro	The official currency of European Union.
Nominal Value	SAR 10 (ten Saudi Riyals) per share.
Offer Price	SAR 10 (ten Saudi Riyals) per Offer Share.
Business Day	Any day (except Thursdays, Fridays and public holidays) in which banks in Saudi Arabia are open for normal banking business.
Financial Advisors	Arab National Investment Company and Ithraa Capital.
Lead Manager	Arab National Investment Company.
Underwriter	Arab National Investment Company.
Market Research Consultant	Holtec Consulting Pvt. Ltd.
CNBM	China National Building Materials Group Corp.
TADAWUL	The electronic system for trading in listed shares in the KSA.
Relatives	The father, mother, spouse and/or children.
Voting Rights	The Company has one class of Shares, which does not carry any preferential voting rights. Each Share entitles the holder to one vote, and each Shareholder with at least twenty (20) Shares has the right to attend and vote at a General Assembly.
Official Gazette	Um Al Qura, the official Gazette of the Government of Saudi Arabia.
Official List	The list of securities maintained by the CMA in accordance with the Listing Rules.
MT	A unit of mass equal to 1,000 kilograms.
Cement Bag	A multiply paper bag for packing 50Kg Cement.
Portland Cement	The end product of cement manufacturing normally used for general civil construction works such as foundations, ceilings and walls.
Sulphate Resistant Cement (SRC)	An end product of cement normally used in projects that are exposed to high amounts of Sulphates. It is also used wherever there are constructions that are in direct contact with clay soil and ground water.
Limestone	A hard sedimentary rock composed mainly of calcium carbonate.
Clinker	A semi-finished product for cement manufacturing. It is composed of grayish-black pellets and is part of the non-combustible residue of combustion of raw materials in a furnace or incinerator.
Mill	A vertical/horizontal cylindrical steel shell of different dimensions used to grind raw materials or clinker and gypsum.
Saudi Aramco	Saudi Arabian Oil Company.
Government	The Government of the Kingdom of Saudi Arabia.
BOT	Build-Operate-Transfer (BOT) Contract: means a contractual arrangement whereby one party (normally private sector) undertakes to the other party (public or private sector) to carry out the construction and/or development of a project; the operation of the project over a fixed term during which it is allowed to impose an agreed charge to recover its investment with a margin of profit through operating the project or leasing the project's facilities, and eventually the transfer of the project to the owner without the right to claim any remuneration.

2. Risk Factors

Before deciding whether to purchase Offer Shares, prospective investors should carefully consider all the information contained in this Prospectus, including the risk factors described below. The risk factors are not exhaustive and exclusive, and there could be other risks currently unknown to, or considered immaterial by, the Company that may affect its operations.

The Company's business, prospects, financial position, forecasts, results of operations and cash flows could be adversely and materially affected if any of the following risks, which the Company management ("Management") currently believes to be material, actually occur, or any other risks that the Board has not identified or that it currently considers not to be material, actually occur or become material risks.

An investment in the Offer Shares is only suitable for investors who are capable of evaluation of the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. A prospective investor who is in any doubt about the action he/she or it should take should consult a professional advisor who specializes in advising on the acquisition of shares and other securities.

In the event that any of the risks that the Management currently believes to be material materialize, or if any other risks that the Management have not identified or that they currently consider not to be material occur or become material risks, the trading price of the Offer Shares could decrease. Prospective investors may lose all or part of their investment. The risks and uncertainties that are described below are not presented in any assumed order of priority. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

2 - 1 Risks Related to Company's Operations

2 - 1 - 1 Mining Rights

In case the mining rights granted to the Company are cancelled or restricted by the relevant authorities in KSA, the Company's ability to operate the plant maybe affected, and this may adversely and significantly impact the Company's financial position and results of operations.

2 - 1 - 2 Distribution Networks

The Company depends on its own distribution network to sell its products. The Company's distributors may not comply with the specific standards of sale of the Company's products, which may affect the Company's sales. In addition, competitors may propose better offers to the distributors than those offered by the Company. As a result, these distributors may withdraw and start promoting the Company's competitors' products.

2 - 1 - 3 Raw Materials

Prices for the raw materials required may increase from time to time (whether because of government actions to raise the royalty or because of increase in the rates by suppliers of other raw materials or fuel). In the event of any such increase, the Company may not be able to pass on the entire cost increase to its customers or to fully offset the effects of such higher costs through productivity improvements.

In the event that there are disruptions in production or delays in the supply of raw materials, if there are shortages or operational problems caused by contracted suppliers, or if suppliers are otherwise unable or unwilling to supply raw materials or fuel in the required quantities or at all, the Company may need to find alternate suppliers. Any delay in finding a suitable alternative supplier may result in an interruption of the Company's operations.

Cement production requires large quantities of fuel, which represents a major part of the production costs. Therefore, significant increases in the price of fuel could have a material adverse effect on the Company's business, prospects, results of operations and financial position.

The increase in production costs including cost of fuel or cost of raw material could have a material adverse effect on the Company's business, prospects, operation outcomes and financial position.

2 - 1 - 4 Power Supply

Saudi Arabian Oil Company ("Aramco") is the sole supplier of fuel for all cement factories in the Kingdom. Aramco provides the Company with fuel required for the existing Line's power generation and cement production activities. There is no guarantee that Aramco will allocate the quantity of fuel required by the Company for operation of Line II. The Company requested the necessary additional fuel supplies in a letter sent to Aramco on 23/06/1431H (corresponding to 06/06/2010G) but had not yet received a reply as of the date hereof.

It should be noted that the Ministry of Petroleum and Mineral Resources did not approve any expansion of the Company's production capability and did not promise to provide fuel for any new production line, whether before or after the subscription. There is no guarantee that the Company will be able to secure the necessary fuel quantities to run Line II in which case Line II may be decommissioned. Any decommissioning of Line II may adversely affect the Company's business, results of operations and financial position, the Subscribers' expected returns and may lead to total loss of the Subscribers' investments in the Company.

2 - 1 - 5 Operational Hazards and Events of Force Majeure

The Company operates a large-scale cement plant that is subject to significant operational risks generally associated with industrial companies, including industrial accidents, unusual or unexpected climactic conditions and environmental hazards. The Company and its operations may also suffer as a result of other general force majeure events, such as natural disasters, and operational accidents such as deficient performance, interruption of production, late deliveries, breakdown of production equipment and failure to get spare parts, as well as power generation, water and computer failures.

Such hazards or events could cause significant damage to the Company's facilities or harm to its workforce, major disruption to the production process, and the Company's ability to deliver its products, and/or result in significant losses or liabilities being incurred by the Company, any of which may have a material adverse effect on the Company's business, prospects, results of operations, and financial position.

2 - 1 - 6 Risks Relating to Transportation

The Company relies on transport services to obtain fuel and raw materials required for cement production and to deliver its products to customers. Accordingly, any disruption in transportation services may adversely affect the Company's production and delivery capabilities on temporary basis. In turn, this may impact the Company's business, results of operations or financial position.

2 - 1 - 7 Risks Relating to Product Defects

Throughout the whole production process, the Company's products are subject to quality control by a sophisticated quality control laboratory set up at the Plant's site. Furthermore, the Company verifies compliance of its products with the standards set by SASO and the American Society for Testing and Materials International (ASTM).

In spite of the above-mentioned quality control, the Company cannot ensure that products will be completely free of defects. Any such defects may adversely impact the Company's reputation, activities, financial position, results of operations, prospects, and goal attainment.

2 - 1 - 8 Risks Relating to Inventory Policy

The Company does not have data for ageing of inventory and does not have an official inventory policy with respect to slow moving inventory. Lack of such data may lead to oversight with respect to inventory age and slow movement, which could adversely impact the Company's activities, results of operations and financial position .

2 - 1 - 9 Risks Relating to Management Decisions

The Company's business performance depends on its ability to take proper and timely decisions related to its business and operations. The Company bases its decisions on the local and international experience gained by its management. Like any company, the management makes decisions only after careful consideration of all matters, taking into account the future impact of such decisions. In case the Company makes incorrect business decisions, this may adversely affect the Company's performance, profitability and results of operations.

2 - 1 - 10 Dependence on Key Personnel

The Company's growth is dependent upon its ability to attract and retain qualified human resources. Moreover, the Company's future operations and projects rely significantly on the continuity of employment of senior management of the Company as well as its senior officers and other professional and technical staff. The loss of key personnel or failure to retain qualified employees or to identify, hire and retain other highly qualified personnel in the future could have a material adverse effect on the Company's results of operations and financial position.

2 - 1 - 11 Risks Relating Employees' Errors

The Company sets rules and procedures for its personnel for internal control purposes, with the objective of protecting the Company's business from personnel errors, which may lead to violation of applicable laws or regulations, thus incurring penalties or financial liabilities and causing damage to the Company's reputation. However, the Company cannot ensure prevention of such errors, which may include irregularities, misuse of information, disclosure of confidential information, publishing of misleading information, or violation of internal rules. The Company cannot guarantee that it will be able to prevent all personnel mistakes and that such mistakes will not impact the Company's performance and results of operations.

2 - 1 - 12 Construction and Development

The Company is currently expanding its production capacity through construction of a new clinker line (Line II). The Company has awarded contracts for the construction of Line II to experienced contractors. However, there is no guarantee that the contractors will deliver according to their contracts or that the project will not face unexpected difficulties, increasing costs, or delays, whether caused by contractors, third parties or changes made by the Company. In case such difficulties, increasing costs or delays occur, they may have adverse impact on the Company's business, results of operations and financial position. It should be noted that the Company's investment in expanding its production capacity contradicts some terms of the loan agreement made between the Company and Saudi Industrial Development Fund ("SIDF"); such contradiction may be deemed as a default by the Company and render the loan payable with immediate effect. In a letter dated 10/1/1433H (Corresponding to 6/12/2011G), the SIDF informed the Company that there were no capital expenses that violated the terms of the loan agreement up to and including the date of the said letter. The Company approached SIDF on 6/7/1433H (corresponding to 27/5/2012G) to update the said letter but have not received a response as at the date of the Prospectus (please refer to the "Legal Information" section).

2 - 1 - 13 Use of Proceeds Risks

The net offering proceeds are expected to be SAR 872,000,000, and the Company will use (1) an amount of SAR 692,905,000 for repayment of credit facilities from SIDF and Arab National Bank including SAR 237,145,863 received by the Company to finance the capital expenditures of Line II and (2) an amount of SAR 179,095,000 for financing the future expenditures in completing Line II.

The total cost of constructing Line II is SAR 502,645,000 of which SAR 237,145,863 has been paid through credit facilities that will be repaid from the Offering proceeds, SAR 86,404,137 will be paid out of the Company's cash flows and SAR 179,095,000 will be paid from the Offering proceeds.

Expanding production capacity requires additional quantities of fuel to be obtained and several licenses to be issued by various governmental authorities (please refer to the "Line II Licenses and Permits" paragraph of the "Legal Information" section).

The Company has already sent a letter to Aramco on 23/06/1431H (corresponding to 06/06/2010G) to procure the necessary fuel quantities to run Line II. As at the date hereof, the Company has not yet received a response from Aramco. It is worth mentioning that the Ministry of Petroleum and Mineral Resources did not approve any proposed expansion of the Company and did not promise to provide fuel for any new production line whether before or after the subscription and there are no guarantees that the Company will be able to secure the necessary fuel quantities to run Line II. The Company will take the necessary action to obtain the required licenses upon completion of construction works on Line II. However, the Company cannot guarantee that it will be able to obtain the said licenses and permits.

In case the Company fails to procure the necessary quantities of fuel to run Line II and / or fails to obtain the necessary licenses, the Company may decommission Line II, which may adversely affect the Company's business, future prospects, operating results and financial position. In turn, this will have adverse impact on the forecasted returns to Subscribers, and may lead to total loss of the Subscribers' investment in the Company.

2 - 1 - 14 Investment in Iraq

The Company intends to invest in the AlKobaisah cement plant, which is currently fully owned by the Iraqi General Company for Cement. AlKobaisah cement plant was established in the 1980s and sustained damage due to armed conflict in Iraq. The Iraqi Government decided to offer cement factories to the private sector for renovation and rehabilitation on a BOT basis. The investor would accordingly bear the cost of rehabilitating the plant, operating the plant as per the designed capacity and, upon the expiry of the contracts, transferring the ownership of the plant to the government. On 20/12/2009G, a contract was awarded to AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company ("AlRaydah") to renovate, rehabilitate and operate the AlKobaisah cement plant for a period of 15 years ending on 19/12/2024G. AlRaydah invited NRCC to be a partner in the project providing technical assistance. The Company intends to invest in the AlKobaisah cement plant through AlRaydah.

Further to the share purchase agreement and the undertakings from the owners of AlRaydah, AlKhobara will acquire 51% of the shares of AlRaydah for Cement through its 100% subsidiary AlAlamiyah for Cement Manufacturing Company ("AlAlamiyah"). The procedures of transferring the shares of AlRaydah are still pending with the competent authorities of Iraq (please refer to "Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company" paragraph of the "Legal Information" section). Upon completion of the transfer procedures of shares of AlRaydah, AlAlamiyah will complete the phases of the plant rehabilitation and NRCC shall be responsible for managing the technical and marketing affairs of the plant. In addition, AlKhobara has paid an amount of 10 million US dollars, equivalent to 37.5 million Saudi riyals, as an advance payment against an undertaking to return such amount to AlKhobara in case the shares of AlRaydah are not transferred to AlAlamiyah. The Company expects that its share of rehabilitation costs will be 120 million Saudi riyals, and will be entitled to 25.5% of the profits during the contract period, i.e. until December 2024G.

The rehabilitation of the AlKobaisah cement plant has already started and it is expected that operation will commence with a capacity of 0.77 million tons, out of its full capacity of 2.0 million tons, during the year 2012G. AlKobaisah will be rehabilitated to produce 1.82 million tons of cement and clinker during 2014G. This will include construction of a new power plant and improvement of the clinker production line and cement mill.

Investment in AlKobaisah cement plant will be exposed to currency fluctuation risks, legal risks, and other economic risks that any foreign investment may face in general. Moreover, this investment will be exposed to political and economic risks, as Iraq witnessed a long period of political instability, which led to economic deterioration. In spite of the relative improvement of the economic and security situation over the recent years, there are no guarantees that Iraq will not be subject to more political disorder in the future, thereby causing the economic and security situation to deteriorate once again.

Furthermore, the process of rehabilitating AlKobaisah will require contracting with foreign suppliers, and there is no any guarantee that the rehabilitation process will be completed within the scheduled time and within the agreed budget. Finally, there are no guarantees that the Company will be able to sell the target quantities of cement products after rehabilitation.

Occurrence of any of the above may impact the Company's performance, and thus may adversely affect the Company's future prospects, results of operations and financial position.

Transfer of the Company's indirect shareholding in AlRaydah (which was awarded the contract for rehabilitation and operation of AlKobaisah cement plant; "Equity Shares") is still pending with the concerned authorities of Iraq and is not complete to date. The Company is currently following up with the concerned authorities to transfer the equity shares, but there is no any assurance or guarantee that Iraqi authorities will approve the transfer of equity shares to the Company. This may adversely impact the Company's future prospects and its Iraqi expansion plans. In case of failure to obtain the necessary approvals, AlKhobara shall have the right to claim the return of the advance payment of 10 million US dollars, i.e. 37.5 million Saudi Riyals, of which the Company's share is 5 million dollars, i.e. equal to 18.75 million Saudi Riyals.

Further, the Company cannot predict the time required by the Iraqi authorities to transfer the equity shares to the Company. If transfer of equity shares is not approved by the Iraqi authorities, the Company does not expect any material impact on its present business activity, results of operations or financial position (please refer to the "Share Purchase Agreement related to the acquisition of AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company ("AlRaydah")" paragraph in the "Legal Information" section), but this will impact the Company's plans for expansion in the Iraqi market.

2 - 1 - 15 Limited Historical Financial Data

The Company was incorporated in 2006G and commercial production commenced in December 2008G. The Company's subsidiary NCC (Jordan) was incorporated in 2007G and its commercial production commenced in the last quarter 2009G. The Company intends to expand its capacity by building a second production line (Line II). The construction of the said line started in the second quarter of 2011G, and it is expected to start trial production of clinker in the last quarter of 2012G. Further, the Company has other projects and expansion plans that include investment in AlKobaisah cement plant in Iraq.

The Company has audited annual financial statements covering the period from 2006G through 2011G, as well as the first and second quarters of 2012G. However, such financial statements may not be a sufficient basis for evaluating the Company's past financial performance and operating results and for prospective investors to take a sound decision for subscribing to the offered shares.

2 - 1 - 16 Risks Relating to Quarry License

The Company currently operates under the quarry license issued in the name of Pan Kingdom Trading, Manufacturing & Contracting Company Limited. The quarry license contained a condition that Pan Kingdom Trading, Manufacturing & Contracting Company Limited would set up a joint stock company to own the whole project including the cement plant, to offer 50% of its shares for public subscription, and to subsequently transfer the quarry license the Company. The Company expects that the MPMR will transfer the license to the Company after completion of the offering of the 50% of its shares for public subscription and listing the shares on the Saudi Stock Exchange (Tadawul). The Company is currently communicating with the MPMR to transfer the quarry license within the scheduled time. However, there is no guarantee or assurance that the quarry license will be transferred within the scheduled time to the Company. This may adversely impact the Company's business, future prospects, operating results, financial position, and/or share price.

2 - 1 - 17 Licenses and Permits

The Company has to obtain and maintain official permits, licenses and approvals related to its business. Some of such licenses, permits and approvals are valid for limited time, and have to be periodically renewed. Most of the official permits, licenses and approvals contain conditions and requirements that the Company has to fulfill. If the Company fails to renew such permits, licenses or approvals, or if any of them is suspended or terminated, or if their conditions and requirements are amended, this may result in the Company suspending some of its operations, causing disruption of production or incurring additional costs. This may adversely impact the Company's business, future prospects and financial position.

2 - 1 - 18 Saudization

Saudization is a governmental initiative and companies operating in KSA are required to comply with Saudization requirements by employing a certain number of staff who are Saudi nationals. In accordance with Ministry of Labor's Circular issued on 1/5/1423H (Corresponding to 10/8/2002G), an annual Saudization certificate has to be obtained from the Ministry of Labor, which may prescribe stricter Saudization requirements in the future.

As per the instructions of the Ministry of Labor, industrial companies are required to obtain a Saudization certificate after meeting a Saudization percentage of 30% or higher. Furthermore, each company shall have a Saudization plan under which a company undertakes in writing to increase the Saudization percentage. After complying with the Saudization requirements, companies shall be allowed to sponsor non-Saudis and recruit non-Saudi staff.

Although the Company currently fulfills the Saudization requirements, being classified in the green category (as per the Nitaqat Extract dated 21/10/2012G) with a Saudization percentage of about 34.08% on the basis of the average of the past three-month and intends to gradually increase the number of Saudi staff at all levels. There are no guarantees that the Company will be able to meet such requirements in the future as required by the concerned authorities, which may prescribe stricter Saudization policies. Labor Law requires that private sector workforce should be at least 75% represented by Saudi nationals. Penalties for failure to meet Saudization requirements include suspension of work visas for non-Saudis, reduction of number of allowed visas, suspension of sponsoring non-Saudis, ban on participation in public tenders, or ban on access to government loans. This may adversely impact the Company's business, operating results and financial position.

2 - 1 - 19 Insurance Coverage

The Company maintains an adequate insurance cover suitable for its business. However, the Company cannot give any assurance that the insurance cover will be adequate in all instances. For example, future events may occur, which may not be covered with the present insurance or fall outside the scope of the policy. This may adversely impact the Company's business, operating results and financial position.

2 - 1 - 20 Financing Risks

The Company entered into an industrial loan agreement with the SIDF, whereby the Company agreed to grant full mortgage over the current plant inclusive of all of its machinery, equipment, premises, attachments, security and hazard prevention system, office furniture and supplies, and transportation equipment. If the Company breaches any of the terms of the loan, and fails to obtain a waiver from the SIDF in respect of such breach, the SIDF may require immediate repayment of the loan or confiscate the mortgaged assets. It should be noted that the Company has breached some undertakings related to the loan, but was granted exemptions in relation to such breaches by the SIDF on 10/1/1433H (Corresponding to 6/12/2011G). The Company wrote to the SIDF again on 6/7/1433H (Corresponding to 27/5/2012G) to update the said exemption, but has not received a response till the date of this Prospectus (please refer to the "Legal Information" section). In case the Company fails to update the exemption, SIDF may ask the Company to pay the full loan with immediate effect. If the Company fails to repay, SIDF may confiscate and sell the Company's mortgaged assets, which may adversely impact the Company's business, future prospects, financial position, and may lead to total stoppage of its operations.

The Company has also obtained credit facilities from Arab National Bank. In case of failure to repay such facilities, the Company's mortgaged assets may be subjected to liquidation, other penalties and restrictions may apply in respect of future loans, or the Company may be subjected to strict financial terms including payment of certain percentage of the facilities.

If the Company is unable to pay any part of the credit facilities in the future, its lenders may claim immediate repayment and may confiscate guarantees, if any, rendering the Company's assets subject to liquidation. In addition, if a lender declares default on any facility, other lenders may also claim immediate payment of their debts. In such case, the Company has no guarantee that it will have access to sufficient alternate financial resources to repay such debts.

Any of the above may have an adverse impact on the Company's business, future prospects and financial position.

2 - 1 - 21 Risks of Additional Funding

The Company may require additional financing in the future. As such, any delay or failure in obtaining such financing when required, or if the required financing is made available but on unfavorable terms, the Company's business may be adversely impacted.

Further, the Company's financial needs depend on the Company's capital, financial position, operating results and cash flows. The Company cannot guarantee that it will be able to obtain the necessary financing, in a timely manner or upon favorable terms, when required.

2 - 1 - 22 Compliance of Financing from Arab National Bank with Islamic Shariah

Although the Shariah Committee of Arab National Bank issued a fatwa confirming that the credit facilities granted by Arab National Bank to the Company are compliant with Islamic Shariah, prospective investors should note that such fatwa is not binding upon any court or judicial committee in KSA. Accordingly, there is no guarantee that the loans would be found to be compliant with Islamic Shariah by a court or judicial committee in KSA. In particular, no assurance can be provided in respect of the fatwa issued by the Shariah Committee of Arab National Bank in respect of the loans. Additionally, such fatwa is subject to change and can be dismissed by other jurists. Therefore, there can be no assurance that the loans are compliant with Islamic Shariah in case a contradictory fatwa is issued.

2 - 1 - 23 Risks of Growth and Expansion

The Company’s strategy includes expansion and development plans for services and businesses, based on forecasts, patterns and estimates. There is no guarantee that such forecasts, patterns and estimates are correct or sound. Accordingly, should such forecasts, patterns or estimates prove to be untrue then it may adversely affect the Company’s business, financial position, operating results and future prospects. Additionally, the future of the Company will depend in part on its ability to manage its growth in a profitable manner. The Management will need to expand operations for achieving the necessary growth, while retaining and supporting its existing customers, attracting new ones, recruiting, training, retaining personnel and managing their affairs in an effective manner and maintaining financial controls. If the Company fails to achieve such growth then it may adversely impact the Company’s business and financial position.

2 - 1 - 24 Goodwill Recorded in the Books of NRCC

The Company recorded goodwill in its financial statements resulting from the distribution and acquisition of NCC (Jordan) shares (please refer to "Distribution and Acquisition of NCC (Jordan) Shares" section). Any adverse change in the financial performance of NCC (Jordan) will lead to the reduction of the goodwill recorded in NRCC’s financial statements and consequently will adversely impact the Company’s financial performance. In particular, any reduction in the value of the goodwill will cause a similar decrease in the Company’s profitability.

2 - 2 Risks Related to the Market and the Cement Sector

2 - 2 - 1 Supply and Demand Factors

The KSA cement industry is affected by a number of factors related to the supply and demand of cement, including sector production, surplus capacity, and acts of competitors. In turn, all such factors affect the prices that the Company sets for its products, thus affecting the Company’s profit margin.

2 - 2 - 2 Competition in Saudi Market

The Company operates in a highly competitive sector with 14 cement companies currently operating in KSA. There is no clear assurance that the Company will be able to remain competitive compared to other companies in the present and in the future. With continued restrictions imposed on export of cement, the market may reach a stage of saturation should the supply exceed demand for cement (please refer to the "Market and Industry Overview" section). Although the Company believes that it has several competitive advantages in comparison to its existing competitors, and although there are multiple barriers to enter the market, new competitors may arise with greater resources. Further, changes in the competitive environment and pricing policies of competitors may adversely impact the Company’s revenues or lead to loss of part of its market share. All such factors may adversely affect the Company’s business, operating results and financial performance.

2 - 2 - 3 Competition in Jordanian Market

The Company, through its subsidiary NCC (Jordan), faces strong competition in the Jordanian market, due to excess capacity of cement in Jordan. Although the prices offered by NCC (Jordan) are highly competitive in the Jordanian market, any future decrease in cement consumption may lead to increased competition and lower prices in pursuit of a larger market share. This may affect the financial performance of NCC (Jordan), and may adversely impact the related goodwill recorded in the Company’s books, and affect the Company’s financial performance. Furthermore, competitors may have better resources than NCC (Jordan). Changes in competitive environment or competitors’ pricing policies may adversely impact the NCC (Jordan)’s revenues or result in loss of part of its market share. All these factors may adversely impact the Company’s business, operating results and financial performance.

2 - 2 - 4 Environmental Regulations

The Company obtained an environmental approval certificate from the Presidency of Meteorology and Environment to carry out its business on 27/1/1429H (corresponding to 5/2/2008G), which will be available for review by all investors (please refer to "Documents Available for Inspection" section). The Company's operations are governed by environmental laws and regulations of the Kingdom, and the Company will be subject to fines and penalties in case it causes any damage to the environment or commits hazardous environmental violations. The Presidency of Meteorology and Environment, which is the authority responsible for enforcement of environmental laws, shall have the absolute right to end or suspend the Company's activities on permanent or temporary basis if the Company fails to comply with the instructions for rectification or suspension of operations causing damage to the environment.

Although the Company pays special attention to issues related to the environment, safety, health and quality, there is no guarantee for the same, especially in light of potential changes to environmental requirements, varying interpretations of environmental laws and regulations by courts and legislators, or upon discovery of environmental conditions that were previously unknown. Also, it is possible that the Government may impose additional environmental requirements related to the location of the Company's operations, and the Presidency of Meteorology and Environment may adopt stricter environmental standards.

Based on the above, any such developments may result in additional costs to the Company, increase environmental liabilities entailing significant capital expenses, and may lead to imposition of restrictions on the Company's operations, adversely impacting the Company's business, operating results and financial performance.

2 - 2 - 5 Economic Conditions in KSA

The Company's future performance depends on economic conditions in KSA, as well as regional and world economic conditions, which in turn affects the economy of KSA and neighboring countries. The Company's business is largely affected by the property and construction sector in KSA and the performance of this sector is dependent on Government's oil and gas revenues and spending on public sector and other investments, which lead to high consumption of cement. Negative changes, if any, to the Government policies or economic situation in KSA, especially in case of sharp fall in oil prices, may affect business opportunities available to the Company and thus, adversely impact the Company's activity, operating results and financial performance.

2 - 2 - 6 Export Suspension

In July 2008, the Government imposed a ban on the export of cement outside the Kingdom by all cement producers. Such ban was amended by the Royal Decree No. 3810/M B dated 03/05/1430H (corresponding to 28/04/2009G), allowing cement producers to export cement in accordance with specific conditions and rules, the most important of which were as follows:

- Saudi producers shall sell cement bags in KSA market at a maximum price of SAR 200 per ton (FOB) equivalent to SAR 10 per bag.
- A strategic stock of cement of not less than 10% of annual production by each producer shall be maintained.
- Every company shall maintain a supply chain, identify distributors and set final consumer price, and shall provide Ministry of Commerce and Industry with the same for ease of follow-up.

In February 2012G, the Ministry of Commerce and Industry decided to suspend export of cement and clinker to ensure local market demand is satisfied, sufficient supply is available, and local market prices are stable. Export is a major element in the Company's strategy for the long term, since it represents for the year ended 31 December 2011G, around 62% of the Company sales and the Company is currently working on increasing its clinker production capacity for export mainly to Iraq. It should be noted that the Company is selling its products in the local markets, and has built good relationships with local clients. Local sales, as of 30 June 2012G, represented 97% of the Company's total sales for the period (please refer to "Clients" paragraph of the "Northern Region Cement Company" section). However, the sales declined during the sixth-month period ending in June 2012G by 26.7%, compared to the same period in 2011G. Furthermore, sales of the Company's top five clients declined from 69.5% of the Company's total sales in 2011G to 19.4% during the six months ending in June 2012G. Note that the Company's top five clients account for 41.9% of the Company's total sales as of 30 June 2012G (please refer to "Clients" paragraph of the "Northern Region Cement Company" section). A continuing ban on exports may adversely impact the Company's future business and operating results, and adversely impact goodwill related to NCC (Jordan) recorded in the Company's books.

2 - 2 - 7 Exchange Rate Fluctuation Risk

The company faces risks arising from fluctuations in the rate of foreign exchange in respect of its international business transactions for sale or purchase of goods and equipment, and for its foreign investments. The Company's operations are carried out in Saudi Riyals as well as other currencies as its sales are not limited to KSA, and as the Company has investments outside the Kingdom, it is exposed to risks of foreign exchange rate fluctuations, which may adversely impact the Company's financial performance.

2 - 2 - 8 Financing Costs

In case of increased finance costs, especially in case of large financing amounts, the Company may incur higher financial charges, which may adversely impact the Company's future profitability and ability to honor its debts.

2 - 2 - 9 Clinker Export to Jordan

NCC (Jordan), a subsidiary of the Company, is also a major client to the Company. The Company and NCC (Jordan) have entered into a 15-year contract for supply of clinker to NCC (Jordan). If any party to the contract fails to honor its obligations, the defaulting party shall pay an amount of SAR 80,000,000 as compensation for the damages caused to the other party. Such contract was suspended on 15/2/2012G on a temporary basis until the concerned authorities in KSA allow exports to resume (please refer to the "Contract with NCC (Jordan) for the Sale of Clinker" paragraph of the "Legal Information" section). In spite of ban on exports, NCC (Jordan) remains a major element in the present and long-term strategy of the Company. Any reduction in NCC (Jordan)'s share of the Jordanian market and any taxes that may be imposed on clinker imports in Jordan may adversely impact the Company's business, operating results and future prospects, and may adversely impact the amount of goodwill related to NCC (Jordan) recorded in the Company's books.

2 - 2 - 10 Import Duty and Taxes in Jordan

Taxes and duties imposed on NCC (Jordan) for imports of clinker from outside Jordan, which were imposed as sales taxes at the rate of two Jordanian dinars for each ton, have been cancelled by virtue of the Cabinet Decision No. 4394 issued on 27/5/2007. Currently, there are no taxes or financial restrictions on the imports of clinker from outside Jordan under the Free Trade Agreement signed by Arab countries. However there are no assurances that no future taxes will be imposed on imports of clinker from outside Jordan, which may adversely impact NCC (Jordan)'s operations, and thus the Company's profitability.

2 - 2 - 11 Export and Competition in Iraq Market

In spite of the ban on exports, the Iraqi market remains a major element in the present and long-term strategy of the Company. Iraq is currently undertaking efforts to rehabilitate a number of old cement plants. If Iraq succeeds in rehabilitating most of the plants within a short period then there may be a sharp reduction in cement supply shortage in the Iraqi market, which may lead to reduction in cement imports. Any such action may adversely affect the quantities of cement exported by the Company to Iraq, if exports are permitted in the future. Further, if import taxes are increased in Iraq, the Company's prices may become less attractive and the Company may become less competitive compared to local cement producers. This may reduce the Company's market share in Iraq and revenues from Iraqi market sales.

Furthermore, there is a risk that Iranian companies may increase their production, and it is likely that a major part of the production by these companies will be exported to Iraq. It should be noted that KFCC, which is one of the largest Iranian cement producers, plans to target the Iraqi market. Although the Company's products are well established in the Iraqi market, such competition may adversely affect the economic feasibility of the Company's exports to Iraq.

Finally, any increase of exports from the Kingdom to Iraq by other cement companies, upon permitting of exports in the future, may limit the Company's competitiveness and market share in the Iraqi market. Although there is only one Saudi company exporting to Iraq, there is no assurance that other Saudi companies will not export to Iraq in the future, which may adversely impact the Company's business and operating results.

2 - 2 - 12 Risks Relating to Competition with Affiliates

If NCC (Jordan) targets the Iraqi market, the Company will find itself in competition with its Jordanian based subsidiary which may reduce the Company's market share if exports are permitted in the future.

2 - 2 - 13 Regulatory Environment

The Company is governed by the laws and regulations of the Kingdom and the countries to which it exports cement and clinker. It is possible that any legal changes triggered by any political, economic, technical factors will significantly affect the Company's operations and may impede the Company's development, sales or product distribution, or may enhance the position of the Company's competitors. The Company may have to amend its operations to cope with the changes made to laws and regulations, and this may adversely impact the Company's business, operating results, financial position, revenues and cash flows.

2 - 3 Risks Related to the Offer Shares

2 - 3 - 1 Absence of a Prior Market for the Shares and Volatility of Share Price

Currently there is no public market for the Company's shares on Tadawul and there is no assurance that there will be an active trading market for the Company's shares after completion of the Offering. If the Company does not have an active market for trading its shares then there may be a negative impact on the liquidity and trading price of the Company's shares.

Further, there is no assurance that the subscription price will be equal to the trading price in the market after completion of the Offering. Investors may not be able to resell their shares at a price equal to or higher than the subscription price. The Company's share price may suffer fluctuations triggered by several factors, such as the general situation of the KSA economy, general situation of the cement sector, changes to the government laws, Company's performance and results, as well as any other factors that are beyond the Company's control.

2 - 3 - 2 Dividend Payment

The Company's policy for distribution of any dividends in the future depend on a number of factors, including the Company's profits, financial position, need for operating capital, distributable reserves, general economic conditions and such other factors as the Board may deem important. In addition, the Company's policy of profit distribution may vary from time to time. It should be noted that the terms of the loan agreement between the Company and SIDF may significantly restrict the distributable profits.

2 - 3 - 3 Risks Relating to Effective and Actual Control by the Current Shareholders

Current shareholders own a large number of the Company's shares, and can jointly control the actions that require the approval of shareholders, including mergers, acquisitions, sale of assets, election of board of directors, preventing or making any changes to the Company, and issuing or preventing the issuance of additional shares. Accordingly, such shareholders will to a large extent have effective control impacting the Company's business, financial position and operating results.

2 - 3 - 4 Future Sales of the Shares

Sales of substantial volumes of the Shares in public market following the completion of the Offering, or the perception that these sales may occur, could adversely impact the market price of the Shares. Current shareholders will be subject to a Lock-in Period of (6) six months starting from the date of trading of the Company's shares. During such period, they will not be able to dispose of their shares in the Company. After Lock-in Period, the current shareholders will be able to dispose of their shares, provided they obtain approval from CMA prior to selling. Although the Company does not intend at present to issue new shares immediately after completion of the Offering, any change to this policy in the future leading to issue of new shares, or if the current shareholders sell a large number of shares after the expiry of the Lock-in Period, may adversely impact the share price on the Exchange or reduce the percentage of existing shareholders ownership in the Company.

3. Market and Industry Overview

This Prospectus contains information and data related to the KSA economy and cement industry. Such data and information are based on the "Market Due Diligence Report" prepared by Holtec Private Consulting (herein after referred to as "Holtec") in June 2012G, and the feasibility study related to the second production line, prepared by Ernst & Young in October 2011G, as well as other public resources such as websites of Ministry of Economy and Planning, Saudi Arabian Monetary Agency (SAMA), International Monetary Fund (IMF), Organization of the Petroleum Exporting Countries (OPEC) and World Bank.

Holtec is an independent consultancy established in 1967G, which specializes in the cement industry for Middle East and North Africa. Ernst & Young is also an independent consultancy carrying out business in Riyadh since 1974G, and provides highly specialized services related to auditing, taxation, consulting, insurance and commercial transactions.

3 - 1 The Saudi Economy

KSA is the largest economy in the Gulf Cooperation Council ("GCC") as well as the wider Middle East and Northern African ("MENA") region. KSA economy relies heavily on the oil and gas industry, which accounts for 90% of exports, 75% of government income, and 45% of KSA real GDP. The Kingdom has 18% of the world's proven petroleum reserves; ranks as one of the largest exporters of oil, and plays a leading role in OPEC[1]. Increase in oil prices in the past, particularly the period between 2000G to 2007G increased government's revenues from the oil and gas industry and helped the government to initiate extensive economic reforms to diversify the economy and reduce future dependence on hydrocarbons.

The reforms initiated by the Government to reduce dependency on the oil sector are focused on an economic diversification program that seeks to foster large scale industrialization, create employment opportunities for Saudi nationals and achieve sustainable economic growth. The economic diversification program includes the following initiatives:

- Government spending on infrastructures that can support industrialization and growth;
- Support for new industries through competent government agencies such as Saudi Industrial Development Fund ("SIDF") and Saudi Industrial Property Authority; and
- Streamlining the legal procedures and liberalization of ownership regulations to attract foreign investments in several sectors such as mining, telecommunication, insurance and banking.

These initiatives have created an investment-friendly environment, and this is clearly highlighted by the World Bank, which rated KSA as the best Middle Eastern country in economic reforms, and ranked it ahead of mature economies like France and Austria. According to the World Bank's Annual "Doing Business" Report for 2011G, KSA was rated among the top ten countries with respect to economic reforms in 2011G, thereby advancing to 12th place out of 181 countries in ease of doing business[2].

3 - 1 - 1 KSA Economy Indicators

Economic development in KSA is largely governed by the five-year development plans approved by the Government. The initial five-year plans emphasized the development of the Kingdom's infrastructure, while subsequent plans focused on human resources and private sector development. Over the past decade, the Government has laid an emphasis on privatization, particularly in the industrial and the agricultural sectors. The Ninth Development Plan (2010G-2014G) focused on economic diversification and development of the non-oil sector throughout the Kingdom.

Economic activity in Saudi Arabia has steadily gained momentum as a consequence of the successive five year development plans. Strong public spending on development projects and investments announced by the Saudi government in the Ninth Development Plan have served as the platform to support and boost the economy, while the Kingdom's oil output has contributed positively to overall economic growth. Although activity in the private sector lagged because of tight credit conditions during the 2008G-2009G period, it has recently gathered pace and, alongside exports and government spending, has helped to enhance the real GDP growth.

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1 OPEC

2 Word Bank

The economic reform policies adopted by the KSA Government have attracted huge investments by Saudi and foreign companies alike, thereby significantly bolstering the role of non-oil sectors and encouraging activities in the private sector. This in turn has fueled rapid growth with the country's real GDP expanding at a compounded annual growth rate ("CAGR") of 3.5%[3] during the period 2005G-2009G. Growth in real GDP in 2008G was 4.2% but slowed to 0.1% in 2009G during the global financial crisis that also led to a decline in oil prices. However, KSA's economy outperformed many regional and international peers, and the real GDP reached 4.6% in 2010G. Initial estimates for real GDP growth in 2011G stood at 6.8%[4].

Table 12 : KSA's key economic indicators for 2009G-2011G including contributions by the oil sector and the non-oil sector to the nominal GDP

Economic Indicators	2009G	2010G[5]	2011G[6]
Nominal GDP (Billion SAR)	1,412.6	1,690.5	2,163.1
Real GDP (change percentage)	0.1%	4.6%	6.8%
Oil Sector Contribution to GDP (Billion SAR)	662.2	872.1	1,228.8
Percentage of Contribution to GDP	46.9%	51.6%	56.8%
Non-Oil Sector Contribution to GDP (Billion SAR)	737.5	803.7	918.6
Percentage of Contribution to GDP	52.2%	47.5%	42.5%

Source: Ministry of Economy & Planning, and Saudi Arabian Monetary Agency.

With KSA being one of the largest exporters of oil in the world, the oil and gas industry has contributed substantially to the GDP. However, such contribution is expected to gradually decline to a more sustainable level in light of the Government's economic diversification efforts.

3 - 1 - 1 - 1 Fiscal Indicators

Government revenues decreased 53.7% from SAR 1,101 billion in 2008G to SAR 509.8 billion in 2009G due to a sharp drop in oil prices. Improving world economic situation, reforms undertaken by the KSA Government, aided by a rebound oil prices and strong external demand for oil helped increase Government revenues to SAR 741.6 billions in 2010G and to SAR 1,110 billion in 2011G. The increasing revenues have had a positive impact on the Government's budget, which had a budget surplus of 87.7 billion riyals in 2010G and 306 billion riyals in 2011G compared to a budget deficit of 86.6 billion riyals in 2009G.

Table 13 : KSA Budget (2009G-2011G)

Government Budget Statement	2009G	2010G[7]	2011G[8]
Revenues (billion riyals)	509.8	741.6	1,110.0
Expenditure (billion riyals)	596.4	653.9	804.0
Budget item (billion riyals)	(86.6)	87.7	306.0
Budget item percentage of nominal GDP	(6.1%)	5.2%	14.1%

Source: Ministry of Economy & Planning

The Government's strong fiscal position has enabled it to increase infrastructure investments, and diversify KSA's economic resources to achieve sustainable economic growth. The Government has also accumulated reserves of SAR 2,136.4 billion at the end of March 2012G. Such reserves ensure sufficient flexibility to continue investments in infrastructure even during periods of low oil prices and demand[9].

3 *Ministry of Economy & Planning, at constant 1999 prices.*
4 *Source: Ministry of Economy & Planning, according to the prices, which have been stable since 1999.*
5 *Figures of 2010G are based on audited estimates*
6 *Figures of 2011G are based on audited estimates*
7 *Figures of 2010G are based on audited estimates*
8 *Figures of 2011G are based on audited estimates*
9 *Source: Saudi Arabian Monetary Agency*

3 - 1 - 2 Non-Oil Sector Development

KSA Government is cognizant of over reliance on the oil and gas sector and the cyclicality that it lends to government finances. The Government is therefore seeking to diversify KSA's economy and support large-scale industrialization creating employment opportunities for Saudi nationals and introducing sustainable economic growth. Industries from mining and minerals to downstream petrochemicals and automotive are being aggressively promoted by the government through its economic reforms and incentives. As a result, the non-oil sector achieved an annual growth rate of 4.7% during the period 2005G-2009G, and it is expected to continue to grow at a rapid pace.

Some non-oil sectors, such as steel, aluminum and cement, are witnessing large-scale expansions as part of the efforts aimed at fulfilling the domestic demand and demand by neighboring markets. KSA is deemed as one of the most active constructions markets in the world and accounts for over 25% of building and construction business in the GCC countries.

Large amounts of money were spent on building and construction sector over the past few years on account of:

- Demand for housing: It is expected that the population of the Kingdom is expected to increase at an annual average rate of 2%. Growth in population is expected to increase demand for housing. In an attempt to meet the increasing demand for housing, the Government in its Ninth Development Plan targets the construction of one million housing units to meet 80% of the expected demand for housing to be built by the following bodies[10]:
  - Ministry of Housing: construction of 500 thousand housing units in different regions of the Kingdom;
  - Real Estate Development Fund: financing the construction of 109 thousand housing units by offering 90 thousand loans in different regions of the Kingdom;
  - Various government authorities: construction of around 50 thousand housing units for their employees; and
  - In addition to the above, the Ninth Development Plan also envisages the private sector to finance and build 775 thousand housing units across various regions of the Kingdom.
- In addition to residential building sector, the non-residential building sector has witnessed major growth due to the increased government spending on infrastructure development projects. The Government also plans to spend significant funds on major projects such as roadways, railways, new ports, and economic cities in the next five years. This is evident by the announcement made by the Government to undertake several major projects, including King Abdullah Economic City, construction of several educational facilities across different regions of the Kingdom, as well as railway projects, upgradation of airports in Jeddah and al Madinah, etc.; and
- The Government has drawn unambitious plans aiming at doubling the economic growth over the coming two decades[11]. This has led to significant investments by the Government in the manufacturing sector, especially construction of several plants such as Saudi Aramco-Dow Refinery, and facilities of Saudi Kayan Petrochemicals Company and Sahara Petrochemicals Company.

In order to support the strong levels of expected construction activity in the building and construction sector, the ninth development plan (2010G-2014G) focuses on strengthening the capacity of this sector, which requires improving the economic efficiency of construction companies in terms of investment, productivity and organizational capacity. The Government projects an average annual growth rate of 7.2% in the building and construction sector during the Ninth Development Plan, compared to 4.7% recorded during the Eighth Development Plan. In addition, it is expected that the contribution of the building and construction sector to the GDP is projected to reach 7.8% in 2014G compared to 7.1% in 2009G[12].

With the growth in construction activity across the Kingdom, the building materials industry which includes cement has also expanded. Over the period of the Eighth Development Plan, imports of building materials increased at an average annual rate of 14.7%, while exports grew at a higher average annual rate of 16.9%, to constitute 24.2% of total trade in these materials in 2008G, up from 22.9% in 2004G. The neighboring countries in Middle East and North Africa are the main destinations for Saudi exports of building materials, especially cement[13].

It is expected that future growth in the building and construction sector will continue to be driven by spending on infrastructure projects, mega projects and housing. These trends in the building and construction sector point to a robust growth in the demand for building materials particularly cement.

10 *Source: Ministry of Economy & Planning*
11 *Source: Ministry of Economy & Planning*
12 *Source: Ministry of Economy & Planning*
13 *Source: Ministry of Economy & Planning*

3 - 2 Cement Industry in KSA

Cement industry is one of the most important and developed sectors in the Kingdom. Cement companies in the Kingdom have witnessed large-scale expansion over the last few years, making KSA's cement industry one of the biggest industries among GCC countries. Currently, there are 14 cement companies operating in the Kingdom with combined annual production capacity of 53 million tons and are spread across different regions of the Kingdom: central, eastern, northern, southern and western regions.

These companies produce the following types of cement:

- Ordinary Portland Cement (OPC);
- Sulphate Resistant Cement (SRC); and
- Portland Pozzolana Cement (PPC).

Ordinary Portland Cement is the dominant cement consumed in the Kingdom, representing 80% of the total cement consumption in the Kingdom. The remaining 20% represents mainly Sulphate Resistant Cement. This ratio varies in coastal areas where consumption of Sulphate Resistant Cement is higher and comprises 30% of the total consumption. Usage of Sulphate Resistant Cement is higher in coastal areas or in places where the foundations are deep and the soil presents the risk of sulphate attack. The use of Portland Pozzolana Cement is limited to the western region as it is only produced by Arab Cement Company, Tabuk Cement Company and Yanbu Cement Company. In addition, the Pozzolanna resources are available only in the western regions thereby limiting PPC cement mainly to the western region.

Presently, bulk cement accounts for 60% of total consumption in KSA, while bagged cement accounts for the remaining 40%. The KSA cement industry is highly competitive given abundant limestone deposits in KSA as well as access to subsidized fuel provided by Saudi Aramco. This gives KSA cement companies a cost advantage compared to other regional producers.

3 - 2 - 1 Local Cement Consumption

As a result of significant rise in building and construction activity in the KSA, cement consumption has grown from a level of 16.9 million tons in 1999G to 47.9 million tons in 2011G. Cement consumption has witnessed steady and continous growth with 2011G consumption being the highest in the last ten years. Growth has further accelerated in recent years with a CAGR of 14% for the period 2006G-2011G versus overall CAGR of 9.2% during 2001G-2011G. Moreover, the growth rate for the first quarter of 2012G exceeded 12%, compared to the same quarter of 2011G.

Table 14 : Increase in Cement Consumption (1999G-2011G)

	1999G	2000G	2001G	2002G	2003G	2004G	2005G	2006G	2007G	2008G	2009G	2010G	2011G
Consumption (million tons)	16.9	15.9	19.9	21.0	22.6	24.1	25.4	24.8	27.1	30.3	36.7	41.2	47.9
Consumption Growth Rate (%)	19.0	(5.9)	25.2	5.5	7.6	6.6	5.4	(2.4)	9.3	11.8	21.1	12.3	16.3

Source: Holtec Report.

Key drivers for recent growth in cement consumption are as follows:

• Residential Building Sector

The residential building sector has been and remains one of the main drivers of cement demand. The main factor propelling demand in the residential segment is the country's growing population, which has been increasing at an annual average rate of approximately 2.0%. As the population grows, more housing is required. In addition, increasing income levels and prosperity enjoyed by the KSA people is also another reason for high demand for housing units; KSA per-capita income has increased at CAGR of 3.1% for the period 2000G-2011G[14].

It is estimated that 60% of cement consumption in KSA is for residential building sector. Based on a study conducted by Holtec, the residential housing sector is expected to witness a CAGR of 8% to 10% in the long term due to the following factors:

14 Source: Ministry of Economy & Planning

- Strong demand for housing with an estimated shortage of one million housing units to be completed during the ninth development plan (2010G-2014G);
- Population growth of approximately 2% per year;
- Increasing tendency towards smaller-sized families; and
- Expected passage of the mortgage law.

- **Commercial Building Sector**

Like residential building sector, the commercial building sector, which includes commercial projects, office compounds, shopping centers, and school and university buildings, has also witnessed higher growth rates. It is estimated that 30% of cement consumption in KSA is from this sector[15]. Major commercial construction projects include King Abdullah International Financial Center in Riyadh, as well as construction of a number of hotels, shopping centers and retail outlets.

- **Infrastructure**

Infrastructure spending has historically represented a relatively smaller share (10%) of total construction spending, but it has recently been a major source of demand for cement. Items under this category include urban development, airports, roads, electricity generation facilities, water treatment plants, sewage systems etc. which the Saudi government is trying to spend on to sustain economic growth.

Under Ninth Development Plan (2010G-2014G), the Government aims to expand the storage capacity of dams by 85% and to double the capacity of water desalination plants over the period of the plan. To accomplish this, an amount of SAR 163 billion has been allocated to Government authorities operating in the water sector.The Government has also allocated an amount of SAR 111 billion to the transportation and telecommunication sector. Transport infrastructure is expected to be enhanced by projects such as Ras Al Khair project, railway projects (including North-South railway, Al Haramain Fast Train, and Saudi Land Bridge project), and development of airport projects which are either planned or ongoing (King Abdul Aziz airport in Jeddah, and Prince Mohamed Bin Abdul Aziz airport in Al Madinah)[16].

3 - 2 - 2 Local Cement Production

Currently, there are 14 cement companies operating in KSA. The total production capacity of these companies stood at 53 million tons of cement, as of May 2012G, compared to 50.7 million tons in 2011G, and 47.5 million tons in 2010G. With robust demand expected to continue, KSA's cement capacity is expected to rise to 79 million tons by 2017G on account of expansions intended by both existing players and new entrants.

Most of the cement production capacity comes mainly from the central region, accounting for 28.6% of total production capacity in KSA, followed by the western region accounting for 24.5%, eastern region accounting for 21.5%, and southern region accounting for 18.8% of the total production capacity in KSA.

Table 15 : Production Capacity as of May 2012G and Anticipated Capacity of Cement Companies in KSA

Producer	Current capacity (Million Tons per Year)	Percentage of Capacity Utilization (%)	Additional Expected Capacity (Million tons per Year)	Expected first Year of Production
Saudi Cement Company	8.2	88	2.26	2015G
Eastern Province Cement Company	3.3	100	-	-
Eastern Region	**11.5**	**94**	**2.26**	**-**
Al Yamama Cement Company	5.8	100	3.47	2015G
Al Qassim Cement Company	4.3	100	-	-

15 Source: Holtec Report
16 Source: Ministry of Economy & Planning

Producer	Current capacity (Million Tons per Year)	Percentage of Capacity Utilization (%)	Additional Expected Capacity (Million tons per Year)	Expected first Year of Production
Riyad Cement Company	3.5	99	3.47	2015G
Al Madinah Cement Company	1.6	100	2.43	2015G
Hail Cement Company	-	-	1.60	2013G
Central Region	**15.2**	**99.8**	**10.97**	**-**
Yanbu Cement Company	5.1	100	3.0	2012G
Arabian Cement Company	4.5	85	2.43	2015G
Al Safwa Cement Company	2.0	47	-	-
Tabuk Cement Company	1.4	100	1.32	2014G
Western Region	**13.0**	**83**	**6.75**	**-**
Northern Region Cement Company	2.0	57	0.96	2012G
Al Jouf Cement Company	1.5	98	-	-
Northern Region	**3.5**	**77.5**	**0.96**	**-**
Southern Province Cement Company	6.9	100	1.5	2012G
Najran Cement Company	3.1	96	2.43	2014G
Southern Region	**10.0**	**98**	**3.93**	**-**
New Players*	-	-	2.08	2015G
Total	53.2	92.9	26.95	-

Source: Holtec Report

* *"New Players" refers to expected expansion by existing companies.*

3 - 2 - 3 Cement Prices in KSA and Export Ban

Cement prices in KSA vary from one region to another. Prices are higher in western and central regions due to high demand and low supplies, while prices are lower in northern region because of a more balanced demand-supply scenario.

The increased demand of cement during the period of high growth of the building and construction sector led to a supply-demand imbalance in several markets of the Gulf region causing a rise in cement prices. As a result, in 2008G, KSA imposed ban on cement exports by all cement producers. The Government later lifted the ban with certain restrictions on cement exporters such as requiring them to sell cement bags in KSA at maximum price of SAR 200 per ton (i.e. SAR 10 per bag (50 kg)) when export is permitted.

Only three companies - Tabuk Cement Company, NRCC, and Al Jouf Cement Company – are permitted to export as they have opted for an export license. Further, Saudi Cement Company and Eastern Cement Company export their products to Bahrain by virtue of an exemption, allowing them to export to Bahrain without a license but under moderate restrictions.

Cement prices rose by 6.5% in 2011G and by 14.6% during the first quarter of 2012G on year-on-year basis due to a strong growth in building and construction projects and the resulting demand for cement. In January 2012G, the prices reached SAR 260 per ton for Ordinary Portland Cement, and SAR 270 per ton for Sulphate Resistant Cement. This led to a shortage in cement supply and rise in prices, particularly in the western region. In order to control rising prices, the Government imposed full ban on cement export from February 2012G, and also imposed price ceilings of SAR 240 per ton on Ordinary Portland Cement and SAR 260 per ton on Sulphate Resistant Cement.

3 - 2 - 4 Target Markets inside KSA

Most of the cement consumption in KSA occurs in central region, Mecca, and eastern region. The main factors governing regional cement consumption are the degrees of urbanization and population density. This is outlined by the fact that Riyadh has 24% of population, Makkah has 26%, and eastern region has 15% of the population. Furthermore, these regions are the most urbanized regions in the country and account for over 60% of cement demand. Compared to these urban areas, the other regions in the country exhibit lower cement consumption as indicated by the cement consumption trends in the following table:

Table 16 : Cement Consumption in KSA by Provinces (2010G – 2011G)

Region	Madinah	Consumption in 2010G (Thousand Tons)	Consumption in 2011G (Thousand Tons)	Cement Consumption in 2010G (%)	Cement Consumption in 2011G (%)
Central Region	Hail	1,335	1,438	3.2	3.0
	Al Qassim	2,053	2,047	5.0	4.3
	Riyadh	11,195	12,547	27.1	26.2
Total Consumption in Central Region		**14,583**	**16,032**	**35.4**	**33.5**
Western Region	Tabuk	862	1,040	2.1	2.2
	Madinah	2,700	2,941	6.5	6.1
	Makkah	8,903	11,246	21.6	23.5
Total Consumption in Western Region		**12,465**	**15,227**	**30.2**	**31.8**
Northern Region	Northern Borders	706	1,291	1.7	2.7
	Al Jawf	969	929	2.3	1.9
Total Consumption in Northern Region		**1,675**	**2,220**	**4.1**	**4.6**
Southern Region	Al Baha	883	1,127	2.1	2.4
	Jizan	1,705	2,088	4.1	4.4
	Asir	2,900	3,500	7.0	7.3
	Najran	1,000	989	2.4	2.1
Total Consumption in Southern Region		**6,488**	**7,704**	**15.7**	**16.2**
Total Consumption in Eastern Region		**6,029**	**6,683**	**14.6**	**14.0**
KSA Total Consumption		41,240	47,886	100.0	100.0

Source: Holtec Report

The Company's primary target market includes the northern region of KSA, which comprise the Northern Borders and Al Jawf regions. The Company's secondary target market comprises Hail and Tabuk regions followed by its tertiary market that includes Al Madinah. The Northern Borders region is adjacent to Iraq, and it is divided into three governorates - Arar, Rafha and Turaif, while Al Jawf region is adjacent to Jordan. Currently, the Company supplies its cement products to Northern Borers region and Al Jawf region. A Jouf Cement Company competes with the Company in the Northern Borders region and Al Jawf region. Also, Tabuk Cement Company and Al Qassim Company supply cement to Al Jawf region.

3 - 2 - 4 - 1 Cement Consumption in the Company's Target Markets

KSA's Northern region has witnessed an increase in demand for cement from 1.7 million tons in 2010G to 2.2 million tons in 2011G due to combination of housing demand and government projects. Major drivers have been:

- Construction of Arar University;
- Construction of Military Wall along the KSA-Iraq border;
- North-South Railway; and
- Housing and educational projects: The government envisages the construction of 11,500 houses to be built in the Northern Borders province and 13,500 houses to be built in the Al Jawf province under the Ninth Development Plan.

Table 17 : Cement Consumption in the Target Markets (2010G – 2011G)

Region	Consumption (Thousand Tons)	
	2010G	2011G
Northern Borders	706	1,291
Al Jawf	969	929
Total Consumption in Primary Target Market	**1,675**	**2,220**
Hail	1,335	1,438
Tabuk	862	1,040
Al Madinah	2,700	2,941
Total Consumption in Other Target Markets	**4,897**	**5,419**
Total Consumption in theTarget Markets	6,572	7,639

Source: Holtec Report

** NRCC share is 22.6% of northern borders region, and 43.7% of Al Jouf region.*

3 - 2 - 4 - 2 Competition in Target Markets

NRCC and Al Jouf Cement Company are the main producers of cement in the Company's primary target market with a total production capacity of 3.5 million tons, i.e. approximately 6.6% of total cement production capacity in KSA. The main producers in the secondary and tertiary markets include Tabuk Cement Company, Al Qassim Cement Company, Yanbu Cement Company, Eastern Cement Company and Hail Cement Company.

Most of the cement players in KSA are regional players. Their market shares vary significantly from region to region. NRCC is a dominant player in the Northern regions whereas companies such as Tabuk Cement, Qassim Cement and Yanbu Cement have higher market share in their own location and adjoining areas.

Table 18 : Local Cement Companies' Market Shares in the Company's Primary and Other Target Markets as af May 2012G

No.	Company/ region	Northern Boarders	Al Jawf	Hail	Tabuk	Madinah
1	Al Yamama Cement Co.	-	-	-	-	-
2	Saudi Cement Co.	-	-	8%	-	6%
3	Eastern Cement Co.	-	-	-	-	-
4	Al Qassim Cement Co.	-	16%	55%	-	45%
5	Yanbu Cement Co.	-	-	-	-	38%
6	Arabian Cement Co.	-	-	-	-	-
7	Southern Cement Co.	-	-	-	-	-
8	Tabuk Cement Co.	-	19%	-	100%	7%

No.	Company/ region	Northern Boarders	Al Jawf	Hail	Tabuk	Madinah
9	Riyadh Cement Co.	-	-	26%	-	4%
10	Najran Cement Co.	-	-	-	-	-
11	Al Madinah Cement Co.	-	-	11%	-	-
112	NRCC	23%	44%	-	-	-
13	Al Jouf Cement Co.	77%	21%	-	-	-
14	Al Safwa Cement Co.	-	-	-	-	-

Source: Holtec Report

3 - 2 - 4 - 3 Potential Competitiveness of the Company in the Target Markets

The ability of the Company and its competitors to effectively expand their market share is largely dependent on two factors: the manufacturing costs of cement and the transportation costs from the manufacturing plant to the relevant market. Cement is by its nature relatively expensive to transport. This means that cement companies have an inbuilt competitive advantage in the areas closest to their plants.

Table 19 : Average Production Costs for NRCC and its Competitors in the Target Markets

	NRCC	Al Jouf Cement	Tabuk Cement	Hail Cement	Al Qassim Cement	Yanbu Cement	Eastern Cement
Average cost (SAR/ton)	102	103	103	103	104	102	105

Source: Holtec Report

Table 20 : Average Ex-Factory Freight Costs for NRCC and its Competitors in the Target markets

SAR/ton	NRCC	Al Jouf Cement	Tabuk Cement	Hail Cement	Al Qassim Cement	Yanbu Cement	Eastern Cement
Northern Borders	27	31	-	48	-	-	68
Al Jawf	35	39	49	40	-	-	-
Hail	56	60	-	29	32	51	-
Tabuk	59	54	26	-	-	49	-
Al Madinah	81	-	53	-	43	30	-

Source: Holtec Report

Table 21 : Average Ex-Factory Cost to Market for NRCC and its Competitors in the Target Markets

SAR/ton	NRCC	Al Jouf Cement	Tabuk Cement	Hail Cement	Al Qassim Cement	Yanbu Cement	Eastern Cement
Northern Borders	130	135	-	151	-	-	173
Al Jouf	137	142	152	143	-	-	-
Hail	158	163	-	132	136	154	-
Tabuk	161	157	129	-	-	151	-
Al Madinah	183	-	156	-	147	133	-

Source: Holtec Report

Cost to market in the Northern Borders is estimated to be SAR 130 per ton for the Company compared to SAR 135 per ton for Al Jouf Cement Company, and SAR 173 per ton for Eastern Cement Company. Similarly, in the Al Jawf province, the Company has the lowest cost to market at SAR 137 per ton. Outside the two provinces, NRCC does not have the lowest cost to market, although it can still be competitive in regions such as Hail and Tabuk.

Therefore, the Company is expected to focus on the regions where it has an overall cost advantage such as the Northern Borders region and the Al Jawf region. However, the Company has an opportunity to sell its products in adjoining neighboring markets, such as Hail and Tabuk, though it may be less competitive in these markets. Finally, while it may be difficult for NRCC to cover Madinah province due to the cost of freight; it may venture into this market if required.

As per Holtec, apart from advantage in prices and freight, the following factors also contribute to NRCC's competitiveness:

- Dark color cement is preferred in KSA and the cement produced by NRCC is the darkest in the North and thus, preferred by majority of customers; and
- The lead time for delivery depends on the relative location of the buyer and cement plant. Ready mixed concrete manufacturers with their own fleet prefer cement plants where their bulker can make more trips per week as this allows them to use both the fleet and the drivers more economically. Holtec has estimated that NRCC has one of the highest bulker trips per week in both Arar and Sakaka than other cement players in the Northern Region. It is thus preferred in the North by customers.

3 - 3 Cement Industry in Iraq

3 - 3 - 1 Overview of Cement Industry in Iraq

As per the Holtec Market Study, the compound annual growth rate (CAGR) for cement consumption in Iraq exceeded 25% over the past five years; i.e. from 2006G to 2011G. In 2011G, cement consumption in Iraq witnessed a growth of 13.6% from 22 million tons in 2010G to 25 million tons. This growth in cement consumption in Iraq over the past few years can be attributed to the following:

- Lifting of previously imposed sanctions on Iraq;
- International efforts made towards repair and replacement of damaged Iraqi infrastructure;
- Expansion of the housing sector;
- Improved security situation; and
- Expected increase in real GDP.

3 - 3 - 2 Cement Consumption in Iraq

3 - 3 - 2 - 1 Key Drivers for Cement Consumption in Iraq

The key drivers for cement consumption in Iraq are as follows:

- **Reconstruction of Iraq**

There has been massive rebuilding exercise undertaken by the international agencies in Northern Iraq to resettle the displaced population and construct the housing and infrastructure necessary to do so. Given the massive size and the scope of the reconstruction needs of the country, it can expected that initial disbursement rates will be low while local capacity is built, but will increase rapidly over time as institutions are developed. Since the end of the war in Iraq the US has spent USD 44.6 billion on reconstruction. Of this amount, USD 21.3 billion has been spent on security, USD 11.5 billion on infrastructure, USD 6.4 billion on government and USD 1.4 billion on economic governance and private sector development.

- **Infrastructure**

There have been efforts by the international community to improve and repair the infrastructure of Iraq in the aftermath of the 2003G invasion, when much was destroyed. Iraq was governed, after the 2003G invasion, by the Coalition Provisional Authority and after June 2004G by a series of Iraq-led governments. During this period efforts were made to repair and replace damaged Iraqi infrastructure, including: water supply systems, sewage treatment plants, electricity production, hospitals and health clinics, schools, housing and transportation systems.

- **Housing Sector**

Iraq is trying to line up at least USD 30 billion in housing and commercial projects in the next decade as it rebuilds after years of wars. As per the US Commercial Service, the housing shortage is estimated to be around one million units. This alone is estimated to translate into cement demand exceeding 30 million tons of cement. The possible return of displaced Iraqis from abroad will further increase the demand for housing. A scarcity of housing is a major concern for Iraqis and an area of focus for the government.

In order to meet the rising demand for housing, more than one million housing units are to be built in the country over the next four years with the government committing large funds towards achieving this goal. The sector has seen a number of regional construction companies – especially those of the GCC – enter the country. Multi-billion dollar projects have been announced in Iraq:

- In May 2011G, a contract in the amount of USD 7.3 billion was awarded to Hanwha Engineering & Construction Company to build a new town outside Baghdad;
- In June 2011G, US Company Hill International was contracted to provide USD 1.5 billion worth of building materials for housing project, as well as USD 200 million for project management; and
- Orascom Cooperative Housing is negotiating with Iraq to buy land for a budget housing project.

3 - 3 - 2 - 2 Cement Consumption in Iraq by Region

Iraqi cement market can be divided into two markets: Kurdish market in the north, and other markets covering the rest of Iraq, i.e. central and southern regions including Baghdad, Al Anbar, Babel, Karbala, Al Najaf, and Al Qadisiya.These regions are the primary target markets for the Company and account for 37.4% of the total cement consumed in Iraq.

Table 22 : Total Regional Cement Consumption Rates in Iraq in 2011G

Region	Sub-Region	Governorate	Cement Consumption (Million Tons)	Market Share (%)
Kurdistan		Dahouk	1.81	7.2
		Erbil	3.60	14.4
		Al Sulaymaniah	2.80	11.2
Kurdistan Total			**8.21**	**32.8**
Rest of Iraq	Target Market	Al Anbar	1.05	4.2
		Baghdad	4.72	18.9
		Babylon	0.79	3.2
		Karbala	0.87	3.5
		Al Najaf	1.13	4.5
		Al Qadisiya	0.78	3.1
	Total		**9.34**	**37.4**
	Non-Target market	Nineveh	1.76	7.0
		Kirkuk	0.64	2.6
		Diyala	0.66	2.6
		Wasit	0.56	2.2
		Salah Al Deen	0.42	1.7
		Al Muthana	0.41	1.6
		Dhi Qar	0.95	3.8
		Maysan	0.54	2.2
		Al Basra	1.51	6.0
	Total		**7.45**	**29.8**
Rest of Iraq Total			**16.79**	**67.2**
Iraq Total			25.00	100.0

Source: Holtec Report

3 - 3 - 3 Cement Supply in Iraq

As per the market study conducted by Holtec, cement consumption in 2011G was estimated to be 25 million tons, of which around 10 million tons was imported mainly from Turkey and Iran. Exports from KSA to Iraq come mainly from the Company and Al Jouf Cement Company. The Company's exports increased steadily from 0.3 million tons to exceed 0.4 million tons in 2011G. In 2012G, NRCC's exports decreased due to the export suspension. In 2011G, Al Jouf Cement exported nearly 0.3 million tons, but its exports too stand curtailed this year.

Much of the local cement capacity in Iraq has been rendered ineffective due to damages caused by war, lack of electricity, lack of spares and cannibalism of spares leading to capacity reduction, obsolescence etc. Though the total nameplate capacity of all cement plants at the year-end of 2011G was around 26 million tons, the effective cement producing capacity available for domestic supply is only around 15 miliion tons. The effective capacity has been considered on the basis of present production levels. Market feedback indicates that unless rehabilitation is undertaken, the capacity is expected to remain at the current production levels.

Table 23 : Total Production Capacity in Iraq in 2011G

Plant	Governorate	Production Capacity (Million Tons)
Al Rawi Group	Al Qaim, Falluja, Al Kubaisa	1.32
Iraqi Cement State Company	KirkukPlant	0.53
North Cement State Company	Badoosh and Al Hammam	1.08
Technik Company	Sinjar Plant	0.84
South Cement State Company	Al Najaf, Al Kufa, Al Muthana, Babylon, Al Samawah, Al Basra, Al Noora	3.01
Lafarge Cement Company	Tasluja, Bazian, Karbala	4.77
Mas Global Company	Al Sulaymaniah	3.45
Total		15.00

Source: Holtec Report

With rising demand and severe shortage of cement supply, a number of re-habilitation and green field projects have been initiated to boost domestic supply of cement. However, it is expected that these projects will face delays due to a shortage of electricity and continued safety and security concerns.

Table 24 : Declared Future Additions to Production Capacity in Iraq after Rehabilitation of Existing Cement Plants

Plant	Governorate	Expected First Year of Operation	Additions to Production Capacity (Million Tons)
Karbala Cement	Karbala	2012G	1.35
AlKobaisah Cement	Al Anbar	2014G	0.82
Badoosh Cement	Nineveh	2014G	0.83
Al Hammam Cement	Nineveh	2014G	0.25
Sinjar Cement Plant	Nineveh	2014G	0.70
Al Najaf Cement Plant	Al Najaf	2014G	0.18
Al Muthana Cement	Al Muthana	2014G	0.36
Total			4.49

Source: Holtec Report

Table 25 : Declared Future Additional to Production Capacity in Iraq from New Cement Plants

Plant	Governorate	Expected First Year of Operation	Additions to Production Capacity (Million Tons)
Mas Global	Al Sulaymaniah	2012G	1.72
Sahil Herbal	Kirkuk	2015G	1.91
Al Mabrouka	Al Samawah	2016G	1.74
New Plant 1	Al Samawah	2016G	1.74
New Plant 2	Erbil	2017G	1.74
Total			8.85

Source: Holtec Report

3 - 3 - 4 Characteristics of Iraqi Cement Market

The following characteristics can be attributed to the Iraqi cement market:

- Of the total cement consumption in Iraq approximately 70% is Ordinary Portland Cement, whereas the remaining 30% is Sulphate Resistant Cement;
- Dark colour cement is highly preferred; and
- Iraq relies on cement imports from Iran, Turkey and KSA. In general, Iranian cement is exported to southern Iraq, Turkish cement is exported to Kurdistan and the north. The central region of Iraq is considered to be the target market for KSA exporters.

Cement prices in Iraq vary from region to region; prices are higher in Baghdad compared to other places in Iraq. Whereas, they are lower in Sulaymaniah as new capacities have recently been set up in Bazian. Furthermore, the prices of cement vary from time to time due to the unpredictable freight rate that is charged depending upon the availability of the transport. The retail prices of bagged Ordinary Portland Cement in 2011G was around USD 190-200 per ton in Basra province and USD 240-260 per ton in the Baghdad region. Currently, the prices have fallen by about USD 90-100 per ton due to greater pressure of imports. However, as capacity deficits are likely to continue, prices are unlikely to change or fall further.

3 - 3 - 5 Potential Competitiveness of the Company in the Iraqi Target Market

The Company's only Saudi competitor in its target market in Iraq is Al Jouf Cement. As Al Jouf is selling cement inside KSA, it is not envisaged to be a serious threat because it does not have any immediate plans for capacity expansion. Tabuk Cement, though previously had an export license, is located more remotely and suffers from a freight disadvantage of USD 10 per ton. Saudi Cement is well placed to export to Iraq; but has not expressed an interest in opting for an export license, as that would limit its domestic sales to SAR 200 per ton. Further, Saudi Cement is likely to focus on Basra (Southern Iraq) and not Baghdad (Central Iraq).

It is expected that the capacity deficit in Iraq would be available only for imports as local producers, even if uncompetitive, will be able to sell to full capacity levels. There is a possibility of substantial capacity being added in Iran, much of which is likely to be focused on exports. However, such a capacity addition is unlikely to affect NRCC' exports to Iraq as:

- NRCC prices its cement at a premium as it has established its quality and is preferred by customers in Iraq; and
- Central region of Iraq prefers to buy cement from KSA due to the geographical proximity, while south region of Iraq prefers Iranian cement for the same reason.

3 - 4 Cement Industry in Jordan

As one of the most open economies of the region, Jordan is well integrated with its neighbours through trade, remittances, foreign direct investment (FDI), and tourism, and has especially strong links to the Arab Gulf economies[17]. Jordan achieved a GDP growth rate of 2.5% in 2011G, and is expected to grow by 2.8% in 2012G[18].

17 Source: World Bank
18 International Monetary Fund

Rapid privatization of previously state-controlled industries and liberalization of the economy are spurring growth in Jordan's urban centers like Amman and Al Aqaba. The growth in the urban centers has led to expansion of the construction sector. In the past several years, demand has increased rapidly for housing and offices of foreign enterprises based in Jordan for better access to the Iraqi market. This has translated into increase in cement consumption in the country.

While cement consumption in Jordan slowed down due to the global meltdown, it is expected to revive. The cement consumption in 2010G was estimated to be approximately 3.8 million tons. With the expectations of high GDP growth, demand for cement in Jordan is likely to reach 4.7 million tons by 2018G.

3 - 4 - 1 Cement Production in Jordan

The current capacity of cement plants in Jordan has remained at the 2010G level of 9.2 million tons.

Table 26 : Production Capacity of Cement Plants in Jordan (million tons per annum)

Year	Al Rashidiya Cement Plant	Al FuhelsCement Plant	Al Rajhi Cement	NCC (Jordan)	Qatrana Cement Co.	Total
2009G	2.2	2.0	2.0	1.0	-	7.2
2010G	2.2	2.0	2.0	1.0	2.0	9.2
2011G	2.2	2.0	2.0	1.0	2.0	9.2

Source: Holtec Report

It is evident that all the companies in Jordan cannot achieve 100% capacity utilization as cement consumption in 2011G was estimated to be approximately 3.8 million tons. This implies a capacity surplus of 5.4 million tons in 2011G which is expected to decrease as the consumption increases to an expected level of 4.7 million tons in 2018G.

Despite growth in demand capacity is expected to remain at current levels as new plants are unlikely to be added due to the following reasons:

- Huge surplus in existing cement capacity with many companies reporting surplus stocks;
- No new licenses being issued unless it is meant for exports;
- Future growth in demand is not expected to be dramatic;
- High fuel prices make local production uncompetitive when compared to the imported clinker; and
- Export of cement from Jordan is difficult because of high fuel prices. Further, Jordanian producers tend to produce Portland Pozzolana Cement or Sulphate Resistant Cement, and this further weakens their competitiveness.

3 - 4 - 2 NCC (Jordan)'s Potential Competitiveness

Firstly, it is evident that all the companies in Jordan cannot achieve 100.0% capacity utilization due to surplus in cement supply. Despite entering the market in the fourth quarter of 2010G, NCC (Jordan) attained 100% capacity utilization within a year. During 2011G, NCC (Jordan)'s capacity utilization was around 90%, whereas that for the rest of the cement players in Jordan averaged under 50.0%. As per Holtec, the primary reasons for NCC (Jordan)'s high competitiveness are as follows:

- NCC (Jordan) receives high quality dark colour clinker from the Company under a 15 year supply contract at competitive prices (when export is permitted by KSA authorities);
- As per Holtec study, Jordanian customers prefer dark colour cement, which is produced by NCC (Jordan); and
- Compared to its competitors, NCC (Jordan) is close to the capital Amman, which is the highest-cement consuming region. Proximity to Amman reduces transportation costs.

3 - 5 Conclusion

Cement industry in KSA has been characterized by steady growth over the last two decades, and is expected to witness robust growth over the coming period. The building and construction sector and the infrastructure projects constitute two main drivers for growth in the cement industry. While cement capacity is expected to increase in the next few years, a parallel high demand for cement would likely exceed the supply. Accordingly, it is expected that demand for cement will be higher than supply over the next few years.

The local cement industry in Iraq is currently not capable of meeting the current demands of the Iraqi cement market. It is expected that the demand for cement in Iraq will rise over the next years. Saudi exporters have the competitive advantage of being closer to the Iraqi market and the lower production and transportation costs enjoyed by the Saudi exporters give them a competitive edge over other exporters from Lebanon and Syria.

The clinker exports by the Company to NCC (Jordan) has given NCC (Jordan) a competitive advantage in the Jordanian cement market. Despite low demand for cement in Jordan, the competitive position of NCC (Jordan) has enabled it to increase its market share and utilize its full production capacity within one year from commencement of its operation. The governments of Jordan and KSA have agreed on tax-free cement exports/imports in accordance with the stipulations set by World Trade Organization. As a result, there are no taxes on exports to Jordan; this is despite requests by the Jordanian producers for imposition of tax on cement imports.

4. Northern Region Cement Company

4 - 1 Introduction

Northern Region Cement Company ("NRCC" or the "Company") is a Saudi joint stock company incorporated pursuant to Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G) with commercial registration number 3450008480 dated 19/02/1427H (corresponding to 20/03/2006G) with its head office in the city of Ar'ar, Al Moushref Area.

The Company was incorporated with a share capital of SAR 1,200,000,000 (one billion two hundred million Saudi Riyals) divided into 120,000,000 (one hundred twenty million) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) each (each a "Share", collectively the "Shares"). On 02/12/1432H (corresponding to 29/10/2011G) the Extraordinary General Assembly adopted a resolution providing for an increase of the Company's share capital by SAR 600,000,000 (six hundred million Saudi Riyals), thereby increasing the Company's share capital to SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) ordinary shares, out of which the Current Shareholders subscribed for a total of 126,000,000 (one hundred twenty-six million) ordinary shares with a total and fully paid up nominal value of SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals). The partial increase was accomplished by capitalizing the Company's statutory reserves involving the issuance of 6,000,000 (six million) new shares with a nominal value of SAR 60,000,000 (sixty million Saudi Riyals) to the Current Shareholders. The remaining 54,000,000 (fifty four million) shares valued at SAR 540,000,000 (five hundred forty million Saudi Riyals) will be offered to the public.

Pursuant to the provisions of the Company's Bylaws and the terms of the Raw Materials Quarry License (the "Quarry License") for quarrying limestone in north Harrat al-Harrah, Northern Border Province, KSA, issued by the Ministry of Petroleum and Mineral Resources ("MPMR"), it is mandatory for the Company to offer 50% of its share capital to the public through an initial public offering. On 20/12/1432H (corresponding to 16/11/2011G), the Extraordinary General Assembly resolved to offer 90,000,000 (ninety million) shares representing 50% of the share capital of NRCC (after the Offering) to the public as follows:

- The Company will offer 54,000,000 (fifty four million) new shares to the public which represents 30% of the Company's share capital (after the Offering).
- The Current Shareholders have agreed to offer 36,000,000 (thirty-six million) Shares to the public which represents 20% of the Company's share capital (after the Offering).

The Current Shareholders have agreed to sell their respective shares through individual consent letters signed by each of them.

Table 27 : Changes in the Share Capital of the Company and Total Loans

	As at 31 December			The 6-Months Period Ended in 30 June
(,000) Saudi Riyals	2009G	2010G	2011G	2012G
Paid capital*	600,000	600,000	1,260,000	1,260,000
Legal reserve	25,907	54,403	19,022	19,022
Special reserve	-	-	-	53,289
Retained profits	231,759	180,826	96,401	88,998
Total Shareholders' Equity	857,666	835,229	1,375,424	1,421,310
Short-term loans	469,402	437,783	335,000	538,000
Current part of long-term loans	-	33,500	80,000	85,000
Long-term loans	200,000	166,500	350,000	320,000
Total Loans	669,402	637,783	765,000	943,000

Source: Company

* On 25/09/2011G, the Current Shareholders paid the value of the Company's unpaid capital amounting to SAR

600,000,000, and on 29/10/2011G, an amount of SAR 60,000,000 of the statutory reserve was capitalized and therefore the Capital became SAR 1,260,000,000.

The Company's main business is the production of Ordinary Portland Cement and Sulphate Resistant Cement and the trading of cement inside and outside the Kingdom. The Company exports clinker and cement to Jordan and Iraq.

4 - 2 Highlights

Table 28 : Company's Development Milestones since Establishment

06/06/2005G	The Company obtained an industrial license from the Ministry of Commerce and Industry for the establishment of an industrial facility under the name of Northern Region Cement Company.
16/03/2006G	The announcement of the Company's establishment with a capital of SAR 1,200,000,000 (one billion and two hundred million Saudi riyals). Founding shareholders subscribed to all the shares of the Company and paid-up 50% of the shares' nominal value.
02/05/2007G	Northern Cement Company ("NCC (Jordan)") was established as a Jordanian limited liability company, wholly owned by NRCC (please refer to the "Northern Region Cement Company" section).
01/03/2008G	The Company commenced experimental production.
01/12/2008G	The Company commenced commercial production.
02/05/2011G	NCC (Jordan) shares were offered to the public.
21/05/2011G	The Company's Extraordinary General Assembly resolved to distribute an 82% equity interest in NCC (Jordan) shares as in-kind dividends to the Current Shareholders.
26/05/2011G	82% of NCC (Jordan) shares were distributed to the Current Shareholders of the Company as in-kind dividends.
03/07/2011G	NCC (Jordan) was listed on Amman Stock Exchange.
16/07/2011G	The Company's Board of Directors called for payment by the Shareholders of the remaining unpaid capital to bring the Company's paid-up capital to SAR 1,200,000,000 (one billion two hundred million Saudi Riyals).
11/08/2011G	The Company signed a Share Purchase Agreement, whereby the Company acquired 75% of NCC (Jordan) shares.
18/08/2011G	The Company acquired 75% of NCC (Jordan) shares.
25/09/2011G	Current Shareholders paid the remaining nominal value of the capital bringing the Company's paid-up capital to SAR 1,200,000,000 (one billion two hundred million Saudi Riyals).
29/10/2011G	The Company's Extraordinary General Assembly approved a capitalization issue through which the Company capitalized SAR 60,000,000 (sixty million Saudi riyals) of legal reserves bringing up its paid-up capital to SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals).
29/10/2011G	The Company's Extraordinary General Assembly approved the increase of the Company's capital to SAR 1,800,000,000 (one billion and eight hundred million Saudi riyals) by issuing 54,000,000 (fifty four million) new shares in the amount of SAR 540,000,000 (five hundred forty million Saudi riyals) to be offered to the public at par.
08/05/2012G	The Company's Extraordinary General Assembly approved the waiver by the Current Shareholders in favor of the Company of their right to receive the Offering proceeds.
08/05/2012G	The Company's Extraordinary General Assembly approved the transfer of 7% of NCC (Jordan) shares indirectly owned by Current Shareholders to the Company.
14/05/2012G	7% of NCC (Jordan) shares indirectly owned by Current Shareholders were transferred to the Company.

4 - 3 Company's Objectives

- Production of clinker (both ordinary and resistant),
- Production of cement (both ordinary and resistant),
- Operation and management of all kind of Portland cement plants,
- Wholesale and retail trade of the Company's products and construction materials, including import and export outside the Kingdom,
- Management, operation and maintenance of industrial plants for the purpose of supplementing the Company's objectives,
- Ownership of land and real estate for the purpose of building the Company's plants,
- Commercial agencies business, and
- Participation in establishing companies carrying out similar businesses, helping to attain the Company's objectives, or complementing the Company's business inside and outside the Kingdom.

4 - 3 - 1 Vision

NRCC's vision is to become leading manufacturer of cement in GCC and the Middle East by achieving sustainable growth and high quality performance in producing cement products that are in full compliance with Saudi and international specifications.

4 - 3 - 2 Mission

The Company's mission is to focus on complying with the highest quality standards, applying the latest available technologies in the cement industry and improving performance levels to best serve its customers' needs. NRCC's products are well known throughout the northern regions of the Kingdom for their quality and reliability. The Company's focus has always been on issues related to public health, safety and environment.

4 - 3 - 3 Goals

- Using state-of-the-art technologies in the cement industry as a preliminary step toward localizing such technologies,
- Providing Saudi staff with training courses in modern technologies in manufacturing cement and its derivatives,
- Creating new work opportunities for Saudi nationals residing in the northern part of KSA, and
- Delivering superior returns for the investors in the Company.

4 - 4 Key Shareholders

The Company has 163 Current Shareholders, including companies, corporations and prominent businessmen from the Kingdom of Saudi Arabia.

Table 29 : Names of Main Shareholders Holding 1% or More of the Shares before the Offering

No.	Name	Pre-Offering		Shares Offered by Current Shareholders	Post-Offering	
		No. of Shares	% Shareholding		No. of Shares	% Shareholding
1	Pan Kingdom Investment Company	30,491,270	24.20%	8,711,791	21,779,479	12.10%
2	Abdul Qader Al Mohaideb & Sons Company	12,495,000	9.92%	3,570,000	8,925,000	4.96%
3	STICCO	7,237,501	5.74%	2,067,858	5,169,643	2.87%
4	Abdullah bin Mohamed bin Abdul Aziz Al Romaizan	6,300,000	5.00%	1,800,000	4,500,000	2.50%
5	Khaled bin Ibrahim bin Abdul Aziz Al Ibrahim	6,300,000	5.00%	1,800,000	4,500,000	2.50%
6	International Company for Trading & Contracting Limited	6,300,000	5.00%	1,800,000	4,500,000	2.50%

No.	Name	Pre-Offering		Shares Offered by Current Shareholders	Post-Offering	
		No. of Shares	% Shareholding		No. of Shares	% Shareholding
7	Abdul Aziz bin Ibrahim bin Abdul Aziz Al Ibrahim	5,512,500	4.38%	1,575,000	3,937,500	2.19%
8	Saleh & Abdul Aziz Aba Hussein Company Ltd.	3,228,750	2.56%	922,500	2,306,250	1.28%
9	Islamic Relief International Organization	2,625,000	2.08%	750,000	1,875,000	1.04%
10	Gulf Trading Services Company	2,625,000	2.08%	750,000	1,875,000	1.04%
11	Atheeb Holding Company	2,625,000	2.08%	750,000	1,875,000	1.04%
12	Adnan bin Saad bin Mohamed Al Meqren	2,362,500	1.88%	675,000	1,687,500	0.94%
13	Abdullah Abdul Mohsen Abul Rahman Al Turki	2,362,500	1.88%	675,000	1,687,500	0.94%
14	Ali bin Mohamed Al Ali Al Mandil Al Towaigri	2,100,000	1.67%	600,000	1,500,000	0.83%
15	Abdul Aziz bin Abdul Rahman bin Abdul Aziz Al Mohsen	1,785,000	1.42%	510,000	1,275,000	0.71%
16	Prince Bandar bin Salman bin Mohamed Al Saud	1,575,000	1.25%	450,000	1,125,000	0.63%
17	Adex Trading & Investment Holding Group	1,575,000	1.25%	450,000	1,125,000	0.63%
18	Abdul Rahman bin Mohamed bin Mohamed Saeed Dafterdar	1,569,750	1.25%	448,500	1,121,250	0.62%
19	Al Shaer Trading, Industrial and Contracting Company	1,470,000	1.17%	420,000	1,050,000	0.58%
20	Saudi Pan Kingdom Holding Company	1,470,000	1.17%	420,000	1,050,000	0.58%
21	Yousuf bin Awad bin Ahmed Al Ahmadi	1,312,500	1.04%	375,000	937,500	0.52%

Source: Company

For more information, please refer to the "Current Shareholders" section.

4 - 5 Company's Cement Plant

4 - 5 - 1 Plant Description

Situated on a 980,000 sqm property, the Company's cement plant is strategically located at Hazm Al Jalamid, 190 km north of Ar'ar and 50km east of the City of Turaif, Northern Border Province. The location is significant being adjacent to a raw materials quarry and close to a number of local and regional markets.

NRCC's cement plant (the "Plant") is fully integrated and built in accordance with the most advanced international technical standards in the field of cement manufacturing. An electrical generation station and a water treatment unit supply the Plant. The Company has also built a residential compound to accommodate the Plant's workers, employees and their families. The residential compound includes family accommodation, bachelors' accommodation, a mosque, two schools and playgrounds.

Cement and clinker are currently produced through one production line in the Company's Plant with a total capacity of 6,000 TPD of clinker. This line was established by Nesma Saudi Company established according to a turnkey contract entered into on 13/02/2006G. The construction of Line I commenced on 28/03/2006G and was handed over to the Company on 26/02/2008G. Trial production commenced on the same date. The final handing over of Line I took place on 28/04/2008G and commercial operations commenced on 01/10/2008G. The total costs for the construction of Line I amounted to SAR 1,076,250,000, which included USD 263,000,000 (equivalent to SAR 986,250,000) for the construction and SAR 90,000,000 for heavy equipment and machinery.

The Company is currently running the production and quality tests related to the establishment of a new production line (Line II) in the main factory with a production capacity of 3,000 TPD of clinker. The Line II construction works were completed on 18/11/2012G. It is expected that the initial handing over of the project and trial production will commence in December 2012G.

Table 30 : Daily and Annual Production Capacity of Clinker and Cement

	Production Capacity Per Day	Production Capacity Per Annum (320 Days)
Line I	6,000 Tons	1,920,000 Tons
Line II*	3,000 Tons	960,000 Tons
Total	9,000 Tons	2,880,000 Tons

Sources: the Company

* Expected production capacity.

The annual production capacity of the Company under its industrial license is 2,700,000 tons of cement (please refer to the below paragraph titled "Plant Licenses") which will be sufficient to cover the Company's current production and the expected production of Line II. Should the Company enhance its licensed production quantities, it will apply for an amendment of the license.

Aramco currently provides the Company with fuel up to a capacity of 19,000,000 liter per month of heavy fuel oil and 300,000 liter of diesel per month as per the agreement made between the Company and Aramco dated 01/10/2007. The Company currently consumes 19,000,000 liter per month of heavy fuel oil to run Line I while Line II will need 2,000,000 Liter of heavy fuel oil per month to produce clinker. The Company has already sent a letter to Aramco dated 23/06/1431H (corresponding to 06/06/2010G) to procure the necessary fuel quantities to run Line II of the expansion project. As at the date hereof, the Company is awaiting a reply from Aramco.

4 - 5 - 2 Plant Licenses

The Company has obtained several licenses in order to carry out its operations, including:

- Industrial License:
  - On 28/04/1426H (corresponding to 06/06/2005G), the Company obtained Industrial License No. (900/I) for production of:
    - 1,500,000 (one million five hundred thousand) tons of Ordinary Portland Cement (OPC); and
    - 300,000 (three hundred thousand) tons of Sulphate Resistant Cement (SRC).
  - On 09/06/1431H (corresponding to 23/05/2010G), the Company obtained Industrial License No. (540/I) for production of:
    - 2,250,000 (two million two hundred fifty thousand) tons of Ordinary Portland Cement (OPC); and
    - 450,000 (four hundred fifty thousand) tons of Sulphate Resistant Cement (SRC).

The conditions of the Industrial License stipulate that no other partner may enter, no funds may be collected and no amendment may be made to the ownership of the license without the prior consent of the Ministry of Commerce and Industry. In case of contravention, the Ministry of Commerce and Industry has the right to cancel the license. The Company sent a letter to the Ministry of Commerce and Industry requesting the latter's approval on offering of the shares of the Company for public subscription and the required consent was received on 15/10/1433H (corresponding to 02/09/2012G).

- Quarry License: The Company entered into an agreement with Saudi Pan Kingdom Trading, Industrial and Contracting Company Limited, which assigned the quarry license No. 48/Q dated 06/07/1427H (Corresponding to 01/08/2006G) in Harrat Al Harrah in Arar province, issued by the Ministry of Petroleum and Mineral Resources, in favor of the Company. The validity period of this license is thirty Hijri years starting from the date of issue.

  The quarry license contained a condition that Pan Kingdom Trading, Manufacturing & Contracting Company Limited would set up a joint stock company to own the whole project including the cement plant, to offer 50% of its shares for public subscription, and to subsequently transfer the quarry license the Company. The Company expects that the MPMR will transfer the license to the Company after completion of the offering of the 50% of its shares for public subscription and listing the shares on the Saudi Stock Exchange (Tadawul). The Company is currently communicating with the MPMR to transfer the quarry license within the scheduled time. Until the transfer is completed, the Quarry License will continue to be in the name of Pan Kingdom Trading, Manufacturing & Contracting Company Limited which will pay all the necessary fees pursuant to the terms of the License on behalf of the Company.

- By virtue of the Supreme Decree No. 3810/M B, dated 03/05/1430H (corresponding to 28/04/2009G), the Company obtained an export license from the Ministry of Commerce and Industry, renewable every three-month, setting the allowed quantity of cement exports and the Company's related obligations. Such obligations require the Company to sell cement in the local market at a maximum price of SAR 200 per ton (FOB) and SAR 10 per bag, and retain 10% of surplus production as a strategic stock. The Company is required to provide the Ministry with supply changes, distributors and end consumer price to follow-up. The last export license obtained by the Company on 02/12/1432H (corresponding to 30/10/2011G) has not been renewed, as cement and clinker exports were suspended on 12/02/2012G by virtue of a decision by the KSA Ministry of Commerce and Industry.

4 - 5 - 3 Company's Products

The plant's current production capacity of clinker is 6,000 (six thousand) TPD and 1,920,000 (one million nine hundred and twenty thousand) TPY.

In addition to Ordinary Portland Clinker and Sulphate Resistant Clinker, the Company produces and sells:

- Ordinary Portland Cement (OPC) used in masonry and concrete works, and
- Sulphate Resistant Cement (SRC) used in projects that are exposed to high amounts of sulphates.

Table 31 : Company's products and sales per ton

	2009G		2010G		2011G		6-month period ending on 30 June 2012G	
	Production	Sales	Production	Sales	Production	Sales	Production	Sales
Ordinary Portland Cement (OPC)	1,236,874	1,243,759	999,295	1,000,284	814,951	825,827	558,307	532,588
Sulphate Resistant Cement (SRC)	549,695	552,165	423,614	426,254	311,705	310,213	76,604	76,890
Cement Total	1,786,569	1,795,924	1,422,909	1,426,538	1,126,656	1,136,040	639,911	609,478
Clinker	1,609,413	210,560	1,732,019	935,668	1,605,112	550,462	666,322	37,771

Sources: Company

Cement production and sales declined in 2010G and 2011G, compared to 2009G, while clinker sales increased due to high demand for clinker from NCC (Jordan), which started commercial production in September 2009G. Till the export suspension was imposed by the competent authorities of KSA in 2012G, NCC (Jordan) was the main client of the Company.

Table 32 : The Company's Cement and Clinker Production Capacity

	2009G	2010G	2011G	6-month period ending on 30 June 2012G
Planned days of production	320	320	320	160
Actual days of production	288	307	285	119
Actual planned shutdown days	30	31	36	25
Unplanned shutdown days	47	27	44	38
Designed clinker production capacity (ton/day)	6,000	6,000	6,000	6,000
Designed clinker production capacity (ton/year)	1,920,000	1,920,000	1,920,000	960,000

	2009G	2010G	2011G	6-month period ending on 30 June 2012G
Actual average clinker production (ton/day)	5,588	5,642	5,632	5,599
Actual averageclinker production (ton/year)	1,609,413	1,732,019	1,605,112	666,322
Designed cement production capacity (ton/day)	6,720	6,720	6,720	6,720
Designed cement production capacity (ton/day)	2,150,400	2,150,400	2,150,400	1,075,200
Actual cement production rate (ton/day)	6,203	4,635	3,953	5,335
Actual cement production rate (ton/year)	1,786,569	1,422,909	1,126,656	634,911
Clinker production capacity utilization rate (%)	83.82%	90.21%	83.60%	69.41%

Sources: Company

Full annual production capacity of the plant is calculated based on 320 days of production which allows for 45 days of periodical maintenance and planned suspension of production. The utilization rate during 2011G and the first half of 2012G declined to 83.60% and 69.41% respectively due to unplanned shutdowns. The production line suffered 44 and 38 days of unplanned shutdown in 2011G and first half of 2012G respectively.

4 - 5 - 4 Raw Materials

Cement requires a number of raw materials of which limestone is the most important. Other raw materials required for cement production include clay, bauxite, iron and gypsum.

Table 33 : Raw materials mix consumed used by the Company for each type of Clinker since 2009G

Raw material	Ordinary Portland Clinker	Sulphate Resistant Clinker
Limestone	72.4% - 75.6%	75.3% - 75.5%
Clay	21.0% - 24.6%	20.9% - 22.1%
Bauxite	1.7% - 2.0%	0.1% - 0.3%
Iron	1.1% - 1.4%	2.6% - 3.3%

Source: Company

The raw material mix used by the Company complies with international standards of the cement industry.

4 - 5 - 5 Production

- Limestone and clay are obtained from the Company's quarries which are close to the plant, whereas iron and bauxite are bought from different local resources.
- The raw materials obtained from the quarries are transported to special crushers, which crush the raw materials.
- Crushed raw materials are transferred by conveyor belts to grinders to be grounded and blended in the required mix and in accordance with the product quality standards. This is performed in the materials mixing warehouse.
- The mix is then transferred from mixing warehouse after passing several stages of drying to heating and then passed through a kiln to produce clinker.
- Clinker passes through coolers to reduce its temperature prior to storing. Thereafter, the required quantities are ground after being mixed with gypsum to produce cement. Large quantities of cement are stored in special warehouses.
- Based on the quantities required to be delivered to customers, packaging machines are fed with bulk cement to be packed in paper bags of 50 kg each. The required quantities of bulk cement are delivered to bulk cement delivery points and delivered to customers.

4 - 5 - 6 Technical and Administrative Departments

4 - 5 - 6 - 1 Marketing and Sales Department

The Company has an experienced team specialized in marketing, sales and customer service. The technical team of Marketing and Sales team conducts continuous on-site visits to locations which can be developed into target markets for the Company. Further, the team conducts research and studies, which are necessary for developing the Company's markets and increasing the Company's share in new markets. In addition, the team provides customer service and maintains the integrity of the product delivered to customers at the correct time and place.

4 - 5 - 6 - 2 Procurement Department

The Company has a procurement department which supports operation and maintenance department by sourcing and procuring of raw materials, equipment, spare parts and other production requirements. This includes negotiating with and purchasing from local and foreign suppliers, clearance, transportation, storage, handling and quality control. Further, the procurement department works closely with suppliers to ensure steady supply and seeks out new suppliers and channels that could reduce the cost, while maintaining quality.

4 - 5 - 6 - 3 Operation and Maintenance

The Company has specialized technical staff with significant experience in the cement industry. The technical team is self- sufficient in terms of operating the plant. Additionally, the Company utilizes the services of other contractors for providing support and management services to the Company's plant. Further, the technical team undertakes full electromechanical maintenance of the plant utilizing its trained personnel.

4 - 5 - 6 - 4 Information Technology

The Company has a highly qualified team undertaking all necessary services related to information technology. With the implementation of the SAP system, the Company has world-class computer systems for all stages of production, marketing, general and periodical maintenance, and procurement and human resource management. This is in addition to financial control systems available through SAP.

4 - 5 - 6 - 5 Human Resources

The Company's human resources team is entrusted with managing the staff and human resource affairs. The team is highly qualified and mostly comprises of Saudi nationals with the abilities and qualifications to manage the department. The human resources team provides services related to public relations, government relations, staff training and support services related to logistics, transport, security and safety.

4 - 5 - 6 - 6 Finance Department

The Company has a highly experienced finance and accounting team. The team has varied experience in industry, investment management and financing. The finance department uses advanced accounting systems and has adopted SAP for financial and accounting matters, including human resources, procurement, warehouses, sales, maintenance, production and project management. Further, the finance department uses SAP system for calculating industrial costs with the aim of strict controls and, furthermore, the finance department controls and monitors sale prices agreed with Ministry of Commerce and Industry (MOCI) during periods when the Company's products are allowed to be exported to neighboring countries to assure compliance with MOCI direction.

4 - 5 - 6 - 7 Internal Audit

The Company currently employs the services of an internal auditor. The Company has also entered into an agreement with an external consultant to provide the Company with advice on setting up a system for internal auditing ensuring effective application and enforcement of regulations, financial policies and procedures and rules of the Company, as well as effective audit of documents, including their technical, financial and administrative aspects in accordance with the applicable standards and the Company's bylaws.

4 - 5 - 6 - 8 Quality

The Company pays special attention to product quality and has a special department for quality which supervises production commencing from selection of raw materials passing through each stages of production till delivery to the customers.

The Company has sophisticated laboratories equipped with the latest analysis and measurement devices compliant with international standards and specifications. The Company adopts international standards and specifications for cement production. The Company's laboratories are managed by technical engineers who are highly experienced in the cement industry. Furthermore, the Company has signed a contract to completely upgrade its quality control laboratory to ensure more effective quality control in the future.

4 - 5 - 6 - 9 Safety

The Company has a highly qualified and experienced medical and technical team entrusted with maintaining safety of employees and workers of the Company and ensuring the enforcement of the Company's regulations. The Company also has an ambulance service for transporting emergency cases to the nearest hospitals in the region. The public safety team provides immediate medical attention and ambulance services at the Company's site.

4 - 5 - 7 Social Responsibility

Since the Company is one of the largest companies in the northern region, it is committed to creating jobs for as many citizens of the region as possible subject to business requirements. The Company participates in most of the social, charitable and sports events in the region. Furthermore, the Company supports charitable societies, Quran schools and sports clubs, and provides cash and in-kind donations. The Company also organizes local events in cooperation with governmental authorities, particularly the traffic and civil defense departments.

4 - 6 Researches and Development

The Company has a team entrusted with research and development and is responsible for keeping up to date with the latest developments in the cement industry including productivity and quality. This team is currently undertaking a number of tests for additional materials such as pozzolana to further develop the Company's product range.

4 - 7 Company Strategy

4 - 7 - 1 Operating Strategy

The Company aims to be the leading cement production company in Kingdom of Saudi Arabia and the Middle East by adopting the following strategies:

- Utilizing quality and low cost raw materials and fuel available in the vicinity of the Company,
- Utilizing the skills and technical experience of the Company's employees,
- Leveraging its geographical location which helps the Company supply cement and clinker at competitive prices, and contributes to the development of Northern region of KSA while also fulfilling the demand for cement in the neighboring countries such as Iraq, Jordan, Kuwait, Syria and others,
- Maintaining long-term relationships with suppliers and customers,
- Maintaining product quality and affordable prices,
- Expanding production by building new clinker and sulphate resistant cement production line (Line II),
- Regional expansion through enhancing exports to Jordan and Iraq once the export suspension is lifted, and
- Investment in human resources through training and developing staff and increasing Saudization levels.

4 - 7 - 2 Sales and Marketing Strategy

Due to strong demand for cement in neighboring countries, the Company is exploring the feasibility of establishing independent production units in countries such as Iraq and Syria, which will act as the investment and marketing arms of the Company in such countries. Additionally, the Company seeks to build long-term relationships with individual and corporate customers and with ready mix concrete plants and distributors in all regions. The Company intends to establish and maintain these relationships and to supply high quality cement, technical services, advice as well as continuous technical support to customers.

The Company markets its products in the following markets:

- Local market: The Company supplies cement in the northern regions of KSA, which are witnessing extensive urban and infrastructure development with large projects such as universities, hospitals, schools, railways, and economic cities. Being one of the major suppliers of cement in the region, the Company is able to contribute significantly to the urban development of northern regions of the Kingdom.
- Regional markets: Till the suspension of cement and clinker exports by MOCI, the Company was exporting clinker to Jordan and cement to Iraq.

The Company relies on direct sales and a network of distributors to market its products to customers and ready mix concrete plants in domestic and foreign markets.

4 - 7 - 2 - 1 Clients

Since its inception, the Company has developed strong relationships with an extensive client base. The Company seeks to continuously expand its client base in the Kingdom as well as in neighboring countries such as Iraq and Jordan. The Company also targets other markets, such as Kuwait. As at December 2011G, cement accounted for 59% of the Company production and 62% of its sales.

It should be noted that NCC (Jordan) of which the Company owns 99% as at 30/6/2012G was the Company's main client. NCC (Jordan) accounted for 32% of the Company's sales as at December 2011G. In 2011G, the Company entered into a contract for supplying clinker to NCC (Jordan) for 15 years. This contract was suspended on 15/2/2012G for a temporary period pending the lifting of clinker export suspension imposed by KSA authorities (please refer to the "Contract with NCC (Jordan) or the Sale of Clinker" paragraph of the "Legal Information" section).

With the suspension of exports by MOCI, cement companies are obliged to sell their products in the local market to fulfill domestic demand. This has provided the Company with an opportunity to build new relationships with local clients.

The Company is currently selling its products in the local market only and will resume exports when the suspension is lifted by the relevant authorities in KSA. Although the Company has built new relationships with local clients, the Company sales have been impacted as a result of export suspension with sales declining by 27% over the six months ending 30 June 2012G, compared to the same period in 2011G (please refer to the "Updated Results of Operations for the 6-months Period Ended 30 June, 2012G" paragraph of the "Financial Information and Management's Discussion and Analysis" section). Furthermore, the sales to the Company's top five clients - NCC (Jordan), Furat Ibrahim Trading Company (Iraq), Al Safaa Mohamed Abdul Rahman Shebo Office (Lebanon), Al Mohaileb Block and Concrete Plant Arar (KSA) and Bashar Al Kayed Establishment (KSA) - have declined from 69.5% of the Company's total sales in 2011G to 19.4% during the six months period ending in 2012G. As of 30 June 2012G, the top five clients, who are Al Mohaileb Block and Concrete Plant Arar (KSA), Aqla Jabr Flaijan Al Anzi (KSA), Mohamed Shahi (KSA), Al Kayed Soroh Industrial Group (KSA) and Saleh Naser Al Khaliwi Sons Trading Company (KSA) account for 41.9% of the Company's total sales.

Table 34 : Top 10 Customer of the Company for the Year Ended December 2011G and the Period Ended June 2012G

(,000) Saudi Riyals		2009G	% Of Total Sales	2010G	% Of Total Sales	2011G	% Of Total Sales	6-month Period ending on 30 June 2012	% Of Total Sales
NCC (Jordan)	Jordan	74,736	17%	205,901	39%	120,866	32%	3,554	2%
Furat Ibrahim Trading Company	Iraq	22,092	5%	39,054	7%	59,258	16%	139	0%
Al Safa Mohamed Abdul Rahman Sheabo Office	Lebanon	-	0%	41,136	8%	48,900	13%	486	0%
Al Mohaileb Block and Concrete Plant, Arar	KSA	40,795	9%	30,861	6%	17,502	5%	17,189	12%

(,000) Saudi Riyals		2009G	% Of Total Sales	2010G	% Of Total Sales	2011G	% Of Total Sales	6-month Period ending on 30 June 2012	% Of Total Sales
Bashar Al Kayed Est.	KSA	-	0%	11,234	2%	17,260	5%	6,903	5%
Aqla Jabr Flijan Al Anzi	KSA	27,337	6%	25,689	5%	16,241	4%	17,001	12%
Rashed Al Abdul Rahman Al Rashed Company	KSA	53,299	12%	28,890	5%	13,878	4%	-	0%
Al Ghareeb Block and Ready Concrete Plant	KSA	-	0%	-	0%	9,400	2%	6,807	5%
Eid Abdul Rahman Al Sobhi	KSA	74,645	17%	45,998	9%	8,363	2%	-	0%
Abdul Rahman Naser Al Rajehi Est.	KSA	23,939	5%	10,946	2%	8,194	2%	6,302	4%
Mohamed Shahi	KSA	-	0%	-	0%	-	0%	11,023	8%
Al Kayed Soroh Industrial Group	KSA	8,774	2%	4,586	1%	-	0%	8,803	6%
Naser Al Khiliwi Sons Trading Company	KSA	-	0%	-	0%	7,776	2%	7,171	5%
Naql Specialized International Company	KSA	26,108	6%	13,656	3%	4,069	1%	6,201	4%
Total		351,727	80%	457,951	87%	331,707	87%	91,579	63%
Remainder		88,143	20%	70,062	13%	47,657	13%	54,485	37%
Total domestic sales		303,899	69%	217,321	41%	144,466	38%	141,605	97%
Total exports		135,970	31%	310,691	59%	234,899	62%	4,461	3%
Company total sales		439,870	100%	528,013	100%	379,364	100%	146,064	100%

Sources: Company

4 - 7 - 3 Investment Strategy

The Company's management has set guidelines to utilize any Company funds for investment and dealing with investment opportunities inside and outside the Kingdom of Saudi Arabia.

The Company built a plant for grinding clinker and producing cement in the Hashemite Kingdom of Jordan at a cost of SAR 270,000,000. The construction of the plant was completed in the last quarter of 2009G. Commercial operation commenced in 2010G which was the first year of actual cement production. This project became the marketing arm of the Company outside KSA.

With its objective of expanding and marketing its products to the greatest extent possible, the Company carried out a complete study for participating in future feasible projects, based on the type and importance of the projects. Through one of its affiliates, AlKhobara, of which 50% is owned by the Company, it has entered into a partnership agreement on 15/12/2011G for rehabilitating AlKobaisah cement plant in Iraq (please refer to the "Use of Proceeds and Future Projects" section), as the Company will indirectly own 25.5% of AlKobaisah cement plant.

The Company has also conducted economic studies and set broad guidelines for construction of ready-made concrete projects and block factories at certain remote locations in the Kingdom of Saudi Arabia with the objective of developing such locations economically while also expanding the marketing coverage of the Company's products throughout all regions. The Company is currently conducting a feasibility study of this investment, but no decision has been made as to whether the Company will invest in ready-made concrete projects and block factories as at the date of this Prospectus.

4 - 8 Company's Market Share

There are 14 cement companies operating in the Kingdom of Saudi Arabia. The Company has the smallest market share in the Saudi market of 1.5%. However, it should be noted that the Saudi market accounts for only 41% of the Company sales, as at December 2011G. The Company is one of the three Saudi companies which were exporting cement and clinker to neighboring countries prior to the cement and clinker export suspension imposed by the KSA authorities.

The Company's primary market in KSA is the Northern region and Al Jawf region. The Company is also targeting other regions: Hail, Tabuk and Al Madinah as secondary and tertiary markets.

Table 35 : Local Cement Producers' Market Share in the Company's Existing and Target Markets as at 2011G

Sr.	Company/ Region	Hail	Tabuk	Al Madinah	Northern borders	Al Jawf
1	Al Yamama Cement	-	-	-	-	-
2	Saudi Cement	8%	-	6%	-	-
3	Eastern Cement	-	-	-	-	-
4	Al Qassim Cement	55%	-	45%	-	16%
5	Yanbu Cement	-	-	38%	-	-
6	Arabian Cement	-	-	-	-	-
7	Southern Cement	-	-	-	-	-
8	Tabuk Cement	-	100%	7%	-	19%
9	Riyadh Cement	26%	-	4%	-	-
10	Najran Cement	-	-	-	-	-
11	Al Madinah Cement	11%	-	-	-	-
12	**NRCC**	**-**	**-**	**-**	**23%**	**44%**
13	Al Jouf Cement	-	-	-	77%	21%
14	Al Safawa Cement	-	-	-	-	-

Sources: Al Yamama Cement, Northern Cement, Cement distributors, Holtec Report

4 - 9 Competitive Advantages

The Company has the following competitive advantages:

4 - 9 - 1 Location

The Company's plant is strategically located in the northern region, 190 km from Ar'ar and 50 km from the city of Turaif. The significance of the location stems from it being adjacent to a raw materials quarry. The Plant is also close to a number of local and regional markets, which are useful for any plans of opening export outlets near neighboring border lines.

4 - 9 - 2 Quality Products

The Company is committed to manufacturing products that comply with the best international standards thanks to the consistent monitoring system and quality assurance checks undertaken throughout the production stages by a highly specialized laboratory established on the Plant's site especially for this purpose. Testament to the quality of NRCC's products is best demonstrated in the increasing demand received from the domestic market and from neighboring countries such as Iraq and Jordan, and through the ISO 9001 certification received by the Company (please refer to the "Legal Information" section), which will be made available to public (please refer to the "Documents Available for Inspection " section).

A recent study conducted by Holtec Private Consulting Ltd. revealed that the Company outperformed its competitors in terms of the quality of products. Moreover, the cement produced by the Company is dark in color, which is preferred by customers in KSA, Iraq and Jordan.

4 - 9 - 3 Know-How and Management Skills

The Company employs experienced management staff with expertise in technical, financial and corporate management fields and extensive knowledge of prevailing trends in both regional and international markets.

4 - 9 - 4 Availability of Raw Materials

The Company holds a Raw Materials Quarry License (the "Quarry License") for quarrying limestone in north Harrat al-Harrah, Ar'ar. The Quarry License is valid for 30 years from the date of issue (06/07/1427H, corresponding to 01/08/2006G).

The Company entered into an agreement with Pan Kingdom for Trading, Industry, and Construction Co., whereby the latter assigned a raw materials quarry license no. 48/Q issued by the Ministry of Petroleum and Mineral Resources ("MPMR") on 06/07/1427H (corresponding to 01/08/2006G) to the Company. However, MPMR has not approved the assignment to date and has made their approval contingent upon the Company offering 50% its shares for public subscription. Therefore, it is anticipated that MPMR will approve the assignment once the Offering is completed.

4 - 9 - 5 Product Cost

A key advantage of the Plant is that the major inputs are available in the quarries owned by the Company. This significantly reduces transportation costs in comparison with other manufacturers. Additionally, consistent government support and encouragement for improving this industry significantly contributes to Company's capability to manufacture its products at fairly competitive costs.

4 - 10 Human Resources

The Company employed a total of 565 staff as of 30 June 2012G distributed between the Company head office in Ar'ar, the Company plant, and the Company branch in Riyadh.

Table 36 : Distribution of Employees of the Company During the Past 3 Years and the First Half of 2012G

	2009G	2010G	2011G	30 June 2012G
Head Office	**84**	**85**	**84**	**81**
Saudis	47	45	41	38
Non-Saudis	37	40	43	43
Plant	**421**	**473**	**473**	**484**
Saudis	101	129	129	139
Non-Saudis	320	344	344	345
Total employees	505	558	557	565
Saudis	148	174	170	177
Non-Saudis	357	384	387	388
Saudization (%)	29.3%	31.2%	30.5%	31.3%

Source: Company

4 - 10 - 1 Saudization

The Company applies a Saudization policy in compliance with the requirements of the Ministry of Labor applicable on cement companies with a workforce of more than 500 workers. Such companies have to achieve a Saudization percentage of 30%. According to Nitaqat Extract issued on 21/10/2012G, the Company had achieved a Saudization percentage of 34.08% (the average of the past three months), and was classified in the green category. The Company intends to continue to gradually increase the number of Saudi employees at all levels.

4 - 10 - 2 Training

- Based on an organizational structure and a contracting system for Saudi trainees, Company management has set an ambitious plan to provide training and employment opportunities to Saudis in all technical and administrative departments of the Company. The Company signed an agreement with the Human Resources Fund to training a number of graduates from all fields. The related training commenced on 01/05/2009G at the Company's plant.
- The Company has prepared an annual plan to identify a group of Saudi engineers and administrators to take training courses at well-known training centers inside and outside the Kingdom.
- The Company plans to train Saudi staff in the technical fields (plumbing, electricity, mechanics, and complex machines) on the Company site.
- A training center has been established at the Company head office. The center is specialized in computer and English language training for nationals, especially citizens of the northern region in accordance with the Company's Saudization plans. In this regard, the Company entered into a contract with National Training High Institute in Ar'ar city to provide trainers and a training program.

4 - 11 Certificates

The Company has obtained the following certificates:

- Open-ended Environmental Approval Certificate to undertake its business, provided that the Company shall not change the nature or size of the production licensed under the industrial license No. 1405 for the purposes of producing:
  - 1,500,000 tons of Ordinary Portland Cement, and
  - 300,000 tons of Sulphate Resistant Cement.
- SASO certificate for product compliance with quality standards.
- ISO 9001 certificate which reflects the Company's rapid advancement in organizational and technological fields.

4 - 12 Trademarks

The Company is the registered owner of its trademark. The trademark is composed of the Latin letter (N) with the letters "N", "R" and "C" written thereon. On the top of the letter "N" there is a stylized arrow and beneath the letter there is a phrase in Arabic which reads, "شركة أسمنت المنطقة الشمالية" and a phrase in English which reads, "Northern Region Cement Co". The said trademark is registered with the Ministry of Commerce and Industry in class (19) as per the trademark registration certificate No. 32/914 dated 14/04/1428H (corresponding to 02/05/2007). Under such registration certificate and the Trademarks Protection Law, this trademark is protected in KSA for ten years starting from 26/04/1427H (corresponding to 25/05/2006) until 25/04/1437H (corresponding to 05/02/2016G).

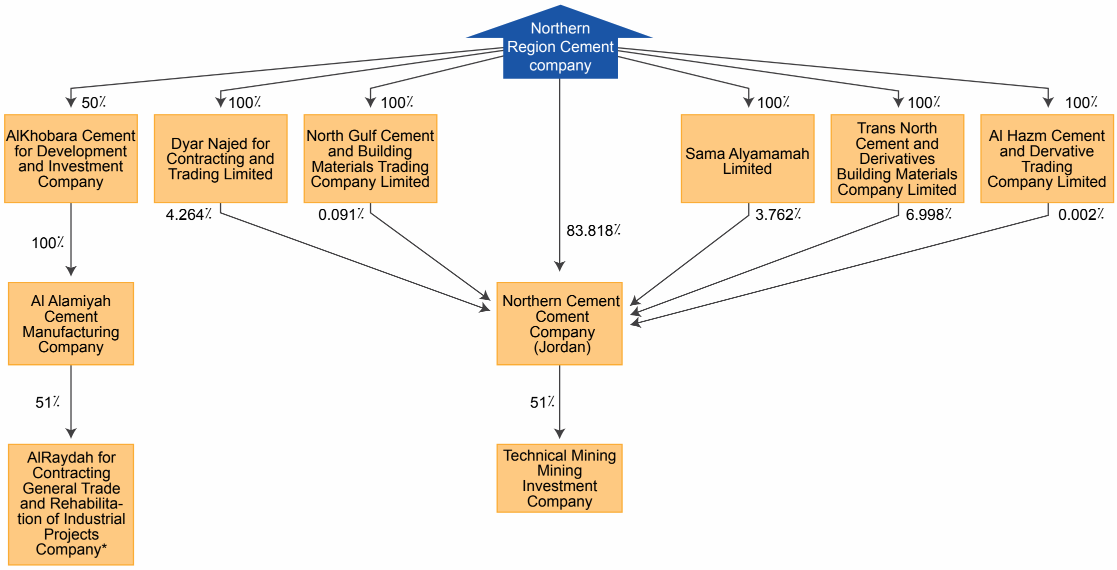
NRC
شركة أسمنت المنطقة الشمالية
NORTHERN REGION CEMENT CO.

Currently, the Company does not have any other trademark registered in the Kingdom of Saudi Arabia.

4 - 13 Affiliates

4 - 13 - 1 Structure of Affiliates

Diagram (1): Organizational Structure of NRCC's Affiliates as at 19/11/2012G



Source: Company

** Procedures related to transfer of shares of AlRaydah to AlAlamiyah Cement Manufacturing Company with the Iraqi authorities are pending.*

4 - 13 - 2 Sama Al Yamamah Limited

Sama Al Yamamah Company Limited was established on 27/07/2010G with a capital of AED 1,000 (one thousand Dirhams), equal to SAR 1,020 (one thousand and twenty Saudi Riyals). It is an offshore company with limited liability, registered under registration number 140035 in Jebel Ali Free Zone in the Emirate of Dubai, UAE. It is fully owned by NRCC.

The objectives of Sama Al Yamamah Company Limited are to carry out any legal business in accordance with the laws of offshore companies of Jebel Ali Free Zone. Its current business is to own shares in NCC (Jordan).

Sama Al Yamama Company Limited does not have employees and has entrusted a law office to manage its affairs. It does not have a policy regarding research and development.

4 - 13 - 3 Dyar Najed For Contracting and Trading Limited

Dyar Najed For Contracting & Trading Limited was established on 27/07/2010G with a capital of AED 1,000 (one thousand Dirhams), equal to SAR 1,020 (one thousand and twenty Saudi Riyals). It is an offshore company with limited liability, registered under registration number 140034 with Jebel Ali Free Zone in the Emirate of Dubai, UAE. It is fully owned by NRCC.

The objectives of Dyar Najed for Contracting and Trading Company Limited are to carry out any legal business in accordance with the laws of offshore companies of Jebel Ali Free Zone. Its current business is to own shares in NCC (Jordan).

Dyar Najed For Contracting and Trading Limited does not have employees and has entrusted a law office to manage its affairs. It does not have a policy regarding research and development.

4 - 13 - 4 North Gulf Cement and Building Materials Trading Company Limited

North Gulf Cement and Building Materials Trading Company Limited was established on 14/07/2009G with a capital of AED 1,000 (one thousand Dirhams), equal to SAR 1,020 (one thousand and twenty Saudi Riyals). It is an offshore company with limited liability, registered under the registration number 128517 with Jebel Ali Free Zone in the Emirate of Dubai, UAE. It is fully owned by NRCC.

The objectives of North Gulf Cement and Building Materials Trading Company Limited are to carry out any legal business in accordance with the laws of offshore companies of Jebel Ali Free Zone. Its current business is to own shares in NCC (Jordan).

North Gulf Cement & Building Materials Trading Company Limited does not have employees and has entrusted a law office to manage its affairs. It does not have a policy regarding research and development.

4 - 13 - 5 Trans North Cement Derivatives and Building Materials Company Limited

Trans North Cement Derivatives and Building Materials Company Limited was established on 14/07/2009G with a capital of AED 1,000 (one thousand Dirhams), equal to SAR 1,020 (one thousand and twenty Saudi Riyals). It is an offshore company with limited liability, registered under registration number 128537 with Jebel Ali Free Zone in the Emirate of Dubai, UAE. It is fully owned by NRCC. On 26/05/2011G, the ownership of Trans North Cement Derivatives and Building Materials Company Limited was conveyed to International Cement Investment Company ("ICIC") owned by the shareholders of NRCC in proportion to their shareholding in the Company. On 14/05/2012G, the ownership of Trans North Cement Derivatives and Building Materials Company Limited was conveyed back to NRCC.

The objectives of Trans North Cement Derivatives & Building Materials Company Limited are to carry out any legal business in accordance with the laws of offshore companies of Jebel Ali Free Zone. Its current business is to own shares in NCC (Jordan).

Trans North Cement Derivatives and Building Materials Company Limited does not have employees and has entrusted a law office to manage its affairs. It does not have a policy regarding research and development.

4 - 13 - 6 Al Hazm Cement and Derivatives Trading Company Limited

Al Hazm Cement & Derivatives Trading Company Limited was established on 14/07/2009G with a capital of AED 1,000 (one thousand Dirhams), equal to SAR 1,020 (one thousand and twenty Saudi Riyals). It is an offshore company with limited liability, registered under registration number 128497 with Jebel Ali Free Zone in the Emirate of Dubai, UAE. It is fully owned by NRCC.

On 26/05/2011G, the ownership of Trans North Cement Derivatives & Building Materials Company Limited was conveyed to ICIC owned by the shareholders of NRCC in the same proportion to their shareholding in the Company. On 10/05/2012G, the ownership of Trans North Cement Derivatives & Building Materials Company Limited was conveyed back to NRCC.

The objectives of Al Hazm Cement & Derivatives Trading Company Limited are to carry out any legal business in accordance with the laws of offshore companies of Jebel Ali Free Zone. Its current business is to own shares in NCC (Jordan).

Al Hazm Cement & Derivatives Trading Company Limited does not have employees and has entrusted a law office to manage its affairs. It does not have a policy regarding research and development.

4 - 13 - 7 AlKhobara Cement for Development and Investment Company ("AlKhobara")

AlKhobara was established on 12/12/2011G with a capital of JOD 1,000 (one thousand Jordanian Dinars), equal to SAR 5,289 (five thousand two hundred eighty nine Saudi Riyals). It is a Jordanian company with limited liability, exempted, and registered under registration number 1397. On 20/03/2012G, 50% of AlKhobara then owned by Mr. Basem Jowaid Badr Al Deen Thebian was transferred to NRCC. Therefore, shareholding of AlKhobara was as follows:

Table 37 : Shareholding Structure of AlKhobara

Name	Nationality	Shareholding	% of Shares
NRCC	KSA	500	50%
Thatul Sawari Company	KSA	500	50%

Source: Company

Table 38 : Shareholding Structure of Thatul Sawari Company

Name	Nationality	Shareholding	% of Shares
Al Muhaideb Holding Company	KSA	450,000	90%
Abdul Qader Al Muhaideb & Sons Company	KSA	50,000	10%

Source: Company

Table 39 : Shareholding Structure of Al Muhaideb Holding Company

Name	Nationality	Shareholding	% of Shares
Sulaiman Abdul Qader Abdul Mohsen Al Muhaideb	KSA	2,700	27.0%
Emad Abdul Qader Abdul Mohsen Al Muhaideb	KSA	2,700	27.0%
Essam Abdul Qader Abdul Mohsen Al Muhaideb	KSA	2,700	27.0%
Lualua Sulaiman Saleh Al Muhaideb	KSA	500	5.0%
Maryam Abdul Qader Abdul Mohsen Al Muhaideb	KSA	350	3.5%
Awatef Abdul Qader Abdul Mohsen Al Muhaideb	KSA	350	3.5%
Hayfaa Abdul Qader Abdul Mohsen Al Muhaideb	KSA	350	3.5%
Tamadur Abdul Qader Abdul Mohsen Al Muhaideb	KSA	350	3.5%

Source: Company

For more information about the shareholding of Abdul Qader Al Muhaideb & Sons Company, please refer to "Abdul Qader Al Muhaideb & Sons Company" and paragraph of the "Current Shareholders" section.

The objectives of AlKhobara are as follows:

- Management and development of industrial, administrative and mineral projects,
- Investment in commercial and industrial projects in mining, cement, steel companies and other companies,
- Commercial agencies and brokerage, and
- Acquisition of movable and immovable properties necessary for the Company’s business.

Its current business is solely to acquire shares in AlAlamiyah.

AlKhobara does not have employees and has entrusted NCC (Jordan) to manage its activities. It does not have a policy regarding research and development.

4 - 13 - 7 - 1 Al Alamiyah Cement Manufacturing Company ("AlAlamiyah")

AlAlamiyah was established on 17/08/2010G with a capital of JOD 50,000 (fifty thousand Jordanian Dinars), equal to SAR 264,452 (two hundred sixty four thousand four hundred fifty two Saudi Riyals). It is a Jordanian company with limited liability, exempted, and registered under registration number 1137. Since 11/09/2012G, AlAlamiyah is fully owned by AlKhobara.

Table 40 : Shareholding Structure of AlAlamiyah

Shareholding of NCC (Jordan)	Nationality	No. of Shares	% of Shares
AlKhobara Cement for Development and Investment Company	Jordan	50,000,000	100%

Source: Company

AlAlamiyah Cement Manufacturing Company does not have any operations at present. Its business is to solely own shares in AlRaydah when the process of share transfer is completed by the concerned Iraqi authorities.

4 - 13 - 7 - 2 AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company ("AlRaydah")

AlRaydah was established on 17/09/1424H (corresponding to 12/11/2003G) under the name of AlRaydah for Contracting and General Trade Limited, and the name was changed on 27/01/2010G to AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company. It is an Iraqi limited liability company with a capital of IQD 3,003,000,000 (three billion and three million Iraqi Dinars) equivalent to SAR 9,666,331 (nine million six hundred sixty six thousand and three hundred thirty one Saudi Riyals). It was awarded a contract for rehabilitating and operating AlKobaisah cement plant in Iraq for a period of 15 years from the date of signing the contract dated 20/12/2009G. It has no other operations at present.

On 15/12/2011G, AlKhobara entered into a share purchase agreement with the owners of AlRaydah to purchase 51% of the shares of AlRaydah for Cement Manufacturing and Rehabilitation of Industrial Project ("AlRaydah for Cement") and to take part in its management. Further to the share purchase agreement and the undertakings from the owners of AlRaydah, AlKhobara will acquire 51% of the shares of AlRaydah for Cement through its 100% subsidiary AlAlamiyah, (please refer to the "Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company" paragraph of the "Legal Information" section).

The process of transferring the shares of AlRaydah to AlAlamyiah is still pending with the competent authorities in Iraq. At this point in time, the Company cannot predict the time required by the Iraqi competent authorities to complete the share transfer.

Please note that the Advisors did not conduct any due diligence related to the acquisition process in Iraq.

After completing the share transfer, the shareholding structure of AlRaydah shall be as follows:

Table 41 : Shareholding Structure of AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company after Transfer of Shares

Name	Nationality	Shareholding	
AlAlamiyah Cement Manufacturing Company	Jordan	1,531,530,000	51%
Mohamed Zughair Theeb Al Rawi	Jordan	1,156,155,000	38.5%
Hayder Dawood Jalab	Jordan	315,315,000	10.5%

Source: Company

Procedures are currently underway to complete the acquisition and share transfer process of AlRaydah. After completion of the same, NRCC shall have 25.5% of the shares of AlRaydah, which has been awarded a contract to invest in, rehabilitate and operate the AlKobaisah cement plant (please refer to the "Legal Information" section).

4 - 13 - 8 Northern Cement Company (Jordan)

On 02/05/2007G, as part of the Company's strategic objective to enter new markets and to open new distribution networks to cope with fierce competition in the local market, the Company established a fully owned entity NCC (Jordan), which is now listed on the Amman Stock Exchange. As at 30/06/2012G, the Company owned 99% of NCC (Jordan).

4 - 13 - 8 - 1 Highlights

- Northern Cement Company ("NCC (Jordan)") was established on 02/05/2007G as a Jordanian limited liability company under registration number 14219 in the name of Northern Jordan Cement Company, fully owned by NRCC, and having a capital of JOD 350,000 (three hundred and fifty thousand Jordanian Dinars), equivalent to SAR 1,851,199 (one million eight hundred fifty one thousand and one hundred ninety nine Saudi Riyals).
- On 14/05/2009G, the General Assembly of NCC (Jordan) agreed in its extraordinary meeting to increase NCC (Jordan)'s capital from JOD 350,000 (three hundred and fifty thousand Jordanian Dinars), equivalent

to SAR 1,851,199 (one million eight hundred fifty one thousand and one hundred and ninety nine Saudi Riyals) to JOD 1,000,000 (one million Jordanian Dinars), equivalent to SAR 5,289,140 (five million two hundred eighty nine thousand one hundred and forty Saudi Riyals).

- On 08/06/2009G, the General Assembly of NCC (Jordan), in its extraordinary meeting, agreed to change the name of Northern Jordan Cement Company to Northern Cement Company.
- On 16/08/2009, the General Assembly of NCC (Jordan), in its extraordinary meeting, agreed to change NCC (Jordan) from a limited liability company to a joint stock company.
- On 15/09/2009G, the plant construction was completed, and actual production of NCC (Jordan) commenced.
- On 06/03/2010G, the shareholders of NCC (Jordan) approved the increase in capital of NCC (Jordan) from JOD 1,000,000 (one million Jordanian Dinars), equivalent to SAR 5,289,140 (five million two hundred eighty nine thousand and one hundred forty Saudi Riyals), to JOD 55,000,000 (fifty five million Jordanian Dinars), equivalent to SAR 290,902,700 (two hundred ninety million nine hundred and two thousand and seven hundred Saudi Riyals), of which JOD 50,000,000 (fifty million Jordanian Dinars), equivalent to SAR 264,457,000 (two hundred sixty four million four hundred fifty seven thousand Saudi riyals), was fully paid-up by capitalizing amounts due from NCC (Jordan) to NRCC, and the remaining JOD 5,000,000 (five million Jordanian Dinars), equivalent to SAR 26,445,700 (twenty six million four hundred forty five thousand and seven hundred Saudi Riyals), remained unpaid.
- On 01/07/2010G, NCC (Jordan) was officially converted from a limited liability company to a joint stock company, registered under No. 464, fully owned (directly and indirectly) by NRCC, as follows:

Table 42 : Shareholding Structure of Northern Cement Company (Jordan) as on 01/07/2010G

Shareholding of NCC (Jordan)	No. of Shares	% of Shares
Northern Region Cement Company	49,850,000	99.7%
Northern Gulf Cement & Building Materials Trading Company Limited (Fully owned by NRCC)	50,000	0.1%
Al Hazm Cement & Derivatives Trading Company Limited (Fully owned by NRCC)	50,000	0.1%
Trans North Cement, Derivatives, & Bldg Materials Co. Ltd. (Fully owned by NRCC)	50,000	0.1%
Total	50,000,000	100%

- On 02/05/2011G, 5,000,000 shares of NCC (Jordan) representing 9.09% of its capital were offered as follows:
  - 2,750,000 shares were offered to the general public in Jordan at the price of one Jordanian Dinar per share.
  - 2,250,000 shares at a price of one Jordanian dinar per share were offered to strategic shareholders, which were Sama Al Yamamah Company Ltd., Dyar Najed For Contracting and Trading Company.

Table 43 : Shareholding Structure of Northern Cement Company (Jordan) as on 02/05/2011G

Shareholding of NCC (Jordan)	No. of Shares	% of Shares
Northern Region Cement Company	49,850,000	90.64%
Sama Al Yamamah Cement Company (Fully owned by NRCC)	1,125,000	2.05%
Dyar Najed for Contracting & Trading (Fully owned by NRCC)	1,125,000	2.05%
North Gulf Cement & Building Materials Trading Company Limited (Fully owned by NRCC)	50,000	0.09%
Al Hazm Cement & Derivatives Trading Company Limited (Fully owned by NRCC)	50,000	0.09%
Trans North Cement, Derivatives & Building Materials Company (Fully owned by NRCC)	50,000	0.09%
NRCC (Direct & Indirect)	52,250,000	95.00%
Public	2,750,000	5.00%
Total	55,000,000	100.00%

- On 26/05/2011G, in accordance with NRCC's Extraordinary General Assembly on 21/05/2011G, an 82% equity interest in NCC (Jordan) was distributed to the Current Shareholders as in-kind dividends. The Shareholders requested to transfer their in-kind dividend in the form of 82% shareholding in NCC (Jordan) to ICIC, a 100% owned company by the shareholders of NRCC (KSA) in proportion of their shareholding in NRCC. NRCC's shareholding in NCC (Jordan) was transferred as follows:

- 41,200,000 shares (i.e. 74.9% of NCC (Jordan)) were transferred to Al Hazm Cement & Derivative Trading Company Limited.
- 3,800,000 shares (i.e. 6.9% of NCC (Jordan)) were transferred to Trans North Cement, Derivatives and Building Materials Company Limited.

Thereafter, the ownership of both Al Hazm Cement & Derivative Trading Company Limited and Trans North Cement, Derivatives and Building Materials Company Limited was transferred from NRCC to ICIC which is wholly owned by NRCC's shareholders in the same proportion to their shareholding in the Company. The ownership of NCC (Jordan) became as follows:

Table 44 : Shareholding Structure of North Cement Company (Jordan) as on 26/05/2011G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	4,850,000	8.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,125,000	2.05%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	1,125,000	2.05%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
NRCC (direct & indirect ownership)	7,150,000	13.00%
Al Hazm Cement and Derivative Trading Company Limited	41,250,000	75.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,850,000	7.00%
Public	2,750,000	5.00%
Total	55,000,000	100.0%

For more information about the process of distributing the shares of NCC (Jordan), please refer to "Distribution and Acquisition of NCC (Jordan) Shares" section.

- On 03/07/2011G, the shares of NCC (Jordan) were listed on Amman Stock Exchange.
- On 04/07/2011G, by virtue of their business activity of owning shares of NCC (Jordan), Sama Al Yamamah Company Limited and Dyar Najed for Contracting and Trading Company started buying shares in NCC (Jordan) from the secondary market in Jordan.
- On 18/08/2011G, NRCC acquired directly from Al Hazm Cement and Derivative Trading Company Limited 41,249,000 (forty one million, two hundred and forty nine thousand) shares in NCC (Jordan). According to the Share Purchase Agreement entered with Al Hazm Cement and Derivative Trading Company Limited where the company agreed to acquire 41,250,000 (forty one million, two hundred and fifty thousand) shares representing 75% of the capital of NCC (Jordan), the remaining 1,000 (one thousand) shares will be transferred to the Company at a later stage. The ownership of NCC (Jordan) became as follows:

Table 45 : Shareholding Structure of Northern Cement Company (Jordan) as at 18/08/2011G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,099,000	83.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,730,763 *	3.15%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	1,948,652 *	3.54%
North Gulf Cement and Building Materials Trading Company Limited (wholly owned by NRCC)	50,000	0.09%
NRCC (directly & indirect ownership)	49,828,415	90.6%
Al Hazm Cement and Derivative Trading Company Limited	1,000	0.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,850,000	7.00%
Public	1,320,585	2.40%
Total	55,000,000	100.00%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

- On 02/02/2012G, pursuant to the Share Purchase Agreement, 1,000 (one thousand) shares of NCC (Jordan) were transferred by Al Hazm Cement and Derivative Trading Company Limited to NRCC via Trans North Cement Derivatives and Building Materials Co. Ltd. The ownership of NCC (Jordan) became as below:

Table 46 : Shareholding Structure of Northern Cement Company (Jordan) as at 02/02/2012G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,731,408 *	3.15%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	2,281,694 *	4.15%
North Gulf Cement and Building Materials Trading Company Limited (wholly owned by NRCC)	50,000	0.09%
NRCC (directly & indirect ownership)	50,163,102	91.21%
Al Hazm Cement and Derivative Trading Company Limited	1,000	0.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,849,000	7.00%
The Public	986,898	1.79%
Total	55,000,000	100.00%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

For more details on the transfer of shares in NRC (Jordan), please refer to the "Distribution and Acquisition of NCC (Jordan) Shares" section.

- The Ministry of Petroleum and Mineral Resources required that the Company correct the distribution of 82% of NCC (Jordan) shares as in-kind dividends and the acquisition of 75% of NCC (Jordan) shares. Therefore, on 14/05/2012G the ownership of ICIC in both Trans North Cement Derivatives and Building Materials Co. Ltd. and Al Hazm Cement and Derivative Trading Company Limited was transferred to NRCC. The shareholding structure in NCC (Jordan) became as follows:

Table 47 : Shareholding Structure of Northern Cement Company (Jordan) as at 14/05/2012G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,731,408 *	3.15%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	2,304,021 *	4.19%
North Gulf Cement and Building Materials Trading Company Limited (wholly owned by NRCC)	50,000	0.09%
Al Hazm Cement and Derivative Trading Company Limited	1,000	0.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,849,000	7.00%
NRCC (direct& indirect ownership)	54,035,429	98.25%
The Public	964,571	1.75%
Total	55,000,000	100.00%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

For more details on the transfer of shares in NCC (Jordan), "Distribution and Acquisition of NCC (Jordan) Shares" section.

- The Ownership of the Northern Cement Company (Jordan) as at 19/11/2012G, is as shown below:

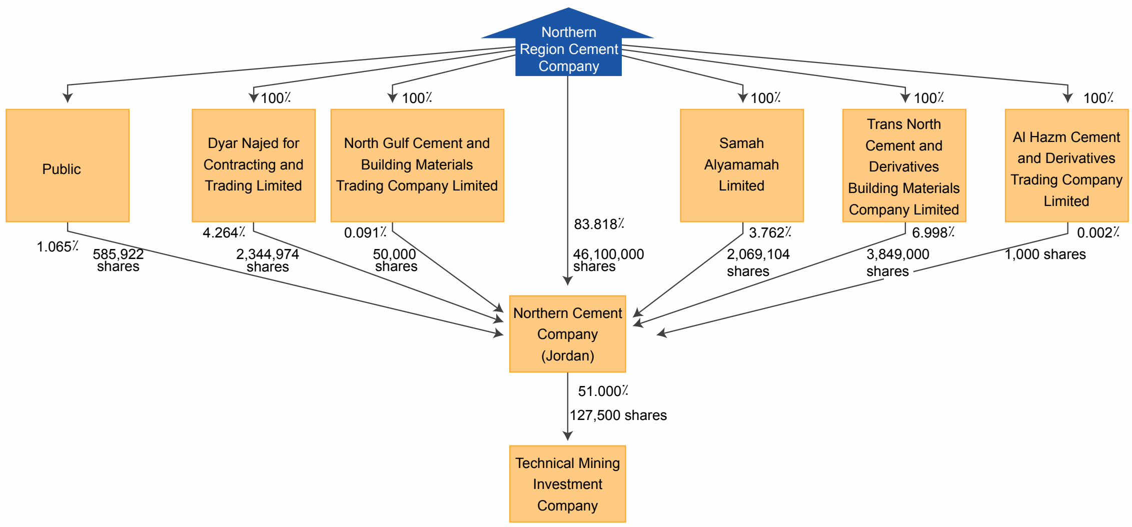
Table 48 : Shareholding Structure of Northern Cement Company (Jordan) as at 19/11/2012G

Ownership of the NCC(Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Al Yamamah Company Limited (a company wholly owned by NRCC)	*2,069,104	3.76%
Dyar Najed for Contracting & Trading (a company wholly owned by NRCC)	*2,344,974	4.26%
North Gulf Cement & Building Materials Trading Company Limited (a company wholly owned by NRCC)	50,000	0.09%
Al Hazm Cement & Derivative Trading Company Limited (a company wholly owned by NRCC)	1,000	0.00%
Trans North Cement, Derivatives and Building Materials Company Limited (a company wholly owned by NRCC)	3,849,000	7.00%
Northern Region Cement Company (Direct & Indirect)	54,414,078	98.94%
Public	585,922	1.06%
Total	55,000,000	100.0%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

4 - 13 - 8 - 2 Structure of the Northern Cement Company (Jordan)

Diagram (2): Structure of Northern Cement Company (Jordan) as at 19/11/2012G



Source: Northern Cement Company (Jordan).

4 - 13 - 8 - 3 Details of the Corporate Shareholders

4 - 13 - 8 - 3 - 1 Northern Region Cement Company

For information about NRCC, kindly refer to "Northern Region Cement Company" and "Current Shareholders" sections.

4 - 13 - 8 - 3 - 2 Trans North Cement, Derivatives and Building Materials Company Limited

For information about Trans North Cement, Derivatives and Building Materials Company Limited, please refer to the above paragraph titled "Trans North Cement, Derivatives and Building Materials Company Limited".

4 - 13 - 8 - 3 - 3 Sama Al Yamamah Company Limited

For information about Sama Al Yamamah Company Limited, please refer to the above paragraph titled "Sama Al Yamamah Company Limited".

4 - 13 - 8 - 3 - 4 Dyar Najed for Contracting & Trading Limited

For information about Dyar Najed for Contracting & Trading Limited, please refer to the above paragraph titled "Dyar Najed for Contracting & Trading Limited".

4 - 13 - 8 - 3 - 5 North Gulf Cement & Building Materials Trading Company Limited

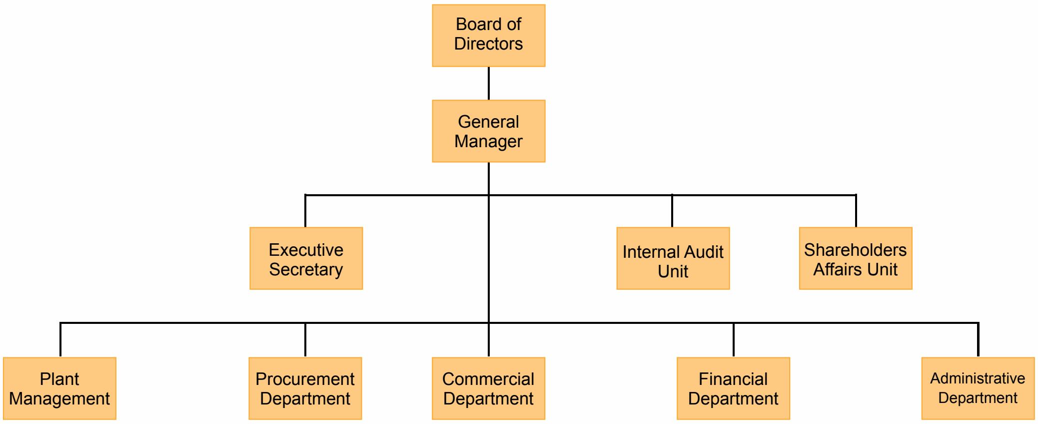
For information about North Gulf Cement & Building Materials Trading Company Limited please refer to the above paragraph titled "North Gulf Cement & Building Materials Trading Company Limited".

4 - 13 - 8 - 3 - 6 Al Hazm Cement & Derivative Trading Company Limited

For information about Al Hazm Cement & Derivative Trading Company Limited, please refer to the above paragraph titled "Al Hazm Cement & Derivative Trading Company Limited".

4 - 13 - 9 Organizational Structure of the Northern Cement Company (Jordan)

Diagram (3): Organizational Structure of Northern Cement Company (Jordan)



Source: Northern Cement Company (Jordan)

4 - 13 - 10 Board of Directors

Table 49 : Board Members of NCC (Jordan)

No.	Name	Position	Representing	Nationality	Age	Status
1	Sulaiman Saleem Al Harbi	Chairman	NRCC	Saudi	50	Non-Independent Non-executive
2	Fares Eid Al Qatarneh	Vice Chairman	NRCC	Jordanian	38	Non-Independent Non-executive
3	Saud Sa'ad Al Arifi	Member	NRCC	Saudi	41	Non-Independent Non-executive
4	Raed Ibrahim Al Mudaihim	Member	NRCC	Saudi	48	Non-Independent Non-executive
5	Mohammed Fayez Al Darjm	Member	Al Hazm Cement & Derivative Trading Company Limited	Saudi	49	Non-Independent Non-executive

No.	Name	Position	Representing	Nationality	Age	Status
6	Obaid Saad Al Subaie	Member	North Gulf Cement Trading Company	Saudi	50	Non-Independent Non-executive
7	Vacant*	-	-	-	-	-

Source: Northern Cement Company (Jordan).

* On 30/09/2012G , a board member in NCC (Jordan) resigned and a replacement is in the process to be appointed.

4 - 13 - 10 - 1 Board of Directors Overview

4 - 13 - 10 - 1 - 1 Sulaiman Bin Saleem Al Harbi - Chairman of the Board

For information about the qualifications of Sulaiman Saleem Al Harbi, please refer to the paragraph titled "Qualifications of the Board of Directors" of Northern Region Cement Company (KSA).

4 - 13 - 10 - 1 - 2 Fares Eid Al Qatarneh – Vice Chairman

Fares Eid Al Qatarneh has been a Vice Chairman of the Board of Directors of Northern Cement Company (Jordan) since 2011G. He has previously held the following positions:

- Minister of State for Cabinet Affairs in the Hashemite Kingdom of Jordan for the period from 2010G to 2011G.
- Ambassador and Director of the Prime Minister's Office in the Hashemite Kingdom of Jordan in 2010G.
- Ambassador and Chief of Protocol of the Ministry of Foreign Affairs in the Hashemite Kingdom of Jordan for the period from 2007G to 2010G.
- Ambassador at the Royal Hashemite Court in 2007G.
- Assistant to Chief of Royal Protocol at the Royal Hashemite Court for the period from 1997G to 2007G.
- Legal advisor to Prince Hassan Bin Talal's Office in the Hashemite Kingdom of Jordan for the period from 2006G to 2007G.

Fares Eid Al Qatarneh obtained his bachelor's degree in law in 1996G from the University of Jordan - Jordan, and his master's degree in intellectual property law in 2001G from George Washington University - United States.

4 - 13 - 10 - 1 - 3 Eng. Saud Sa'ad Al Arifi - Member

For information about the qualifications of Eng. Saud Sa'ad Al Arifi, please refer to the paragraph titled "Qualifications of the Board of Directors" of Northern Region Cement Company (KSA).

4 - 13 - 10 - 1 - 4 Eng. Raed Bin Ibrahim Al Mudaihim - Member

For information about the qualifications of Eng. Raed Bin Ibrahim Al Mudaihim, please refer to the paragraph titled "Qualifications of the Board of Directors" of Northern Region Cement Company (KSA).

4 - 13 - 10 - 1 - 5 Eng. Mohammed Bin Fayez Al Darjm - Member

For information about the qualifications of Eng. Mohammed Bin Fayez Al Darjm, please refer to the paragraph titled "Qualifications of the Board of Directors" of Northern Region Cement Company (KSA).

4 - 13 - 10 - 1 - 6 Dr. Obaid Bin Saad Al Subaie - Member

For information about the qualifications of Eng. Obaid Bin Saad Al Subaie, please refer to the paragraph titled "CV's of Senior Executives" of Northern Region Cement Company (KSA).

4 - 13 - 11 NCC (Jordan) Overview

4 - 13 - 11 - 1 Northern Cement Company (Jordan) Objectives

The objectives of NCC (Jordan) are:

- Clinker Grinding;
- Manufacturing of ordinary Portland cement and Pozzolana cement;
- Executing industrial projects; and
- Holding movables and immovables to realize the objectives of the Company, purchase plots of lands as may be required for realization of the Company's objectives and establishing companies.

4 - 13 - 11 - 1 - 1 Northern Cement Company (Jordan) Vision

NCC (Jordan) seeks to be one of the largest leading companies in the cement industry and meet the needs for different types of cement in conformity with standard technical specifications and within the highest standards of quality for the benefit of the national economy.

4 - 13 - 11 - 1 - 2 Northern Cement Company (Jordan) Mission

NCC (Jordan) mission is to support the construction and contractors sector by providing the best products as well as excellent after-sales service.

4 - 13 - 11 - 1 - 3 Future Plans and Vision

- Maintaining customer satisfaction and providing after-sales services by commencing the establishment of concrete testing laboratory equipped with the latest state-of-the-art equipment for performing intensive tests and conduct field visits to customers.
- Maintaining excellent cement quality.
- Improving and developing the plant's equipment as well as the sustainability thereof.
- Increasing the efficiency of staff and developing training programs and plans to improve the staff's skills.
- Focusing on taking part in serving the local community.
- Preserving the environment. Since the plant does not depend on combustion in the production of cement, it does not cause any negative effects on the surrounding environment from its production process. However, NCC (Jordan) always seeks to minimize any negative effects that may result from dust either during transportation or processing as the company is keen to maintain the site of the plant.

4 - 13 - 12 NCC (Jordan) Products

NCC (Jordan) imports clinker from NRCC, grind it and adds raw materials such as Pozzolana and gypsum to produce ordinary Portland cement and Pozzolana cement. It is worth mentioning that since the expiry of the export license obtained by the Company on 02/12/1432H (corresponding to 18/10/2012G) for a period of three months, which has not been renewed upon the expiry thereof and due to the decision of the KSA Ministry of Commerce and Industry to suspend exports on 12/02/2012G, NRCC is no longer able to supply clinker to NCC (Jordan) and the latter is currently purchasing clinker from local suppliers.

The production capacity of NCC (Jordan) is about 3,000 Tons per Day (TPD) of cement, i.e. approximately one million tons per annum. The products are sold in the domestic markets of Jordan where there is a robust demand. NCC (Jordan) also seeks to enter foreign markets in countries such as Iraq and Syria.

Table 50 : Production and Sales of NCC (Jordan) during the past 3 Years and the first half of 2012G

(,000 tons)	2009G		2010G		2011G		6-Month Period Ended 30 June 2012G	
	Production	Sales	Production	Sales	Production	Sales	Production	Sales
TOTAL	147,523	129,489	966,140	966,650	895,461	901,701	492,209	490,054

Source: NCC (Jordan).

4 - 13 - 13 Relationship Between NCC (Jordan) and NRCC

NRCC has the following relationships with NCC (Jordan):

- NRCC owns majority of NCC (Jordan) shares; and
- NRCC is the main supplier to NCC (Jordan) as they have a fifteen-year contract entered between them for the supply of clinker ordered by the Jordanian Company. It should be noted that on 15/02/2012G, the contract was suspended until export is permitted again by the concerned authorities in KSA (please refer to the paragraph titled "Contract with NCC (Jordan) for the Sale of Clinker" in the "Legal Information" section).

4 - 13 - 14 Competitive advantages

NCC (Jordan) has the following competitive advantages:

4 - 13 - 14 - 1 The Existence of a Long-Term Contract for the Supply of a High Quality Product

NCC (Jordan) takes advantage of the fifteen-year contract entered into with NRCC for importing high quality clinker. It is worth mentioning that this contract was suspended on 15/02/2012G until the export is permitted again by the concerned authorities in KSA (please refer to the paragraph titled "Contract with NCC (Jordan) for the Sale of Clinker" in the "Legal Information" section).

4 - 13 - 14 - 2 Product Quality

NCC (Jordan) imports dark clinker form NRCC which allows the former to produce dark cement which is preferred in Jordan (please refer to the paragraph titled "NCC (Jordan)'s Potential Competitiveness" in the "Market and Industry Overview" section). It should be noted that since the issuance of the decision suspending exports of cement and clinker on 02/12/2012G, the Saudi company is no longer able to supply clinker to the NCC (Jordan).

4 - 13 - 14 - 3 Geographical Location

In comparison to its competitors, NCC (Jordan) is in the vicinity of the capital city of Amman which represents the largest consuming market in Jordan.

4 - 13 - 14 - 4 Technical Experience and Administrative Efficiency

In addition to the existence of an experienced management team which has broad knowledge in cement industry, NCC (Jordan) also has the support and experience of NRCC which owns 99% of the former's shares as at 30/06/2012G.

4 - 13 - 15 Human Resources

On 30 June 2012G, NCC (Jordan) employed approximately 135 employees in both its headquarters and plant.

Table 51 : Distribution of Employees of NCC (Jordan) during the past 3 Years and the first half of 2012G

	2009G	2010G	2011G	30 June 2012G
Headquarter	15	8	9	9
Plant	71	135	134	126
Total No. of Employees	86	143	143	135

Source: Northern Cement Company (Jordan).

4 - 13 - 15 - 1 Training

NCC (Jordan) management is keen to make local and international training opportunities available to engineers and technicians and to participate in various workshops and conferences. This has positively impacted the development of its employees' skills and positively affected the processes of equipment inspection, preventive maintenance and repair.

4 - 13 - 16 Affiliates

NCC (Jordan) holds 51% of shares of Technical Mining Investment Co. ("TMICO") which is the main producer of Pozzolana. TMICO provides NCC (Jordan) with the necessary materials for its production.

TMICO is a Jordanian private shareholding company registered on 18/04/2006G under registration number 171 with a capital of JOD 250,000 (i.e. approximately SAR 1,322,285 one million, three hundred twenty two thousand, two hundred and eighty five Saudi Riyals). In the first quarter of 2010G, NCC (Jordan) acquired 51% of shares of TMICO and the shares of the latter were distributed as follows:

Table 52 : Technical Mining Investment Company

Name	Nationality	Shareholding	
Northern Cement Company (Jordan)	Jordanian	127,500	51%
Mazen Nasohi Ragheb Rial	Jordanian	42,500	17%
Deeb Ibrahim Deeb Demiate	Jordanian	42,500	17%
Jamal Hussein Ahmed Al-Armouti	Jordanian	37,500	15%

Source: Northern Cement Company (Jordan)

Note that the Advisors did not perform due diligence on TMICO as the investment by NCC (Jordan) therein is not financially significant.

4 - 14 Value of Assets of the Company and its Affiliates Outside KSA

The Company does not hold any assets outside KSA except NCC (Jordan) which holds a part of TMICO.

The net value asset of NCC (Jordan) as at 30/06/2012G was JOD 43,064,073 (i.e. equivalent to SAR 228,239,586) and the net asset value of TMICO as at 30/06/2012G was JOD 60,140 (i.e. equivalent to SAR 318,745).

4 - 15 Declaration in Respect of the Board of Directors

The Board of Directors declare and acknowledge that there is no intention to make any change to the Company’s activity.

5. Distribution and Acquisition of NCC (Jordan) Shares

Table 53 : Summary of Distribution and Acquisition of NCC (Jordan) Shares

Before the distribution of in-kind Dividends	After the distribution of in-kind Dividends representing 82% of NCC (Jordan) shares		After the Acquisition of 75% of NCC (Jordan) shares by the Shareholders for SAR 601.28 Million		After the transfer of 7% of NCC (Jordan) by the Current Shareholders to NRCC
NRCC	NRCC Shareholders	NRCC	NRCC Shareholders	NRCC	NRCC
Ownership: 95% of the Capital (Direct & Indirect) Book Value of Ownership: SAR 278.04 Million	Ownership: 82% of the Capital (Indirect Through ICIC) Book Value of Ownership: SAR 240.00 Million	Ownership: 13% of the Capital (Direct & Indirect) Book Value of Ownership: SAR 38.05 Million	Ownership: 7% of the Capital (Indirect Through ICIC) Book Value of Ownership: SAR 20.48 Million	Ownership: 88% of the Capital (Direct & Indirect)* Book Value of Ownership: SAR 257.56 Million	Ownership: 95% of the Capital (Direct & Indirect)* Book Value of Ownership: SAR 278.04 Million
NCC (Jordan)		NCC (Jordan)		NCC (Jordan)	NCC (Jordan)
	The Shareholders waived the cash profits amounting to SAR 240 Million in consideration of 82% of NCC (Jordan) shares which has a book value of SAR 240 Million.		NRCC acquired 75% of NCC (Jordan) shares from the Current Shareholders for a cash consideration of SAR 601.28 Million with a premium of SAR 381.77 Million to the book value which equals SAR 219.51 Million.		NRCC's Current Shareholders transferred 7% of NCC (Jordan) shares with a value of SAR 20.49 Million to NRCC. Accordingly, the premium paid by NRCC to the Current Shareholders decreased from SAR 381.77 Million to SAR 361.28 Million. NRCC's Current Shareholders also: - Deposited SAR 1.28 Million in an escrow account in favor of NRCC; - Undertook to repay the sum of SAR 360,000,000 out of the Offering due to the Current shareholders, and deposit this sum in an escrow account in favor of the Company. Accordingly, the premium given to the Current Shareholders during this acquisition process will be paid in full.

* This percentage does not include the shares purchased by the company from secondary market in Jordan through Sama Alyamamah Limited and Dyar Najed for Contracting and Trading.

5 - 1 Distribution of NCC (Jordan) Shares

- On 21/05/2011G, NRCC's Extraordinary General Assembly approved the distribution of an 82% equity interest in NCC (Jordan) with a book value of SAR 240,000,000 (two hundred forty million Saudi Riyals) to the shareholders as in-kind dividends. In accordance with the valuation made by an independent external valuation company, the fair value of the 82% was estimated at SAR 609,495,280 (six hundred nine million, four hundred ninety five thousand, two hundred and eighty Saudi Riyals), which led to a valuation surplus of SAR 369,495,280 (three hundred sixty nine million, four hundred ninety five thousand, two hundred and eighty Saudi Riyals) that was recorded in the Company's income statement for the period ending 30 June 2011. The said Extraordinary General Assembly approved the Shareholders' request to transfer their in-kind dividends to ICIC which is wholly owned by the Current Shareholders in the same proportion of their shareholding in the Company.
- On 26/05/2011G, NRCC's shares in NCC (Jordan) were transferred and conveyed as follows:
  - 41,200,000 shares (i.e. 74.9% of NCC (Jordan)) were transferred to Al Hazm Cement & Derivative Trading Company Limited.
  - 3,800,000 shares (i.e. 6.9% of NCC (Jordan)) were transferred to Trans North Cement, Derivatives and Building Materials Company Limited

Thereafter, the ownership of both Al Hazm Cement & Derivative Trading Company Limited and Trans North Cement, Derivatives and Building Materials Company Limited was transferred from NRCC to ICIC which is wholly owned by NRCC's shareholders in the same proportion to their shareholding in the Company. The ownership of NCC (Jordan) became as follows:

Table 54 : Shareholding Structure of Northern Cement Company (Jordan) as at 25/05/2011G

Before the transfer of 41,200,000 shares of NCC (Jordan) to Al Hazm Cement and Derivative Trading Company Limited and the transfer of 3,800,000 shares of NCC (Jordan) to Trans North Cement Derivatives and Building Materials Co. Ltd. and before the transfer of shares of Al Hazm Cement and Derivative Trading Company Limited and Trans North Cement Derivatives and Building Materials Co. Ltd. to ICIC which is wholly owned by NRCC Shareholders in the same proportion to their ownership in the company:

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	49,850,000	90.64%
Sama Alyamamah Limited (wholly owned by NRCC)	1,125,000	2.05%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	1,125,000	2.05%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
Al Hazm Cement and Derivative Trading Company Limited	50,000	0.09%
Trans North Cement Derivatives and Building Materials Co. Ltd.	50,000	0.09%
NRCC (direct & indirect ownership)	52,250,000	95.00%
Public	2,750,000	5.00%
Total	55,000,000	100.0%

Table 55 : Shareholding Structure of Northern Cement Company (Jordan) as at 26/05/2011G

After the transfer of 41,200,000 shares of NCC (Jordan) to Al Hazm Cement and Derivative Trading Company Limited and the transfer of 3,800,000 shares of NCC (Jordan) to Trans North Cement Derivatives and Building Materials Co. Ltd. and before the transfer of shares of Al Hazm Cement and Derivative Trading Company Limited and Trans North Cement Derivatives and Building Materials Co. Ltd. to ICIC which is wholly owned by NRCC Shareholders in the same proportion to their ownership in the company:

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	4,850,000	8.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,125,000	2.05%

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	1,125,000	2.05%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
Al Hazm Cement and Derivative Trading Company Limited	41,250,000	75.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,850,000	7.00%
NRCC (direct & indirect ownership)	52,250,000	95.00%
Public	2,750,000	5.00%
Total	55,000,000	100.0%

Table 56 : Shareholding Structure of Northern Cement Company (Jordan) as at 26/05/2011G

After the transfer of 41,200,000 shares of NCC (Jordan) to Al Hazm Cement and Derivative Trading Company Limited and the transfer of 3,800,000 shares of NCC (Jordan) to Trans North Cement Derivatives and Building Materials Co. Ltd. and after the transfer of shares of Al Hazm Cement and Derivative Trading Company Limited and Trans North Cement Derivatives and Building Materials Co. Ltd. to ICIC which is wholly owned by NRCC Shareholders in the same proportion to their ownership in the company:

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	4,850,000	8.82%
Sama Alyamamah Limited (wholly owned by NRCC)	1,125,000	2.05%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	1,125,000	2.05%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
NRCC (direct & indirect ownership)	7,150,000	13.00%
Al Hazm Cement and Derivative Trading Company Limited	41,250,000	75.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,850,000	7.00%
Public	2,750,000	5.00%
Total	55,000,000	100.0%

5 - 2 Acquisition of NCC (Jordan)Shares

- On 18/08/2011, and after the distribution of 82% of NCC (Jordan) shares with a book value of SAR 240,000,000, as described above, NRCC acquired directly from Al Hazm Cement and Derivative Trading Company Limited 41,249,000 (forty one million, two hundred and forty nine thousand) shares in NCC (Jordan) for a cash amount of SAR 601,278,423 (six hundred one million, two hundred seventy eight thousand, four hundred and twenty three Saudi Riyals). According to the Share Purchase Agreement entered with Al Hazm Cement and Derivative Trading Company Limited where the company agreed to acquire 41,250,000 (forty one million, two hundred and fifty thousand) shares representing 75% of the capital of NCC (Jordan) with a book value of approximately SAR 219,512,195, the remaining 1,000 (one thousand) shares will be transferred to the Company at a later stage. The ownership of NCC (Jordan) became as follows:

Table 57 : Shareholding Structure of Northern Cement Company (Jordan) as at 18/08/2011G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,099,000	83.82%
Sama Alyamamah Limited (wholly owned by NRCC)	*1,730,763	3.15%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	*1,948,652	3.54%

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
NRCC (direct & indirect ownership)	49,828,415	90.6%
Al Hazm Cement and Derivative Trading Company Limited	1,000	0.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,850,000	7.00%
Public	1,320,585	2.40%
Total	55,000,000	100.00%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

- On 02/02/2012G, pursuant to the Share Purchase Agreement, 1,000 (one thousand) shares of NCC (Jordan) were transferred by Al Hazm Cement and Derivative Trading Company Limited to NRCC via Trans North Cement Derivatives and Building Materials Co. Ltd. for a cash consideration of SAR 14,577 Saudi Riyals. The ownership of NCC (Jordan) became as below:

Table 58 : Shareholding Structure of Northern Cement Company (Jordan) as at 02/02/2012G

Shareholding Structure of NCC (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Alyamamah Limited (wholly owned by NRCC)	*1,731,408	3.15%
Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)	*2,281,694	4.15%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)	50,000	0.09%
NRCC (direct & indirect ownership)	50,163,102	91.21%
Al Hazm Cement and Derivative Trading Company Limited	1,000	0.00%
Trans North Cement Derivatives and Building Materials Co. Ltd.	3,849,000	7.00%
Public	986,898	1.79%
Total	55,000,000	100.00%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

5 - 3 Correction of the Distribution and Acquisition of NCC (Jordan) Shares transaction

- Pursuant to the letter issued by the Ministry of Petroleum and Mineral Resources under No. 1433-890-01 dated 29/02/1433H (corresponding to 23/01/2012G), by virtue of which the Company was required to correct the distribution of 82% of NCC (Jordan) shares as in-kind dividends with a book value of SAR 240,000,000, and the acquisition of 75% of NCC (Jordan) shares with a book value of approximately SAR 219,512,195, the Chairman of the Board of NRCC, committed to the CMA on behalf of the Current Shareholders on 27/04/1433H (Corresponding to 20/03/2012G) to:
  - Repay the sum of SAR 360,000,000 (three hundred sixty million Saudi Riyals) out of the Offering proceeds due to the Current shareholders, and deposit this sum in an escrow account in favor of the Company;
  - Repay immediately the sum of SAR 1,278,423 (one million, two hundred seventy eight thousand, four hundred and twenty three Saudi Riyals), in the abovementioned escrow account in favor of the Company;
  - Transfer 7% of NCC (Jordan) shares owned by ICIC which is owned by the Current Shareholders of the Company to the Company; and
  - In case the above is acceptable, to convene an Extraordinary General Assembly to approve the same.

The amount of SAR 240,000,000, which accounts for the dividends retained out of the shareholder's equity before the distribution of the in-kind dividends, was removed from the account of retained profits when 82% of

NCC (Jordan) shares were distributed as in-kind dividends to the Current Shareholders. Accordingly, this amount accounts for the profits payable to the Current Shareholders who received this amount as in-kind dividend.

On 08/05/2012G, the Extraordinary General Assembly of NRCC resolved the following:

- To approve the payment of SAR 1,278,423 (one million, two hundred seventy eight thousand, four hundred and twenty three Saudi Riyals) by the Current Shareholders to the Company. The aforementioned amount was transferred to an escrow account at Arab National Bank on 02/09/2012G;
- To approve the waiver by the Current Shareholders in favor of the Company of their right to receive the Offering proceeds amounting to SAR 360,000,000 (three hundred sixty million Saudi Riyals); and
- To approve the transfer of 7% of NCC (Jordan) shares owned by the Current Shareholders (with a book value of approximately SAR 20,487,805) to the Company. These shares were transferred on 14/05/2012G as shown below.

On 14/05/2012G, ICIC transferred to NRCC 100% shareholding in Trans North Cement, Derivatives and Building Materials Company Limited and Al Hazm Cement and Derivative Trading Company Limited.

Table 59 : Shareholding Structure of Northern Cement Company (Jordan) as at 13/05/2012G

Before the transfer of the ownership of Trans North Cement Derivatives and Building Materials Co. Ltd. and Al Hazm Cement and Derivative Trading Company Limited by ICIC, which is wholly owned by NRCC Shareholders in the same proportion to their ownership in the Company, to NRCC.

Ownership of the Northern Cement Company (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Al Yamamah Company Limited (wholly owned by NRCC)	*1,731,408	3.15%
Dyar Najed for Contracting & Trading (wholly owned by NRCC)	*2,303,774	4.19%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd.(wholly owned by NRCC)	50,000	0.09%
NRCC (direct & indirect ownership)	50,185,182	91.25%
Al Hazm Cement & Derivative Trading Company Limited (wholly owned by NRCC)	1,000	0.00%
Trans North Cement, Derivatives and Building Materials Company Limited (wholly owned by NRCC)	3,849,000	7.00%
Public	964,818	1.75%
Total	55,000,000	100.0%

** Both Sama Alyamamah Ltd. and Dyar Najed bought shares in NCC (Jordan) from the secondary market in Jordan.*

Table 60 : Shareholding Structure of Northern Cement Company (Jordan) as at 14/05/2012G

After the transfer of the ownership of Trans North Cement Derivatives and Building Materials Co. Ltd. and Al Hazm Cement and Derivative Trading Company Limited by ICIC, which is wholly owned by NRCC Shareholders in the same proportion to their ownership in the Company, to NRCC.

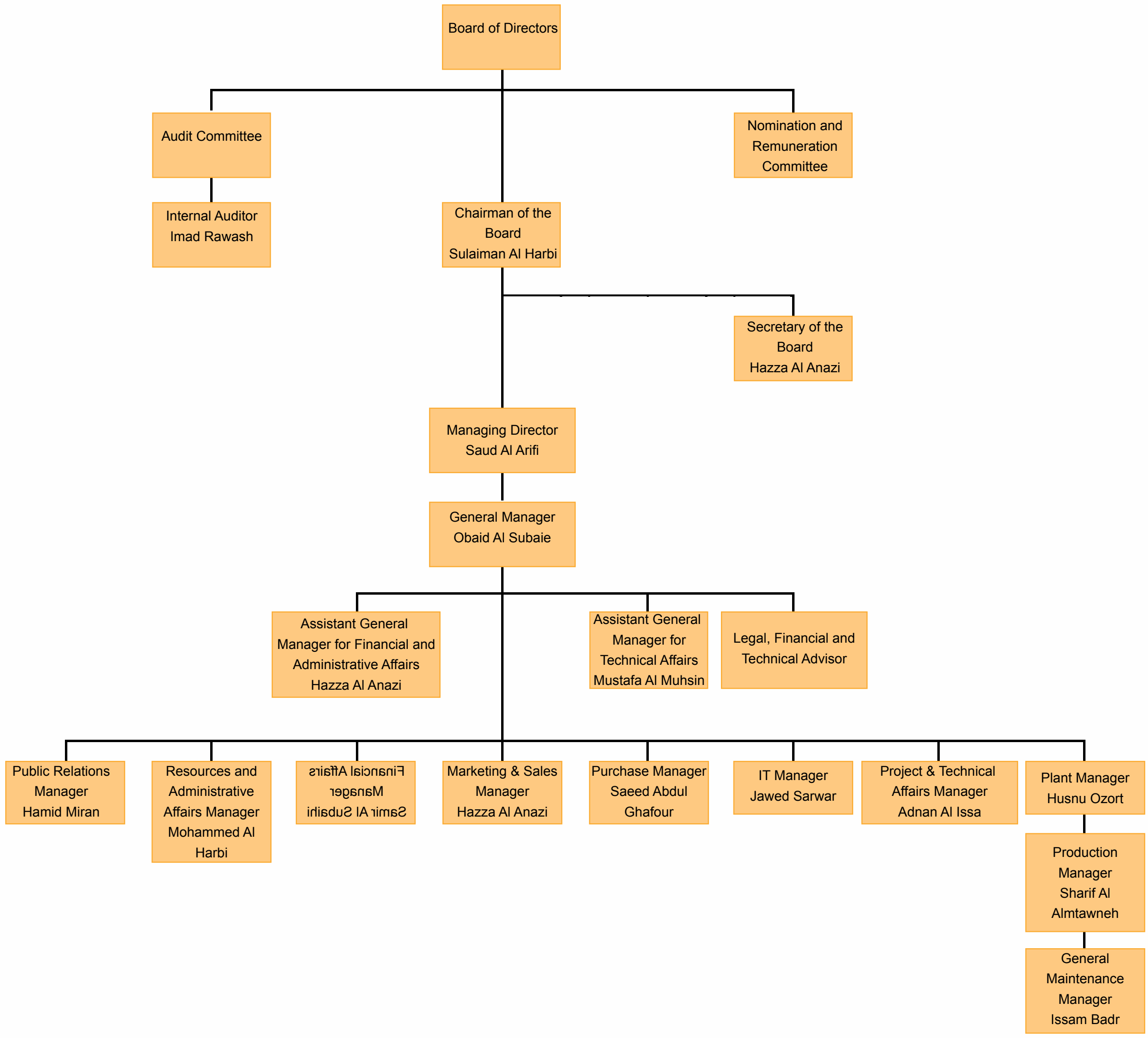
Ownership of the Northern Cement Company (Jordan)	Number of Shares	% of Shares
Northern Region Cement Company	46,100,000	83.82%
Sama Al Yamamah Company Limited (wholly owned by NRCC)	*1,731,408	3.15%
Dyar Najed for Contracting & Trading (wholly owned by NRCC)	*2,304,021	4.19%
North Gulf Cement and Bldg. Materials Trdg. Co. Ltd.(wholly owned by NRCC)	50,000	0.09%
Al Hazm Cement & Derivative Trading Company Limited (wholly owned by NRCC)	1,000	0.00%
Trans North Cement, Derivatives and Building Materials Company Limited (wholly owned by NRCC)	3,849,000	7.00%
NRCC (directly & indirect ownership)	54,035,429	98.25%
Public	964,571	1.75%
Total	55,000,000	100.0%

** Both Sama Alyamamah Ltd. and Dyar Najed invest in NCC (Jordan)'s shares traded on Amman Stock Exchange.*

6. Organizational Structure

6 - 1 Company's Organizational Structure

Diagram (4): Organizational Structure of Northern Region Cement Company



Source: Company

6 - 2 Board of Directors

The Board of Directors is primarily responsible for managing the Company's affairs, supervising all its funds and maintaining a proper system of internal control in order to protect the interests of the Company as well as its shareholders.

The members of the Board of Directors are committed towards applying the best standards of governance at the Company level through the formation of a number of committees and following the best practices in order to enhance the value of shareholders' investment in the Company.

6 - 2 - 1 Board Members

Table 61 : NRCC Board Members

No.	Name	Position	Representing	Nationality	Age	Status	Direct Shareholding (before Offering)		Indirect Shareholding (before Offering)		Total Shareholding (before Offering)	
							Shares	%	Shares	%	Shares	%
1	Sulaiman Saleem Saleem Al Harbi	Chairman	Pan Kingdom Investment Co.	Saudi	50	Non-Independent Non-executive	966,000	0.77%	5,347,005	4.24%	6,313,005	5.01%
2	Raed Ibrahim Suleiman Al Mudaihim	Vice Chairman	Abdulqader Al Muhaidib& Sons Co.	Saudi	48	Non-Independent Non-executive	210,000	0.17%	-	-	210,000	0.17%
3	Saud Sa'ad Saud Al Arifi	Managing Director	Pan Kingdom Investment Co.	Saudi	41	Non-Independent Executive	-	-	4,573,691	3.63%	4,573,691	3.63%
4	Mohammed Fayez Mohammed Al Darjm	Director	Pan Kingdom Investment Co.	Saudi	49	Non-Independent Non-executive	-	-	4,573,691	3.63%	4,573,691	3.63%
5	Mohammad Salim Turais Al Sa'edi	Director	Alturais Saudi Trdg., Industry, Contg. Co. Ltd.	Saudi	67	Independent* Non-executive	-	-	3,618,751	2.87%	3,618,751	2.87%
6	Fuad Fahad Mohammad Al Saleh	Director	Abdulqader Al Muhaidib& Sons Co.	Saudi	64	Independent** Non-executive	-	-	-	-	-	-
7	Khalid Abdulaziz Mohammed Al Arifi	Director	Abdulaziz Ibrahim Abdulaziz Al Ibrahim	Saudi	50	Independent Non-executive	-	-	-	-	-	-

Source: Company

Pursuant to the requirements of the Companies Law, 3,000 shares were transferred by Pan Kingdom Investment Co., 2,000 shares were transferred by Abdulqader Al Muhaideb & Sons Co., 1,000 shares were transferred by Alturais Saudi Trading, Industry, Contracting Co. Ltd. and 1,000 shares were transferred by Abdulaziz bin Ibrahim bin Abdulaziz Al Ibrahim to the members of the Board and the certificates thereof were deposited in Arab National Bank.

* After subscription, the total combined indirect shareholdings of Mr. Mohammad Saleem Turais Al Saedi and direct shareholdings of Alturais Saudi Trading, Industry, Contracting. Co. Ltd. in the Company will fall below 5% (please refer to the "Current Shareholders" section). Mohammad Saleem Turais Al Saedi will accordingly be treated as "independent" after the Offering.

** After subscription, the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company will fall bellow 5% (please refer to the "Current Shareholders" section). Mr. Fuad Fahad Mohammed Al Saleh will accordingly be treated as "independent" after the Offering. Note that the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company is considered to impact Mr. Fuad Fahad Mohammed Al Saleh's status given both that Mr. Fuad Fahad Mohammed Al Saleh represents Abdulqader Al Muhaidib & Sons Co. and that Fuad Fahad Mohammed Al Saleh's wife holds an indirect ownership interest in the shares of the Company through Abdulqader Al Muhaidib & Sons Co.

6 - 2 - 2 Qualifications of the Board of Directors

6 - 2 - 2 - 1 - 1 Sulaiman Saleem Al Harbi - Chairman of the Board

Nationality: Saudi

Age: 50 years

Sulaiman Saleem Al Harbi has a proven track record of leading achievements in different fields and multiple sectors. He chairs many Boards of Directors of industrial and commercial companies in Saudi Arabia and in the Arab world.

In addition to being the Chairman of Northern Region Cement Company since 2006G, Sulaiman Saleem Al Harbi holds the following positions:

- Chairman of the Board of Saudi Pan Kingdom Holding Company since 2008G, a Saudi limited liability company. The company carries out the following activities: participating in other companies; constructing, managing, operating and developing industrial cities; executing industrial and agricultural projects, commercial and residential complexes, entertainment and tourist facilities, restaurants, airports, railway stations; purchasing, investing, selling and leasing land plots.
- Chairman of the Board of Pan Kingdom Development Holding Company since 2007G, a Saudi limited liability company. The company operates and develops real estate and agricultural projects, commercial and residential complexes, entertainment and tourist facilities, airports, railways, carries out works related to contracting, roads, tunnels, buildings, electrical works, electronic works, water works; purchasing and investing land plots.
- Chairman of the Board of Saudi Pan Kingdom for Trading, Industry, and Contracting Co. since 1992G, a Saudi closed joint stock company, specialized in roads, buildings, water and sewerage works.
- Chairman of the Board of National Pan Kingdom Construction Co. since 2008G, a Saudi limited liability company which carries out building and general contracting activities.
- Chairman of the Board of Pan Kingdom Power Co. Ltd. since 2007G, a Saudi limited liability company which carries out power generation, transmission and distribution activities.
- Chairman of the Board of Saudi Pan Kingdom Water Company since 2010G, a Saudi limited liability company that carries general contracting for water and sewage networks activities.
- Chairman of the Board of South Steel Company since December 2008G. The company is a Saudi closed joint stock company, and carries out the activities of steel production of all types
- Chairman of the Board of Pan Kingdom Investment Co. since 2005G, a Saudi limited liability company which carries out industrial and real estate construction and development activities.
- Chairman of the Board of Saudi SNAF Company for business investment and real estate development since 2003G, a Saudi limited liability company which carries out real estate investment and hotels management activities.
- Chairman of the Board of Pan Kingdom Real Estate Company since 2011G, a Saudi limited liability company which carries out real estate development activities.
- Chairman of the Board of Global Specialist Transport Company since 2006G, a Saudi limited liability company which carries out transportation of essential materials activities.
- Chairman of the Board of Saudi HEPCO since 2002G, a Saudi limited liability company that carries manufacturing and marketing infrastructure pipes activities.
- Chairman of the Board of Northern Cement Company (Jordan) since 2010G, a public joint stock company listed on Amman Stock Exchange which carries out Portland and Pozzolana cement production activities.
- Member of the Board of Directors of Mawten Properties since November 2007G, a Saudi closed joint stock company which carries out purchasing, managing, maintaining and developing real properties activities.
- Member of the Board of Directors of Droub Al Omran for Real Estate Development Ltd. since 2007G, a Saudi limited liability company, that bcarries out purchasing and developing land plots and real properties activities.
- Member of the Board of Directors of Ibram for Commercial and Industrial Investment Co. Ltd. since 2007G, a Saudi limited liability company which carries out investment in telecommunications and technology activities.

Sulaiman Saleem Al Harbi obtained his Diploma in business administration from Oxford Study Centre, Great Britain in 2002G.

6 - 2 - 2 - 1 - 2 Eng. Raed Ibrahim Al Mudaihim - Vice Chairman

Nationality: Saudi

Age: 48 years

Raed Ibrahim Al Mudaihim started his career in various engineering fields related to water and energy. Thereafter, he worked in many sectors focused on manufacturing and trading of building materials, particularly cement and steel manufacturing and trading. He also participated in overseeing the development of several industrial projects in the Kingdom of Saudi Arabia and abroad.

In addition to being the Vice Chairman of Northern Region Cement Company since 2006G, Raed Ibrahim Al Mudaihim is a member of the Board of Directors of several industrial and commercial joint stock companies within the Kingdom of Saudi Arabia and the Arab world. He holds the following positions:

- The Managing Director of Al Muhaideb Building Materials Co since 2005G, a Saudi limited liability Company which carries out building materials trading activities.
- Member of the Board of Directors of United Mining Industries Company Limited since 2006G, a Saudi joint stock which produces gypsum and gypsum boards.
- Member of the Board of Directors of Northern Cement Company (Jordan) since 2010G, a public joint stock company listed on Amman Stock Exchange which carries out Portland and Pozzolana cement production activities.
- Member of the Board of Directors of Al Badia Cement (Syria) since 2007G, a joint stock company which produces Portland cement.
- Member of the Board of Directors of Al Suez Cement (Egypt) since 2005G, a listed joint stock company which carries out the activities of Portland cement production.
- Member of the Board of Directors of Arabian pipes Company since 2006G, a Saudi joint stock company listed on the Saudi Stock Exchange (Tadawul) which produces steel pipes.
- Member of the Board of Directors of Al Yamamah Steel Industries Company since 2011G, a Saudi closed joint stock company which carries out the activities of steel industries.

Raed Ibrahim Al Mudaihim received his bachelor’s degree in electrical engineering in 1986G and master degree in electrical engineering in 1992G from the Faculty of Engineering at King Saud University in Riyadh, Kingdom of Saudi Arabia.

6 - 2 - 2 - 1 - 3 Eng. Saud Sa’ad Al Arifi - Managing Director

Nationality: Saudi

Age: 41 years

Saud Sa’ad Al Arifi started his career working in a variety of fields. He worked as an engineer in Prince Sultan Bin Abdulaziz AI Saud Foundation’s Charitable Projects from 2000G to 2004G, and as Project Manager at the Ministry of Defence, Aviation and Military Works, Kingdom of Saudi Arabia.

In addition to being the Managing Director of Northern Region Cement Company since 2006G, Saud Sa’ad Al Arifi is a member of the Board of Directors of several companies. He holds the following board positions:

- President of Saud Sa’ad Saud Al Arifi Trading Group since 1993G, a Saudi sole proprietorship which carries out the activities of trading machinery and equipment, electrical appliances and accessories, building materials and cement.
- Member of the Board of Northern Cement Company (Jordan) since 2010G, a public joint stock company listed on Amman Stock Exchange which carries out Portland and Pozzolana cement production activities.
- Member of the Board of South Steel Company since December 2008G, a Saudi closed joint stock company which carries out steel production of all types activities.
- Member of the Board of Al Dar Engineering Consultancies since 2007G, a Saudi partnership which carries out the activities related to engineering consultancies.

He is also:

- The Executive Director and Partner in Pan Kingdom Investment Co. since 2005G, a Saudi limited liability company which carries out industrial and real estate construction and development activities.

Saud Sa’ad Al Arifi received his bachelor’s degree in architecture in 1996G from the University of King Saud, Kingdom of Saudi Arabia.

6 - 2 - 2 - 1 - 4 Eng. Mohammed Fayez Al Darjm - Member

Nationality: Saudi

Age: 49 years

Mohammed Fayez Al Darjm started his career working in several engineering fields. He worked as engineer in the Ministry of Municipal Affairs 1987G – 1988G. He held many offices in the Ministry of Defense and Aviation from 1988G to 2006G such as the Project Manager, Project Director and Project Engineer.

In addition to being a member of the Board of Directors of Northern Region Cement Company since 2006G, Mohammed Fayez Al Darjm is a member of the Board of Directors of several companies. He holds the following board positions:

- Vice Chairman of the Board of South Steel Company since December 2008G, a Saudi closed joint stock company which carries out the activities of steel production of all types.
- Member of the Board of Directors of Northern Cement Company (Jordan) since 2010G, a public joint stock company listed on Amman Stock Exchange which carries out Portland and Pozzolana cement production activities.
- Member of the Board of Directors of Global Specialist Transport Company since 2006G, a Saudi limited liability company which carries out transportation of essential materials activities.
- Advisor and Member of the Board of Al Dar Engineering Consultancies since 2007G, a Saudi partnership which carries out the activities related to engineering consultancies.

He is also:

- Partner and General Manager of Pan Kingdom Investment Co. since 2005G, a Saudi limited liability company which carries out the activities of industrial and real estate construction and development.
- Partner in the Saudi Development & Construction Company since September 2011G, a Saudi limited liability company which carries out the activities of contracting.

Mohammed Fayez Al Darjm received his bachelor's degree in 1987G in architecture engineering and building sciences in from the Faculty of Architecture and Planning at King Saud University, Kingdom of Saudi Arabia.

6 - 2 - 2 - 1 - 5 Mohammed Saleem Al Sa'edi - Member

Nationality: Saudi

Age: 67 years

Mohammed Saleem Al Sa'edi has broad experience in corporate management and he is a member of the Board of Directors of several industrial and commercial companies within the Kingdom of Saudi Arabia.

In addition to being a member of the Board of Directors of Northern Region Cement Company since 2006G, Mohammed Saleem Al Saedi holds the following board positions:

- Member of the Board of Directors of Alpha Transportation Co. Ltd. since 2008G, a Saudi limited liability company which carries out the activities of goods transport.
- Chairman of the Board of JAL Development Co. Ltd. since 2010G, a Saudi limited liability company which carries out the activities of contracting.
- Member of the Board of Directors of Saudi HEPCO since 2005G, a Saudi limited liability company which carries out the activities of pipes manufacturing.

He is also:

- The General Manager of Saudi Al Turais Company since 1995G, a Saudi limited liability company which carries out the activities of contracting.

6 - 2 - 2 - 1 - 6 Khalid Abdul Aziz Al Arifi - Member

Nationality: Saudi

Age: 50 years

In addition to being a member of the Board of Directors of Northern Region Cement Company since 2007G, Khalid

Al Arifi is currently the Head of General Cargo Department of National Shipping Company of Saudi Arabia since September 2012G. National Shipping Company of Saudi Arabia is a public joint-stock company listed on Saudi Exchange (Tadawul) and its business is purchase, sale and utilization of vessels and maritime transportations.

Khalid Abdul Aziz Al Arifi received his bachelor's degree in general management in 1989G from California State University, Chico - USA.

6 - 2 - 2 - 1 - 7 Dr. Fuad Fahd Al Saleh - Member

Nationality: Saudi

Age: 64 years

Fuad Fahd Al Saleh started his career in academia. He was a professor in the Faculty of Engineering at King Saud University. He also worked in the industrial field in Abdulqader Al Muhaideb & Sons Co. as the General Manager and Managing Director of the company. He was also a member of the Industrial Committee of the Riyadh Chamber of Commerce and Industry from 1993G to 2009G.

In addition to being a member of the Board of Directors of Northern Region Cement Company since 2011G, Fuad Fahd Al Saleh is a member of the Board of Directors of several companies. He holds the following positions:

- Chairman of the Board of Dar Al Zahrawi Medical Equipment Co. Ltd. since 2004G, a Saudi limited liability company which carries out the activities of supplying medical equipment.
- Chairman of the Board of Bina Holding Company since 2008G, a Saudi limited liability company which carries out the activities of manufacturing precast concrete and ready-mixed concrete.
- Chairman of the Board of United Mining Industries Company Limited since 2007G, a Saudi closed joint stock company which carries out the activities of manufacturing gypsum and gypsum boards.
- Member of the Board of Directors Bawan Company Limited since 2007G, a Saudi closed joint stock company which specialized in building materials.
- Member of the Board of Directors of Saudi Modern Cable Manufacturing Co Ltd. since 2005G, a Saudi limited liability company which carries out the activities of cables manufacturing.
- Member of the Board of Directors of Riyadh Cables Co. Ltd. since 2005G, a Saudi limited liability company which carries out the activities of cables manufacturing.
- Member of the Board of Directors of Abdulqader Al Muhaideb & Sons Co. since 2009G, a Saudi closed joint stock company which carries out multiple activities.
- Owner and member of the Board of Directors of Fuad Fahd Al Saleh & Khalid Hamad Al Dhewalia Engineering Consultancies Company since 2008G, a Saudi professional partnership which carries out the activities related to engineering consultancies.

Fuad Fahd Al Saleh received his bachelor's degree in civil engineering in 1969G from Al Basra University, Iraq. He received his master's degree in harbours engineering in 1974G from University of Manchester, Britain and received his Ph.D. in hydraulics and water resources in 1984G from Colorado State University, USA.

6 - 2 - 3 Board Secretary

6 - 2 - 3 - 1 - 1 Hazza Bin Ghathian Al Anazi - Secretary of the Board

For information about the qualifications of the Secretary of the Board, please refer to the "Senior Executives' CVs" paragraph below.

6 - 3 Senior Executives

Senior Executives of the Company possess a high level of knowledge and experience in domestic and international markets.

Table 62 : Senior Executives of NRCC

Sn.	Name	Academic Qualifications	Position	Years of Experience	Nationality	Age
1	Saud Sa'ad Saud Al Arifi	B.Sc.	Managing Director	6	KSA	41
2	Obaid Sa'ad Obaid Al Subaie	Ph.D.	General Manager	6	KSA	49
3	Hazza Ghathian Suheiman Al Anazi	B.Sc.	Assistant General Manager for Financial and Administrative Affairs Marketing & Sales Manager	3	KSA	41
4	Mustafa Shaher Mustafa Al Muhsin	B.Sc.	Assistant General Manager for Technical Affairs	3	Jordan	58
5	Samir Sulaiman Tim Al Subaihi	B.Sc.	Financial Affairs Manager	5	Jordan	67
6	Husnu Ahmed Ozort	B.Sc.	Plant Manager	-	Turkey	53
7	Adnan Mohammed Talal Al Issa	B.Sc.	Projects and Technical Affairs Manager	5	Jordan	61
8	Mohammed Maqaad Mohammed Al Harbi	B.Sc.	Resources and Administrative Affairs Manager	-	KSA	43
9	Imad Fawaz Abdul-Halim Rawash	B.Sc.	Internal Auditor	1	Egypt	38

Source: Company

6 - 3 - 1 Senior Executives' CVs

6 - 3 - 1 - 1 - 1 Eng. Saud Sa'ad Al Arifi - Managing Director

For information about the qualifications of Eng. Saud Saad Al Arifi, please refer to the "Qualifications of the Board of Directors" paragraph above.

6 - 3 - 1 - 1 - 2 Dr. Obaid Sa'ad Obaid Al Subaie - General Manager

Nationality: Saudi

Age: 49 years

Experience: Obaid Sa'ad Al Subaie joined Northern Region Cement Company in 2006G as Executive Manager. In 2010G he became the General Manager of the Company.

Obaid Sa'ad Al Subaie has broad experience in the areas of projects management and engineering. Prior to joining Northern Region Cement Company he held the following positions:

- Head of Technical Support Division of the Ministry of Defence, Aviation and General Inspection, Kingdom of Saudi Arabia from 1999G to 2006G.
- Director of the Building Office of King Khalid Military City, Kingdom of Saudi Arabia from 1991G to 1996G.
- Project Manager at the Ministry of Defense, Aviation and General Inspection, Kingdom of Saudi Arabia from 1987G to 1991G.

Obaid Sa'ad Al Subaie has been a member of the Board of Directors of Northern Cement Company (Jordan) since 2011G, a public joint stock company listed on the Amman Stock Exchange which carries out the activities of Portland and Pozzolana cement production.

Academic Qualifications: Obaid Sa'ad Obaid Al Subaie received his bachelor's degree in civil engineering in 1985G and his master's degree in construction engineering in 1987G from King Fahd University of Petroleum and Minerals in Dhahran, Kingdom of Saudi Arabia. He also received his Ph.D. in civil engineering in 2001G from University of Illinois, USA.

6 - 3 - 1 - 1 - 3 Eng. Hazza Ghathian Al Anazi - Assistant General Manager for Financial, Administrative Affairs and Sales and Marketing Manager

Nationality: Saudi

Age: 41 years

Experience: Hazza Ghathian Al Anazi joined Northern Region Cement Company in 2009G. He has a broad experience in several areas as he has held the following positions:

- Network Engineering Manager, Engineering Designs Manager and Forecast Manager in the Saudi Telecommunications Company (STC), Kingdom of Saudi Arabia from 2000G to 2008G.
- Head of Planning and Development Monitoring Section, Planning Unit Supervisor and Urban Planner at the Royal Commission for Jubail and Yanbu, Kingdom of Saudi Arabia, from 1995G to 2000G.

Academic Qualifications: Hazza Ghathian Al Anazi received his bachelor's degree in architecture and planning in 1994G from the University of King Saud, Kingdom of Saudi Arabia.

6 - 3 - 1 - 1 - 4 Mustafa Shaher Al Muhsin - Assistant General Manager for Technical Affairs

Nationality: Jordanian

Age: 58 years

Experience: Mustafa Shaher Al Muhsin joined Northern Region Cement Company in 2009G. Mustafa Shaher Al Muhsin has a proven track record in the field of cement industry and has worked with the Jordan Cement Company from 1979G to 2007G. He was promoted gradually and worked in different departments until he reached the position of Deputy Director General for Technical Affairs.

Academic Qualifications: Mustafa Shaher Al Muhsin received his bachelor's degree in civil engineering in 1979G from the University of Engineering, Lahore - Pakistan.

6 - 3 - 1 - 1 - 5 Samir Sulaiman Al Subaihi - Director of Finance

Nationality: Jordanian

Age: 67 years

Experience: Samir Sulaiman Al Subaihi joined Northern Region Cement Company in 2007G with 38 years of experience in financial affairs. He held the following positions:

- Finance Manager, Executive Director and Commercial Director at Dhahran Chemical Industries Limited (DCI), Kingdom of Saudi Arabia from 1990G to 2003G.
- Finance & Administration Manager and thereafter became the Deputy General Manager of the Saudi German Fibreglass Products Company, Kingdom of Saudi Arabia from 1987G to 1990G.
- Property Monitor in Astra Company, Kingdom of Saudi Arabia from 1985G to 1987G.
- General Manager of Kanar Tours, Jordan from 1983G to 1985G.
- Branch Manager in Arab Bank and Inspector in the Bank's Headquarter, Jordan from 1981G to 1983G.
- Branch Manager in Arab Land Bank in Rusaifa, Mafraq and Zarqa, Jordan from 1971G to 1981G.

Academic Qualifications: Samir Sulaiman Al Subaihi received his bachelor's degree in accountancy and commerce in 1970G from Beirut Arab University in Lebanon.

6 - 3 - 1 - 1 - 6 Eng. Husnu Ahmed Ozort - Plant Manager

Nationality: Turkish

Age: 53 years

Experience: Husnu Ahmed Ozort joined Northern Region Cement Company in 2011G. He has a broad experience in cement industry and started his career in 1986G and worked for several companies in Turkey. Thereafter, he joined Italcementi Group, Turkey in 1998G where he worked for 13 years and held several offices including, General Manager, Plant Manager, Maintenance and Development Manager and Production Manager.

Academic Qualifications: Husnu Ahmed Ozort received his bachelor's degree in chemical engineering in 1983G from the Middle East Technical University.

6 - 3 - 1 - 1 - 7 Adnan Mohammed Al Issa - Projects & Technical Affairs Manager

Nationality: Jordanian

Age: 61 years

Experience: Adnan Mohammed Talal Al Issa joined Northern Region Cement Company in 2007G. He has broad experience in cement production industry and has held the following positions:

- Plant Manager of Tabuk Cement Company, Jordan from 2000G to 2007G.
- Assistant Plant Manager and Head of Development and Training in Jordan Cement Company, Jordan from 1979G to 2000G.

Academic Qualifications: Adnan Mohammed Talal Al Issa received his bachelor's degree in chemical engineering in 1979G from Banaras University, India.

6 - 3 - 1 - 1 - 8 Mohammed Maqaad Al Harbi - Resources and Administrative Affairs Manager

Nationality: Saudi

Age: 43 years

Experience: Mohammed Maqaad Al Harbi joined Northern Region Cement Company in 2012G. He has a broad experience in administrative affairs and has held the following positions:

- Personnel Affairs Specialist and Administrative Affairs Manager in the College of Engineering - University of Dammam, Kingdom of Saudi Arabia, from 2008G to 2012G.
- Customer Relations Representative in the National Commercial Bank, Kingdom of Saudi Arabia from 2004G to 2008G.
- Development Coordinator in Qassim Cement Company, Kingdom of Saudi Arabia from 2001G to 2004G.
- Staff Supervisor in Israa Al Madina Company, Kingdom of Saudi Arabia from 1993G to 2000G.

Academic Qualifications: Mohammed Maqaad Al Harbi received his bachelor's degree in business administration in 1998G from the University of King Saud, Kingdom of Saudi Arabia.

6 - 3 - 1 - 1 - 9 Imad Fawzi Rawash - Internal Auditor

Nationality: Egyptian

Age: 38 years

Experience: Imad Rawash joined Northern Region Cement Company in 2011G. He has significant experience in the field of internal auditing due to his work with a number of private companies and government agencies in the Kingdom of Saudi Arabia and Egypt. He has held the following positions:

- Administrative and Financial Manager in Metal Recycling Company Limited, Kingdom of Saudi Arabia from 2007G to 2009G.
- Director of Internal Auditing Department in Mohammed Qaryan Al-Qahtani Group for Trading and Contracting, Kingdom of Saudi Arabia from 2001G to 2006G.
- Accounts Auditor in the Arabian Office for General Contracting, Egypt from 1997G to 2000G.

- Accountant in Petra-Trade for Industrial Detergents Co., Egypt from 1996G to 1997G.

He is also:

- Accounts Controller in the Central Auditing Organization, Egypt from 1998G till present (External Secondments)

Academic Qualifications: Imad Rawash received his bachelor's degree in commerce in 1996G from the University of Cairo, Egypt. He is certified by the Egyptian Society of Accountants & Auditors and he is a member of International Register of Certified Auditors (IRCA).

6 - 4 Shares Owned by Directors and Senior Executives

Table 63 : Names of Board Members and Senior Executives and their Relatives Directly or indirectly Hold Shares in NRCC before the Offering

No.	Name	Position / Relationship	Direct Shareholding Before Offering		Indirect Shareholding Before Offering		Total Shareholding Before Offering	
			Shares	%	Shares	%	Shares	%
1	Sulaiman Saleem Saleem Al Harbi	Chairman	966,000	0.77%	5,347,005	4.24%	6,313,005	5.01%
2	Raed Ibrahim Sulaiman Al Mudaihim	Vice Chairman	210,000	0.17%	-	-	210,000	0.17%
3	Saud Sa'ad Saud Al Arifi	Managing Director	-	-	4,573,691	3.63%	4,573,691	3.63%
4	Mohammed Fayez Mohammed Al Darjm	Director	-	-	4,573,691	3.63%	4,573,691	3.63%
5	Mohammed Saleem Turais Al Sa'edi	Director	-	-	3,618,751	2.87%	3,618,751	2.87%
6	Fuad Fahd Mohammed Al Saleh	Director	-	-	-	-	-	-
	Awatif Abdulqader Abdul Mohsen Al Muhaideb	Wife of Fuad Fahd Mohammed Al Saleh	-	-	437,325	0.35%	437,325	0.35%
7	Hazza Ghathian Suheiman Al Anazi	Assistant General Manager for Financial and Administrative Affairs Marketing & Sales Manager	105,000	0.08%	-	-	105,000	0.08%

6 - 5 Remunerations of Directors and Senior Executives

Table 64 : Remuneration of Board Members and the Five Senior Executives including the General Manager and Financial Manger during 2009G, 2010G and 2011G

(SAR)	2009G	2010G	2011G
Annual Bonuses	1,400,000	1,400,000	1,400,000
Meeting Allowance	78,000	78,000	117,000
Other Remunerations	-	-	-
Total Remunerations of Directors	1,478,000	1,478,000	1,517,000
Remunerations	3,697,626	3,803,614	3,474,670
Annual Bonuses	614,200	836,925	521,360
Other Remunerations & Benefits	-	-	-
Total Remunerations The Five Senior Executives (Including the General Manager and Finance Manager)	*4,311,826	*4,640,539	3,996,030

Source: Company.

* *Total Remunerations of the top five Senior Executives and the Finance Manager*

6 - 6 Employment Contracts of Board Members and Senior Executives

No Contracts of Employment are entered into with any member of the Board of Directors. However, the Company entered into Contracts of Employment with the Senior Executives of the Company. Such contracts are renewable and subject to the Labour Law. The value of benefits and remunerations has been defined in the said contracts as commensurate with their qualifications and experience.

Table 65 : Dates and Terms of Employment Contracts with Senior Executives

Sn.	Name	Position	Contract Date	Term of Contract
1	Obaid Sa'ad Obaid Al Subaie	General Manager	01/08/2010G	One Year - Automatically Renewable
2	Hazza Ghathian Suheiman Al Anazi	Assistant General Manager for Financial and Administrative Affairs Marketing & Sales Manager	01/01/2009G	Unlimited Term
3	Mustafa Shaher Mustafa Muhaisin	Assistant General Manager for Technical Affairs	18/04/2009G	One Year - Automatically Renewable
4	Samir Sulaiman Tim Al Subaihi	Financial Affairs Manager	01/04/2007G	One Year - Automatically Renewable
5	Husnu Ahmed Ozort	Plant Manager	18/11/2011G	Four Years - Automatically Renewable
6	Adnan Mohammed Talal Al Issa	Projects and Technical Affairs Manager	01/06/2007G	One Year - Renewable upon mutual consent of both Parties
7	Mohammed Maqaad Mohammed Al Harbi	Resources and Administrative Affairs Manager	29/04/2012G	One Year - Automatically Renewable
8	Imad Fawaz Abdul-Halim Rawash	Internal Auditor	26/11/2010G	Two Years - Automatically Renewable

6 - 7 Corporate Governance

The Company is committed to high standards of corporate governance and has put in place policies that it believes comply with the Corporate Governance Guidelines and with the obligatory provisions of the Regulations issued by the CMA. The Board of Directors complies with Article 9 of the Corporate Governance Regulations regarding the Disclosure in the Board of Directors' Report, Paragraph (c) of Article 12 of the said Regulations regarding the Formation of the Board, Article 14 of the said Regulations regarding the Audit Committee, and Article 15 of the said Regulations regarding Nomination and Remuneration Committee. As on 16/11/2011G, the Extraordinary General Assembly approved the rules of electing the members of the Audit Committee and the Nomination and Remuneration Committee, and defined the terms of membership. With regards to the Paragraph (e) of Article 12 of the said Regulations, regarding the Formation of the Board, the Company will comply with the same immediately upon the Offering and more than one third of the members of the Board of Directors will become independent pursuant to the following:

- After subscription, the total combined indirect shareholdings of Mr. Mohammad Saleem Turais Al Saedi and direct shareholdings of Alturais Saudi Trading, Industry, Contracting. Co. Ltd. in the Company will fall below 5% (please refer to the "Current Shareholders" section). Mohammad Saleem Turais Al Saedi will accordingly be treated as "independent" after the Offering.
- After subscription, the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company will fall bellow 5% (please refer to the "Current Shareholders" section). Mr. Fuad Fahad Mohammed Al Saleh will accordingly be treated as "independent" after the Offering. Note that the shareholding of Abdulqader Al Muhaidib & Sons Co. in the Company is considered to impact Mr. Fuad Fahad Mohammed Al Saleh's status given both that Mr. Fuad Fahad Mohammed Al Saleh represents Abdulqader Al Muhaidib & Sons Co. and that Fuad Fahad Mohammed Al Saleh's wife holds an indirect ownership interest in the shares of the Company through Abdulqader Al Muhaidib & Sons Co.

The Compamy believes in the necessity of developing sufficient procedures and controls that will enable the Company to achieve good governance that ensures control and accountability systems with regard to the activities of the Company and its employees as appropriate for the risks involved in such activities. Consistent with this belief and to implement and comply with Paragraph (b) of Article 10 of Corporate Governance Regulations on "laying down rules for internal control systems and supervising them", the Company's Board of Directors adopted and approved the following systems and instructions on 25/07/2012G, which are currently under implementation:

- Company's Governance regulation.
- Authority Matrix in the Company.
- Internal Audit Manual.
- Risk Management Systems Manual.

The Board of Directors complies with the provisions of Articles (69) and (70) of the Companies Law, and Article (18) of the Corporate Governance Regulations issued by CMA. Pursuant to Article (69) of the Companies Law, the Board Member shall not have any direct or indirect interest in the operations and contracts of the Company, except after approval from the Ordinary General Assembly, renewable annually and shall be excluded from such requirements for contracts offered through general bids, if the board member has the best offer. The board member shall be obliged to inform the Board of his personal interest in the operations and contracts entered into with the Company, and this notification shall be recorded in the meeting minutes. The interested member may not participate in voting on the decision, which shall be issued in this respect. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when convened of the operations and contract in which any of the Board Members has a personal interest, and a special report from the auditor shall be attached with the notification.

Pursuant to Article (69) of the Companies Law, a Board Member may not, without authorisation from the Ordinary General Assembly, renewed annually, participate in any activity that shall compete with the Company, or trade in any related activity it is practicing. Failing this, the Company shall be entitled to demand compensation, or to consider transactions done in the board members favour as done in its favour.

Article (18) of the Corporate Governance Regulations is about the same issues stipulated in Articles 69 and 70 of the Company's Law.

The Company undertakes to:

1. Propose the application of accumulative voting method at the Company's Extraordinary General Assembly in compliance with the provisions of the Corporate Governance Regulations and pursuant to the instructions of the Ministry of Commerce & Industry in which the Ministry requested all joint stock company to adopt the accumulative voting method for electing Directors. The Company's Articles of Association stipulates that "each subscriber shall have one vote for each share represented by him / her in the Constituent Assembly and the votes in the Ordinary General Assembly and the Extraordinary General Assembly shall be calculated on the basis of one vote per share".
2. Get the Company's governance system approved by the General Assembly within one year from the date of listing.
3. Pursuant to Article 11.f of the Corporate Governance Regulations, lay down a written procedure for orienting the new board members with the Company's business and in particular the financial and legal aspects, in addition to their training needs where necessary.
4. Provide the Authority with the working rules of the Audit Committee and the Nomination and Remuneration Committee.
5. Present sufficient disclosures about the remunerations paid to the Board Members and Senior Executives.
6. Notify the Corporate Governance Department of the date of the next General Assembly meeting in order for the Department to attend the same.

The Board of Directors has formed two committees: The Audit Committee and the Nomination and Remuneration Committee

6 - 7 - 1 Board Committees

6 - 7 - 1 - 1 Audit Committee

The Board of Directors formed a committee comprising of non-executive Members of the Board of Directors called the Audit Committee which carries out the duties and powers assigned to it by the Board of Directors from time to time pursuant to the Corporate Governance Regulations issued by CMA.

The Audit Committee comprises three (3) members. The rules of electing the members, defining the term of their office and formation of the Committee were approved in the General Assembly held on 20/12/1432H (corresponding to 16/11/2011G).

Table 66 : Members of Audit Committee

Name	Description
Raed Ibrahim Al Mudaihim	Chairman of the Audit Committee
Khalid Abdul Aziz Al Arifi	Member of the Audit Committee
Eyad Tariq Al Yahya	Member of the Audit Committee

Source: Company

The duties and responsibilities of the Audit Committee include the following:

- To supervise the Company's internal auditors to ensure their effectiveness in executing the activities and duties specified by the Board of Directors.
- To review the internal audit procedures and plan and to give the Committees opinion and recommendations in this regard.
- To review the internal audit reports and pursue the implementation of the recommendations in respect of the weaknesses and violations noted therein.
- To recommend to the Board of Directors the appointment or replacement of the internal auditors or dismissal of (external) auditors and defining their remunerations; upon any such recommendation, their independence must be taken into account.
- To supervise the activities of the (external) auditors and approve any activity beyond the scope of the audit work assigned tothem during the performance of their duties.
- To review, together with the (external) auditor, the audit plan and make any comments thereon.
- To review the (external) auditor's comments on the financial statements and follow up the actions taken.
- To review the quarterly and annual financial statements prior to presentation to the Board of Directors and to provide opinion and recommendations with respect thereto.
- To review the accounting policies adopted by the Company and advise the Board of Directors of any recommendation in this regard.

The term of membership of the Audit Committee shall be commensurate with the term of membership of the Board of Directors and the Committee shall hold at least one meeting every quarter.

6 - 7 - 1 - 1 - 1 Qualifications of the Members of the Audit Committee

6 - 7 - 1 - 1 - 1 - 1 Eng. Raed Bin Ibrahim Al Mudaihim

For information about the qualifications of Eng. Raed Bin Ibrahim Al Mudaihim, please refer to the paragraph titled "Qualifications of the Board of Directors".

6 - 7 - 1 - 1 - 1 - 2 Khalid Abdul Aziz Al Arifi

For information about the qualifications of Khalid Abdul Aziz Al Arifi, please refer to the paragraph titled "Qualifications of the Board of Directors".

6 - 7 - 1 - 1 - 1 - 3 Eyad Tariq Al Yahya

Experience: Eyad Tariq Al Yahya is a member of the Audit Committee of Northern Region Cement Company and also a member of the executive management of Al Khozama Management Company. He has 31 years of experience as he started his career in the Saudi Industrial Development Fund where he worked from 1980G to 1987G. Thereafter, he has held several positions:

- Head of Investment Department in Aseer Company, Kingdom of Saudi Arabia from 1993G to 2006G.
- Head of Trading & Finance Department in Al Rajhi Bank, Kingdom of Saudi Arabia from 1989G to 1991G.
- Assistant Manager for Financial Affairs in the National Company for Cooperative Insurance, Kingdom of Saudi Arabia from 1987G to 1989G.

Academic Qualifications: Eyad Tariq Al Yahya received his bachelor's degree in accountancy in 1980G from the University of Kuwait.

6 - 7 - 1 - 2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three (3) members. The rules of electing the members, defining the term of membersip and formation of the Committee were approved in the General Assembly held on 20/12/1432H (corresponding to 16/11/2011G).

Table 67 : Members of Nomination and Remuneration Committee

Name	Description
Sulaiman Saleem Al Harbi	Chairman of Nomination and Remuneration Committee
Raed Ibrahim Al Mudaihim	Member of Nomination and Remuneration Committee
Saud Sa'ad Al Arifi	Member of Nomination and Remuneration Committee

Source: Company

The duties and responsibilities of the Nomination and Remuneration Committee include the following:

- To Identify, elect and recommend candidates for membership of the Board of Directors. The Committee shall take into account many factors while evaluating the nominated individuals for membership of the Board of Directors, including but not limited to the following:
  - Honesty, creditability and accountability (the committee shall ensure that no person who has been previously convicted of any offence related to honour or honesty is nominated for such membership).
  - Successful experience in the field of leadership.
  - Administrative and management experience.
  - Independency and absence of conflict of interests.
  - The ability to devote the time necessary to carry out the responsibilities as a member of the Board of Directors.
- To conduct annual review of the requirement of suitable skills, capabilities and experience to enhance the capabilities of the Board of Directors and to recommend the same to the Board of Directors. To prepare a description of the required capabilities and qualifications for the membership of the Board of Directors.
- To determine the time that a Board member should devote to carry out his duties related to his membership in the Board of Directors or in any of the committees related thereto.
- To review the structure of the Board of Directors and make recommendations regarding possible changes to the Board.
- To determine the strengths and weaknesses in the Board of Directors and recommend remedies, which are compatible with the company's interest.
- To ensure, on an annual basis, the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a Member of the Board of Directors of another company.
- Draw clear policies regarding the remunerations, bonuses and benefits of the Board members and Senior Executives and to annually review such policies.
- Review and approve the policies of short-term and long-term remunerations and benefits and the procedures related thereto for all employees of the Company and its subsidiaries / associates as appropriate.

The term of membership of the Nomination and Remuneration Committee shall be commensurate with the term of membership of the Board of Directors and the Committee shall hold a meeting atleast twice a year at least.

6 - 7 - 1 - 2 - 1 Qualifications of the Members of the Nomination and Remuneration Committee

For information about the qualifications of the members of the Nomination and Remuneration Committee, please refer to the paragraph titled "Qualifications of the Board of Directors".

6 - 8 Declaration in Respect of Directors, Senior Executives and Company Secretary

The members of the Board of Directors, the Senior Executives and the secretary of the Board of Directors declare the following:

- They have not at any time, declared bankruptcy or been subject to bankruptcy proceedings;
- No company - in which they held an administrative or supervisory office - was declared insolvent in the past five years preceding the date of this Prospectus;
- Except as disclosed in the "Shares Owned by Directors & Senior Executives" paragraph in the the "Organizational Structure" section hereof, they do not themselves, nor do any of their relatives, have any shares or interests of any kind whatsoever in the Company or in any of its subsidiaries;
- They do not have any power or rights to borrow money from the Company;
- They do not themselves, nor do any of their relatives have any material interest in any currently valid or expected written contract or oral or written arrangement related to the businesses of the Company or its subsidiaries at the time of the presentation of this Prospectus; and
- No commissions, discounts, brokerages or other non-cash compensation have been granted by the Company or any of its subsidiaries within the three (3) years immediately preceding the application for listing in connection with the issue or sale of any securities of the Company.

Further, the Members of Board of Directors confirm that:

- There was no any interruption in the operations of the Company or any of its affiliates that could have significant impact on the financial position during the last 12 months; and
- There was no any significant negative change to the financial and commercial position of the Company or any of its affiliates during the three years preceding the date of submitting registration application and approval of listing, in addition to the period covered by the report of the registered accountants until approval of this Prospectus.

6 - 9 Conflict of Interests

In addition to the aforementioned declarations, the Members of the Board of Directors, the General Manager, the Senior Executives and the Secretary of the Board of Directors also declare the following:

- No powers exist giving any of the Members of the Board of Directors or the General Manager the right to vote on any contract proposal in which they have a fundamental interest, giving them the right to participate in any business that may compete with the Company or granting them a commission or brokerage fees;
- No powers exist giving any of the Members of the Board of Directors or the General Manager the right to vote on the remuneration granted to them; and
- No powers exist giving any of the Members of the Board of Directors or the General Manager the right to borrow money from the Company.

The Board members shall be obliged to inform the Board of their personal, direct or indirect interests in the activities and contracts entered into by the Company and this declaration shall be recorded in the meeting minutes. The interested member may not participate in voting on the decision, which shall be issued in this respect.

7. Current Shareholders

7 - 1 Current Shareholders of the Company Prior to and After the Offering

Table 68 : Shareholding Structure as of the date of the Prospectus and after the Offering

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
1	Pan Kingdom Investment Co.	30,491,270	24.1994%	8,711,791	21,779,479	12.0997%
2	Abdulqader Al Muhaideb & Sons Co.	12,495,000	9.9167%	3,570,000	8,925,000	4.9583%
3	Alturais Saudi Trading, Industry, Contracting Co. Ltd.	7,237,501	5.7440%	2,067,858	5,169,643	2.8720%
4	Abdullah bin Mohammed bin Abdul Aziz Al Romaizan	6,300,000	5.0000%	1,800,000	4,500,000	2.5000%
5	Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim	6,300,000	5.0000%	1,800,000	4,500,000	2.5000%
6	International Trading & Contracting Co. Ltd.	6,300,000	5.0000%	1,800,000	4,500,000	2.5000%
7	Abdul Aziz Bin Ibrahim Bin Abdul Aziz Al Ibrahim	5,512,500	4.3750%	1,575,000	3,937,500	2.1875%
8	Saleh & Abdulaziz Abahsain Co. Ltd.	3,228,750	2.5625%	922,500	2,306,250	1.2813%
9	International Islamic Relief Organization	2,625,000	2.0833%	750,000	1,875,000	1.0417%
10	Gulf Commercial Services Company	2,625,000	2.0833%	750,000	1,875,000	1.0417%
11	Atheeb Holding Company	2,625,000	2.0833%	750,000	1,875,000	1.0417%
12	Adnan Bin Saad Bin Mohammed Al Muqrin	2,362,500	1.8750%	675,000	1,687,500	0.9375%
13	Abdullah Abdul Mohsen Abdulrahman Al Turki	2,362,500	1.8750%	675,000	1,687,500	0.9375%
14	Ali Bin Mohammed Al Ali Al Mandil Altwaijri	2,100,000	1.6667%	600,000	1,500,000	0.8333%
15	Abdulaziz Bin Abdulrahman Bin Abdul Aziz Al Mohsen	1,785,000	1.4167%	510,000	1,275,000	0.7083%
16	Prince / Bander Bin Salman Bin Mohammed Al Saud	1,575,000	1.2500%	450,000	1,125,000	0.6250%
17	Addax Group Holding Company for Trade and Investment	1,575,000	1.2500%	450,000	1,125,000	0.6250%
18	Abdulrahman Bin Mohammed Bin Mohammed Saeed Dafterdar	1,569,750	1.2458%	448,500	1,121,250	0.6229%
19	Al Shaer Trading, Industry & Contracting Co.	1,470,000	1.1667%	420,000	1,050,000	0.5833%
20	Saudi Pan Kingdom Holding Company	1,470,000	1.1667%	420,000	1,050,000	0.5833%
21	Yousef Bin Awadh Bin Ahmed Al Ahmedi	1,312,500	1.0417%	375,000	937,500	0.5208%
22	Mufeed Bin Nafe Bin Abdullah Al Shakhs	1,102,500	0.8750%	315,000	787,500	0.4375%
23	Abdullah Bin Saleh Bin Ibrahim Aba Hussein	1,050,000	0.8333%	300,000	750,000	0.4167%
24	Etihad Al Khalidiya Company	1,050,000	0.8333%	300,000	750,000	0.4167%
25	Suliman Bin Saleem Bin Saleem Al Saedi Al Harbi	966,000	0.7667%	276,000	690,000	0.3833%
26	Raeys Bin Ahmed Bin Abbas Azmerli	892,500	0.7083%	255,000	637,500	0.3542%
27	Mohanna Bin Nasser Bin Abdullah Fadhl Al Nuaimi	787,500	0.6250%	225,000	562,500	0.3125%
28	Abdulsalam Bin Mustafa Bin Abdulrahman Al Kadimi	525,000	0.4167%	150,000	375,000	0.2083%
29	Medhat Bin Hamed Bin Abbas Jamal Hariri	525,000	0.4167%	150,000	375,000	0.2083%
30	Ali Bin Ibrahim Bin Mohammed Al Rubishi	525,000	0.4167%	150,000	375,000	0.2083%
31	Abdullah Bin Abdulrahman Bin Abdullah Al Khodair	525,000	0.4167%	150,000	375,000	0.2083%

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
32	Ayman Bin Ibrahim Bin Mohammed Bin Amer	525,000	0.4167%	150,000	375,000	0.2083%
33	Ibrahim Bin Mohammed Bin Ibrahim Bin Amer	525,000	0.4167%	150,000	375,000	0.2083%
34	Al Thiyab Holding Company	525,000	0.4167%	150,000	375,000	0.2083%
35	Fouzan Bin Mohammed Fouzan Al Fouzan	525,000	0.4167%	150,000	375,000	0.2083%
36	Al Raqeeb Holding Company	525,000	0.4167%	150,000	375,000	0.2083%
37	Rafidah Mohammed Mohammed Saeed Dafterdar	505,733	0.4014%	144,496	361,237	0.2007%
38	Disabled Children Association	420,000	0.3333%	120,000	300,000	0.1667%
39	Abdulrahman Bin Hamed Bin Mohsen Al Abdi Al Shammari	393,750	0.3125%	112,500	281,250	0.1563%
40	Fahad Bin Ali Bin Hamad Al Khatabi Al Harbi	393,750	0.3125%	112,500	281,250	0.1563%
41	Sultan Bin Salman Bin Saleem Al Saedi	360,625	0.2862%	103,036	257,589	0.1431%
42	Terki Bin Saad Bin Rashid Al Qunaya	315,000	0.2500%	90,000	225,000	0.1250%
43	Ghazzai Bin Megbel Bin Khalid Al Beshri Al Harbi	288,750	0.2292%	82,500	206,250	0.1146%
44	Saleh Bin Eid Bin Saleem Al Saedi	283,500	0.2250%	81,000	202,500	0.1125%
45	Ahmed Bin Mohammed Bin Abdullah Al Abdulkarim	270,375	0.2146%	77,250	193,125	0.1073%
46	Mohammed Bin Saeed Bin Rajeh Al Saedi Al Harbi	262,500	0.2083%	75,000	187,500	0.1042%
47	Khalid Bin Mohammed Bin Ghaloum Al Ansari	262,500	0.2083%	75,000	187,500	0.1042%
48	Al Fouzan Trading & General Construction Co.	262,500	0.2083%	75,000	187,500	0.1042%
49	Abdullah Mohammed Al Raqeeb Company	262,500	0.2083%	75,000	187,500	0.1042%
50	Waleed Bin Ahmed Bin Abbas Azmerli	262,500	0.2083%	75,000	187,500	0.1042%
51	Fatimah Munir Abdulrahman Al Shiblan	262,500	0.2083%	75,000	187,500	0.1042%
52	Mohammed Bin Saif Bin Mohammed Al Ghafili	246,750	0.1958%	70,500	176,250	0.0979%
53	Nayef Bin Abdul Mohsen Bin Snaitan Al Farem	246,750	0.1958%	70,500	176,250	0.0979%
54	Benyan Bin Sadoun Bin Qar'an Al Shaibani	236,250	0.1875%	67,500	168,750	0.0938%
55	Mohammed Bin Meiqel Bin Saeedan Al Atef Al Qahtani	210,000	0.1667%	60,000	150,000	0.0833%
56	Mohammed Bin Abdullah Bin Mohammed Al Mashari	210,000	0.1667%	60,000	150,000	0.0833%
57	Abdulaziz Bin Hamad Bin Abdulaziz Al Jomaih	210,000	0.1667%	60,000	150,000	0.0833%
58	Faisal Bin Hamad Bin Abdullah Al Sugair	210,000	0.1667%	60,000	150,000	0.0833%
59	Raed Bin Ibrahim Bin Sulaiman Al Mudaihim	210,000	0.1667%	60,000	150,000	0.0833%
60	Saad Bin Saud Bin Abdul Aziz Al Aqil	210,000	0.1667%	60,000	150,000	0.0833%
61	Badr Bin Saqr Bin Talq Al Omari	197,809	0.1570%	56,517	141,292	0.0785%
62	Habis Bin Ali Bin Mohammed Al Salehi Al Harbi	157,500	0.1250%	45,000	112,500	0.0625%
63	Reda Bin Hamoud Bin Ibrahim Al Hamzah	157,500	0.1250%	45,000	112,500	0.0625%
64	Saeed Bin Abed Rabbo Bin Abdul Malik Al Saedi	157,500	0.1250%	45,000	112,500	0.0625%
65	Ahmed Bin Saud Bin Abdullah Talib	157,500	0.1250%	45,000	112,500	0.0625%
66	Hamad Bin Ali Bin Mohammed Al Salehi Al Harbi	141,750	0.1125%	40,500	101,250	0.0563%
67	Abdulrahman Bin Hamed Bin Shuaib Al Awfi	131,250	0.1042%	37,500	93,750	0.0521%
68	Hamed Bin Ali Bin Mohammed Al Salehi Al Harbi	126,000	0.1000%	36,000	90,000	0.0500%

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
69	Marzouq Bin Eid Bin Saleem Al Saedi	126,000	0.1000%	36,000	90,000	0.0500%
70	Fawaz Bin Hamad Bin Fawaz Al Fawaz	124,997	0.0992%	35,713	89,284	0.0496%
71	Ali Bin Mansour Bin Assaf Al Assaf	124,976	0.0992%	35,708	89,268	0.0496%
72	Sarah Bint Mujahid Al Baddah Al Salman	110,250	0.0875%	31,500	78,750	0.0438%
73	Saleh Bin Mohammed Bin Abdullah Al Salehi	110,250	0.0875%	31,500	78,750	0.0438%
74	Abdulaziz Bin Ibrahim Bin Abdullah Al Ajlan	105,000	0.0833%	30,000	75,000	0.0417%
75	Abdul Karim Bin Ghassab Ben Sahoud Al Dawli	105,000	0.0833%	30,000	75,000	0.0417%
76	Hamed Bin Madouh Bin Mufdhi Al Hazmi	105,000	0.0833%	30,000	75,000	0.0417%
77	Mosa Bin Rafea Bin Hussein Al Saqri Al Enazy	105,000	0.0833%	30,000	75,000	0.0417%
78	Hazza Bin Ghathian Bin Suheiman Al Dahmashi Al Anazi	105,000	0.0833%	30,000	75,000	0.0417%
79	Mohammed Bin Abdullah Bin Mohammed Al Hemizi	105,000	0.0833%	30,000	75,000	0.0417%
80	Fahad Musfer Manahi Al Qahtani	105,000	0.0833%	30,000	75,000	0.0417%
81	Musaid Bin Saad Bin Saleem Al Saedi	105,000	0.0833%	30,000	75,000	0.0417%
82	Musab Bin Suleiman Bin Abdulqader Al Muhaideb	105,000	0.0833%	30,000	75,000	0.0417%
83	Saad Bin Fayez Bin Hanash Al Abdul Wahab Al Shahry	105,000	0.0833%	30,000	75,000	0.0417%
84	Awa'ed Al Riyadh Co.	105,000	0.0833%	30,000	75,000	0.0417%
85	Hamad Mohammed Al Fouzan & Co. Holding Company	84,000	0.0667%	24,000	60,000	0.0333%
86	Mubarak Bin Moufarrej Bin Fahid Al Sahli Al Harbi	83,753	0.0665%	23,930	59,823	0.0332%
87	Deghiman Bin Al Hemidi Bin Deghiman Al Torisi Al Harbi	78,750	0.0625%	22,500	56,250	0.0313%
88	Ali Bin Munif Bin Ali Al Munif	78,750	0.0625%	22,500	56,250	0.0313%
89	Adlan Bin Abdullah Bin Buqiran Al Mohammedi Al Subaie	78,750	0.0625%	22,500	56,250	0.0313%
90	Ahmed Bin Hamoud Bin Ibrahim Al Thiyab	78,750	0.0625%	22,500	56,250	0.0313%
91	Abdul Aziz Bin Abdullah Bin Hamad Bin Duaij	78,750	0.0625%	22,500	56,250	0.0313%
92	Abdullah Abdul Aziz Abdullah Al Dharrab	63,000	0.0500%	18,000	45,000	0.0250%
93	Abdul Aziz Bin Mansour Bin Assaf Al Assaf	62,501	0.0496%	17,857	44,644	0.0248%
94	Sultan Bin Ishq Bin Sultan Hazal	61,740	0.0490%	17,640	44,100	0.0245%
95	Al Tajweed Contracting and Trading	52,500	0.0417%	15,000	37,500	0.0208%
96	Ahmed Bin Ali Bin Mohammed Al Salehi Al Harbi	52,500	0.0417%	15,000	37,500	0.0208%
97	Talal Bin Ahmed Bin Abbas Azmerli	52,500	0.0417%	15,000	37,500	0.0208%
98	Sahl Bin Hamza Bin Ahmed Jamal Al Lail	52,500	0.0417%	15,000	37,500	0.0208%
99	Abdullah Bin Hilal Bin Rashid Al Dawood	52,500	0.0417%	15,000	37,500	0.0208%
100	Mohammed Bin Ahmed Bin Mohammed Al Saif	52,500	0.0417%	15,000	37,500	0.0208%
101	Yasser Bin Abdulrahman Bin Saleh Al Sadhan	52,500	0.0417%	15,000	37,500	0.0208%
102	Mansour Bin Salman Bin Saleem Al Saedi	50,000	0.0397%	14,286	35,714	0.0198%
103	Faisal Bin Bandar Bin Saqr Al Dhabaan	47,250	0.0375%	13,500	33,750	0.0188%
104	Abdulrahman Bin Abdullah Bin Abdulrahman Bin Ayban	47,250	0.0375%	13,500	33,750	0.0188%
105	Afaf Mohammed Saeed Dafterdar	44,100	0.0350%	12,600	31,500	0.0175%

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
106	Abdul Aziz Bin Mohammed Bin Abdullah Al Amer	42,000	0.0333%	12,000	30,000	0.0167%
107	Salah Bin Abdulrahman Bin Saleh Al Sadhan	42,000	0.0333%	12,000	30,000	0.0167%
108	Anas Bin Abdulrahman Bin Nasser Al Shalfan	42,000	0.0333%	12,000	30,000	0.0167%
109	Saleh Bin Awadh Bin Motad Al Mekhlafi Al Harbi	39,375	0.0313%	11,250	28,125	0.0156%
110	Hassoun Bin Saleh Bin Ali Al Hassoun	33,689	0.0267%	9,625	24,064	0.0134%
111	Buthaina Mohammed Saeed Dafterdar	33,202	0.0264%	9,486	23,716	0.0132%
112	Yarub Mohammed Saeed Dafterdar	31,500	0.0250%	9,000	22,500	0.0125%
113	Fayeza Mohammed Saeed Dafterdar	31,500	0.0250%	9,000	22,500	0.0125%
114	Saud Bin Faleh Bin Bishr Al Hanini Al Harbi	31,500	0.0250%	9,000	22,500	0.0125%
115	Abdul Ilah Mohammed Ibrahim Al Muayad	28,350	0.0225%	8,100	20,250	0.0113%
116	Badr Bin Abdullah Bin Ali Al Omari Al Harbi	28,124	0.0223%	8,035	20,089	0.0112%
117	Mohammed Bin Hosni Bin Mohammed Hashim	26,875	0.0213%	7,679	19,196	0.0107%
118	Saleh Bin Samir Bin Suroor Al Sahli	26,250	0.0208%	7,500	18,750	0.0104%
119	Abdullah Ali Fahad Al Ammari	26,250	0.0208%	7,500	18,750	0.0104%
120	Fahad Bin Ghazi Bin Dhawi Al Harbi	26,250	0.0208%	7,500	18,750	0.0104%
121	Saud Bin Mohammed Bin Dharman Abuthnain Al Subaie	26,250	0.0208%	7,500	18,750	0.0104%
122	Abdulrahman Bin Saleh Bin Abdullah Al Sadhan	26,250	0.0208%	7,500	18,750	0.0104%
123	Khalid Bin Ghazzai Bin Megbel Al Beshri Al Harbi	26,250	0.0208%	7,500	18,750	0.0104%
124	Ali Bin Munir Bin Naffa’a Al Mughairy Al Otaibi	26,250	0.0208%	7,500	18,750	0.0104%
125	Majid Bin Abdul Karim Bin Saud Al Harbi	24,937	0.0198%	7,124	17,813	0.0099%
126	Samer Bin Abdul Karim Bin Saud Al Harbi	24,937	0.0198%	7,124	17,813	0.0099%
127	Mohammed Bin Musfer Bin Saleh Al Deghish	24,937	0.0198%	7,124	17,813	0.0099%
128	Ali Bin Musfer Bin Saleh Al Deghish	24,937	0.0198%	7,124	17,813	0.0099%
129	Mansour Bin Obaid Bin Muslih Al Awfi Al Harbi	23,333	0.0185%	6,666	16,667	0.0093%
130	Abdullah Mohammed Mohammed Saeed Dafterdar	21,000	0.0167%	6,000	15,000	0.0083%
131	Mohammed Bin Hamad Bin Mohammed Al Fouzan	21,000	0.0167%	6,000	15,000	0.0083%
132	Abdul Aziz Bin Saad Bin Mohammed Al Drees	18,375	0.0146%	5,250	13,125	0.0073%
133	Ghazi Bin Salim Bin Salim Al Saedi Al Harbi	17,640	0.0140%	5,040	12,600	0.0070%
134	Badr Bin Saleh Bin Saqr Al Sahli	16,248	0.0129%	4,642	11,606	0.0064%
135	Abdul Aziz Bin Mohammed Bin Abdullah Al Salehi Al Harbi	15,750	0.0125%	4,500	11,250	0.0063%
136	Abdulrahman Bin Musa Bin Ahmed Al Hamdan	15,750	0.0125%	4,500	11,250	0.0063%
137	Mohammed Bin Abdul Aziz Bin Mohammed Al Salehi Al Harbi	13,125	0.0104%	3,750	9,375	0.0052%
138	Fahd Bin Bandar Bin Saqr Al Dhabaan	13,125	0.0104%	3,750	9,375	0.0052%
139	Khalid Bin Humaid Bin Moqbil Al Beshri Al Harbi	13,125	0.0104%	3,750	9,375	0.0052%
140	Abdullah Bin Saud Bin Talq Al Hoaidhmi Al Harbi	13,044	0.0104%	3,727	9,317	0.0052%
141	Mashari Bin Faisal Bin Nayef Al Zwaibi	10,500	0.0083%	3,000	7,500	0.0042%

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
142	Ibrahim Bin Mohammed Bin Saleh Al Daweesh	10,500	0.0083%	3,000	7,500	0.0042%
143	Mahimid Bin Suleiman Bin Ali Al Mohaimid	10,500	0.0083%	3,000	7,500	0.0042%
144	Abdulrahman Bin Abdullah Bin Abdulrahman Al Angari	10,500	0.0083%	3,000	7,500	0.0042%
145	Khalid Hamdi Hamza Al Suraiseri Al Juhani	9,450	0.0075%	2,700	6,750	0.0038%
146	Hatem Amin Ahmed Khayat	8,999	0.0071%	2,572	6,427	0.0036%
147	Hammad Bin Saleh Bin Mohammed Al Dhaheri	8,750	0.0069%	2,500	6,250	0.0035%
148	Ibrahim Bin Saleh Bin Mohammed Al Mohaimid	7,875	0.0063%	2,250	5,625	0.0031%
149	Tumader Abdul Ilah Mohammed Al Muayad	7,189	0.0057%	2,054	5,135	0.0029%
150	Asmaa Abdul Ilah Mohammed Al Muayad	6,372	0.0051%	1,821	4,551	0.0025%
151	Mohammed Haidar Mehdi Meghazel	5,775	0.0046%	1,650	4,125	0.0023%
152	Zaki Bin Aref Bin Deghaim Al Rwaili	5,250	0.0042%	1,500	3,750	0.0021%
153	Salah Mohammed Saeed Dafterdar	5,250	0.0042%	1,500	3,750	0.0021%
154	Arwa Abdullah Ali Al Amari	4,200	0.0033%	1,200	3,000	0.0017%
155	Huda Mohammed Saeed Dafterdar	3,938	0.0031%	1,126	2,812	0.0016%
156	Nadiah Amanallah Mohammed Amin Bukhari	3,213	0.0026%	918	2,295	0.0013%
157	Eiman Nasser Rashid Al Rasheed	2,625	0.0021%	750	1,875	0.0010%
158	Hamad Bin Abdul Aziz Bin Mohammed Al Salehi Al Harbi	2,625	0.0021%	750	1,875	0.0010%
159	Wedad Abdul Aziz Mohammed Al Salehi Al Harbi	2,625	0.0021%	750	1,875	0.0010%
160	Eyad Amin Ahmed Khayat	1,176	0.0009%	336	840	0.0005%
161	Alyaa Nasser Rashid Al Rasheed	1,050	0.0008%	300	750	0.0004%
162	Fatimah Abdul Ilah Mohammed Al Muayad	1,012	0.0008%	289	723	0.0004%
163	Majeedah Ahmed Hamed Al Reedy	368	0.0003%	106	262	0.0001%
	Total	126,000,000	100.0000%	36,000,000	90,000,000	50.0000%
	Excess Shares			54,000,000		
	Total Offered Shares			90,000,000		

Source: Company

7 - 2 Key Shareholders

Table 69 : Names of Key Shareholders directly holding 5% or more of the Shares before the Offering

No.	Name	Before Offering		After Offering	
		Shares	%	Shares	%
1	Pan Kingdom Investment Co.	30,491,270	24.1994%	21,779,479	12.0997%
2	Abdulqader Al Muhaideb & Sons Co.	12,495,000	9.9167%	8,925,000	4.9583%
3	Alturais Saudi Trading, Industry, Contracting Co. Ltd.	7,237,501	5.7440%	5,169,643	2.8720%
4	Abdullah bin Mohammed bin Abdul Aziz Al Romaizan	6,300,000	5.0000%	4,500,000	2.5000%
5	Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim	6,300,000	5.0000%	4,500,000	2.5000%
6	International Trading & Contracting Co. Ltd.	6,300,000	5.0000%	4,500,000	2.5000%

Source: Company

Table 70 : Names of Key Individual Shareholders directly and/or indirectly holding more than 5% of the Shares before the Offering

No.	Name	Before Offering		After Offering	
		No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
1	Suliman Saleem Saleem Al Harbi	6,313,005	5.0103%	4,509,289	2.5052%
2	Abdullah bin Mohammed bin Abdul Aziz Al Romaizan	6,300,000	5.0000%	4,500,000	2.5000%
3	Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim	6,300,000	5.0000%	4,500,000	2.5000%

7 - 3 Corporate Shareholders

Table 71 : Names of Corporate Shareholders as of the date of the Prospectus and after the Offering

No.	Name	Before Offering		Current Shareholders› Offered Shares	After Offering	
		No. of Shares	% of Shareholding		No. of Shares	% of Shareholding
1	Pan Kingdom Investment Co.	30,491,270	24.1994%	8,711,791	21,779,479	12.0997%
2	Abdulqader Al Muhaideb & Sons Co.	12,495,000	9.9167%	3,570,000	8,925,000	4.9583%
3	Alturais Saudi Trading, Industry, Contracting Co. Ltd.	7,237,501	5.7440%	2,067,858	5,169,643	2.8720%
4	International Trading & Contracting Co. Ltd.	6,300,000	5.0000%	1,800,000	4,500,000	2.5000%
5	Saleh & Abdulaziz Abahsain Co. Ltd.	3,228,750	2.5625%	922,500	2,306,250	1.2813%
6	Gulf Commercial Services Company	2,625,000	2.0833%	750,000	1,875,000	1.0417%
7	Atheeb Holding Company	2,625,000	2.0833%	750,000	1,875,000	1.0417%
8	International Islamic Relief Organization	2,625,000	2.0833%	750,000	1,875,000	1.0417%
9	Addax Group Holding Company for Trade and Investment	1,575,000	1.2500%	450,000	1,125,000	0.6250%
10	Al Shaer Trading, Industry & Contracting Co.	1,470,000	1.1667%	420,000	1,050,000	0.5833%
11	Saudi Pan Kingdom Holding Company	1,470,000	1.1667%	420,000	1,050,000	0.5833%
12	Etihad Al Khalidiya Company	1,050,000	0.8333%	300,000	750,000	0.4167%
13	Al Thiyab Holding Company	525,000	0.4167%	150,000	375,000	0.2083%
14	Al Raqeeb Holding Company	525,000	0.4167%	150,000	375,000	0.2083%
15	Disabled Children Association	420,000	0.3333%	120,000	300,000	0.1667%
16	Al Fouzan Trading & General Construction Co.	262,500	0.2083%	75,000	187,500	0.1042%
17	Abdullah Mohammed Al Raqeeb Company	262,500	0.2083%	75,000	187,500	0.1042%
18	Awa'ed Al Riyadh Co.	105,000	0.0833%	30,000	75,000	0.0417%
19	Hamad Mohammed Al Fouzan & Co. Holding Company	84,000	0.0667%	24,000	60,000	0.0333%
20	Al Tajweed Contracting and Trading	52,500	0.0417%	15,000	37,500	0.0208%
	Total	75,429,021	59.8643%	21,551,149	53,877,872	29.9322%

Source: Company

7 - 3 - 1 Corporate Shareholders Overview

7 - 3 - 1 - 1 Pan Kingdom Investment Co.

Pan Kingdom Investment Co. was established under Commercial Registration No. 1010213312 dated 13/09/1426H. The company is a limited liability company with a Capital of SAR 150,000,000 (one hundred and fifty million Saudi Riyals).

Pan Kingdom Investment Co. carries out the activities of participating in other companies; constructing, operating and developing industrial, real estate, agricultural and residential cities, tourism and entertainment facilities, restaurants, hotels, airports, railway stations; performing the works of building general contracting; retail and wholesale trading of cement, gypsum, steel, paints and cables; providing the services of supply, installation, maintenance and operation for factories, buildings, airports and hospitals.

Currently, Pan Kingdom Investment Co. holds 24.20% of the share capital of the Northern Region Cement Company and will hold 12.10% of the share capital after completion of the Offering.

Table 72 : Names of Shareholders of Pan Kingdom Investment Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Saudi Pan Kingdom Holding Company	70.0000%	1.1667%	16.9396%	8.4698%
Mohammed Fayez Al Darjm Contracting Est.	15.0000%	-	3.6299%	1.8150%
Saud Sa'ad Saud Al Arifi Trading Group	15.0000%	-	3.6299%	1.8150%
Total	100.0000%	1.1667%	24.1994%	12.0997%

Source: Company.

**Indirect shareholding through Pan Kingdom Investment Co.*

7 - 3 - 1 - 1 - 1 Saudi Pan Kingdom Holding Company

Saudi Pan Kingdom Holding Company was established under Commercial Registration No. 1010245607 dated 26/02/1429H, and is a limited liability company, with a capital of SAR 10,000,000 (ten million Saudi Riyals).

The company carries out the activities of holding shares in other companies with a percentage that enables the company to control such companies; constructing, managing, operating and developing industrial cities, industrial and agricultural projects, commercial and residential complexes, entertainment and tourist attractions, restaurants, airports, railway stations; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same; performing the works of general contracting, roads and water related works.

Saudi Pan Kingdom Holding Company currently (indirectly) holds 16.94% of the share capital of Northern Region Cement Company through Pan Kingdom Investment Co., and after completion of the Offering it will indirectly hold 8.47% of the share capital.

Table 73 : Names of Shareholders of Saudi Pan Kingdom Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Pan Kingdom Development Holding Co.	76.5625%	-	12.9694%	6.4847%
Fahd Jazaa Fahd Al Harbi	23.4375%	-	3.9702%	1.9851%
Total	100.0000%	0.0000%	16.9396%	8.4698%

Source: Company.

**Indirect shareholding through Saudi Pan Kingdom Holding Company through Pan Kingdom Investment Co.*

7 - 3 - 1 - 1 - 1 - 1 Pan Kingdom Development Holding Company

Pan Kingdom Development Holding Company was established under Commercial Registration No. 1010221845 dated 08/07/1427H, and is a limited liability company, with a capital of SAR 1,506,750 (one million, five hundred six thousand, seven hundred and fifty Saudi Riyals).

Pan Kingdom Development Holding Company carries out the activities of constructing and developing real estate and agricultural projects, commercial and residential complexes, entertainment and tourist facilities, airports and railways; performing the works related to contracting, roads, tunnels, buildings, electronic and electrical works, water related works; purchasing and investing land plots.

Pan Kingdom Development Holding Company currently (indirectly) holds 12.97% of the share capital of Northern Region Cement Company through Saudi Pan Kingdom Holding Company through Pan Kingdom Investment Co., and after completion of the Offering it will hold indirectly 6.48% of the share capital.

Table 74 : Names of Shareholders of Pan Kingdom Development Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Suliman Saleem Saleem Al Harbi	30.6122%	0.7667%	3.9702%	1.9851%
Saad Saleem Saleem Al Harbi	30.6122%	-	3.9702%	1.9851%
Muslim Saleem Saleem Al Harbi	30.6122%	-	3.9702%	1.9851%
Abdul Wahab Saleem Saleem Al Harbi	3.9184%	-	0.5082%	0.2541%
Terki Salim Salim Al Saedi	1.6327%	-	0.2117%	0.1059%
Omar Saleem Saleem Al Harbi	1.3061%	-	0.1694%	0.0847%
Saleh Saleem Saleem Al Harbi	1.3061%	-	0.1694%	0.0847%
Total	100.0000%	0.7667%	12.9694%	6.4847%

Source: Company.

* *The indirect shareholding through Pan Kingdom Development Holding Company through Saudi Pan Kingdom Holding Company through Pan Kingdom Investment Co.*

7 - 3 - 1 - 1 - 2 Mohammed Fayez Al Darjm Contracting Est.

Mohammed Fayez Al Darjm Contracting Est. was established under Commercial Registration No. 1010216310 dated 20/01/1427H. The company's share capital is (SAR 25,000) twenty five thousand Saudi Riyals.

Mohammed Fayez Al Darjm Contracting Est. carries out the activities of building general contracting; building maintenance, cleaning, operation and renovation; roads and excavation works; plumbing and electricity works; interior design, gypsum, decoration, paint, lighting, electrical, electronic and mechanical works; water related works, sanitation and telephone works and networks.

Mohammed Fayez Al Darjm Contracting Est. currently (indirectly) holds 3.63% of the share capital of Northern Region Cement Company through Pan Kingdom Investment Co., and after completion of the Offering it will hold indirectly 1.81% of the share capital.

Table 75 : Names of Shareholders of Mohammed Fayez Al Darjm Contracting Est.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC after the Offering
Mohammed Fayez Mohammed Al Darjm	100.0000%	-	3.6299%	1.8150%
Total	100.0000%	0.0000%	3.6299%	1.8150%

Source: Company.

7 - 3 - 1 - 1 - 3 Saud Sa'ad Saud Al Arifi Trading Group

Saud Sa'ad Saud Al Arifi Trading Group was established under Commercial Registration No. 1010109804 dated 07/11/1413H. Saud Sa'ad Saud Al Arifi Trading Group share capital is SAR 200,000 (two hundred thousand Saudi Riyals).

Saud Sa'ad Saud Al Arifi Trading Group carries out the activities of wholesale trading of equipment, machinery, electrical and electronic appliances and accessories and spare parts; computers; building materials and cement.

Saud Sa'ad Saud Al Arifi Trading Group currently (indirectly) holds 3.63% of the share capital of Northern Region Cement Company through Pan Kingdom Investment Co., and after completion of the Offering it will hold indirectly 1.81% of the share capital.

Table 76 : Names of Shareholders of Saud Sa'ad Saud Al Arifi Trading Group

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC after the Offering
Saud Sa'ad Saud Al Arifi	100.0000%	-	3.6299%	1.8150%
Total	100.0000%	0.0000%	3.6299%	1.8150%

Source: Company.

7 - 3 - 1 - 2 Abdulqader Al Muhaideb & Sons Co.

Abdulqader Al Muhaideb & Sons Co. was established under Commercial Registration No. 2050009333 dated 17/09/1400H. The company is a closed joint stock company, with a capital of SAR 1,000,000,000 (one billion Saudi Riyals).

Abdulqader Al Muhaideb & Sons Co. carries out the activities of wholesale and retail trade of foodstuffs, textiles, household appliances, cosmetics, fertilizers, pesticides, wooden and metal furniture, office furniture, perfumes, building and carpentry materials, plumbing fixtures and electrical appliances, metals and industrial and agricultural equipment, textiles, footwear, clothing, toys, watches and leather goods.

Abdulqader Al Muhaideb & Sons Co. currently holds 9.92% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 4.96% of the share capital.

Table 77 : Names of Shareholders of Abdulqader Al Muhaideb & Sons Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Suleiman Abdulqader Al Muhaideb and Co.	25.6500%	-	2.5436%	1.2718%
Imad Abdulqader Al Muhaideb and Co.	25.6500%	-	2.5436%	1.2718%
Issam Abdulqader Al Muhaideb and Co.	25.6500%	-	2.5436%	1.2718%
Amwal Al Ajyal Trading Company	5.0000%	-	0.4958%	0.2479%
Luluah Suleiman Saleh Al Mudaihim & Co.	4.7500%	-	0.4710%	0.2355%
Mariam Abdulqader Al Muhaideb & Co.	3.3250%	-	0.3297%	0.1649%
Hayfaa Abdulqader Al Muhaideb & Co.	3.3250%	-	0.3297%	0.1649%
Awatif Abdulqader Al Muhaideb & Co.	3.3250%	-	0.3297%	0.1649%
Tumader Abdulqader Al Muhaideb & Co.	3.3250%	-	0.3297%	0.1649%
Total	100.0000%	0.0000%	9.9167%	4.9583%

Source: Company.

7 - 3 - 1 - 2 - 1 Suleiman Abdulqader Al Muhaideb and Co.

Suleiman Abdulqader Al Muhaideb and Co. was established under Commercial Registration No. 2050063842 dated 21/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Suleiman Abdulqader Al Muhaideb and Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Suleiman Abdulqader Al Muhaideb and Co. currently (indirectly) holds 2.54% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 1.27% of the share capital.

Table 78 : Names of Shareholders of Suleiman Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	90.2000%	-	2.2943%	1.1472%
Imad Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Issam Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Musaab Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	0.0833%	0.0153%	0.0076%
Ahmed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Abdul Hamid Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Mohammed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Abdulqader Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Abdul Mohsen Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Noora Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Luluah Suleiman Abdulqader Abdul Mohsen Al Muhaideb	0.6000%	-	0.0153%	0.0076%
Total	100.0000%	0.0833%	2.5436%	1.2718%

Source: Company.

** The indirect shareholding through Suleiman Abdulqader Al Muhaideb & Sons Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 2 Imad Abdulqader Al Muhaideb and Co.

Imad Abdulqader Al Muhaideb and Co. was established under Commercial Registration No.2050063826 dated 20/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Imad Abdulqader Al Muhaideb and Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Imad Abdulqader Al Muhaideb and Co. currently (indirectly) holds 2.54% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 1.27% of the share capital.

Table 79 : Names of Shareholders of Imad Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Imad Abdulqader Abdul Mohsen Al Muhaideb	90.2000%	-	2.2943%	1.1472%
Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Issam Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Abdullah Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Abdul Aziz Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Abdulrahman Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Khalid Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Nouf Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Reem Imad Abdulqader Al Muhaideb	0.8000%	-	0.0203%	0.0102%
Total	100.0000%	0.0000%	2.5436%	1.2718%

Source: Company.

** The indirect shareholding through Imad Abdulqader Al Muhaideb & Sons Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 3 Issam Abdulqader Al Muhaideb and Co.

Issam Abdulqader Al Muhaideb and Co. was established under Commercial Registration No. 2050063791 dated 19/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Issam Abdulqader Al Muhaideb and Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Issam Abdulqader Al Muhaideb and Co. currently (indirectly) holds 2.54% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 1.27% of the share capital.

Table 80 : Names of Shareholders of Issam Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Issam Abdulqader Abdul Mohsen Al Muhaideb	90.1000%	-	2.2918%	1.1459%
Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Imad Abdulqader Abdul Mohsen Al Muhaideb	2.5000%	-	0.0636%	0.0318%
Sarah Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Noora Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Luluah Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Mohammed Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Dana Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Abdulqader Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Deym Issam Abdulqader Abdul Mohsen Al Muhaideb	0.7000%	-	0.0178%	0.0089%
Total	100.0000%	0.0000%	2.5436%	1.2718%

Source: Company.

* *The indirect shareholding through Issam Abdulqader Al Muhaideb & Sons Co. through Abdulqader Al Muhaideb & Sons Co..*

7 - 3 - 1 - 2 - 4 Amwal Al Ajyal Trading Company

Amwal Al Ajyal Trading Company was established under Commercial Registration No. 2050063825 dated 20/02/1430H and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Amwal Al Ajyal Trading Company carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Amwal Al Ajyal Trading Company currently (indirectly) holds 0.50% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 0.25% of the share capital.

Table 81 : Names of Shareholders of Amwal Al Ajyal Trading Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	27.0000%	-	0.1339%	0.0669%
Imad Abdulqader Abdul Mohsen Al Muhaideb	27.0000%	-	0.1339%	0.0669%
Issam Abdulqader Abdul Mohsen Al Muhaideb	27.0000%	-	0.1339%	0.0669%
Luluah Suleiman Saleh Al Mudaihim	5.0000%	-	0.0248%	0.0124%
Awatif Abdulqader Abdul Mohsen Al Muhaideb	3.5000%	-	0.0174%	0.0087%
Mariam Abdulqader Abdul Mohsen Al Muhaideb	3.5000%	-	0.0174%	0.0087%
Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	3.5000%	-	0.0174%	0.0087%
Tumader Abdulqader Abdul Mohsen Al Muhaideb	3.5000%	-	0.0174%	0.0087%
Total	100.0000%	0.0000%	0.4958%	0.2479%

Source: Company.

** The indirect shareholding through Amwal Al Ajyal Trading Company through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 5 Luluah Suleiman Saleh Al Mudaihim & Co.

Luluah Suleiman Saleh Al Mudaihim & Co. was established under Commercial Registration No. 2050063838 dated 21/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Luluah Suleiman Saleh Al Mudaihim & Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Luluah Suleiman Saleh Al Mudaihim & Co. currently (indirectly) holds 0.47% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 0.24% of the share capital.

Table 82 : Names of Shareholders of Luluah Suleiman Saleh Al Mudaihim & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Luluah Suleiman Saleh Al Mudaihim	95.0000%	-	0.4475%	0.2237%
Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	5.0000%	-	0.0236%	0.0118%
Total	100.0000%	0.0000%	0.4710%	0.2355%

Source: Company.

** The indirect shareholding through Luluah Suleiman Saleh Al Mudaihim & Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 6 Mariam Abdulqader Al Muhaideb & Co.

Mariam Abdulqader Al Muhaideb & Co. was established under Commercial Registration No. 2050063829 dated 20/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Mariam Abdulqader Al Muhaideb & Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Mariam Abdulqader Al Muhaideb & Co. currently (indirectly) holds 0.33% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 0.16% of the share capital.

Table 83 : Names of Shareholders of Mariam Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Mariam Abdulqader Abdul Mohsen Al Muhaideb	94.0000%	-	0.3099%	0.1550%
Awatif Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Tumader Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Total	100.0000%	0.0000%	0.3297%	0.1649%

Source: Company

* *The indirect shareholding through Mariam Abdulqader Al Muhaideb & Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 7 Hayfaa Abdulqader Al Muhaideb & Co.

Hayfaa Abdulqader Al Muhaideb & Co. was established under Commercial Registration No. 2050063843 dated 21/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Hayfaa Abdulqader Al Muhaideb & Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Hayfaa Abdulqader Al Muhaideb & Co. currently (indirectly) holds 0.33% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 0.16% of the share capital.

Table 84 : Names of Shareholders of Hayfaa Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	94.0000%	-	0.3099%	0.1550%
Mariam Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Awatif Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Tumader Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Total	100.0000%	0.0000%	0.3297%	0.1649%

Source: Company.

** The indirect shareholding through Hayfaa Abdulqader Al Muhaideb & Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 8 Awatif Abdulqader Al Muhaideb & Co.

Awatif Abdulqader Al Muhaideb & Co. was established under Commercial Registration No. 2050063836 dated 20/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Awatif Abdulqader Al Muhaideb & Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Awatif Abdulqader Al Muhaideb & Co. currently (indirectly) holds 0.33% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold indirectly 0.16% of the share capital.

Table 85 : Names of Shareholders of Awatif Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Awatif Abdulqader Abdul Mohsen Al Muhaideb	94.0000%	-	0.3099%	0.1550%
Mariam Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Tumader Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Total	100.0000%	0.0000%	0.3297%	0.1649%

Source: Company

** The indirect shareholding through Awatif Abdulqader Al Muhaideb & Co. through Abdulqader Al Muhaideb & Sons Co.*

7 - 3 - 1 - 2 - 9 Tumader Abdulqader Al Muhaideb & Co.

Tumader Abdulqader Al Muhaideb & Co. was established under Commercial Registration No. 2050063823 dated 20/02/1430H, and is a limited liability company, with a capital of SAR 1,000,000 (one million Saudi Riyals).

Tumader Abdulqader Al Muhaideb & Co. carries out the activities of wholesale trading of foodstuff, fabrics, textiles, furniture, sewing supplies, leather goods, household utensils, wooden furniture, power tools and electrical appliances; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Tumader Abdulqader Al Muhaideb & Co. currently (indirectly) holds 0.33% of the share capital of Northern Region Cement Company through Abdulqader Al Muhaideb & Sons Co., and after completion of the Offering it will hold 0.16% of the share capital.

Table 86 : Names of Shareholders of Tumader Abdulqader Al Muhaideb & Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Tumader Abdulqader Abdul Mohsen Al Muhaideb	94.0000%	-	0.3099%	0.1550%
Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Mariam Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Awatif Abdulqader Abdul Mohsen Al Muhaideb	2.0000%	-	0.0066%	0.0033%
Total	100.0000%	0.0000%	0.3297%	0.1649%

Source: Company.

* *The indirect shareholding through Tumader Abdulqader Al Muhaideb & Co. through Abdulqader Al Muhaideb & Sons Co..*

7 - 3 - 1 - 3 Alturais Saudi Trading, Industry, Contracting Co. Ltd.

Alturais Saudi Trading, Industry, Contracting Co. Ltd. was established under Commercial Registration No. 1010136405 dated 06/02/1416H, and it is a limited liability company. The company's share capital is SAR 500,000 (five hundred thousand Saudi Riyals).

Alturais Saudi Trading, Industry, Contracting Co. Ltd. carries out the activities of building general contracting; building maintenance, cleaning, operation and renovation; construction works; constructing and maintaining roads, overpasses and bridges; works related to water, sanitation and electricity; construction works related to construction of dams and water treatment plants; electromechanical works; establishing and operating fuel stations, auto maintenance workshops and quarry works.

Alturais Saudi Trading, Industry, Contracting Co. Ltd. currently holds 5.74% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 2.87% of the share capital.

Table 87 : Names of Shareholders of Alturais Saudi Trading, Industry, Contracting Co. Ltd.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC after the Offering
Salman Saleem Terais Al Saedi	50.0000%	-	2.8720%	1.4360%
Mohammed Saleem Terais Al Saedi	50.0000%	-	2.8720%	1.4360%
Total	100.0000%	0.0000%	5.7440%	2.8720%

Source: Company

7 - 3 - 1 - 4 International Trading & Contracting Co. Ltd.

International Trading & Contracting Co. Ltd. was established under Commercial Registration No. 1010140617 dated 24/09/1416H. The company is a limited liability company with a Capital of SAR 1,000,000 (one million Saudi Riyals).

International Trading & Contracting Co. Ltd. carries out the activities of wholesale and retail trade of building materials, medical devices and equipment; maintaining desalination and water treatment plants; executing aluminium works, mechanical works, blacksmithing, and electrometrical installations; establishing and operating auto maintenance workshops; maintaining healthcare and educational facilities; establishing hospitals and clinics; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

International Trading & Contracting Co. Ltd. currently holds 5% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 2.5% of the share capital.

Table 88 : Names of Shareholders of International Trading & Contracting Co. Ltd.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Al Afaq Development Company Ltd.	55.0000%	-	2.7500%	1.3750%
Tanmiya Contracting Co. Ltd.	45.0000%	-	2.2500%	1.1250%
Total	100.0000%	0.0000%	5.0000%	2.5000%

Source: Company.

7 - 3 - 1 - 4 - 1 Al Afaq Development Company Ltd.

Al Afaq Development Company Ltd. was established under Commercial Registration No. 1010301533 dated 19/02/1433H. The company is a limited liability company with a Capital of SAR 500,000 (five hundred thousand Saudi Riyals).

Al Afaq Development Company Ltd. carries out the activities of wholesale and retail trade of building materials, medical devices and equipment; maintaining desalination and water treatment plants; executing aluminium works, mechanical works, blacksmithing, and electrometrical installations; establishing and operating auto maintenance workshops; maintaining healthcare and educational facilities; establishing hospitals and clinics; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Al Afaq Development Company Ltd. currently holds 2.75% of the share capital of Northern Region Cement Company through the International Trading & Contracting Co. Ltd., and after completion of the Offering it will hold 1.38% of the share capital.

Table 89 : Names of Shareholders of Al Afaq Development Company Ltd.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Hikmat Saad Eddin Abdul Hamid Al Za'eem	69.0000%	-	1.8975%	0.9488%
Hilal Mohammed Tawfiq Abdullah Salaheyah	21.0000%		0.5775%	0.2888%
Mohammed Hikmat Saad Eddin Al Za'eem	4.0000%		0.1100%	0.0550%
Shirin Hikmat Saad Eddin Al Za'eem	2.0000%	-	0.0550%	0.0275%
Randa Hikmat Saad Eddin Al Za'eem	2.0000%	-	0.0550%	0.0275%
Maysaa Hikmat Saad Eddin Al Za'eem	2.0000%	-	0.0550%	0.0275%
Total	100.0000%	0.0000%	2.7500%	1.3750%

Source: Company.

** The indirect shareholding through Al Afaq Development Company Ltd. through International Trading & Contracting Co. Ltd.*

7 - 3 - 1 - 4 - 2 Tanmiya Contracting Co. Ltd.

Tanmiya Contracting Co. Ltd. was established under Commercial Registration No. 1010301514 dated 19/02/1432H. The company is a limited liability company with a Capital of SAR 500,000 (five hundred thousand Saudi Riyals).

Tanmiya Contracting Co. Ltd. carries out the activities of wholesale and retail trade of building materials, medical devices and equipment; building general contracting; executing electromechanical works, telecommunications networks and roads works; maintaining networks and plants of water and drainage; constructing power plants; maintaining healthcare and educational facilities; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same.

Tanmiya Contracting Co. Ltd. currently holds 2.25% of the share capital of Northern Region Cement Company through the International Trading & Contracting Co. Ltd., and after completion of the Offering it will hold 1.12% of the share capital.

Table 90 : Names of Shareholders of Tanmiya Contracting Co. Ltd.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Hilal Mohammed Tawfiq Abdullah Salaheyah	34.0000%	-	0.7650%	0.3825%
Mohammed Hikmat Saad Eddin Al Za'eem	44.0000%	-	0.9900%	0.4950%
Maysaa Hikmat Saad Eddin Al Za'eem	22.0000%	-	0.4950%	0.2475%
Total	100.0000%	0.0000%	2.2500%	1.1250%

Source: Company

** The indirect shareholding through Tanmiya Contracting Co. Ltd. through International Trading & Contracting Co. Ltd.*

7 - 3 - 1 - 5 Saleh & Abdulaziz Abahsain Co. Ltd.

Saleh & Abdulaziz Abahsain Co. Ltd. was established under Commercial Registration No. 2051000622 dated 16/09/1378H, and is a limited liability company, with a capital of SAR 50,000,000 (fifty million Saudi Riyals).

Saleh & Abdulaziz Abahsain Co. Ltd. carries out the activities of wholesale and retail trade of raw and fabricated metals; wholesale and retail trade of computers, computer spare parts and accessories; computer maintenance; supplying and installing computer software; trading, installing and maintaining wired telecommunication devices and spare parts.

Saleh & Abdulaziz Abahsain Co. Ltd. currently holds 2.56% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 1.28% of the share capital.

Table 91 : Names of Shareholders of Saleh & Abdulaziz Abahsain Co. Ltd.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Abdullah Saleh Ibrahim Abahsain	16.000%	0.833%	0.410%	0.205%
Ibrahim Saleh Ibrahim Abahsain	8.000%	-	0.205%	0.103%
Mohammed Saleh Ibrahim Abahsain	8.000%	-	0.205%	0.103%
Othman Abdulaziz Ibrahim Abahsain	8.000%	-	0.205%	0.103%
Nada Abdulaziz Ibrahim Abahsain	8.000%	-	0.205%	0.103%
Abdul Mohsen Saleh Ibrahim Abahsain	6.000%	-	0.154%	0.077%
Sarah Abdulrahman Sulaiman Al Raziza	6.000%	-	0.154%	0.077%
Hila Saleh Ibrahim Abahsain	4.000%	-	0.103%	0.051%

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Johara Saleh Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Roqayyah Saleh Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Noora Saleh Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Hissa Saleh Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Munira Abdulaziz Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Hissa Abdulaziz Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Qimasha Abdulaziz Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Dalal Abdulaziz Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Nawal Abdulaziz Ibrahim Abahsain	4.000%	-	0.103%	0.051%
Total	100.000%	0.833%	2.563%	1.281%

Source: Company

7 - 3 - 1 - 6 Gulf Commercial Services Company

Gulf Commercial Services Company was established under Commercial Registration No. 1010144382 dated 21/08/1417H. The company is a limited liability company with a Capital of SAR 500,000 (five hundred thousand Saudi Riyals).

Gulf Commercial Services Company carries out the activities of providing marketing services to third parties; providing import and export services to third parties and providing commercial services.

Gulf Commercial Services Company currently holds 2.08 % of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 1.04% of the share capital.

Table 92 : Names of Shareholders of Gulf Commercial Services Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud	98.0000%	-	2.0417%	1.0208%
Princess Kholoud Bint Musaid Bin Ahmed Al Sudairi	2.0000%	-	0.0417%	0.0208%
Total	100.0000%	0.0000%	2.0833%	1.0417%

Source: Company
** The indirect shareholding through the direct shareholding of Gulf Commercial Services Company*

7 - 3 - 1 - 7 Atheeb Holding Company

Atheeb Holding Company was established under Commercial Registration No. 1010303281 dated 16/03/1432H. The company is a limited liability company with a Capital of SAR 1,000,000 (one million Saudi Riyals).

Atheeb Holding Company carries out the activities of maintaining and operating roads and tunnels; catering vessels and providing them with fuel; establishing and maintaining electromechanical facilities; installing and maintaining telephone and data networks; establishing industrial projects.

Atheeb Holding Company currently holds 2.08% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 1.04% of the share capital.

Table 93 : Names of Shareholders of Atheeb Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud	98.0000%	-	2.0417%	1.0208%
Gulf Commercial Services Company	2.0000%	2.0833%	0.0417%	0.0208%
Total	100.0000%	2.0833%	2.0833%	1.0417%

Source: Company

** Indirect shareholding through Atheeb Holding Company*

7 - 3 - 1 - 7 - 1 Gulf Commercial Services Company

For information about establishing, capital and purposes of Gulf Commercial Services Company, please refer to the paragraph titled "Gulf Commercial Services Company" of this section.

Gulf Commercial Services Company currently (indirectly) holds 0.04% of the share capital of Northern Region Cement Company through Atheeb Holding Company, and after completion of the Offering it will hold indirectly 0.02% of the share capital.

Table 94 : Names of Shareholders of Gulf Commercial Services Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud	98.0000%	-	0.0408%	0.0204%
Princess Kholoud Bint Musaed Bin Ahmed Al Sudairi	2.0000%	-	0.0008%	0.0004%
Total	100.0000%	0.0000%	0.0417%	0.0208%

Source: Company

** The indirect shareholding through Gulf Commercial Services Company through Atheeb Holding Company*

7 - 3 - 1 - 8 International Islamic Relief Organization

The International Islamic Relief Organization ("IIRO") was founded following a decision adopted at the 20th session of the Constituent Council of the Muslim World League in the year 1398H, and a Royal Approval no. 4734 dated 30/02/1399H. IIRO has an independent legal personality.

IIRO is an Islamic charity organization emanating from the Muslim World League (MWL) and functions internationally. It cooperates with the philanthropists to deliver their donations that help in alleviating the suffering of the distressed and needy people world-wide.

International Islamic Relief Organization currently holds 2.08% of the share capital of the Northern Region Cement Company, and after completion of the Offering it will hold 1.04% of the share capital.

7 - 3 - 1 - 9 Addax Group Holding Company for Trade and Investment

Addax Group Holding Company for Trade and Investment was established under Commercial Registration No. 1010211457 dated 21/06/1426H. The company is a limited liability company with a Capital of SAR 1,000,000 (one million Saudi Riyals).

Addax Group Holding Company for Trade and Investment carries out the activities of establishing and holding shares in other companies with a percentage that enables the company to control such companies; wholesale and retail trade of electrical, electronic and mechanical appliances, computers, medical equipment, industrial machineries and spare parts of the same; trading auto spare parts, lubricants, tires, papers and accessories of the same; supplying military uniforms and accessories for the purpose of entering governmental tenders.

Addax Group Holding Company for Trade and Investment currently holds 1.25% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.63% of the share capital.

Table 95 : Names of Shareholders of Addax Group Holding Company for Trade and Investment

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Abdurahman Mushabeb Al Shehri	50.0000%	-	0.6250%	0.3125%
Sultan Abdullah Al Shehri	50.0000%	-	0.6250%	0.3125%
Total	100.0000%	0.0000%	1.2500%	0.6250%

Source: Company

7 - 3 - 1 - 10 Al Shaer Trading, Industry & Contracting Co.

Al Shaer Trading, Industry & Contracting Co. was established under Commercial Registration No. 4030017174 dated 30/02/1399H. The company is a limited liability company with a Capital of SAR 30,000,000 (thirty million Saudi Riyals).

Al Shaer Trading, Industry & Contracting Co. carries out the activities of wholesale trade of building materials, prefabricated houses and foodstuff.

Al Shaer Trading, Industry & Contracting Co. currently holds 1.17% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.58% of the share capital.

Table 96 : Names of Shareholders of Al Shaer Trading, Industry & Contracting Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Tala Ali Al Shaer	33.3333%	-	0.3889%	0.1944%
Mustafa Ali Al Shaer	33.3333%	-	0.3889%	0.1944%
Waleed Ali Al Shaer	33.3333%	-	0.3889%	0.1944%
Total	100.0000%	0.0000%	1.1667%	0.5833%

Source: Company.

7 - 3 - 1 - 11 Saudi Pan Kingdom Holding Company

For information about the incorporation, capital and purposes of Saudi Pan Kingdom Holding Company, please refer to the paragraph titled "Pan Kingdom Investment Co." of this section.

Saudi Pan Kingdom Holding Company currently (directly) holds 1.17% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.58% of the share capital.

Table 97 : Names of Shareholders of Saudi Pan Kingdom Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Pan Kingdom Development Holding Company	76.5625%	-	0.8932%	0.4466%
Fahd Jazaa Fahd Al Harbi	23.4375%	-	0.2734%	0.1367%
Total	100.0000%	0.0000%	1.1667%	0.5833%

Source: Company

**The indirect shareholding through the direct shareholding of Saudi Pan Kingdm Holding Company*

7 - 3 - 1 - 11 - 1 Pan Kingdom Development Holding Company

For information about the incorporation, capital and purposes of Pan Kingdom Development Holding Company, please refer to the paragraph titled "Pan Kingdom Investment Co." of this section.

Saudi Pan Kingdom Holding Company currently (indirectly) holds 0.89% of the share capital of Northern Region Cement Company through Saudi Pan Kingdom Holding Company, and after completion of the Offering it will hold indirectly 0.45% of the share capital.

Table 98 : Names of Shareholders of Pan Kingdom Development Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Suliman Saleem Saleem Al Harbi	30.6122%	0.7667%	0.2734%	0.1367%
Saad Saleem Saleem Al Harbi	30.6122%	-	0.2734%	0.1367%
Muslim Saleem Saleem Al Harbi	30.6122%	-	0.2734%	0.1367%
Abdul Wahab Saleem Saleem Al Harbi	3.9184%	-	0.0350%	0.0175%
Terki Salim Salim Al Saedi	1.6327%	-	0.0146%	0.0073%
Omar Saleem Saleem Al Harbi	1.3061%	-	0.0117%	0.0058%
Saleh Saleem Saleem Al Harbi	1.3061%	-	0.0117%	0.0058%
Total	100.0000%	0.7667%	0.8932%	0.4466%

Source: Company

** Indirect shareholding through Pan Kingdom Development Holding Company through Saudi Pan Kingdom Holding Company*

7 - 3 - 1 - 12 Etihad Al Khalidiya Company

Etihad Al Khalidiya Company was established under Commercial Registration No. 1010254403 dated 03/08/1429H. The company is a limited liability company with a Capital of SAR 500,000 (five hundred thousand Saudi Riyals).

Etihad Al Khalidiya Company carries out the activities of operating commercial and residential properties; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same in favour of the company; purchasing, holding, managing, maintaining and developing real properties in favour of the company.

Etihad Al Khalidiya Company currently holds 0.83% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.42% of the share capital.

Table 99 : Names of Shareholders of Etihad Al Khalidiya Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Huda Makko Abdurrazzaq Bakhsh	36.0000%	-	0.3000%	0.1500%
Mansour Hamad Saleh Al Hamoudi	16.0000%	-	0.1333%	0.0667%
Mashhour Hamad Saleh Al Hamoudi	16.0000%	-	0.1333%	0.0667%
Sarah Ibrahim Abdullah Al Hamoudi	16.0000%	-	0.1333%	0.0667%
Ohoud Hamad Saleh Al Hamoudi	8.0000%	-	0.0667%	0.0333%
Kholoud Hamad Saleh Al Hamoudi	8.0000%	-	0.0667%	0.0333%
Total	100.0000%	0.0000%	0.8333%	0.4167%

Source: Company

7 - 3 - 1 - 13 Al Thiyab Holding Company

Al Thiyab Holding Company was established under Commercial Registration No. 1010140005 dated 15/08/1416H. The company is a limited liability company with a Capital of SAR 4,400,000 (four million and four hundred thousand Saudi Riyals).

Al Thiyab Holding Company carries out the activities of establishing and managing industrial and agricultural projects; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same in favour of the company; establishing and holding shares in other companies with a percentage that enables the company to control such companies; wholesale and retail trade of livestock and products thereof.

Al Thiyab Holding Company currently holds 0.42% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.21% of the share capital.

Table 100 : Names of Shareholders of Al Thiyab Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Khaled Hamoud Ibrahim Al Thiyab	25.0000%	-	0.1042%	0.0521%
Fawzi Hamoud Ibrahim Al Thiyab	25.0000%	-	0.1042%	0.0521%
Yusuf Hamoud Ibrahim Al Thiyab	25.0000%	-	0.1042%	0.0521%
Ahmed Hamoud Ibrahim Al Thiyab	25.0000%	0.0625%	0.1042%	0.0521%
Total	100.0000%	0.0625%	0.4167%	0.2083%

Source: Company.

7 - 3 - 1 - 14 Al Raqeeb Holding Company

Al Raqeeb Holding Company was established under Commercial Registration No. 1010047197 dated 05/03/1403H. The company is a joint stock company with a capital of SAR 2,100,000 (two million and one hundred thousand Saudi Riyals).

Al Raqeeb Holding Company carries out the activities of purchasing and holding real properties and land plots and erecting buildings thereon, investing the same by selling or leasing the same in favour of the company; developing, marketing and maintaining land plots and real properties in favour of the company; managing and operating residential, commercial, industrial and entertainment facilities; establishing and holding hospitals, commercial shops and offices, public parks, tourist complexes, health, entertainment, tourist and industrial facilities.

Al Raqeeb Holding Company currently holds 0.42% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.21% of the share capital.

Table 101 : Names of Shareholders of Al Raqeeb Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Abdulrahman Mohammed Abdulrahman Al Raqeeb	50.0000%	-	0.2083%	0.1042%
Hamad Mohammed Abdulrahman Al Rageeb	45.0000%	-	0.1875%	0.0938%
Khalid Hamad Mohammed Al Raqeeb	1.2500%	-	0.0052%	0.0026%
Ziad Hamad Mohammed Al Raqeeb	1.2500%	-	0.0052%	0.0026%
Abdulrahman Hamad Mohammed Al Raqeeb	1.2500%	-	0.0052%	0.0026%
Mohammed Hamad Mohammed Al Raqeeb	1.2500%	-	0.0052%	0.0026%
Total	100.0000%	0.0000%	0.4167%	0.2083%

Source: Company.

7 - 3 - 1 - 15 Disabled Children Association

Disabled Children Association was founded pursuant to the Regulations of Associates and Charities under No. 49 dated 20/10/1402H. It is a leading national charity association that addresses the issue of disability in a comprehensive manner and scientific methodology which is fruitful for the society as a whole.

Disabled Children Association currently holds 0.33% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.17% of the share capital.

7 - 3 - 1 - 16 Al Fouzan Trading & General Construction Co.

Al Fouzan Trading & General Construction Co. was established under Commercial Registration No. 1010053925 dated 25/06/1404H. The company is a limited liability company with a Capital of SAR 3,000,000 (three million Saudi Riyals).

Al Fouzan Trading & General Construction Co. carries out the activities of general contracting for buildings, roads and bridges; water, sanitation, electromechanical and electronic works; managing, operating and maintaining all of the above; wholesale and retail trade of building materials, tools, machineries, equipment and agricultural equipment; medical equipment and devices; readymade garments; office and home furniture and foodstuff.

Al Fouzan Trading & General Construction Co. currently holds 0.21% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.10% of the share capital.

Table 102 : Names of Shareholders of Al Fouzan Trading & General Construction Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Mohammed Abdullah Fouzan Al Fouzan	40.0000%	-	0.0833%	0.0417%
Ahmed Abdullah Fouzan Al Fouzan	40.0000%	-	0.0833%	0.0417%
Tariq Mohammed Abdullah Al Fouzan	20.0000%	-	0.0417%	0.0208%
Total	100.0000%	0.0000%	0.2083%	0.1042%

Source: Company.

7 - 3 - 1 - 17 Abdullah Mohammed Al Raqeeb Company

Abdullah Mohammed Al Raqeeb Company was established under Commercial Registration No. 1010302807 dated 09/03/1432H. The company is a limited liability company with a Capital of SAR 10,000 (ten thousand Saudi Riyals).

Abdullah Mohammed Al Raqeeb Company carries out the activities of constructing residential and commercial buildings; wholesale and retail trade of building materials, sanitary and electricity materials; executing electromechanical works; establishing, holding and operating restaurants and bakeries; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same in favour of the company; developing, marketing and managing real properties; holding real properties in favour of the company and executing building general contracting works.

Abdullah Mohammed Al Raqeeb Company currently holds 0.21% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.10% of the share capital.

Table 103 : Names of Shareholders of Abdullah Mohammed Al Raqeeb Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Abdullah Mohammed Abdulrahman Al Raqeeb	90.0000%	-	0.1875%	0.0938%
Mohammed Abdullah Mohammed Al Raqeeb	10.0000%	-	0.0208%	0.0104%
Total	100.0000%	0.0000%	0.2083%	0.1042%

Source: Company.

7 - 3 - 1 - 18 Awa'ed Al Riyadh Co.

Awa'ed Al Riyadh Co. was established under Commercial Registration No. 1010261397 dated 24/01/1430H. The company is a limited liability company with a Capital of SAR 100,000 (one hundred thousand Saudi Riyals).

Awa'ed Al Riyadh Co. carries out the activities of building general contracting; residential and commercial constructions contracting; maintaining, cleaning and operating public, commercial and residential buildings; executing sanitation works, telephone networks, gypsum and decoration works, plumbing, electricity, marble, tiles, painting and excavation works; executing electromechanical works, water and drainage works, telephone networks; purchasing and holding real properties in favour of the company.

Awa'ed Al Riyadh Co. currently holds 0.08% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.04% of the share capital.

Table 104 : Names of Shareholders of Awa'ed Al Riyadh Co.

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Tareq Abdulrahman Saleh Al Sadhan	60.0000%	-	0.0500%	0.0250%
Khalid Tareq Abdulrahman Al Sadhan	23.3300%	-	0.0194%	0.0097%
Lama Tareq Abdulrahman Saleh Al Sadhan	11.6700%	-	0.0097%	0.0049%
Reema Mohammed Abdul Aziz Al Bawardi	5.0000%	-	0.0042%	0.0021%
Total	100.0000%	0.0000%	0.0833%	0.0417%

Source: Company.

7 - 3 - 1 - 19 Hamad Mohammed Al Fouzan & Co. Holding Company

Hamad Mohammed Al Fouzan & Co. Holding Company was established under Commercial Registration No. 1010254172 dated 27/07/1429H. The company is a limited liability company with a Capital of SAR 300,000 (three hundred thousand Saudi Riyals).

Hamad Mohammed Al Fouzan & Company carries out the activities of wholesale and retail trade of networks, wired telecommunication devices, computers, teaching aids and electronic devices; building general contacting; maintaining, cleaning, renovating and operating buildings; executing decoration, electricity and painting works; road works and maintenance thereof; establishing, constructing, operating and maintaining factories; purchasing land plots and erecting buildings thereon, investing the same by selling or leasing the same in favour of the company.

Hamad Mohammed Al Fouzan & Co. Holding Company currently holds 0.07% of the share capital of Northern Region Cement Company, and after completion of the Offering it will hold 0.03% of the share capital.

Table 105 : Names of Shareholders of Hamad Mohammed Al Fouzan & Co. Holding Company

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Hamad Mohammed Fouzan Al Fouzan	83.0000%	-	0.0553%	0.0277%
Fouzan Hamad Mohammed Al Fouzan	2.0000%	-	0.0013%	0.0007%
Abdul Aziz Hamad Mohammed Al Fouzan	2.0000%	-	0.0013%	0.0007%
Abdullah Hamad Mohammed Al Fouzan	2.0000%	-	0.0013%	0.0007%
Mohammed Hamad Mohammed Al Fouzan	2.0000%	0.0167%	0.0013%	0.0007%
Abdul Ilah Hamad Mohammed Al Fouzan	2.0000%	-	0.0013%	0.0007%
Munira Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Fouziya Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Abeer Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Areej Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Susan Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Masha'el Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Najd Hamad Mohammed Al Fouzan	1.0000%	-	0.0007%	0.0003%
Total	100.0000%	0.0167%	0.0667%	0.0333%

Source: Company.

7 - 3 - 1 - 20 Al Tajweed Contracting and Trading

Al Tajweed Contracting and Trading was established under Commercial Registration No. 1010182840 dated 13/10/1423H. The company is a limited liability company with a Capital of SAR 100,000 (one hundred thousand Saudi Riyals).

Al Tajweed Contracting and Trading carries out the activities of building general trading; executing roads works; maintaining, cleaning and renovating buildings; executing blacksmithing works, aluminium works, MEP and piping works; importing and exporting, wholesale and retail trade of heavy duty machinery, spare parts, hardware, lighting materials, cables, power generators and electrical control panels.

Al Tajweed Contracting and Trading currently holds 0.04% of the share capital of the Northern Region Cement Company, and after completion of the Offering it will hold 0.02% of the share capital.

Table 106 : Names of Shareholders of Al Tajweed Contracting and Trading

	Shareholding	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering*	Indirect Shareholding in NRCC after the Offering*
Ibrahim Saleh Abdul Aziz Al Arifi	50.0000%	-	0.0208%	0.0104%
Mohammed Saleh Abdul Aziz Al Arifi	50.0000%	-	0.0208%	0.0104%
Total	100.0000%	0.0000%	0.0417%	0.0208%

Source: Company.

7 - 3 - 2 Individual Shareholders Holding Shares in Other Entities

Table 107 :Names of Individual Shareholders Indirectly Holding Shares in the Company through other Entities

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
1.	Suliman Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company	0.7667%	4.2437%	5.0103%	2.5052%
2.	Saad Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company	-	4.2437%	4.2437%	2.1218%
3.	Muslim Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company	-	4.2437%	4.2437%	2.1218%
4.	Fahd Jazaa Fahd Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company	-	4.2437%	4.2437%	2.1218%
5.	Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud	Gulf Commercial Services Company Atheeb Holding Company	-	4.1242%	4.1242%	2.0621%
6.	Saud Saad Saud Al Arifi	Pan Kingdom Investment Co.	-	3.6299%	3.6299%	1.8150%
7.	Mohammed Fayez Mohammed Al Darjm	Pan Kingdom Investment Co.	-	3.6299%	3.6299%	1.8150%
8.	Salman Saleem Terais Al Saedi	Alturais Saudi Trading, Industry, Contracting Co. Ltd.	-	2.8720%	2.8720%	1.4360%
9.	Mohammed Saleem Terais Al Saedi	Alturais Saudi Trading, Industry, Contracting Co. Ltd.	-	2.8720%	2.8720%	1.4360%
10.	Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	2.5790%	2.5790%	1.2895%
11.	Imad Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	2.5554%	2.5554%	1.2777%
12.	Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	2.5529%	2.5529%	1.2764%
13.	Hikmat Saad Eddin Abdul Hamid Al Za'eem	International Trdg & Cntrg. Co. Ltd.	-	1.8975%	1.8975%	0.9488%
14.	Hilal Mohammed Tawfiq Abdullah Salaheyah	International Trdg & Cntrg. Co. Ltd.	-	1.3425%	1.3425%	0.6713%

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
15.	Abdullah Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	0.8333%	0.4100%	1.2433%	0.6217%
16.	Mohammed Hikmat Saad Eddin Al Za'eem	International Trdg & Cntrg. Co. Ltd.	-	1.1000%	1.1000%	0.5500%
17.	Sultan Abdullah Al Shahry	Addax Group Holding Company for Trade and Investment	-	0.6250%	0.6250%	0.3125%
18.	Abdurahman Mushabeb Al Shehri	Addax Group Holding Company for Trade and Investment	-	0.6250%	0.6250%	0.3125%
19.	Maysaa Hikmat Saad Eddin Al Za'eem	International Trdg & Cntrg. Co. Ltd.	-	0.5500%	0.5500%	0.2750%
20.	Abdul Wahab Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.	-	0.5432%	0.5432%	0.2716%
21.	Luluah Suleiman Saleh Al Mudaihim	Abdulqader Al Muhaideb Company	-	0.4723%	0.4723%	0.2361%
22.	Tala Ali Al Shaer	Al Shaer Trading, Industry &Cntrg. Co.	-	0.3889%	0.3889%	0.1944%
23.	Mustafa Ali Al Shaer	Al Shaer Trading, Industry &Cntrg. Co.	-	0.3889%	0.3889%	0.1944%
24.	Waleed Ali Al Shaer	Al Shaer Trading, Industry &Cntrg. Co.	-	0.3889%	0.3889%	0.1944%
25.	Tumader Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.3471%	0.3471%	0.1735%
26.	Awatif Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.3471%	0.3471%	0.1735%
27.	Mariam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.3471%	0.3471%	0.1735%
28.	Hayfaa Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.3471%	0.3471%	0.1735%
29.	Huda Makko Abdurrazzaq Bakhsh	Etihad Al Khalidiya Company	-	0.3000%	0.3000%	0.1500%
30.	Terki Salim Salim Al Saedi	Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.	-	0.2263%	0.2263%	0.1132%
31.	Abdulrahman Mohammed Abdulrahman Al Raqeeb	Al Raqeeb Holding Company	-	0.2083%	0.2083%	0.1042%
32.	Ibrahim Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.2050%	0.2050%	0.1025%
33.	Othman Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.2050%	0.2050%	0.1025%
34.	Mohammed Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.2050%	0.2050%	0.1025%
35.	Nada Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.2050%	0.2050%	0.1025%
36.	Hamad Mohammed Abdulrahman Al Raqeeb	Al Raqeeb Holding Company	-	0.1875%	0.1875%	0.0938%
37.	Abdullah Mohammed Abdulrahman Al Raqeeb	Abdullah Mohammed Al Raqeeb Co.	-	0.1875%	0.1875%	0.0938%

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
38.	Saleh Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.	-	0.1811%	0.1811%	0.0905%
39.	Omar Saleem Saleem Al Harbi	Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.	-	0.1811%	0.1811%	0.0905%
40.	Ahmed Hamoud Ibrahim Al Thiyab	Al Thiyab Holding Company	0.0625%	0.1042%	0.1667%	0.0833%
41.	Sarah Abdulrahman Sulaiman Al Raziza	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1538%	0.1538%	0.0769%
42.	Abdul Mohsen Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1538%	0.1538%	0.0769%
43.	Sarah Ibrahim Abdullah Al Hamoudi	Etihad Al Khalidiya Company	-	0.1333%	0.1333%	0.0667%
44.	Mashhour Hamad Saleh Al Hamoudi	Etihad Al Khalidiya Company	-	0.1333%	0.1333%	0.0667%
45.	Mansour Hamad Saleh Al Hamoudi	Etihad Al Khalidiya Company	-	0.1333%	0.1333%	0.0667%
46.	Khaled Hamoud Ibrahim Al Thiyab	Al Thiyab Holding Company	-	0.1042%	0.1042%	0.0521%
47.	Fawzi Hamoud Ibrahim Al Thiyab	Al Thiyab Holding Company	-	0.1042%	0.1042%	0.0521%
48.	Yusuf Hamoud Ibrahim Al Thiyab	Al Thiyab Holding Company	-	0.1042%	0.1042%	0.0521%
49.	Johara Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
50.	Hissa Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
51.	Hissa Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
52.	Dalal Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
53.	Roqayyah Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
54.	Qimasha Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
55.	Munira Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
56.	Nawal Abdulaziz Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
57.	Noora Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
58.	Hila Saleh Ibrahim Abahsain	Saleh & Abdulaziz Abahsain Co. Ltd.	-	0.1025%	0.1025%	0.0513%
59.	Musaab Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	0.0833%	0.0153%	0.0986%	0.0493%
60.	Ahmed Abdullah Fouzan Al Fouzan	Al Fouzan Trdg & Gen Construction Co.	-	0.0833%	0.0833%	0.0417%

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
61.	Mohammed Abdullah Fouzan Al Fouzan	Al Fouzan Trdg & Gen Construction Co.	-	0.0833%	0.0833%	0.0417%
62.	Kholoud Hamad Saleh Al Hamoudi	Etihad Al Khalidiya Company	-	0.0667%	0.0667%	0.0333%
63.	Ohoud Hamad Saleh Al Hamoudi	Etihad Al Khalidiya Company	-	0.0667%	0.0667%	0.0333%
64.	Hamad Mohammed Fouzan Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0553%	0.0553%	0.0277%
65.	Randa Hikmat Saad Eddin Al Za'eem	International Trdg & Cntrg. Co. Ltd.	-	0.0550%	0.0550%	0.0275%
66.	Shirin Hikmat Saad Eddin Al Za'eem	International Trdg & Cntrg. Co. Ltd.	-	0.0550%	0.0550%	0.0275%
67.	Tareq Abdulrahman Saleh Al Sadhan	Awa'ed Al Riyadh Co.	-	0.0500%	0.0500%	0.0250%
68.	Princess Kholoud Bint Musaed Bin Ahmed Al Sudairi	Gulf Commercial Services Company Atheeb Holding Company	-	0.0425%	0.0425%	0.0213%
69.	Tariq Mohammed Abdullah Al Fouzan	Al Fouzan Trdg & Gen Construction Co.	-	0.0417%	0.0417%	0.0208%
70.	Ibrahim Saleh Abdul Aziz Al Arifi	Al Tajweed Cntrg & Trdg Co.	-	0.0208%	0.0208%	0.0104%
71.	Mohammed Saleh Abdul Aziz Al Arifi	Al Tajweed Cntrg & Trdg Co.	-	0.0208%	0.0208%	0.0104%
72.	Mohammed Abdullah Mohammed Al Raqeeb	Abdullah Mohammed Al Raqeeb Co.	-	0.0208%	0.0208%	0.0104%
73.	Khalid Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
74.	Reem Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
75.	Abdulrahman Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
76.	Abdul Aziz Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
77.	Abdullah Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
78.	Nouf Imad Abdulqader Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0203%	0.0203%	0.0102%
79.	Khalid Tareq Abdulrahman Al Sadhan	Awa'ed Al Riyadh Co.	-	0.0194%	0.0194%	0.0097%
80.	Mohammed Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	0.0167%	0.0013%	0.0180%	0.0090%
81.	Dana Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
82.	Deym Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
83.	Sarah Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
84.	Abdulqader Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
85.	Lulwa Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
86.	Mohammed Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
87.	Noora Issam Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0178%	0.0178%	0.0089%
88.	Ahmed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
89.	Abdul Hamid Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
90.	Abdulqader Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
91.	Abdul Mohsen Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
92.	Luluah Suleiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
93.	Mohammed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
94.	Noora Sulaiman Abdulqader Abdul Mohsen Al Muhaideb	Abdulqader Al Muhaideb Company	-	0.0153%	0.0153%	0.0076%
95.	Lama Tareq Abdulrahman Saleh Al Sadhan	Awa'ed Al Riyadh Co.	-	0.0097%	0.0097%	0.0049%
96.	Khalid Hamad Mohammed Al Raqeeb	Al Raqeeb Holding Company	-	0.0052%	0.0052%	0.0026%
97.	Ziad Hamad Mohammed Al Raqeeb	Al Raqeeb Holding Company	-	0.0052%	0.0052%	0.0026%
98.	Abdulrahman Hamad Mohammed Al Raqeeb	Al Raqeeb Holding Company	-	0.0052%	0.0052%	0.0026%
99.	Mohammed Hamad Mohammed Al Raqeeb	Al Raqeeb Holding Company	-	0.0052%	0.0052%	0.0026%
100.	Reema Mohammed Abdul Aziz Al Bawardi	Awa'ed Al Riyadh Co.	-	0.0042%	0.0042%	0.0021%
101.	Abdul Ilah Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0013%	0.0013%	0.0007%
102.	Abdul Aziz Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0013%	0.0013%	0.0007%
103.	Abdullah Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0013%	0.0013%	0.0007%
104.	Fouzan Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0013%	0.0013%	0.0007%
105.	Areej Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
106.	Susan Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%

No.	Name	Representing	Direct Shareholding in NRCC before the Offering	Indirect Shareholding in NRCC before the Offering	Total Shareholding in NRCC before the Offering	Total Shareholding in NRCC after the Offering
107.	Abeer Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
108.	Fouziya Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
109.	Masha'el Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
110.	Munira Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
111.	Najd Hamad Mohammed Al Fouzan	Hamad Mohammed Al Fouzan & Co. Hldg. Co.	-	0.0007%	0.0007%	0.0003%
	Total		1.7625%	57.4476%	59.2101%	29.6051%

8. Financial Information and Management's Discussion and Analysis

The following management discussion and analysis of the financial information of the Company and its subsidiary Northern Cement Company (Jordan), is based upon the consolidated audited financial statements for the period ended 31 March 2012G, and 30 June 2012G and for the financial years ended 31 December 2009G, 2010G and 2011G and the notes thereto. The financial statements for the financial years 2010G, 2011G and 2012G were audited by Deloitte & Touche Bakr Abulkhair & Co. The financial statements for the financial year 2009G were audited by Ernst & Young and should be read in conjunction with the said statements. The financial statements and the financial position of Northern Region Cement Company and the Northern Cement Company (Jordan), as at June 2012G, were addressed in Para 8.7.

Northern Region Cement Company commenced its trial production on 01/03/2008G and commenced commercial operations on 01/12/2008G; accordingly, all sales that had taken place before 01/12/2008G are resulted from the trial production. Northern Cement Company (Jordan) commenced the actual production on 15/09/2009G. Accordingly, the results of the Company's operations for the years 2009G and 2010G are not directly comparable.

Furthermore, as with many companies in an early phase of operational development, the Company's financial position and results of operations experienced rapid and significant changes during the period discussed in this section, as the Company developed its customer base, built its infrastructure and secured supplier relationships, among other development-related matters. Therefore, revenues, operational and financial costs, assets and liabilities, and capital expenditures and cash requirements generally continued to grow during this period concerned, making period-to-period comparability of the Financial Statements of limited analytical use.

The discussion and analysis of financial information may contain forward-looking statements that involve risks and uncertainties. Actual results for the Company could differ materially from those contemplated by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in the Prospectus, particularly in the "Risk Factors" section.

8 - 1 Directors' Declaration for Financial Information

The Board of Directors declare that the financial information presented in this Prospectus is correct and extracted, without material changes, from the audited financial statements of the Company which have been prepared in accordance with SOCPA Accounting Standards.

The Board of Directors further declare that there has been no material adverse change in the financial or trading position of the Company during the past three financial years 2009G, 2010G and 2011G and the quarter ended 31 March 2012G, and up to the date of this Prospectus.

The Board of Directors further declare that the Company will have sufficient funds to meet the working capital requirements for 12 months subsequent to the date of this Prospectus, and that the capital of the Company is not subject to any option rights.

The Board of Directors further declare that no commissions, discounts, brokerages or other non-cash compensation have been granted by the Company or any of its subsidiaries, within the three (3) years immediately preceding the application for listing in connection with the issue or sale of any securities of the Company.

8 - 2 Company Overview

Northern Region Cement Company was founded as a Saudi Joint Stock Company, under Ministerial Resolution No. 377 dated 15/02/1427H (corresponding to 16/03/2006G), and Commercial Registration No. 3450008480 dated 19/02/1427H (corresponding to 20/03/2006G) and headquartered in Ar'ar City.

The Company was incorporated with a share capital of SAR 1,200,000,000 (one billion two hundred million Saudi Riyals) divided into 120,000,000 (one hundred twenty million) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) each (each a "Share", collectively the "Shares"). On 02/12/1432H (corresponding to 29/10/2011G) the Extraordinary General Assembly adopted a resolution providing for an increase of the Company's share capital by SAR 600,000,000 (six hundred million Saudi Riyals), thereby bringing the Company's share capital up to SAR

1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) ordinary shares, out of which the current shareholders subscribed for a total of 126,000,000 (one hundred twenty-six million) ordinary shares with a total and fully paid up nominal value of SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals). The partial increase was accomplished by capitalizing the Company's statutory reserves involving the issuance of 6,000,000 (six million) new shares with a nominal value of SAR 60,000,000 (sixty million Saudi Riyals) to the current shareholders. The remaining 54,000,000 (fifty four million) shares valued at SAR 540,000,000 (five hundred forty million Saudi Riyals) will be offered to the public.

The Company's main business is the production of Ordinary Portland Cement and Sulphate Resistant Cement and the trading of cement inside and outside the Kingdom. The Plant has a production capacity of 6,000 TPD. The Company is currently constructing a second production line for the production of Sulphate Resistant Clinker with production capacity of 3,000 TPD.

On 02/05/2007G, and in implementation of the Company's strategic objectives in entering new markets and opening new distribution outlets, the Company enhanced its presence in Jordan by establishing its fully owned subsidiary NCC (Jordan), which is now listed on the Amman Stock Exchange. As at 30/06/2012G, the Company owned approximately 99% of NCC (Jordan).

Northern Cement Company (Jordan) ("NCC (Jordan)') was established on 02/05/2007G as a Jordanian limited liability company under registration No. 14219 in the name of Northern Jordan Cement Company. In June 2009G, the name was changed to Northern Cement Company. In July 2010G, the legal form of the company was changed from a limited liability company to a joint stock company under No. 464. On 02/05/2011G, 9.09% of the capital shares of NCC (Jordan) were offered for public subscription; 5% for the public, and 4.09% were allocated for strategic shareholders, being Sama Al Yamamah Company Limited and Dyar Najd for Contracting and Trading.

NCC (Jordan) main business is the production of Ordinary Portland Cement and Pozzolana Cement, with production capacity of 3,000 TPD of cement. The products are sold in the markets of Jordan where there is robust demand for such products. Northern Cement Company (Jordan) also seeks to enter foreign markets in countries such as Iraq and Syria.

On 02/05/2011G, 9.09% of NCC (Jordan)'s capital was offered for public subscription, 5% was offered to the public and 4.09% was offered to strategic shareholders owned by the Company. Pursuant to the distribution of 82% of the capital of NCC (Jordan) to the Company's shareholders as in-kind dividends, the Company held only 13% of NCC (Jordan) as of 26/05/2011G,. On 18/08/2011G, 75% of the shares of NCC (Jordan) were re-acquired for a consideration of SAR 601.3 million. Through its affiliates, the Company also purchased shares of NCC (Jordan) traded on Amman Stock Exchange. On 18/08/2011G, the Company became the holder of 90.6% of NCC (Jordan). As at 31 December 2011G, the Company owned 91.2% of the shares of NCC Jordan. No change in shareholding occurred during the three-month period ended 31 March 2012G. On 14/05/2012G, 7% of the shares of NCC (Jordan) were transferred to the Company. The company also purchased a number of NCC (Jordan) shares traded on Amman Stock Exchange through its affiliates and the Company became a holder of 98.25% of the shares of NCC (Jordan) (please refer to "Northern Region Cement Company" section).

During 2011G, the Company bought through its subsidiaries 1,756,000 shares of NCC (Jordan) traded on Amman Stock Exchange bringing it is ownership in NCC (Jordan) as of 31/12/2011G at 91.2%. They were no change in this ownership as of 31/03/2012G.

8 - 3 Accounting Policies

The Audited Financial Statements of the Company are prepared in compliance with SOCPA standards. The main accounting policies of the Company are set out in the illustration of the Audited Financial Statements of the Company, which are also included in the "Auditors Report" section in this Prospectus.

8 - 4 Results of Operations

Northern Region Cement Company ("NRCC") commenced its trial production on 01/03/2008G and commercial production on 01/12/2008G. The trial and commercial productions for NCC (Jordan) commenced in September and December 2009G respectively.

8 - 4 - 1 Income Statement

NRCC Consolidated Income Statement

Table 108 : Consolidated Income Statement of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Periods Ended 31 March 2011G and 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	444,592	893,970	586,755	174,358	152,738
Cost of Sales	(245,385)	(573,006)	(349,457)	(108,769)	(102,035)
Gross Profit	199,207	320,964	237,297	65,588	50,703
Sales & Marketing Expenses	(5,078)	(4,582)	(5,610)	(1,109)	(955)
General & Administrative Expenses	(14,297)	(23,452)	(32,074)	(5,490)	(5,810)
Profit from Operations	179,832	292,930	199,614	58,989	43,938
Net Revenue from Trial Production	12,582	-	-	-	-
Pre-Operating Expenses	(2,301)	-	-	-	-
Income from revaluation of investment	-	-	66,186	-	-
Financing Expenses	(17,874)	(15,065)	(20,089)	(4,580)	(1,961)
Other Revenues	5,255	17,893	13,841	1,098	654
Profit prior to deducting Zakat, Income Tax & Minority Shareholders' Interests	177,494	295,758	259,553	55,507	42,630
Minority Shareholders' Interests in the Net Losses of the Affiliate	-	47	(5,638)	(85)	(911)
Profit prior to deducting Zakat	177,494	295,806	253,915	55,422	41,720
Zakat	(4,500)	(6,000)	(3,000)	(1,000)	(1,500)
Income Tax for the Affiliate	(1,331)	(4,842)	(4,720)	(1,207)	(755)
Net Profit	171,663	284,963	246,194	53,215	39,465

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Three-Month Period Ended 31 March 2012

NRCC sales grew at a CAGR rate of 14.9% during the period 2009G to 2011G.

- Sales increased in 2010G due to increase in sales volume from 2.1 million tons in 2009G to 3.3 million tons in 2010G as a result of commencement of NCC (Jordan). The significant increase of sales in 2010G is also due to the fact that the sales between NRCC and NCC (Jordan) operations were not eliminated in the consolidated financial statements for 2010G. However, this did not affect the gross or net profits of the Company.
- Sales decreased in 2011G due to decrease in sales volume to 2.5 Million tons in 2011G from 3.3 Million tons in 2010G. Sales volume decreased due to plant shutdown of 80 days in 2011G as compared to 58 days in 2010G. Moreover clinker exports also decreased in 2011G. The significant decline of sales in 2011G is also attributable to the fact that the sales between NRCC and NCC (Jordan) were not eliminated in the consolidated financial statements for 2010G. However, this did not affect the gross or net profits of the Company.

During the three-month period ended 31 March 2012G, sales declined by SAR 21.6 Million to SAR 152.7 Million from SAR 174.4 Million during the same period in 2011G. Sales decreased during the same period mainly due to non-renewal of export license in January 2012G and due to suspension of exports imposed by MOCI in February 2012G.

NRCC sales grew at a CAGR of 9.1% during the period 2009G-2011G.

- In 2010G, the gross profits increased by SAR 121.8 Million as the Company's sales increased due to commencement of NCC (Jordan) operations.
- In 2011G, the gross profits decreased by SAR 83.7.

During the three-month period ended 31 March 2012G, the gross profit decreased to SAR 50.7 Million from SAR 65.6 Million in 2011G due to the decline in export sales which have higher profit margins as compared to profit margins on local sales.

Profit from operations grew at a CAGR rate of 5.4% during the period 2009G -2011G.

- Despite an increase of approximately SAR 9.2 Million in general and administrative expenses due to commenecement of NCC (Jordan) operations, the profit from operations increased from SAR 179.8 Million in 2009G to SAR 292.9 Million in 2010G. Profit from operations increased due to increase in gross profit by SAR 121.8 Million as a result of increase in the Company's sales which resulted from the commencement of NCC (Jordan) operations.
- In 2011G, profit from operations decreased by SAR 93.3 Million due to decrease in gross profits by SAR 83.7 Million and increase in general and administrative expenses by SAR 8.6 Million. General and administrative expenses increased as a result of increase in professional fees and other expenses.

During the three-month period ended 31 March 2012G, the profit from operations decreased to SAR 43.9 Million compared to SAR 59.0 Million for the same period in 2011G as the Company was unable to export due to export suspension.

Net profit grew at a CAGR of 19.8% during the period 2009G-2011G.

- Net profit increased from SAR 171.6 Million in 2009G to SAR 284.9 Million in 2010G due to SAR 113.1 Million increase in profit from business. Profit from operations increased as a result of NCC (Jordan) commencement of operations and consequently the commencement of exports to Jordan.
- Despite a gain of SAR 66.1 Million related to revaluation of investments in NCC (Jordan), the net profit of the Company decreased from SAR 285.0 Million in 2010G to SAR 246.2 Million in 2011G. This decrease was mainly on account of lower sales achieved by the Company due to lower exports to Jordan and plant shutdown for maintenance.

During the three-month period ended 31 March 2012G, the net profit decreased to SAR 39.5 Million compared to SAR 53.2 Million for the same period in 2011G mainly due to export suspension.

NRCC Non-Consolidated Income Statement

Table 109 : Non-Consolidated Income Statement of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	439,870	528,013	379,365	90,250	81,138
Cost of Sales	(245,385)	(282,275)	(217,323)	(42,972)	(43,019)
Gross Profit	194,485	245,738	162,042	47,278	38,119
Sales & Marketing Expenses	(5,078)	(3,048)	(2,705)	(614)	(337)
General & Administrative Expenses	(14,297)	(18,582)	(25,565)	(4,476)	(4,615)
Profit from Operations	175,110	224,108	133,772	42,189	33,167
The Company's Share in the Net Profit of the Affiliate	13,672	63,859	56,393	16,127	9,143
Return on Re-Evaluating Investment	-	-	66,186	-	-
Financing Expenses	(17,874)	(15,065)	(20,089)	(4,580)	(1,961)
Other Revenues	5,255	18,062	12,932	479	616

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Profit prior to deducting Zakat	176,163	290,963	249,194	54,215	40,965
Zakat	(4,500)	(6,000)	(3,000)	(1,000)	(1,500)
Net Profit	171,663	284,963	246,194	53,215	39,465

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NRCC's sales declined at a CAGR of 7.1% during the period 2009G to 2011G due to decline in domestic cement sales from 1.4 million tons in 2009G to 0.7 million tons in 2011G. Net profit in the same period increased at a CAGR of 19.8%; although this includes the impact of revaluation gain of SAR 66.2 million on NRCC's shareholding in NCC (Jordan). Excluding the impact of this revaluation, NRCC's underlying net profit during the period 2009G to 2011G increased at a CAGR of 2.4%. Underlying profits increased due to higher export sales which yield a better profit margin to NRCC.

During the three-month period ended 31 March 2012G, NRCC's sales declined by 10.1% and net profits declined by 25.8% compared to the same period in 2011G due to a 6.8% decline in sales volume due to lower exports which is due to the suspension of exports.

NCC (Jordan) Consolidated Income Statement

Table 110 : Consolidated Income Statement of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	49,661	365,958	337,378	84,107	71,602
Cost of Sales	(44,939)	(290,731)	(262,122)	(65,771)	(59,016)
Gross Profit	4,722	75,227	75,256	18,336	12,586
Sales & Marketing Expenses	-	(1,534)	(2,905)	(495)	(618)
General & Administrative Expenses	-	(4,870)	(6,508)	(1,041)	(1,196)
Profit from Operations	4,722	68,823	65,843	16,800	10,772
Net Revenue from Trial Production	12,582	-	-	-	-
Pre-Operating Expenses	(2,301)	-	-	-	-
Other Revenues	-	(168)	910	620	38
Profit prior to deducting Taxes	15,003	68,655	66,753	17,420	10,810
Minority Shareholders' interests	-	47	(192)	(85)	(28)
Income Tax	(1,331)	(4,842)	(4,720)	(1,207)	(755)
Net Profit	13,672	63,860	61,841	16,128	10,027

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NCC (Jordan) commenced commercial operations in the last quarter of 2009G; therefore its results for 2009G represent operations for the last quarter only. NCC (Jordan) sales in 2010G amounted to SAR 365.9 million which declined by 7.8% in 2011G to reach SAR 337.4 million. Net profit declined by 3.2% in 2011G compared to 2010G.

In the three-month period ended 31 March 2012G, sales declined by 14.9% and net profit declined by 37.8% as compared to the same period in 2011G due to an 8.7% decline in cement volumes sold from 0.22 million to

0.20 million. Profitability was also impacted due to an inability to source cheaper clinker from NRCC due to the suspension on exports.

8 - 4 - 2 Sales

NRCC Consolidated Sales

Table 111 : Consolidated Sales of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	444,592	893,970	586,755	174,358	152,738

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Sales between NRCC and NCC (Jordan) were not eliminated in the consolidated financial statements for 2010G. Consequently, it is not possible to directly compare the consolidated sales for the period between 2009G through to 2011G.

During the three months ended 31 March 2012G, sales declined by SAR 21.6 Million (12.4%) to SAR 152.7 Million as compared to SAR 174.4 Million for the same period in 2011G. Average sales prices declined during the first three months of 2012G in comparison to the same period of 2011G because NRCC could not export as its export license was not renewed in January 2012G and because the Saudi Government imposed a suspension on exports in February 2012G. The inability to export impacted NRCC sales as it had to replace its exports sales (higher average sales prices) with local sales (lower average sales prices). Nevertheless, the impact of the drop in prices was partially offset by the increase in the quantities of cement sold, which increased by 0.03 Million tons (6.0%) to reach 0.53 Million tons in the first three months of 2012G compared to 0.50 Million tons for the same period in 2011G.

NRCC Non-Consolidated Sales

Table 112 : Non-Consolidated Sales of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Ordinary Portland Cement	298,848	235,289	199,765	48,099	70,876
Sulphate Resistant Cement	145,439	116,596	93,602	22,914	9,724
Gross Sales of Cement	444,287	351,885	293,367	71,013	80,600
Discounts	(39,943)	(28,409)	(43,990)	(12,113)	(7,696)
Net Sales of Clinker	404,344	323,476	249,377	58,900	72,904
Sales of Clinker	35,526	204,537	129,988	31,350	8,234
Gross Sales of NRCC	439,870	528,013	379,365	90,250	81,138

Source: The Company

In 2010G NRCC sales increased by 20% as compared to 2009G. This increase was mainly due to the increase in total sales volume by 0.36 million tons (17.7%) as well as improvement in prices:

- Sales volume increased due to increase in sales of clinker to NCC (Jordan) which commenced its operations in 2009G. Out of the total clinker quantity of 0.94 million tons exported to NCC (Jordan), 0.50 million tons was purchased from market at an average price of approximately SAR 218 per ton. NCC (Jordan) imports clinker from NRCC pursuant to a sales purchase agreement extending for 15 years (please refer to the "Legal Information" section).
- Despite the decline in average sales prices of Ordinary Portland Cement by 2.1% in 2010G as the prices dropped from SAR 240.3 per ton to SAR 235.2 per ton, the overall average selling prices (which reflect the average selling prices for all the Company's products) witnessed an improvement in 2010G as shown below:
  - Average sales prices for Sulphate Resistant Cement increased by 3.8% as the prices thereof increased from SAR 263.4 per ton compared to SAR 273.5 per ton.
  - Average sales prices for clinker increased by 29.6% as the prices thereof SAR 168.7 per ton compared to SAR 218.6 per ton.
- In 2010G, the discounts granted to the distributors amounted to SAR 28.4 Million. Discounts are given on local sales and reflect the difference between the total sales prices and the price ceiling imposed by the Government on local sales. Discounts are given to distributors on receiving proof that the cement was sold in KSA.

In 2011G, sales decreased by SAR 148.6 Million (28.2%) to SAR 379.4 Million from to SAR 528.0 Million in 2009G:

- Cement sales volume fell by 0.29 million tons (20.4%) as the Company's plant was shut down for approximately 80 days (36 days planned – 44 days unplanned) in 2011G as compared to shutdown of 58 days (31 days planned – 27 days unplanned) in 2010G;
- The sales of clinker declined from 0.93 Million tons in 2010G to 0.55 Million tons in 2011G. Sales declined by 0.38 Million tons (41.2%) due to inability to purchase clinker from the markets due to increase in prices.

The decline in sales quantities was partially offset by increase in average sales prices in 2011G as follows:

  - Average sales prices for Sulphate Resistant Cement increased by 10.3% as prices per ton increased from SAR 273.5 to SAR 301.7;
  - Average sales prices for Ordinary Portland Cement increased by 2.8% as the prices per ton increased from SAR 235.2 per ton to SAR 241.9 per ton;
  - Average sales prices for clinker increased by 8.0% as the prices per ton increased from SAR 218.6 per ton to SAR 236.1 per ton; and
  - Discounts amounted to SAR 43.9 Million during 2011G.

Sales for the three months ended 31 March 2012G dropped by SAR 9.1 Million (10.1%) compared to the same period in 2011G:

- Clinker sales volume decreased by 0.08 million tons (66.8%) due to lower exports. The Company's export license expired in January 2012G which was followed by a suspension on exports by MOCI in February 2012G. Further, there was a planned shutdown of 25 days and forced shutdown of 7 days during this period. The decline in clinker sales was partially offset by higher cement sales which increased by 0.05 million tons
- The average sales prices declined due to the export suspension imposed which forced the Company to sell its products in the local market where the sales prices are less than the sales prices outside KSA. The average sales prices during the three months ended 31 March of 2012G were as follows:
  - Average sales prices for Ordinary Portland Cement increased by 2.0% as the prices per ton increased from SAR 240.5 to SAR 245.2 per ton.
  - Average sales prices for Sulphate Resistant Cement declined by 11.6% as the prices per ton decreased from SAR 301.9 to SAR 266.9 per ton.
  - Average sales prices for clinker declined by 20.9% as the prices per ton decreased from SAR 275.6 to SAR 218.0.

The decline in the average sales prices due to export suspension was partially offset by increase in local sales price. However, the prices were fixed at SAR 260 for Sulphate Resistant Cement and SAR 240 for Ordinary Portland Cement due to the price ceiling imposed by the Government during the first quarter of 2012G.

- Discounts for the three months ended 31 March of 2012G amounted to SAR 7.7 Million.

Table 113 : Quantitative Analysis of Non-Consolidated Sales Volumes for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Periods Ended 31 March 2011G and 2012G

Ton	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Bulk Cement	755,267	597,215	418,469	64,861	168,038
Bagged Cement	1,040,657	829,324	717,571	211,068	157,456
Total Sales of Cement	1,795,924	1,426,539	1,136,040	275,929	325,494
Ordinary Portland Cement	1,243,759	1,000,284	825,827	200,027	289,064
Sulphate Resistant Cement	552,165	426,255	310,213	75,902	36,429
Total Sales of Cement	1,795,924	1,426,539	1,136,040	275,929	325,493
Clinker Sales	210,560	935,668	550,462	113,764	37,772
Sales	2,006,484	2,362,207	1,686,502	389,693	363,265

Source: The Company

NCC (Jordan) Consolidated Sales

Table 114 : Consolidated Sales of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	49,661	365,958	337,378	84,107	71,602

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NCC (Jordan) sells Ordinary Portland Cement and Pozzolana Cement in Jordan. NCC (Jordan) focuses on Amman and the neighboring areas which make up for approximately 60% of the total cement consumption in Jordan. In 2010G and 2011G, NCC (Jordan) operated at 100% and at 94.0% of its production capacity respectively. NCC (Jordan) managed to operate at higher rates of capacity utilization as compared to its competitors because it had access to clinker from NRCC and because of the dark color of its cement, which is the preferred in Jordan.

Sales of cement of NCC (Jordan) increased at a CAGR of 160.7% during the period 2009G through to 2011G:

- NCC (Jordan) commenced its commercial operations in the last quarter of 2009G; sales increased by approximately SAR 316.3 Million in 2010G compared to 2009G; and
- In 2011G, the sales of NCC (Jordan) declined by approximately SAR 28.6 Million (7.8%) compared to 2010G as sales volume decreased by 0.06 Million tons (6.7%) due to the increased competition with local players.

During the three-month period ended 31 March 2012G, the sales of cement decreased by approximately SAR 12.5 Million (14.9%) compared to the same period in 2011G as NCC (Jordan) continued to face stiff competition from local companies. Furthermore, it was unable to obtain clinker from NRCC due to the suspension imposed on exports by MOCI.

Table 115 : Consolidated Sales Volumes of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

Ton	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Total Sales of cement	129,489	966,650	901,701	225,425	205,828

Source: The Company

8 - 4 - 3 Cost of Sales

NRCC Consolidated Cost of Sales

Table 116 : Consolidated Cost of Sales of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Cost of Sales	245,385	573,006	349,457	108,769	102,035

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Consolidated cost for sales amounted to 55.2%, 64.1% and 59.6% of sales for the years 2009G, 2010G and 2011G respectively, i.e. an average of 59.6% and 66.8% for the three-month period ended 31 March of 2012G.

- Cost of sales increased by SAR 327.6 (133.5%) in 2010G compared to 2009G as NCC (Jordan) commenced its operations.
- In 2011G, cost of sales declined by SAR 223.5 (39.0%) compared to 2010G, due to the decrease in cement sales volume by 0.4 Million ton (16.7%) and the decrease in clinker sales volume by 0.4 Million tons (44.4%).
- Cost of sales for the three-month period ended 31 March of 2012G declined by approximately SAR 6.7 Million (6.2%) compared to the same period of 2011G due to decline in the cement sales volume.

NRCC Non-Consolidated Cost of Sales

Table 117 : Detailed Costs of Non-Consolidated Sales of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Raw Materials	67,535	116,494	41,685	6,559	3,292
Depreciation	63,105	49,775	50,041	10,030	13,060
Salaries, Wages & Allowances	21,010	30,743	32,696	7,880	8,250
Cost for Fuel & Electricity	40,835	44,558	43,548	9,776	8,147
Packaging	15,335	11,135	11,989	3,092	2,653
Repair & Maintenance	10,752	8,132	18,101	0	2,407
Mining Costs	1,749	3,708	5,170	667	1,287
Explosion Costs	1,094	5,426	5,822	654	1,104
Contracted Labor	18,072	5,875	-	2,908	0
Plant's Management	5,899	6,429	8,271	1,407	2,819
Cost of Sales	245,386	282,275	217,323	42,973	43,019

Source: Company

Cost of sales for NRCC amounted to 55.8%, 53.5% and 57.3% of non-consolidated sales in 2009G, 2010G and 2011G respectively averaging 55.5% during the period, and 53.0% for the period ended 31 March of 2012G.

With increase in the sales volume, the cost of sales increased in 2010G by SAR 36.9 million (15.0%) compared to 2009G:

- Raw material costs increased by approximately 49.0 Million (72.5%) due to increase in the production volume in order to meet the demands of consumers. This increase was also due to purchase of 500,000 tons of clinker from Eastern Cement Company at a price of SAR 218 in order to meet the increasing demand of the Company products. With commencement of production by NCC (Jordan), the demand for its products increased. Therefore to fulfill the demand, the Company as an exceptional measure purchased 500,000 tons of clinker from Eastern Cement Company.

- Salaries, wages and allowances increased by SAR 9.7 Million (46.3%) as the number of employees increased due to the increase in the Company's operations and activities and the finalization of hiring the technical staff of the Company.
- Costs of fuel and electricity increased by SAR 3.7 Million (9.1%) due to the increase in the production of clinker from 1.6 Million tons in 2009G to 1.7 million tons in 2010G.
- Explosion costs and mining costs increased by SAR 6.291 Million (221.3%) due to the increase in production. Such costs represent the costs for using the stone quarry and the costs for extracting limestone, as the Company pays SAR 10,000 per km^2 per year to the Ministry of Petroleum and Mineral Resources and an average of SAR 2.25 per ton as charges for limestone explosion.

This increase in the cost of sales in 2010G was partially offset by decrease in depreciation by approximately SAR 13.3 Million (21.1%) as the Company revised the useful lifespan of buildings (from 13-33 years to 13-40 years) and of the machines and equipment (from 5-10 years to 5-20 years). This review was performed following a discussion with technical consultants and comparison with other cement companies.

In 2011G, cost of sales decreased by SAR 64.9 Million (23.0%) compared to 2010G:

- Raw material costs decreased by approximately SAR 74.8 Million (64.2%) as sales volume declined by approximately 0.67 Million tons (28.6%). Furthermore, the Company did not purchase clinker from the market. The Company also adjusted inventory by approximately SAR 33.0 Million which led to a decline in the cost of raw materials by the same amount in 2011G.
- Cost of contracted labour decreased by SAR 5.9 Million (100.0%) due to completion of the contract with the Chinese company, CNBM. The contractual labor was supplied by CNBM during the initial years after commencement of the operations to facilitate the achievement of optimal production.

The decline in the cost of sales in 2011G was partially offset by the increase in repair and maintenance cost by SAR 10.0 Million (122.6%). This was a one off increase due to unplanned plant breakdown for 44 days in 2011G versus 32 days in 2010G.

During the three-month period ended 31 March 2012G, cost of sales decreased by approximately SAR 0.05 Million (0.1%) compared to the same period in 2011G:

- Raw material costs decreased by approximately SAR 3.2 Million (49.8%) during the three-month period ended 31 March 2012G compared to the same period in 2011G due to the decrease in production of clinker to 0.287 Million tons during the three-month period ended 31 March 2012G compared to 0.337 Million tons for the same period in 2011G. Production declined due to the plant shutdown for regular maintenance for 25 days and unplanned suspension of works for 7 days during the first quarter of 2012G. Moreover the Company was unable to export clinker due to the export suspension.
- Packaging costs decreased by SAR 0.4 Million (14.2%) as compared to the same period in 2011G due to the decrease in the sales of bagged cement by approximately 25.4% from 0.21 Million tons to 0.16 Million tons.
- Cost of fuel and electricity decreased by approximately SAR 1.6 Million (16.7%) due to decrease in the production of clinker by 14.8%.
- Cost of contracted labour decreased by SAR 2.9 Million (100.0%) due to completion of the contract with the Chinese company, CNBM. The contractual labor was supplied by CNBM during the initial years after commencement of the operations to facilitate the achievement of optimal production.

NCC (Jordan) Consolidated Cost of Sales

Table 118 : Cost of Consolidated Sales of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Cost of Sales	44,939	290,731	262,122	65,771	59,061

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Cost of sales for NCC (Jordan) amounted to 79.4%, 77.7% and 82.4% of sales in 2010G and 2011G and the three months ended 31 March 2012G, respectively.

- In 2010G, cost of sales increased as NCC (Jordan) commenced commercial production in the last quarter of 2009G; 2010G was the first year of full production for NCC (Jordan).
- Cost of sales decreased by approximately SAR 28.6 Million (9.8%) in 2011G compared to 2010G due to the decline in the sales volume by 6.7% thereby declining from 0.96 Million in 2010G to 0.90 Million in 2011G.
- During the three-month period ended 31 March 2012G, cost of sales declined by approximately SAR 6.7 Million (10.3%) which is mainly attributed to the decline in sales volume by 0.02 Million tons (9.1%) to 0.20 Million tons compared to 0.22 Million tons during the same period in 2011G. The proportional increase relative to the sales volume is attributed to the fact that NCC (Jordan) had to purchase clinker from local suppliers in Jordan as NRCC was not able to export clinker.

8 - 4 - 4 Gross Profit Margin

NRCC Consolidated Gross Profit Margin

Table 119 : NRCC Consolidated Gross Profit Margin for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Periods Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	444,592	893,970	586,755	174,358	152,738
Cost of Sales	(245,385)	(573,006)	(349,457)	(108,769)	(102,035)
Gross Profit	199,207	320,964	237,297	65,588	50,703
Gross Margin (%)	44.81%	35.90%	40.44%	37.62%	33.20%

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Sales between NRCC and NCC (Jordan) were not eliminated in the consolidated financial statements for the financial year 2010G. As such the gross profit margins may not be directly comparable for the period 2009G-2011G.

During the three-month period ended 31 March 2012G, the gross margin decreased to 33.2% compared to 37.6% for the same period of 2011G due to lower export sales which yield higher margins for the Company as compared to local sales.

NRCC Non-Consolidated Gross Profit Margin

Table 120 : Non-Consolidated Gross Profit Margin of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	439,870	528,013	379,365	90,250	81,138
Cost of Sales	(245,385)	(282,275)	(217,323)	(42,972)	(43,019)
Gross Profit	194,485	245,738	162,042	47,278	38,119
Gross Margin (%)	44.21%	46.54%	42.71%	52.39%	46.98%

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Non-consolidated gross profit margin of the Company increased from 44.2% in 2009G to 46.54% in 2010G due to commencement of exports to NCC (Jordan). Exports generate a higher gross profit margin as compared to local sales due to higher prices. The gross profit margin decreased in 2011G to 42.7% due to the decrease in sales at a rate higher than the rate of decrease in the cost of sales. This is attributed to plant shutdown and the increase in the cost of repair and maintenance.

In the three-month period ended 31 March 2012G, gross profit margin declined from 52.4% to 47.0% mainly due to higher depreciation which increased by 30.0% as compared to the same period in 2011G. Furthermore, the Company incurred a repair and maintenance cost of SAR 2.4 million due to plant breakdown during the three-month period ended 31 March 2012G. Cost of sales declined by 0.1% as compared to decline of 10.1% in sales. Decline in sales was higher due to lower export sales.

NCC (Jordan) Consolidated Gross profit margin

Table 121 : Consolidated Gross Profit Margin of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Sales	49,661	365,958	337,378	84,107	71,602
Cost of Sales	(44,939)	(290,731)	(262,122)	(65,771)	(59,016)
Gross Profit	4,722	75,227	75,256	18,336	12,586
Gross Margin (%)	9.51%	20.56%	22.31%	21.80%	17.58%

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Gross profit amounted to 9.5%, 20.6%, 22.3% and 17.6% of sales in 2009G, 2010G and 2011G and the three-month period ended 31 March of 2012G, respectively.

Gross profit margin increased in 2010G which was the first year of full production for NCC (Jordan). Gross prift margin increased in 2011G as the cost of sales decreased at higher rate compared to the decrease in sales.

Gross profit margin decreased during the three-month period ended 31 March 2012G in comparison to the same period of 2011G, due to export suspension which forced NCC (Jordan) to buy clinker from local suppliers which is costly as compared to the clinker imported from NRCC.

8 - 4 - 5 Selling and Marketing Expenses

NRCC Consolidated Selling and Marketing Expenses

Table 122 : Detailed Costs of Consolidated Sales and Marketing of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Salaries & Allowances of Employees	2,049	1,585	1,548	529	414
Depreciation	2,249	1,969	1,535	11	61
Others	780	1,028	2,526	569	480
Selling and Marketing Expenses	5,078	4,582	5,610	1,109	955

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Selling and marketing expenses decreased by 9.8% in 2010G compared to 2009G despite the inclusion of selling and marketing expenses of NCC (Jordan) amounting to SAR 1.5 Million. The decrease is due to the decrease of

SAR 1.5 Million in the salaries and allowances of employees. Salaries and allowances decreased due to reduction in the salaries and allowances of the sales team which the Company had recruited in the first year of commercial production.

In 2011G, the selling and marketing expenses increased by SAR 1.0 Million (22.4%) due to an increase in other expenditures by SAR 1.4 Million partially offset by decrease in depreciation by approximately SAR 0.4 Million (22.0%).

Expenses remained stable during the three-month period ended 31 March 2012G.

NRCC Non-Consolidated Selling and Marketing Expenses

Table 123 : Detailed Costs of Non-Consolidated Sales and Marketing of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			3-Months Period Ended in 31 March	
	2009G	2010G	2011G	2011G	2012G
Salaries & Allowances of Employees	2,049	602	857	212	194
Depreciation	2,249	1,969	1,535	11	8
Others	780	477	313	391	136
Selling and Marketing Expenses	5,078	3,048	2,705	614	337

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Selling and marketing expenses decreased by approximately SAR 2.0 Million (40%) in 2010G due to a decline in the salaries and allowances of employees by approximately SAR 1.4 Million (70.6%) due to lower salaries and allowances of the sales team which the Company had recruited in the first year of commercial production.

In 2011G, selling and marketing expenses declined by SAR 0.3 Million (11.2%) mainly due to decrease in depreciation for the year. Depreciation decreased by SAR 0.4 Million (22.0%) as compared to the previous year.

During the three-month period ended 31 March 2012G, the selling and marketing expenses decreased by 45.0% amounting to SAR 0.3 Million compared to the same period in 2011G, mainly due to decrease in Other expenses.

NCC (Jordan) Consolidated Selling and Marketing Expenses

Table 124 : Detailed Consolidated Sales and Marketing Expenses of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended in 31 March	
	2009G	2010G	2011G	2011G	2012G
Salaries & Allowances of Employees	-	983	797	228	250
Others	-	551	2,108	267	368
Selling and Marketing Expenses	-	1,534	2,905	495	618

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2011G, selling and marketing expense increased by SAR 1.4 Million (89.4%) due to the increase in advertising expenses (included under other items), amounting to SAR 1.1 Million.

During the three-month period ended 31 March 2012G, selling and marketing expenses increased by approximately 24.8% amounting to SAR 0.6 Million as compared to SAR 0.5 Million during the same period in 2011G. This increase is mainly attributable to the increase in the cost of transportation which increased from SAR 0.09 Million to SAR 0.2 Million during the same period.

8 - 4 - 6 General and Administrative Expenses

NRCC Consolidated General and Administrative Expenses

Table 125 : Consolidated General and Administrative Expenses of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Salaries & Allowances of Employees	11,907	18,101	18,752	3,472	3,446
Office Expenses	472	1,066	1,059	-	
Depreciation	438	823	1,699	331	455
Professional Fees	461	801	3,856	430	485
Rent	133	594	796	141	142
Governmental Charges	94	142	1,275	134	33
Others	792	1,924	4,637	982	1,250
General and Administrative Expenses	14,297	23,452	32,074	5,490	5,810

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Salaries and allowances of employees represent a major component of the general and administrative expenses representing 83.3%, 77.2% and 58.5% of the total general and administrative expenses in 2009G, 2010G and 2011G respectively, averaging 73.0% during the period.

General and administrative expenses increased by about SAR 9.2 Million (64.0%) in 2010G to SAR 23.5 Million from SAR 14.3 Million in 2009G due to the commencement of NCC (Jordan) operations.

In 2011G, general and administrative expenses increased by SAR 8.6 Million (36.8%) to SAR 32.1 Million from SAR 23.5 Million in 2010G, mainly due to increase in the professional fees which increased by SAR 3.0 Million and other expenses which increased by approximately SAR 2.7 Million as compared to the previous year.

During the three months ended 31 March 2012G, general and administrative expenses increased by SAR 0.3 Million (5.8%) to SAR 5.8 Million as compared to SAR 5.5 Million for the same period in 2011G.

NRCC Non-Consolidated General and Administrative Expenses

Table 126 : Non-Consolidated General and Administrative Expenses of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Salaries & Allowances of Employees	11,907	14,840	16,081	2,793	2,772
Office Expenses	472	887	1,059	414	190
Depreciation	438	823	1,436	331	402
Professional Fees	461	456	3,512	358	351
Rent	133	515	678	124	93
Governmental Charges	94	122	479	129	31
Others	792	938	2,321	326	776
General and Administrative Expenses	14,297	18,582	25,565	4,476	4,615

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

General and administrative expenses mainly comprise the salaries and allowances of employees which represented 83.3%, 79.9% and 62.9% of the total general and administrative expenses in 2009G, 2010G and 2011G respectively averaging 75.3% during the period. During the three-month period ended 31 March 2012G, the salaries and allowances of employees represented 60.1% of the total general and administrative expenses compared to 62.4% during the same period of 2011G.

In 2010G, the general and administrative expenses increased by approximately SAR 4.3 Million (30.0%) as the salaries and allowances of employees increased by approximately SAR 2.9 Million (24.6%) compared to 2009G. Furthermore, the Company also paid professional fees amounting to SAR 0.5 million.

In 2011G, general and administrative expenses increased by SAR 7.0 Million (37.6%) as the Company incurred professional fees amounting to SAR 3.5 Million for market research carried out in Jordan. Furthermore, salaries increased by approximately SAR 1.2 Million (8.4%) from SAR 14.8 Million to SAR 16.0 Million. Other expenses increased by SAR 1.4 Million (147.4%).

During the three-month period ended 31 March of 2012G, the selling and marketing expenses remained stable increasing approximately by SAR 0.1 Million (3.1%).

NCC (Jordan) Consolidated General and Administrative Expenses

Table 127 : Consolidated General and Administrative Expenses of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended in 31 March	
	2009G	2010G	2011G	2011G	2012G
General and Adminstrative Expenses	-	4,870	6,508	1,041	1,196

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

General and administrative expenses for NCC (Jordan) increased by SAR 1.6 Million (33.7%) in 2011G and by SAR 0.2 Million during the three-month period ended 31 March 2012G. This increase in the general and administrative expenses is mainly attributed to the increase in the salaries paid to employees.

8 - 4 - 7 Financial Charges

Table 128 : Consolidated Financial Charges of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended in 31 March	
	2009G	2010G	2011G	2011G	2012G
Financial Charges	17,874	15,065	20,089	4,580	1,961

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Financial charges are related to short-term murabaha which the Company had obtained from local commercial banks to fund working capital and the long-term loan from SIDF which the Company had received at the end of 2009G.

In 2010G, the outstanding amount of short-term murabaha was SAR 469.4 Million; the outstanding amount for the loan from SIDF was SAR 200.0 Million.

In 2010G, the financial charges decreased due to the drop witnessed in the outstanding short-term murabaha by SAR 31.7 Million from SAR 469.4 Million in 2009G to SAR 437.8 Million in 2010G. There was no change in SIDF loan facility during that period.

In 2011G, the financial charges increased by SAR 5.0 Million (33.3%) due to the increase in the facilities provided to the Company from SAR 637.8 Million at the end of 2010G to SAR 765.0 Million at the end of 2011G. The outstanding balance as at 31 December 2011G of the short-term murabaha amounted to SAR 330.0 Million and for the loan from SIDF amounted to SAR 430.0 Million. During the period the Company obtained a temporary bridge loan amounting to SAR 85.0 Million from Arab National Bank. The Company withdrew an additional amount of SAR 230.0 Million from the SIDF loan. This increase in the financial charges was partially offset by decline in the short-term murabaha balances amounting SAR 102.8 Million.

During the three-month period ended 31 March 2012G, the finanicial charges decreased by SAR 2.6 Million to approximately SAR 2.0 Million compared to SAR 4.6 Million in the same period ending in 2011G.

On 31 March 2012G, the total outstanding loans amounted to SAR 790.0 Million, as shown below:

- Short-term murabaha amounting to SAR 300.0 Million.
- A temporary bridge loan amounting to SAR 85.0 Million.
- SIDF loan amounting to SAR 405.0 Million.

8 - 4 - 8 Other Revenues

Table 129 : Details of Other Revenues of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended in 31 March	
	2009G	2010G	2011G	2011G	2012G
Customs Claims	-	8,762	986	-	-
Insurance Claims	-	-	6,135	-	-
Income From Sale of Assets	-	5,633	431	3	113
Foreign Exchange Variances	2,754	2,616	3,363	326	23
Commissions on Time Deposits	596	157	-	-	-
Others	1,905	726	2,926	770	518
Other Revenues (Consolidated)	5,255	17,894	13,841	1,099	654
NRCC	5,255	18,062	12,932	479	616
NCC (Jordan)	-	(168)	910	620	38
Other Revenues (Consolidated)	5,255	17,894	13,842	1,099	654

Source: Audited Consolidated & Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and the Financial Period Ended 31 March 2012G; and Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Other revenues amounted to 1.2%, 2.0% and 2.4% of the total sales in 2009G, 2010G and 2011G respectively and 0.4% during the three-month period ended 31 March 2012G. NRCC (non-consolidated) accounted for most of the other revenues during the period in consideration.

In 2009G, the foreign exchange gains constituted 52.4% of the other revenues in total. Those gains were as a result of transactions between NCC (Jordan) and foreign suppliers of spare parts and machines.

In 2010G, other revenues increased compared to 2009G by SAR 12.6 Million due to the increase in customs claims by SAR 8.8 Million which were due from the Customs Authority in respect of the prior years and due to profits arising from selling of land to the Government in order to construct roads.

In 2011G, other revenues decreased by SAR 4.1 Million mainly due to absence of customs claims in 2011G. It should be noted that such claims are non-recurring in nature. The decline was partially offset by insurance claims related to the loss in sales amounting to SAR 6.1 Million as a consequence of plant shutdown.

8 - 4 - 9 Zakat & Taxes

The Company paid the zakat requirements for the years 2006G through to 2011G to the Zakat and Income Authority. In 2006G, zakat requirements were estimated to be in the amount of SAR 12 Million and were later decreased to SAR 8.9 Million following the decision of the Zakat & Tax Preliminary Appeal Committee. The Company appealed against the decision of the Zakat & Tax Preliminary Appeal Committee before the Higher Appeal Committee and requested the latter to reduce Zakat dues for the year 2006G. However, no decision has been issued by the Higher Zakat Committee until the date of this Prospectus. The Company provided a bank guarantee of SAR 8.9 Million in favor of the Department of Zakat and Income Tax.

Currently, there are no disputes or claims relating to zakat.

NCC (Jordan) is subject to tax at a rate of of 14%.

8 - 5 Balance Sheet

NRCC Consolidated Balance Sheet

Table 130 : Summary of Consolidated Balance Sheet of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Total Current Assets	307,289	311,024	391,280	402,909
Total Non-Current Assets	1,292,976	1,256,823	1,867,991	1,932,704
Total Assets	1,600,265	1,567,847	2,259,271	2,335,612
Total Current Liabilities	540,614	562,830	453,352	488,771
Total Non-Current Liabilities	201,985	169,450	353,680	354,238
Total Shareholders' Equity	857,666	835,566	1,452,239	1,492,603
Total Liabilities and Equity	1,600,265	1,567,847	2,259,271	2,335,612

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

There was no major variance in total assets in 2010G as compared to 2009G as the total assets decreased by 2% during this period. The non-current assets decreased by SAR 36.2 Million to SAR 1,256.8 Million in 2010G mainly due to depreciation recorded by the Company.

The current liabilities increased by SAR 22.2 Million in 2010G to SAR 562.8 Million from SAR 540.6 Million in 2009G. The increase in current liabilities was mainly due to outstanding dividends payable of SAR 25.6 Million This amount relates to the dividend of SAR 0.85 per share for the year ended 31 December 2010G which was fully paid in 2011G.

In 2010G, non-current liabilities decreased by SAR 32.5 million to SAR 169.5 million as compared to SAR 202.0 million in 2009G due to transfer of SAR 33.5 million due to SIDF in the ensuing twelve months to the current portion included in current liabilities and increase in end of service indemnities by approximately SAR 1.0 million.

In 2011G, the total assets increased by SAR 691.4 Million:

- Current assets increased by SAR 80.2 Million due to increase in cash and cash equivalent by SAR 79.9 Million.
- Non-current assets increased by approximately SAR 611.2 Million to SAR 1,868 Million in 2011G from SAR 1,256.8 Million in 2010G. Non-current assets increased due to the goodwill of SAR 506.1 million that arose on the NCC (Jordan) transaction (please refer to the "Northern Region Cement Company" section). Moreover, projects under construction increased by SAR 128.9 Million as NRCC commenced investments in Line II.

In 2011G, the current liabilities decreased by SAR 109.5 Million to SAR 453.4 Million due to the decrease in "Creditors, Outstanding Expenses and Other Liabilities" by SAR 25.4 Million which is due to the decrease in the Short-Term Loans by SAR 56.3 Million to SAR 415.0 Million as at the end of 2011G. The non-current liabilities increased by SAR 184.2 Million to SAR 353.6 Million in 2011G as compared to SAR 169.5 Million in 2010G, as the Company received additional SAR 264.0 Million out of the total credit limit of SAR 463.5 Million available from SIDF.

In 2011G, the total shareholders' equity increased by SAR 616.7 Million as the Current shareholders paid the remaining nominal value of capital amounting to SAR 600 Million. Moreover, SAR 60 Million statutory reserve was capitalized and 6 million new shares were issued.

Total assets increased by SAR 76.3 Million as on 31 March 2012G mainly due to increase in non-current assets by SAR 64.7 Million. Increase in non-current assets mainly comprised of SAR 53.4 Million increase in the projects under construction related to ongoing construction work on Line II.

Total current liabilities increased by SAR 35.4 Million to SAR 488.8 Million as on 31 March 2012G, due to increase in Short-Term Loans by approximately SAR 25.0 Million to SAR 440.0 Million as on 31 March 2012G.

NRCC Non-Consolidated Balance Sheet

Table 131 : Summary of Non-Consolidated Balance Sheet of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Total Current Assets	246,806	207,642	212,887	214,686
Total Non-Current Assets	1,334,982	1,348,759	1,948,904	2,018,937
Total Assets	1,581,788	1,556,401	2,161,791	2,233,624
Total Current Liabilities	522,137	551,722	432,687	464,497
Total Non-Current Liabilities	201,985	169,450	353,680	354,238
Total Shareholders' Equity	857,666	835,229	1,375,424	1,414,889
Total Liabilities and Equity	1,581,788	1,556,401	2,161,791	2,233,624

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NCC (Jordan) Consolidated Balance Sheet

Table 132 : Summary of Non-Consolidated Balance Sheet of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Total Current Assets	66,396	105,832	178,399	187,846
Total Non-Current Assets	235,192	244,482	236,264	233,338
Total Assets	301,588	350,314	414,663	421,184
Total Current Liabilities	284,368	17,107	51,530	47,997
Total Non-Current Liabilities	-	-	-	-
Total Shareholders' Equity	17,220	333,207	363,133	373,187
Total Liabilities and Equity	301,588	350,314	414,663	421,184

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

8 - 5 - 1 Current Assets

NRCC Consolidated Current Assets

Table 133 : Summary of Consolidated Current Assets of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Cash & Cash Equivalents	153,719	63,669	143,541	160,577
Trade Accounts Receivables, Prepaid Expenses & Other Assets	35,353	39,317	45,921	57,905
Inventory	118,218	208,038	201,818	184,427
Total Current Assets	307,289	311,024	391,280	402,909

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Current assets as a proportion of total assets represented 19.2%, 19.8%, 17.3% and 17.3% in 2009G, 2010G, 2011G and the three-month period ended 31 March 2012G respectively, averaging 18.4% during the period.

NRCC Non-Consolidated Current Assets

Table 134 : Summary of Non-Consolidated Current Assets of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Cash & Cash Equivalents	124,103	36,403	48,868	56,631
Trade Accounts Receivables, Prepaid Expenses & other Assets	24,762	23,076	31,902	39,840
Inventory	97,942	148,163	132,117	118,215
Total Current Assets	246,807	207,642	212,887	214,686

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Current assets as a proportion of total assets represented 15.6%, 13.3%, 9.8% and 9.6% in 2009G, 2010G, 2011G and the three-month period ended 31 March 2012G respectively, averaging 12.1% during the period.

Total current assets decreased by SAR 39.2 Million (15.9%) to SAR 207.6 Million in 2010G from SAR 246.8 Million in 2009G due to the following:

- Inventories in 2010G increased by SAR 50.2 Million mainly due to increase in finished goods inventory by SAR 40.2 Million and increase in spare parts inventory by SAR 13.3 Million partially offset by decrease in raw material inventory by SAR 5.6 Million. Inventories averaged 159 days of cost of sales in 2010G versus 138 days of cost of sales in 2009G. Further, finished goods inventory in 2010G was overstated by SAR 33.0 million, which was adjusted in 2011G; and
- Cash and cash equivalents decreased by SAR 87.7 Million to SAR 36.4 Million in 2010G.

Total current assets decreased by SAR 5.2 Million (2.6%) to SAR 212.9 Million in 2011G compared to SAR 207.6 Million in 2010G due to the following:

- In 2011G, overall inventory decreased by SAR 16.0 Million due to SAR 37.7 Million decrease in finished goods inventory and SAR 11.1 Million decrease in raw materials inventory partially offset by SAR 32.7 Million increase in spare parts inventory. Inventories averaged 235 days of cost of sales in 2011G versus 159 days of cost of sales in 2010G. Further, finished goods inventory in 2010G was overstated by SAR 33.0 Million, which was adjusted in 2011G;

- In 2011G, accounts receivables and prepayments increased by SAR 8.8 Million to SAR 31.9 Million from SAR 23.0 Million due to SAR 2.5 Million increases in trade receivables and SAR 6.1 Million receivable against an insurance claim resulting from forced shutdown. Trade receivables averaged 6 days of sales in 2011G versus 2 days of sales in 2010G. The Company mainly sells on cash basis; and
- Cash and cash equivalents increased by SAR 12.5 Million to SAR 48.9 Million.

Total current assets increased marginally by SAR 1.8 Million (0.8%) to SAR 214.7 Million as on 31 March 2012G compared to SAR 212.9 Million in 2011G due to the following:

- As on 31 March 2012G, accounts receivable and prepayments increased by SAR 7.9 Million mainly due to SAR 3.5 Million increase in accounts receivable and SAR 3.8 Million increase in prepayments and other receivables. Trade receivables averaged 10 days of sales in the three-month period ending 31 March 2012G versus 6 days of sales during 2011G;
- As on 31 March 2012G, total inventory decreased to SAR 118.2 Million from SAR 132.1 Million at the end of the year 2011G. This was mainly due to reduction in raw material inventory by SAR 4.5 Million and reduction in spare parts inventory by SAR 9.5 Million. Inventories averaged 278 days of cost of sales in three-month period ending 31 March 2012G versus 235 days of cost of sales during 2011G; and
- Cash and cash equivalents increased by approximately SAR 7.8 Million to SAR 56.6 Million.

NCC (Jordan) Consolidated Current Assets

Table 135 : Summary of Consolidated Current Assets of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Cash & Cash Equivalents	29,616	27,267	94,673	103,947
Trade Accounts Receivables, Prepaid Expenses & other Assets	13,505	18,690	14,025	17,688
Inventory	23,276	59,875	69,701	66,211
Total Current Assets	66,397	105,832	178,399	187,846

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Current assets as a proportion of total assets represented 22.0%, 30.2%, 43.0% and 44.6% in 2009G, 2010G, 2011G and the three-month period ended 31 March of 2012G respectively averaging 33.8% during the period. The percentage increased from 30.2% at the end of 2010G to 44.6% on March 2012G due to increase in cash and cash equivalents.

The total current assets increased by SAR 39.5 Million (59.4%) to SAR 105.8 Million in 2010G from SAR 66.4 Million in 2009G:

- In 2010G, account receivables and prepayments increased by SAR 5.2 Million mainly due to increase in trade receivables by SAR 1.0 million, increase in prepaid expenses by SAR 0.5 Million and increase in advances to suppliers by SAR 5.2 Million which was partially offset by reduction of SAR 1.5 Million in other current assets;
- Inventory increased by SAR 36.6 Million in 2010G as the plant became fully operational. The Company increased its stock of raw materials, finished goods and spare parts; and
- Cash and cash equivalents decreased by SAR 2.3 Million to SAR 27.3 Million.

Total current assets increased by SAR 72.5 Million (68.6%) to SAR 178.4 Million in 2011G from SAR 105.8 Million in 2010G:

- In 2011G, accounts receivables and prepayments decreased by SAR 4.7 Million primarily due to SAR 1.3 Million reduction in trade receivables; SAR 0.8 Million reduction in advances to suppliers and SAR 2.7 Million reduction in other assets;
- In 2011G, inventories reached SAR 69.7 Million, increasing by SAR 9.9 over the 2010G level. Inventories averaged 97 days of cost of sales in 2011G versus 75 days of cost of sales in 2010G; and
- Cash and cash equivalents increased by SAR 67.4 Million to SAR 94.7 Million.

Total current assets increased by SAR 9.5 Million (5.3%) amounting to SAR 187.9 Million as on 31 March 2012G compared to SAR 178.4 Million in the same period of 2011G:

- As on 31 March 2012G, accounts receivable and prepayments increased by SAR 3.7 Million due to SAR 2.1 Million increase in trade receivables, SAR 1.1 Million increase in advances to suppliers and SAR 0.3 Million increase in prepaid expenses;
- Inventories as on 31 March 2012G were SAR 66.2 million. Inventories averaged 102 days of cost of sales in three-month period ending 31 March 2012G versus 97 days of cost of sales during 2011G; and
- Cash and cash equivalents increased by SAR 9.3 Million to SAR 103.9 Million.

8 - 5 - 2 Non-Current Assets

NRCC Consolidated Non-Current Assets

Table 136 : Summary of Consolidated Non-Current Assets of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Property, Plant & Equipment	1,016,762	1,217,994	1,192,852	1,182,589
Intangible Assets	-	487	506,157	506,157
Projects Under Construction	252,734	17,797	146,722	200,079
Deferred Expenses	23,480	20,545	22,260	43,878
Total Non-Current Assets	1,292,976	1,256,823	1,867,991	1,932,704

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Non-current assets as a proportion of total assets represented 80.8%, 80.2%, 82.7% and 82.7% in 2009G, 2010G, 2011G and the three-month period ended 31 March 2012G respectively, averaging 81.6% during the period.

Non-current assets include property, plant and equipment, which averaged 75.2% of the total non-current assets during the period.

There was no significant difference in non-current assets between 2010G and 2009G, as the non-current assets dropped by SAR 36.2 Million to become SAR 1,256.8 Million in 2010G mainly due to the depreciation recorded by the Company.

However, in 2011G non-current assets increased by SAR 604.5 Million (i.e. became SAR 1,868 Million) from SAR 1,256.8 Million in 2010G. This was mainly due to a goodwill amounting to SAR 506.1 Million resulting from the distribution and acquisition transaction of NCC (Jordan) shares (please refer to the "Northern Region Cement Company" section). The goodwill of SAR 381.8 Million resulted from the distribution and acquisition in NCC (Jordan) and it represents the difference between the acquisition price of JD 2.74 (SAR 14.58) and the nominal value of JD 1 (SAR 5.32) per share. The remaining goodwill of SAR 16.3 Million resulted from the purchase of 3.19% of NCC (Jordan) shares from Amman Stock Exchange, SAR 45 Million from minority interest and SAR 66 Million from re-measuring the equity shares which were owned by the Company immediately prior to the acquisition date, to the fair value thereof. Under generally accepted accounting principles, the Company will perform the purchase price allocation for NCC (Jordan) transaction in the year ended 31 December 2012G.

Table 137 : Details of Intangible Assets

	No. of Shares	Goodwill (SAR)
Acquisition of 75% of NCC (Jordan) Shares	41,250,000	381,843,000
Shares purchased from the Market	1,756,000	16,254,941
Re-evaluation of the Shares held by the Company	7,150,000	66,186,120

	No. of Shares	Goodwill (SAR)
Registration fee		(2,810,273)
Minority Rights which were held by the Company before the Acquisition date	4,844,000	44,684,148
Total Intangible Assets	55,000,000	506,157,936

Source: Company

Table 138 : Details of Property, Plant and Equipment for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Lands	18,519	30,386	20,515	20,753
Buildings	389,896	444,164	448,971	445,531
Machines & Equipment	591,479	719,856	705,495	692,319
Automobiles	6,235	6,134	6,991	7,262
Furniture & Furnishings	10,003	15,596	9,709	15,643
Water Wells	631	1,859	1,171	1,081
Total Property, Plant and Equipment	1,016,762	1,217,994	1,192,852	1,182,589

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Property, Plant and Equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalised. Depreciation is provided over the estimated useful lives using the straight line method.

Estimated useful life of the main items of each of the above mentioned assets:

Buildings: 13- 40 years.

Machines and Equipment: 5- 20 years.

Automobiles: 4 years.

Furniture and Furnishings: 5 years.

Water Wells: 5 years.

NRCC Non-Consolidated Non-Current Assets

Table 139 : Summary of Non-Consolidated Non-Current Assets of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Property, Plant & Equipment	1,011,100	974,422	957,387	950,042
Investment in an Affiliate	17,204	283,921	791,991	801,134
Projects Under Construction	23,205	17,374	146,407	199,772
Deferred Expenses	23,480	20,545	22,260	43,878
Due from Related Parties	259,994	52,497	30,859	24,111
Total Non-Current Assets	1,334,982	1,348,759	1,948,904	2,018,937

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Total non-current assets increased by SAR 13.8 Million (21.1%) to SAR 1,348.8 Million in 2010G compared to SAR 1,334.8 Million in 2009G due to the following:

- Property, plant and equipment mainly comprised of NRCC's existing clinkerisation unit (Line I) and cement mill. Property, plant and equipment decreased by SAR 36.7 Million (3.7%) due to depreciation of SAR 55.7 Million which was partially offset by net additions of SAR 19.0 Million;
- Investment in affiliates includes a direct and an indirect investment by NRCC through holding and intermediary holding companies. Investment in affiliates (NCC (Jordan)) increased to SAR 283.9 Million due to additional investment of SAR 262.2 Million which NRCC had invested in NCC (Jordan) as part of the increase in the capital of NCC (Jordan) by JD 49.0 Million, divided into 49.0 Million shares, each with a nominal value of JD 1. This amount was partially set off against the amount receivables from NCC (Jordan) under the head "Due from related parties". As at 31 December 2010G, NRCC owned 50.0 Million shares of NCC (Jordan) representing 100.0% of its total shares;
- Projects under construction in the financial years 2009G-2010G represented remaining construction work in the factory in Turaif and NRCC's head office building in Ar'ar. Projects under construction decreased by SAR 5.8 Million (25.1%) in 2010G; and
- Deferred charges during 2009G and 2010G represented unamortized balance of fees and charges for obtaining a loan facility of SAR 463.5 million from the SIDF.

Total Non-current assets increased by SAR 600.1 Million (44.5%) to SAR 1,948.9 Million in 2011G from SAR 1,348.8 Million in 2010G due to the following:

- Property plant and equipment decreased by SAR 17.0 million (1.7%) due to depreciation of SAR 51.5 million which was partially offset by net additions of SAR 34.4 million;
- Investment in affiliates (NCC (Jordan)) increased by SAR 508.0 Million as follows:
  - In May 2011G, NRCC distributed 45.10 Million shares representing 82.0% of the shares of NCC (Jordan) as dividend in kind to its shareholders. The book value for such shares amounted to SAR 240.0 Million ;
  - In August 2011G, NRCC acquired 41.25 Million shares representing 75.0% of the total shares of NCC (Jordan) in return for a cash amount of SAR 601.3 Million (for more details, please refer to the "Northern Region Cement Company" section);
  - NRCC purchased about 1.756 Million shares of NCC (Jordan) traded on the Amman Stock Exchange at JD 2.92 per share for a total amount of SAR 27.3 Million;
  - On 31 December 2011G, NRCC owned approximately 50.2 Million shares, representing 91.2% of the total shares of NCC (Jordan). NRCC revalued those shares and recorded a revaluation gain of SAR 66.1 Million; and
  - NRCC also included its share of earning for the year 2011G in NCC (Jordan) amounting to SAR 56.4 million in the value of its investment.
- In 2011G, projects under construction increased by SAR 129.0 Million to SAR 146.4 Million from SAR 17.4 Million in 2010G as the Company commenced investments to expand its clinker production capacity further by 3,000 tons per day (Line II); and
- Deferred charges during 2011G represented unamortized balance of fees and charges for obtaining a loan facility of SAR 463.5 million from the SIDF.

As on 31 March 2012G, non-current assets increased by SAR 70.0 Million (3.6%) amounting to SAR 2,018.9 Million compared to SAR 1,948.9 Million at the end of 2011G:

- Property, plant and equipment decreased by SAR 7.3 Million (0.7%) due to depreciation of SAR 13.4 Million which was partially offset by net additions of SAR 6.1 Million;
- Projects under construction increased by SAR 53.3 Million to SAR 199.8 Million from SAR 146.4 Million mainly due to on-going construction of Line II;
- The Company also advanced SAR 11.0 million through its subsidiary, AlKhobara, being its share of the down payment for the contract for rehabilitation of AlKobaisah cement plant. This amount will be reclassified into investments; and
- Deferred charges for the three-month period ending 31 March 2012G included SAR 21.2 million related to SIDF loan facility and SAR 22.7 million related to deferred maintenance cost.

NCC (Jordan) Consolidated Non-Current Assets

Table 140 : Summary of Consolidated Non-Current Assets of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Property Plant & Equipment	5,663	243,573	235,465	232,547
Investment in an Affiliate	-	-	-	-
Projects Under Construction	229,529	423	315	308
Goodwill	-	487	484	484
Intangible Assets	-	-	-	-
Total Non-Current Assets	235,192	244,482	236,264	233,338

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2010G, total non-current assets increased by approximately SAR 9.3 Million (3.9%) as a consequence of the following:

- The increase in the value of properties, plant and equipment by SAR 237.9 Million upon the completion of the cement mill of NCC (Jordan) and transfer from projects under construction. The capacity of the cement mill of NCC (Jordan) is 3,000 tons daily; and
- Goodwill amounting to SAR 0.5 Million, which increased as a consequence of the acquisition of Technical Mining Investment Company. NCC (Jordan) purchased 51.0% of the shares of Technical Mining Investment Company at a value of SAR 0.9 Million. Technical Mining Investment Company has access to pozzolana deposits used in manufacturing Portland Pozzolana Cement.

In 2011G, total non-current assets decreased by approximately SAR 8.2 Million (3.4%) mainly due to decrease in properties, plant and equipment by approximately SAR 8.1 Million due to depreciation amounting to SAR 13.5 Million partly offset by net additions amounting to SAR 5.4 Million.

On 31 March 2012G, total non-current assets decreased by SAR 2.9 Million (1.2%) mainly due to the decline amounting to SAR 3.0 Million in the property, plant and equipment due to depreciation.

8 - 5 - 3 Current Liabilities

NRCC Consolidated Current Liabilities

Table 141 : Summary of Consolidated Current Liabilities of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Creditors, Accrued Expenses & Other Liabilities	63,481	50,710	25,299	33,463
Payable to Related Parties	-	-	-	-
Short-term Loans	469,402	471,283	415,000	440,000
Accrued Dividend		25,697	-	-
Zakat & Income Tax	7,731	15,141	13,053	15,308
Total Current Liabilities	540,614	562,830	453,352	488,771

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Current liabilities represented 72.8%, 76.9%, 56.2% and 58.0% of the total liabilities in 2009G, 2010G, 2011G and the three-month period ended 31 March 2012G respectively averaging 66.0% during the period.

The current liabilities increased by SAR 22.2 Million in 2010G to SAR 562.8 Million compared to SAR 540.6 Million in 2009G. The increase mainly occurred because of the increase of dividends amounting to SAR 25.6 Million which represent the distribution of SAR 0.85 per share for the financial year ending 31 December 2010G, which were paid in full in 2011G.

In 2011G, the current liabilities decreased by SAR 109.5 Million to SAR 453.4 Million due to the decrease in "Creditors, accrued expenses & other liabilities" by SAR 25.4 Million and the decrease in short-term loans by SAR 56.3 Million to SAR 415.0 Million at the end of 2011G.

Total current liabilities increased by SAR 35.4 Million to SAR 488.8 Million as on 31 March 2012G, as a consequence of the increase in Short-Term Loans by SAR 25.0 Million thereby amounting to SAR 440.0 Million on 31 March 2012G.

NRCC Non-Consolidated Current Liabilities

Table 142 : Summary of Non-Consolidated Current Liabilities of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Creditors, Accrued Expenses & Other Liabilities	46,335	44,444	9,355	14,664
Payable to Related Parties	-	-	-	-
Short-term Loans	469,402	471,283	415,000	440,000
Accrued Dividend	-	25,697	-	-
Zakat & Income Tax	6,400	10,298	8,333	9,833
Total Current Liabilities	522,137	551,722	432,687	464,497

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2010G, current liabilities increased by approximately SAR 29.6 Million (5.7%) amounting to SAR 551.7 Million compared to SAR 522.1 Million in 2009G, mainly due to the following:

- Outstanding dividends amounting to SAR 25.6 Million. This amount relates to the dividend of SAR 0.85 per share for the year ended 31 December 2010G and was paid in full in 2011G;
- Increase in zakat and income tax payable by SAR 3.9 Million compared to the previous year;
- Increase in short-term loans by approximately SAR 1.9 Million amounting to SAR 471.3 Million by the end of 2010G. Short-term loans include:
    - Current portion of SIDF loan amounting to SAR 33.5 Million; and
    - Short-term murabaha amounting to SAR 437.8 Million. This loan is available to the Company under a shariah compliant facility financing agreement with a limit of SAR 480.0 million. The agreement was signed on 21 May 2011G and was later amended on 8 November 2011G.

In 2011G, the current liabilities decreased by SAR 119.0 Million (21.6%) to SAR 432.7 Million due to the following:

- A decrease in creditors, accrued expenses and other liabilities by approximately SAR 35.9 Million due to a decrease of SAR 25.4 Million in trade accounts payables and the reductions amounting to SAR 9.6 Million reduction in the accrued expenses. Trade payables averaged 3 days of cost of sales in 2011G versus 35 days in 2010G;
- Zakat and income tax decreased by approximately SAR 2.0 Million (19.0%); and
- Short-term loans decreased by approximately SAR 56.3 Million (11.9%) to SAR 415.0 Million at the end of 2011G. Short- term loans include:
    - Current portion of SIDF loan amounting to SAR 80.0 Million;
    - Short-term murabaha amounting to SAR 300.00 Million; and

- Bridge loan amounting to SAR 35.0 Million, which was obtained to finance the construction of Line II pending the completion of the Offering. The bridge loan bears mark-up at the rate of 2% above SIBOR. The bridge loan is payable in any of the following cases: (1) on 30 September 2014G; (2) after collecting the proceeds from offering; (3) if there is an increase in the capital of NRCC.

Total current liabilities increased by SAR 31.8 Million (27.3%) to SAR 464.5 Million on 31 March 2012G due to the following:

- Increase in creditors, accrued expenses and other liabilities by SAR 5.3 Million as a consequence of the increase amounting to SAR 5.9 Million in trade accounts payables and the increase of SAR 2.2 Million in the accrued commission on short-term murabaha, which was partially offset by SAR 2.3 Million reduction in the accrued expenses and SAR 0.6 Million reduction in Other Payables. The average trade accounts payable amounted to 17 days of cost of sales during the period;
- The increase in zakat and income tax payable by approximately SAR 1.5 Million (18.0%); and
- The increase in short-term loans by approximately SAR 25.0 Million to SAR 440.0 Million as on 31 March 2012G. Short-term loans comprise the following:
  - Current portion of SIDF loan amounting to SAR 55.0 Million; the Company paid an installment amounting to of SAR 25.0 Million, which was due in January 2012G;
  - Short- term murabaha amounting to SAR 300.00 Million; and
  - The bridge loan amounting to SAR 85.0 Million. The Company drewdown an additional amount of SAR 50.0 Million from that facility to finance Line II payments.

On 17 April 2011G, the Company signed an agreement with Arab National Bank ("ANB") to obtain facilities in line with Sharia; the total amount of such facilities was SAR 958.125 Million. This agreement supersedes the Tawaruq agreement (the bridge loan) signed by the Company with ANB and the amendments made thereto executed on 21 May 2011G and were later amended on 8 November 2011G. The ANB loan is secured by a promissory note of SAR 958.125 Million and through assignment of any new loan that will be provided by SIDF.

NCC (Jordan) Consolidated Current Liabilities

Table 143 : Summary of Consolidated Current Liabilities of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Creditors, Accrued Expenses & Other Liabilities	24,302	12,151	16,795	18,799
Payable to Related Parties	260,066	113	30,015	23,723
Short-term Loans	-	-	-	-
Accrued Dividends	-	-	-	-
Zakat & Income Tax	-	4,842	4,720	5,475
Total Current Liabilities	284,368	17,107	51,530	47,997

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Current liabilities mainly comprise creditors, accrued expenses and other liabilities and payables to related parties (i.e. NRCC).

In 2010G, current liabilities decreased by SAR 267.2 Million to SAR 17.1 Million, mainly due to decline in amounts due to related parties as the amount was set off against the amount due from NRCC against the increase in the share capital of NCC (Jordan). Creditors, accrued expenses and other liabilities decreased by approximately SAR 12.2 Million in 2010G to SAR 12.2 Million.

In 2011G, current liabilities increased by SAR 34.4 Million (201.2%) due to the increase in creditors, accrued expenses and other liabilities and payables by approximately SAR 4.7 Million and the increase in the amounts payables to related parties by approximately SAR 29.9 Million. The increase in the payables to related parties in 2011G is due to a re-classification payables form the accounts payables.

In the three months ended 31 March 2012G, creditors, accrued expenses & other liabilities increased by SAR 2.0 Million and the amounts payable to related parties decreased by SAR 6.3 Million; accordingly total current liabilities decreased from SAR 51.5 Million to SAR 48.0 Million.

8 - 5 - 4 Non-Current Liabilities

NRCC Consolidated Non-Current Liabilities

Table 144 : Summary of Consolidated Non-Current Liabilities of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Long-Term Loan	200,000	166,500	350,000	350,000
End of Service Indemnities	1,985	2,950	3,680	4,238
Total Non-Current Liabilities	201,985	169,450	353,680	354,238

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NCC (Jordan) has no non-current liabilities. All non-current liabilities of NCC (Jordan) are associated with NRCC only.

Long-term loans constituted an average of 98.7% of the total non-current liabilities during the period 2009G-2011G and the three-month period ended 31 March 2012G.

Long-Term Loans represent credit facility from SIDF (signed on 30 July 2007G) with a limit of SAR 463.5 Million. This loan was obtained to finance the plant construction of Line I and is guaranteed by virtue of a mortgage on property, plant and equipment, associated with the Company's manufacturing facility in Turaif and all the trucks and vehicles. This loan is to be paid over 14 biannual installments from 15 Safar 1432H (20 January 2011G). The loan agreement with SIDF carries covenants with respect to payment of dividends and limits on capital expenditure.

In 2010G, non-current liabilities decreased by SAR 32.5 Million (16.1%) to SAR 169.5 Million as compared to SAR 202.0 Million in 2009G, as an amount of SAR 33.5 Million due within 12 months was transferred to the current portion in current liabilities and because end of service indemnities increased by approximately SAR 1.0 Million.

In 2011G, the non-current liabilities increased by approximately SAR 184.2 Million (108.7%) to SAR 353.6 Million from SAR 169.5 Million in 2010G as the Company obtained an additional amount of SAR 264.0 Million from the available credit limit of SAR 463.5 Million from the SIDF. The total outstanding loan due to the SIDF amounted to SAR 430.0 Million by the end of 2011G of which the current portion was SAR 80.0 Million. In addition, end of service indemnities increased by SAR 0.7 Million during that period.

During the three-month period ended 31 March 2012G, the non-current liabilities increased by approximately SAR 0.5 Million to SAR 354.2 Million from SAR 353.7 Million in 2011G as a consequence of the increase in the end of service indemnities by SAR 0.5 Million during that period.

8 - 5 - 5 Shareholders' Equity

NRCC Consolidated Shareholders' Equity

Table 145 : Total Shareholders' Equity (Consolidated) of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Paid-Up Capital	600,000	600,000	1,260,000	1,260,000
Statutory Reserve	25,907	54,403	19,022	19,022
Retained Earnings	231,759	180,826	96,401	135,866
Total Shareholders' Equity	857,666	835,229	1,375,424	1,414,889
Minority Interest	-	337	76,816	77,714
Total	857,666	835,566	1,452,239	1,492,603

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

NRCC Non-Consolidated Shareholders' Equity

Table 146 : Total Shareholders' Equity (Non-Consolidated) of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Paid-Up Capital	600,000	600,000	1,260,000	1,260,000
Statutory Reserve	25,907	54,403	19,022	19,022
Earnings Retained	231,759	180,826	96,401	135,866
Total Shareholders' Equity	857,666	835,229	1,375,424	1,414,889
Minority Interest	-	-	-	-
Total	857,666	835,229	1,375,424	1,414,889

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

The shareholders' funds in NRCC decreased by SAR 22.4 Million (2.6%) thereby amounting to SAR 835.3 Million in 2010G compared to SAR 857.6 Million in 2009G due to the following:

- Retained earnings decreased by approximately SAR 50.9 Million (22.0%) as the Company distributed dividends in the amount of SAR 0.85 per share (SAR 102.0 Million) in respect of 2010G and dividends in the amount of SAR 1.70 per share (SAR 204.0 Million) in respect of 2009G. Such distributions were partially offset through by profits amounting to SAR 284.9 Million in 2010G;
- The Company made a transfer to the statutory reserve amounting to SAR 28.5 Million during the year as required by the regulations in the Kingdom. The Company is required to transfer 10.0% of its annual profits to the statutory reserves until such reserves reache 50.0% of the paid-up capital; and
- Paid-up share capital represented 120.0 Million shares of the Company with a nominal value of SAR 10 per share of which 50.0% was paid up. In 2010G, no change in NRCC's paid-up share capital was observed; and

NRCC shareholders' funds increased by SAR 540.2 Million (64.7%) to SAR 1,375.4 Million in 2011G compared to SAR 835.3 Million in 2010G, due to the following:

- In 2011G, the total paid-up capital reached SAR 1,260 Million representing 126.0 Million fully paid-up ordinary shares, at a nominal value of SAR 10.0 per share. The Company's paid-up share capital increased by SAR 660 Million during the year as follows:

- The Current shareholders paid the remaining nominal value of the capital amounting to SAR 600 Million; and
- SAR 60 Million of the statutory reserve were capitalized and 6 Million new shares were issued to the shareholders.

Statutory reserve decreased by approximately SAR 35.4 Million to SAR 19.0 Million in 2011G compared to SAR 54.4 Million in 2010G as the Company capitalized SAR 60.0 Million of the reserves, which was partially offset by the profits amounting to SAR 24.6 Million.

The retained earnings declined by SAR 84.4 Million to SAR 96.4 Million in 2011G compared to SAR 180.8 Million in 2010G as the Company declared a cash dividend of SAR 0.55 per share, i.e. a total of SAR 66.0 Million, and an in-kind dividend of SAR 240.0 Million representing 82.0% of NCC (Jordan) shares.

For the period ended 31 March 2012G, the shareholders' funds increased by SAR 39.5 Million (2.9%) amounting to SAR 1,414.9 Million compared to SAR 1,375.4 Million in 2011G due to increase in the retained profits by approximately SAR 39.5 Million (40.9%).

NCC (Jordan) Consolidated Shareholders' Equity

Table 147 : Total Consolidated Shareholders' Equity of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			As at 31 March
	2009G	2010G	2011G	2012G
Paid-Up Capital	5,350	267,500	292,600	292,600
Statutory Reserve	(1,802)	8,415	15,021	16,099
Retained Earnings	13,672	56,955	54,954	63,902
Total Shareholders' Equity	17,220	332,870	362,575	372,601
Minority Interest		337	559	586
Total	17,220	333,207	363,134	373,187

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2010G, the shareholders' funds in NCC (Jordan) increased by SAR 315.7 Million to SAR 333.2 Million compared to SAR 17.2 Million in 2009G due to the following:

- NCC (Jordan) was established in 2007G with a paid-up capital of SAR 1.8 Million (JD 350,000). Subsequently, this was increased to SAR 5.3 Million (JD 1 Million). On 1 July 2010G, the capital was increased up to SAR 267.5 Million by way of issuing 49.0 Million additional shares at a nominal value of JD 1 per share (SAR 5.35), which is equivalent to SAR 262.2 Million;
- The statutory reserves increased by approximately SAR 10.2 Million in 2010G, as NCC (Jordan) is obliged to transfer 10% of its annual profits to the statutory reserve until it reaches 50.0% of the paid-up capital; and
- Retained earnings increased by SAR 43.3 Million (316.6%) during that period.

In 2011G, the shareholders' funds increased by approximately SAR 29.9 Million to SAR 363.1 Million in 2011G compared to SAR 333.2 Million in 2010G due to:

- The paid-up capital of NCC (Jordan) increased by SAR 25.1 Million upon the issuance 5 Million shares with a nominal value of JD 1 (5.3) as part of its Initial Public Offering on the Amman Stock Exchange in May 2011G;
- Statutory reserves increased by approximately SAR 6.6 Million (78.5%) through transfer of portion of the profits;
- Retained earnings decreased by approximately SAR 2.0 Million during the year due to distribution of dividends amounting to SAR 57.2 Million (JD 10.7 Million); and
- NCC (Jordan) owns 51.0% equity stake in Technical Mining Investment Company. Minority interest on the balance sheet in 2011G represents the share of minority shareholders i.e. other than NCC (Jordan) in shareholders' equity of TMICO.

For the period ended 31 March 2012G, the shareholders' funds increased by approximately SAR 10.0 Million (2.8%) to SAR 373.2 Million compared to SAR 363.1 Million in 2011G as retained earnings increased by approximately SAR 8.9 Million (16.3%) and statutory reserve increased by SAR 1.1 Million (7.2%).

None of the Company's shares or the shares of NCC (Jordan) is subject to option rights; no amendments were made to the capital of any of the affiliates during that period.

8 - 6 Cash Flows Analysis

NRCC Consolidated Cash Flows

Table 148 : Summary of Consolidated Cash Flows of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Net Cash from Operating Activities	187,644	247,655	217,451	54,754	72,638
Net Cash from Investing Activities	(141,441)	(24,719)	(564,743)	(25,375)	(81,501)
Net Cash from Financing Activities	(71,356)	(312,985)	427,163	(52,327)	25,899
Net Change in Cash and Cash Equivalents	(25,153)	(90,049)	79,871	(22,948)	17,036
Cash & Cash Equivalents at the Beginning of the Year	178,873	153,719	63,670	63,670	143,541
Cash & Cash Equivalents at the End of the Year	153,719	63,670	143,541	40,721	160,577

Source: Audited Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

Cash flows from operating activities increased from SAR 187.6 Million in 2009G to SAR 217.5 Million in 2011G. This increase is mainly attributed to commencement of operations by NCC (Jordan).

Cash flows from investing activities in 2009G mainly include payments made to suppliers to establish the NCC (Jordan) Plant which commenced its trial operation in 2009G. Cash flows from investing activities in 2011G and the three-month period ended 31 March 2012G mainly include the payments made to suppliers to constructLine II which is expected to be completed in the last quarter of 2012G as well as the payments made as part of NCC (Jordan) transaction.

Cash flows from financing activities for the financial years 2009G-2011G mainly include the net movement in the cash flows relating to loans and dividends.

NRCC Non-Consolidated Cash Flows

Table 149 : Summary of Non-Consolidated Cash Flows of NRCC for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Net Cash from Operating Activities	303,382	436,052	167,250	40,882	63,860
Net Cash from Investing Activities	(16,590)	(210,430)	(790,306)	(23,556)	(81,097)
Net Cash from Financing Activities	(341,491)	(313,322)	635,521	(52,363)	25,000
Net Change in Cash and Cash Equivalents	(54,699)	(87,700)	12,465	(35,037)	7,763
Cash & Cash Equivalents at the Beginning of the Year	178,802	124,103	36,403	36,403	48,868
Cash & Cash Equivalents at the End of the Year	124,103	36,403	48,868	1,365	56,631

Source: Audited Non-Consolidated Financial Statements of NRCC for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2010G, there was a net cash outflow of SAR 87.7 Million compared to a net cash outflow of SAR 54.7 Million in 2009G. In 2010G, net cash outflow increased as a result of the following:

- Cash inflow from operations increased by SAR 132.7 million (43.7%) from SAR 303.4 Million in 2009G to SAR 436.0 Million in 2010G due to the following:
  - Net income prior to deducting the zakat allocations and reserves increased by approximately SAR 114.8 Million (65.2%) from SAR 176.1 Million in 2009G to SAR 290.9 in 2010G;
  - Cash outflow due to increase in the working capital by SAR 52.5 Million;
  - The adverse net impact of non-cash and non-operational items amounting to SAR 9.8 Million compared to the positive impact amounting to SAR 78.2 Million in 2009G; and
  - The reduction in the outstanding amounts owed by NCC (Jordan) by SAR 207.5 Million, which were applied against the increase in the paid-up capital of NCC (Jordan). In 2009G, the outstanding amounts owed by NCC (Jordan) amounted to SAR 71.1 Million.
- Increase in cash flows from operating activities was offset by the cash outflow from investing activities which increased by approximately SAR 193.8 Million from SAR 16.6 Million in 2009G to SAR 210.4 Million in 2010G. Cash outflow from Investment activities comprises:
  - The investment of SAR 262.2 Million in NCC (Jordan) by way of subscribing in 49.0 Million shares at a nominal value of JD 1 per share (SAR 5.3); NCC (Jordan) increased its capital from SAR 5.4 Million to SAR 267.5 Million by way of issuing those shares;
  - Capital expenditures amounting to SAR 14.8 Million; and
  - Cash inflows amounting to SAR 7.2 Million from the sale of assets.
- Cash inflow from financing activities decreased by SAR 28.2 Million (8.2%) from SAR 341.5 Million in 2009G to SAR 313.3 Million in 2010G. Cash outflow from financing activities in 2010G comprised the following:
  - The Company paid the dividends amounting to SAR 280.3 Million of which SAR 204.0 Million of this amount (SAR 1.70 per share) relates to 2009G; SAR 76.3 Million (SAR 0.85 per share) related to 2010G. The dividend amounting to SAR 25.7 Million, related to 2010G was payable at the end of the year; and
  - The repayment of SAR 31.6 Million (net) for short-term murabaha.

In 2011G, there was a net cash inflow amounting to SAR 12.5 Million as compared to the net cash outflow amounting to SAR 87.7 Million in 2010G. This was mainly due to cash flow from financing activities which increased as follows:

- Cash inflows from financing activities increased to SAR 635.5 Million compared to cash outflows amounting to SAR 313.3 Million in 2010G. Cash inflows from financing activities increased as a result of the following:
  - Shareholders paid the remaining 50.0% of the nominal value of the total capital of SAR 1,200 Million shares amounting to a total of SAR 600.0 Million; and
  - SAR 230 Million was drawndown from the SIDF facility.

Increment in cash inflows from financing activities in 2011G was partially offset by:

  - Cash dividends amounting to SAR 91.7 Million which the Company had paid in 2011G; SAR 25.7 Million of this amount relates to 2010G, while SAR 66.0 Million (0.55 per share) relates to 2011G; and
  - The repayment of SAR 102.8 Million against short-term murabaha.
- Cash flow from operating activities decreased by approximately SAR 268.8 Million (61.6%) from SAR 436.0 Million in 2010G to SAR 167.3 Million in 2011G. Cash inflows from operations decreased due to:
  - The net income prior to deducting the zakat allocations and reserves decreased by approximately SAR 41.8 Million (14.4%) from SAR 290.9 Million in 2010G to SAR 249.2 Million in 2011G;
  - Cash outflows from the increase in working capital by SAR 32.8 Million in 2011G;
  - The adverse net impact of non-cash and non-operational items amounted to SAR 70.8 Million (including the changes amounting to SAR 66.2 Million against gains of the revaluation of investment) in 2011G as compared to the adverse impact of SAR 9.8 Million in 2010G; and
  - The amounts received from affiliates in the value of SAR 21.7 Million.
- The cash outflow from investing activities increased by approximately SAR 579.9 Million (275.6%) from SAR 210.4 Million in 2010G to SAR 790.3 Million in 2011G mainly due to:

- Investment of SAR 625.5 Million in NCC (Jordan);
  - NRCC repurchased shares representing 75.0% of share capital of NCC (Jordan) for an amount of SAR 601.3 Million; and
  - NRCC repurchased approximately 1.8 Million share of NCC (Jordan) on the Amman Stock Exchange at a price of approximately JD 2.92 per share.
- Furthermore, the Company incurred capital expenditure of SAR 164.3 Million in 2011G; SAR 142.5 Million of this amount were related to new projects including Line II.

During the three-month period ended 31 March 2012G, there was a net cash inflow amounting to SAR 7.8 Million compared to the net cash outflow amounting to SAR 35.0 Million in the same period of 2011G. The net cash inflow in the three-month period ended 31 March 2012G increased due to:

- Cash flow from operations increased by approximately SAR 23.0 Million (56.2%) as it increased from SAR 40.9 Million in the three-month period ended 31 March 2011G to SAR 63.9 Million in the three-month period ended 31 March 2012G. Cash flow from operations increased due to:
  - Cash inflow due to decrease in working capital requirements by SAR 11.3 Million;
  - Amounts received from an affiliate amounting to SAR 6.7 Million;
  - The favorable net impact of non-cash and non-operational items amounting to SAR 4.9 Million as compared to the adverse impact amounting to SAR 2.9 Million during the same period of 2011G; and

    Increment in cash flows from operations in the three-month period ended 31 March 2012G were partially offset by decline in income prior to deducting the zakat allocations and reserves by SAR 13.2 Million (24.4%) from SAR 54.2 Million to SAR 40.9 Million during the period in consideration.
- Cash inflow from financing activities increased approximately to SAR 25.0 Million during the three-month period ended 31 March 2012G compared to cash outflow amounting to SAR 52.3 Million in the same period of 2011G. This increase in cash flow from financing activities was attributed to:
  - SAR 50.0 Million were drawndown from Arab National Bank bridge loan; and
  - Repayment of SAR 25.0 Million related to the long-term loan from the SIDF.
- Cash outflow from investing activities increased by approximately SAR 59.5 Million to SAR 81.1 Million during the three-month period ended 31 March 2012G. This increment in cash outflow from investing activities was mainly due to capital expenditures by the Company amounting to approximately SAR 59.5 Million, of which SAR 53.4 Million was related to new projects includingLine II.

NCC (Jordan) Consolidated Cash Flows

Table 150 : Summary of Non-Consolidated Cash Flows of NCC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G

(,000 Riyals)	As at 31 December			Three-Month Period Ended 31 March	
	2009G	2010G	2011G	2011G	2012G
Net Cash from Operating Activities	(25,530)	97	86,007	70,781	11,878
Net Cash from Investing Activities	(135,604)	(10,788)	(6,740)	(1,840)	(521)
Net Cash from Financing Activities	190,675	-	(30,085)	(57,005)	-
Net Change in Cash and Cash Equivalents	29,541	(10,691)	49,182	11,936	11,357
Cash & Cash Equivalents at the Beginning of the Year	76	29,621	18,929	18,929	68,111
Cash & Cash Equivalents at the End of the Year	29,617	18,929	68,111	30,865	79,469

Source: Audited Consolidated Financial Statements of NCC (Jordan) for the Financial Years Ended 31 December 2009G, 2010G & 2011G and Financial Period Ended 31 March 2012G

In 2010G, there was a net cash outflow amounting to SAR 10.6 Million compared to a net cash inflow amounting to SAR 29.5 Million in 2009G. Net cash flow in 2010G decreased as a result of the following:

- There was no cash inflow from financing activities compared to cash inflows amounting to SAR 190.7 Million in 2009G. In 2009G, cash inflows from financing activities were associated with the payments made by NRCC to establish the NCC (Jordan) Plant.

- Cash inflow from operations increased by SAR 25.6 million to SAR 0.1 million as compared to cash outflow from operation of SAR 25.5 million in 2009G. The increase was due to:
    - The increase in net income prior to deducting zakat allocations and other reserves by approximately SAR 53.6 Million (357.6%) from SAR 15.0 Million in 2009G to SAR 68.5 Million in 2010G;
    - The favorable net impact of non-cash and non-operational activities of approximately SAR 12.8 Million; and
    - Cash outflow due to increase in working capital by SAR 81.2 Million in 2010G compared to the cash outflow amounting to SAR 7.6 Million in 2009G.
- Cash outflow from investing activities decreased by SAR 124.8 Million (92.0%) from SAR 135.6 Million in 2009G to SAR 10.8 Million in 2010G. Cash outflow from investing activities was higher in 2009G as NCC (Jordan) Plant was under construction during that period. In 2010G, NCC (Jordan) purchased an equity interest of 51.0% in Technical Mining Investment Company in return for SAR 0.9 Million (JD 165,749) at the beginning of 2010G.

In 2011G, there was a net cash inflow amounting to SAR 49.2 Million compared to a cash outflow amounting to SAR 10.7 Million in 2010G. In 2011G, net cash flow increased due to:

- Cash inflow from operations increased by SAR 85.9 Million to SAR 86.0 Million in 2010G compared to SAR 0.1 Million in 2010G. This increase in cash flow from operations was due to:
    - The cash inflow due to decrease in the working capital by SAR 5.7 Million compared to cash outflow of SAR 81.2 Million in 2010G;
    - The favorable net impact of non-cash and non-operational items amounting to SAR 13.6 Million compared to favorable net impact of SAR 12.8 Million in 2010G; and

      The increase in cash inflow from the changes in the working capital was partly offset by decrease in net income prior to deducting taxes and reserves which declined by SAR 1.9 Million to SAR 66.8 Million in 2011G compared to SAR 68.7 Million in 2010G.

- Increase in cash inflows from operational activities was partially offset by cash outflow from investing activities, which decreased by approximately SAR 4.0 Million to SAR 6.8 Million in 2011G compared to SAR 10.8 Million in 2010G;
- Cash outflow from financing activities amounted to SAR 30.0 Million in 2011G due to:
    - The Company paid a dividend amounting to SAR 57.2 Million (JD 10.7 Million) to its shareholders in 2011G; and
    - NCC (Jordan) launched its public offering in May 2011G, issuing 5.0 Million shares (representing 9.09% of the share capital of the company) at a price of JD 1 per share, which resulted in cash inflows amounting to SAR 26.6 Million. Cash outflow due to dividend payment was partially offset by proceeds of IPO.

During the three-month period ended 31 March 2012G, the net cash flows decreased by approximately SAR 0.5 Million to SAR 11.4 Million compared to SAR 11.9 Million in the same period of 2011G. Net cash inflows decreased because:

- Cash inflow from operations decreased by SAR 58.9 Million (83.1%) from SAR 70.7 Million in the three-month period ended 31 March 2011G to SAR 11.9 Million in the three-month period ended 31 March 2012G due to:
    - The decline in income before deducting taxes and allocations to reserves by approximately SAR 6.6 Million (38.0%) from SAR 17.4 Million to SAR 10.8 Million;
    - Cash inflow from the decrease in working capital by SAR 2.4 Million compared to the cash inflow amounting to SAR 49.8 Million in the same period of 2011G; and
    - The favorable net impact of the non-cash and non-operational items amounting to SAR 3.5 Million compared to the favorable net impact amounting to SAR 3.30 Million in the same period of 2011G.
- Cash outflow from investing activities decreased by SAR 1.3 Million (71.5%) from SAR 1.8 Million in the three-month period ended 31 March of 2011G to SAR 0.5 Million in the three-month period ended 31 March 2012G.
- Furthermore, there was no cash outflow from financing activities in the three-month period ended 31 March 2012G compared to the cash outflow amounting to SAR 57.2 Million in the same period of 2011G. Cash outflow in the three-month period ended 31 March 2011G relates to dividend payments amounting to SAR 57.2 Million (JD 10.7 Million) made to shareholders in 2011G.

8 - 7 Updated Results of Operations for the 6-months Period Ended 30 June, 2012G

8 - 7 - 1 Income Statement

Table 151 : Consolidated Income Statement of NRCC for the Financial Period Ended 30 June 2012G

Consolidated Income Statement (,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Sales	199,534	307,565
Cost of Sales	(111,932)	(217,658)
Gross Profits	87,601	89,907
Selling & Marketing Expenses	(1,201)	(2,499)
General & Administrative Expenses	(9,027)	(14,503)
Profits from Operations	77,373	72,905
The Company's Share of Net Profit of Subsidiary	16,195	-
Financial Charges	(12,053)	(4,409)
Other Revenues	1,297	5,904
Profit before Zakat	82,812	74,401
Minority Interest	-	(400)
Zakat	(6,000)	(4,000)
Other Taxes	-	(1,803)
Net Profit	76,812	68,197

Source: Audited Consolidated Financial Statements for NRCC for the period ended 30 June 2012G

The income statement for the period ended 30 June 2012G includes the results of NCC (Jordan), whereas the income statement for the period ended 30 June 2011G excludes the results of NCC (Jordan) as the Company at 30 June 2011G owned 13% of NCC (Jordan) shares at 30 June 2011G. (Please refer to the "Distribution and Acquisition of NCC (Jordan) shares" section). Therefore income statement for the six-month period ended 30 June 2011G excluded the results of NCC (Jordan).

Sales for the six-month period ended 30 June 2012G increased by SAR 108.0 Million (54.1%) despite a decrease in the Company's sales on non-consolidated sales basis due to consolidation of NCC (Jordan) sales:

- Sales of NCC (Jordan) amounted to SAR 167.9 Million (JD 31.9 Million) during the six-month period ended 30 June 2012G;
- The Company's sale on non-consolidated basis decreased by SAR 53.5 Million (26.7%) from SAR 199.5 Million for the six-month period ended 30 June 2011G to SAR 146.1 Million in the six-month period ended 30 June 2012G due to the export suspension and maintenance shutdown:
    - Total sales volume decreased by 27.2% from 0.89 Million tons for the six-month period ended 30 June 2011G to 0.65 Million tons for the six-month period ended 30 June 2012G;
    - Exports was suspended by MOCI in February 2012G due to which exports volume decreased by 90.5% from 0.52 Million tons in the six-month period ended 30 June 2011G to 0.05 Million tons in the six-month period ended 30 June 2012G; and
    - The company's plant was closed down for 63 days (25 days of which were planned; 38 days were unplanned) during the six-month period ended 30 June 2012G.

Cost of sales increased by SAR 105.7 Million (94.5%) during the six-month period ended 30 June 2012G compared to the six-month period ended 30 June 2011G:

- Cost of sales of NCC (Jordan) for the six-month period ended 30 June 2012G amounted to SAR 138.0 Million (JD 26.2 Million); and
- The cost of sales of the Company decreased by SAR 25.3 Million (22.6%) mainly due to the decrease in the sales volume during in the six-month period ended 30 June 2012G compared to the same period in 2011G.

Sales and marketing expenses increased by approximately SAR 1.3 Million (108.0%); general and administrative expenses increased by approximately SAR 5.5 Million (60.7%) due to consolidation of NCC (Jordan).

The consolidated net profit declined by SAR 8.6 Million (11.2%) to SAR 68.2 Million during the six-month period ended 30 June 2012G compared to the same period in 2011G when the consolidated net profit amounted to SAR 76.8 Million.

- The net profit of NCC (Jordan) for the six-month period ended 30 June 2012G amounted to SAR 23.7 Million (JD 4.5 Million); and
- The non-consolidated net profit of the Company decreased in the six-month period ended 30 June 2012G by approximately SAR 16.1 Million (26.6%) to SAR 44.5 Million compared to SAR 60.6 Million in the six-month period ended 30 June 2011G.

NCC (Jordan) Consolidated Income Statement

Table 152 : Consolidated Income Statement for NCC (Jordan) for the Period Ending 30 June 2012G

Consolidated Income Statement (,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Sales	171,666	167,854
Cost of Sales	(136,449)	(137,709)
Gross Profits	35,217	30,146
Selling & Marketing Expenses	(1,179)	(1,966)
General & Administrative Expenses	(2,305)	(2,611)
Profit from Operations	31,734	25,568
Financial Charges	-	-
Other Revenues	636	49
Profit before Tax	32,370	25,617
Minority Interest	(135)	(134)
Taxes	(2,247)	(1,783)
Net Profit	29,989	23,701

Source: Audited Consolidated Financial Statements for NCC (Jordan) for the period ended 30 June 2012G

Sales decreased for the six-month period ended 30 June 2012G by SAR 3.6 Million (2.2%) amounting to SAR 167.9 Million in the six-month period ended 30 June 2012G compared to SAR 171.7 Million during the same period of 2011G.

Cost of sales increased by SAR 1.3 Million (0.9%) amounting to SAR 137.7 Million during the six-month period ended 30 June 2012G compared to SAR 136.5 Million during the same period in 2011G.

Net profit declined by SAR 6.3 Million (21.0%) to SAR 23.7 Million in the six-month period ended on 30 June 2012G compared to SAR 30.0 Million in the same period of 2011G.

8 - 7 - 2 Balance Sheet

Table 153 : Consolidated Balance Sheet of NRCC for the Financial Period Ended 30 June 2012G

(,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Total Current Assets	225,925	423,244
Total Non-Current Assets	1,104,632	2,005,402
Total Assets	1,330,557	2,428,646
Total Current Liabilities	488,498	673,979
Total Non-Current Liabilities	170,018	324,153
Total Shareholders' Equity	672,041	1,430,514
Total Liabilities & Equity	1,330,557	2,428,646

Source: Audited Consolidated Financial Statements for NRCC for the period ended 30 June 2012G

- Based on the consolidated Balance Sheet, total assets increased from SAR 1,330.6 Million on 30 June 2011G to SAR 2,428.6 Million on 30 June 2012G due to the consolidation of NCC (Jordan)'s operations.

Total assets of the Company increased from SAR 1,330.5 Million on 30 June 2011G to SAR 2,397.4 Million on 30 June 2012G due to the following:

  - Investments in affiliates during the period increased from SAR 46.0 Million in 2011G to SAR 821.9 Million which represents 54.0 Million shares in NCC (Jordan) (Please refer to the "Distribution and Acquisition of Shares in NCC (Jordan)"section) ; and
  - Projects under construction increased from SAR 75.0 Million in 2011G to SAR 273.7 Million during the period in comparsion as the Company invested in Line II project for producing Sulphate Resistant Clinker (Please refer to the "Use of Proceeds and Future Projects" section).
- Total liabilities of the Company on consolidated basis increased from SAR 658.5 Million on 30 June 2011G to SAR 998.1 Million as at 30 June 2012G, as a result of the following:
  - Short-term loans increased from SAR 420.0 Million to SAR 538.0 Million, comprising:
    - Short-term murabaha with Arab National Bank amounting to SAR 300 Million; no additional amounts were drawndown during the period ended 30 June 2012G; and
    - A bridge loan from Arab National Bank in the amount of SAR 238.0 Million to finance the construction of the Line II, which will be paid from the offering proceeds.
  - The loan from the SIDF increased from SAR 183.5 Million to SAR 405.0 Million (the Company signed an agreement with the SIDF on 30 July 2007G for a facility of SAR 463.5 Million).
- Total shareholders' funds increased from SAR 672.0 Million as on 30 June 2011G to SAR 1,430.5 Million as on 30 June 2012G due to:
  - Increase in the Company's capital from SAR 600.0 Million to SAR 1,260.0 Million as the Current shareholders paid on 25/09/2011G the remaining nominal value of the capital amounting to SAR 600.0 Million and SAR 60.0 Million was capitalized from the statutory reserve; and
  - Retained earnings increased from SAR 17.6 Million to SAR 88.9 Million.

NCC (Jordan) Consolidated Balance Sheet

Table 154 : Consolidated Balance Sheet for NCC (Jordan) for the Financial Period Ending 30 June 2012G

(,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Total Current Assets	121,650	149,928
Total Non-Current Assets	237,785	227,578
Total Assets	359,435	377,506

(,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Total Current Liabilities	31,513	46,643
Total Non-Current Liabilities	-	-
Total Shareholders' Equity	327,922	330,863
Total Liabilities & Equity	359,435	377,506

Source: Audited Consolidated Financial Statements for NCC (Jordan) for the period ended 30 June 2012G

Total assets increased from SAR 359.4 Million as on 30 June 2011G to SAR 377.5 Million as on 30 June 2012G. Current assets increased by SAR 28.3 Million during the period mainly due to increase in goods in transit by SAR 20.3 Million and increase in inventory by SAR 5.0 Million during the period in comparison. Non-current assets decreased by SAR 10.3 Million during the period in comparison.

Current liabilities increased to SAR 46.6 Million at 30 June 2012G compared to SAR 31.5 Million at 30 June 2011G. This increase is mainly due to increase in trade payables by SAR 8.5 million and increase in payables to related parties by SAR 8.2 million during the period.

8 - 7 - 3 Cash Flows Analysis

NRCC Consolidated Cash Flows

Table 155 : Cash Flows of NRCC for the Financial Period Ended 30 June 2012G

Consolidated Cash Flow (,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Net Cash from Operating Activities	93,987	113,173
Net Cash used in Investing Activities	(58,099)	(119,165)
Net Cash from (used in) Financing Activities	(59,972)	36,067
Net Change in Cash & Cash Equivalents	(24,084)	30,075
Cash & Cash Equivalents at the beginning of Period	36,403	143,541
Cash & Cash Equivalents as at 30 June	12,319	173,616

Source: Audited Consolidated Financial Statements for NRCC for the period ended 30 June 2012G

- Cash inflow from operating activities increased from SAR 93.9 Million in six month period ended 30 June 2011G to SAR 113.1 Million in six month period ended 30 June 2012G due to the consolidation of NCC (Jordan) despite the decline in cash flows from the operating activities of the Company on non-consolidated basis by SAR 9.4 Million (from SAR 93.9 Million on 30 June 2011G to SAR 84.6 Million on 30 June 2012G).
- Consolidated cash outflow from investing activities increased from SAR 58.1 Million in 2011G to SAR 119.2 Million due to:
  - The Company's cash outflow from investing activities on a non-consolidated increased by SAR 75.6 Million (from SAR 58.0 Million in the six-month period ended 30 June 2011G to SAR 133.7 Million) as the Company incurred capital expenses amounting to SAR 161.9 Million in the six-month period ended 30 June 2012G compared to SAR 59.5 Million for the same period in 2011G. Capital expenditure includes payments to CNBM, Wärtsilä and other expenses associated with set-up of Line II.
- Consolidated cash outflows from financing activities of the Company amounted to SAR 59.9 Million in the six-month period ended 30 June 2011G compared to cash inflows amounting to SAR 36.0 Million in the six-month period ended 30 June 2012G:
  - The Company's cash outflows from the financing activities on a non-consolidated basis amounted to SAR 59.9 Million in the six-month period ended 30 June 2011G compared to cash inflows amounting to SAR 103.4 Million in the period ended 30 June 2012G as a result of drawdown of SAR 203.0 Million from the bridge loan from Arab National Bank.

NCC (Jordan) Consolidated Cash Flows

Table 156 : Cash Flows of NCC (Jordan) for the Period Ending 30 June 2012G

Consolidated Cash Flow (,000 Riyals)	The Six-Months Period Ended 30 June	
	2011G	2012G
Net Cash from Operating Activities	55,687	23,859
Net Cash used in Investing Activities	(3,937)	(485)
Net Case from (used in) Financing Activities	(29,873)	(52,085)
Net Change in Cash & Cash Equivalents	21,878	(28,711)
Cash & Cash Equivalents at the beginning of Period	18,614	67,252
Cash & Cash Equivalents as at 30 June	50,492	38,541

Source: Audited Consolidated Financial Statements for NCC (Jordan) for the period ended 30 June 2012G

- Net cash outflow in the six-month period ended on 30 June 2012G amounted to SAR 28.7 Million compared to cash inflow of SAR 21.9 Million on 30 June 2011G.
- Net cash outflow from financing activities increased from SAR 29.9 Million in the six-month period ended on 30 June 2011G to SAR 52.1 Million during the same period of 2012G.
- Net cash outflow increased in 2012G, as NCC (Jordan) offered 5.0 million shares at an offer price of JD 1 per share leading to cash inflows of SAR 26.6 million.

8 - 8 Contingencies & Commitments

As at 30 June 2012G, the Company has the following contingencies & commitments:

- Letters of credit in the amount of approximately SAR 3.9 Million;
- Letters of guarantees in the amount of approximately SAR 11.3 Million.
- Capital commitments on projects under construction in the amount of approximately SAR 170 Million.

8 - 9 Current Trading & Prospects

The management expects the Company's performance during the financial year ended 31 December 2012G to be in line with expectations. However, it should be noted that the Company's performance depends on several factors, some of which are beyond the Company's control, such as the economic performance of the Kingdom as well as exporting markets the Company is targeting, regulatory and competitive actions. Further, unfavorable incidents associated with such factors may affect the performance of the Company during the financial year ended 31 December 2012G.

For further discussion on the prospects of the Company, please refer to the "Northern Region Cement Company " and the "Use of Proceeds and Future Projects" sections of this Prospectus.

8 - 10 Statement of Management's Responsibility for Financial Information

"Financial Information and the Management's Discussion and Analysis" was prepared by the Company's management and was approved by the Board of Directors with exception to what has been stipulated in this Prospectus. The Company believes that there were no significant negative changes to the financial position of the Company or in its ability to operate until the date of this Prospectus. The management shall bear full responsibility for the accuracy of the information and the analysis of the financial results and confirms, having carried out reasonable investigations, that the disclosure has been performed thoroughly and clearly and that there are no further information or documents that would render the information or data herein as misleading. Furthermore, aside from what has been mentioned in this Prospectus, the management confirms that the Company's properties and real estates are not encumbered with any mortgages, rights or other burdens as at the date of this Prospectus.

9. Dividends

9 - 1 Dividend Policy

The Company may distribute dividends from its annual net profits. However, before doing so, the Company shall deduct 10% of the net profits after deducting general expenses or any other costs, and shall then credit this 10% to the statutory reserve. The Ordinary General Assembly shall continue to deduct this 10% of the profits until the statutory reserve reaches 50% of the paid up capital of the Company. However, before making a decision to distribute dividends, the Company will have to ensure that such distributions do not breach any of the requirements arising from its loan agreement with Saudi Industrial Development Fund, as such requirements significantly limit the value of dividends that may be distributed among shareholders.

Pursuant to the proposal of the Board of Directors, the General Assembly may approve a percentage of the net profits to be allocated for building up an agreed reserve for particular purpose/purposes. Also, part of the dividends may be allocated as allowances for the Company's Board of Directors.

The Company intends to distribute dividends to enhance the value of returns to the shareholders in proportion to the Company's profits and its financial position, the condition of the market and the overall economic climate and other factors including the analysis of investment opportunities, the need for reinvestment of the profits and the Company's need for cash and capital in addition to other legal and regulatory factors that take into consideration the contractual requirements of the Company. Dividends shall be distributed in Saudi Riyals.

The distribution of dividends is controlled by certain restrictions stipulated in the articles of association of the Company (please refer to the "Legal Information" section).

The shares offered for subscription are entitled for any dividends that the Company may declare for distribution for the second half of this year or in the subsequent financial years.

9 - 2 Distributions

Table 157 : Declared and Paid Dividends for the Financial Years ended 31 December 2009G, 2010G and 2011G and the Financial Periods Ended 30 September 2012G

(Saudi Riyals)	Declared Dividend	Paid Amount				
		2010G	2011G	1st Half of 2012G	3rd Quarter of 2012G	Total
Cash Dividends for 2009G	204,000,000	204,000,000	-	-	-	204,000,000
Cash Dividends for 2010G	102,000,000	76,303,335	25,696,665	-	-	102,000,000
Cash Dividends for the Period Ending 30 September 2011G	66,000,000	-	66,000,000	-	-	66,000,000
In-kind Dividends representing 82% of NCC (Jordan) capital in the second quarter of 2011G	240,000,000	-	240,000,000	-	-	240,000,000
Cash Dividends for the forth quarter of 2011G	37,800,000	-	-	37,800,000	-	37,800,000
Cash Dividends for the first quarter of 2012G	37,800,000	-	-	37,800,000	-	37,800,000
Cash Dividends for the second quarter of 2012G	28,980,000	-	-	-	28,980,000	28,980,000
	Total	280,303,335	331,696,665	75,600,000	28,980,000	716,580,000

- Dividends distributed for the financial year ended 31 December 2009G:
  - On 07/04/2010G, the Ordinary General Assembly of the Company approved the distribution of cash dividends totaling in the amount of SAR 204 million at SAR 1.7 per share for the financial year ended 31 December 2009G.
- Dividends distributed for the financial year ended 31 December 2010G:
  - On 13/02/2011G, the Ordinary General Assembly of the Company approved the distribution of dividends, which had been distributed during the first half of 2010G, totaling in the amount of SAR 102 million at SAR 0.85 per share.
- Dividends distributed for the financial year ended 31 December 2011G:
  - On 21/05/2011G, the Extraordinary General Assembly approved the distribution of in-kind dividends representing 82% of the share capital of NCC (Jordan), with a book value of SAR 240 million (please refer to the "Northern Region Cement Company" section) .
  - On 10/04/2012G, the Ordinary General Assembly approved the distribution of dividends, which had been distributed in the third quarter of 2011G at SAR 0.55 per share and the distribution of dividends for the fourth quarter of 2011G at SAR 0.30 per share; the total cash dividends paid during the year 2011G amounted to a total of of SAR 103.8 million.
- Dividends distributed for the period ended 30 June 2012G:
  - On 10/04/2012G, the Ordinary General Assembly of the Company agreed to authorize the Chairman of the Board of Directors to distribute quarterly and half yearly dividends for the financial year 2012G:
    - On 15/04/2012G, the Board of Directors approved the distribution of dividends for the first quarter of 2012G totaling in the amount of SAR 37.8 million at SAR 0.30 per share.
    - On 05/08/2012G, the Board of Directors approved the distribution of dividends for the second quarter of 2012G totaling in the amount of at SAR 28.98 million at SAR 0.23 per share.

It should be noted that the Loan Agreement entered with SIDF included a condition that the maximum dividend per year should be the less than 25% of the paid-in-capital or the total Fund's loan installments that should be paid during the same financial year. However, the Company received a letter from SIDF confirming the waiver of the dividend limit with respect to the dividends paid by the Company to its shareholders in 2009G, 2010G and the first nine months of 2011G. Moreover, the Company has sent a letter to SIDF dated 06/07/1433H (corresponding to 27/05/2012G) regarding some non-compliance by the Company till the date of the letter; however, as at the date hereof, the Company is awaiting a reply from SIDF. It should be noted that Company has paid dividends to the shareholders for the second quarter of 2012G, i.e. after the date of the letter sent to SIDF.

10. Use of Proceeds and Future Projects

10 - 1 Use of Proceeds

The total gross proceeds from the Offering are expected to be SAR 900,000,000 (nine hundred million Saudi Riyals), comprised of:

- SAR 540,000,000 (five hundred and forty million Saudi Riyals), which is the value of proceeds from the issuance of 54,000,000 (fifty four million) new shares; and
- SAR 360,000,000 (three hundred and sixty million Saudi Riyals), which is the value of the proceeds from the sale of 36,000,000 (thirty six million) shares by the Current Shareholders. It should be noted that the Current Shareholders have agreed to sell their respective shares and to waive their rights to receive their pro rata share of the proceeds of the Offering in favor of the Company through individual consent letters signed by each of them.

SAR 28,000,000 (twenty eight million Saudi Riyals) of the proceeds from the Offering will be paid as issuing expenses, which include the fees of each of the financial advisors, lead manager, selling agents, legal advisors, financial due diligence advisors, market research and technical consultant, underwriter, marketing, printing and distribution expenses and other Offering related expenses (please refer to the "Offering Expenses" section).

The Company intends to use the net proceeds from the Offering amounting to SAR 872,000,000 (eight hundred and seventy two million Saudi Riyals) as follows:

1. SAR 692,905,000 is intended to repay borrowings outstanding under the loan facilities as follows:
   - SAR 31,370,000 to repay the borrowings from the SIDF. The Company repaid a total of SAR 58,500,000 of the SIDF Loan from its operating cash flows as up to 30 June 2012G. The Company obtained this loan to finance the set-up of its existing production line and utilized it for the same;
   - SAR 300,370,000 to repay the murabaha short-term loan from Arab National Bank. The Company repaid a total of SAR 137,783,000 of the murabaha short-term loan from its operating cash flows up to 30 June 2012G. The Company obtained this loan to finance its general investments and utilized it for the same; and
   - SAR 361,165,000 to repay the bridge loan from Arab National Bank. No repayment had been made up to 30 June 2012G. The Company obtained this loan to finance the completion of Line II, and it has been utilized to finance the capital expenditure of Line II, the investment in AlKobaisah cement plant in Iraq, and to pay for the Company's day-to-day working capital requirements.
2. SAR 179,095,000 is intended to be used to fund the capital expenditure requirement for Line II, which is being established for the production of Sulphate Resistant Clinker and to finance the working capital requirements for Line II.

The company shall provide a quarterly report on the details of the use of proceeds from the Offering to the Capital Market Authority. The updates on the use of proceeds shall be announced to the public on a quarterly basis.

Table 158 : Details of Use of Proceeds

,000 Saudi Riyals	Operational Expenditures	Capital Expenditure on Line II	Repayment of Debt and Related Charges	Total
Offering Expenses	**28,000,000**			**28,000,000**
Arab National Bank Loans:				**661,535,000**
- Short-term Murabaha Loan			300,370,000	
- Bridge Loan			361,165,000	
Saudi Industrial Development Fund Loan			**31,370,000**	**31,370,000**
Line II Financing				**179,095,000**
Payments to CNBM for Construction of Clinkerization Unit		52,267,500		
Payments to Wärtsilä for Expansion of Power Station		16,806,500		

,000 Saudi Riyals	Operational Expenditures	Capital Expenditure on Line II	Repayment of Debt and Related Charges	Total
Heavy Equipment		24,771,000		
Fuel Tank		13,000,000		
Employee Housing Facilities		25,000,000		
Working Capital	47,250,000			
Total	75,250,000	131,845,000	692,905,000	900,000,000

Source: Company

10 - 1 - 1 Total Offering Expenses

The total offering expenses are expected to be SAR 28,000,000 (twenty eight million Saudi Riyals) and are detailed as follows:

Table 159 : Total Offering Expenses

	Offering Expenses (,000 Riyals)
Financial advisors, lead manager, selling agents and underwriter fees	21,950,000
Other advisors fees	3,750,000
Marketing, printing and distribution expenses	1,700,000
Other expenses	600,000
Total	28,000,000

Source: Company

10 - 1 - 2 Use of Net Proceeds from the Offering

The Company intends to use the net proceeds from the Offering amounting to SAR 872,000,000 as follows:

1. SAR 692,905,000 to repay the borrowings made under the Company's loan facilities. The repayments are intended to be made as follows:
   - The Company expects to utilize SAR 661,535,000 to repay the loans availed from Arab National Bank as follows:
     - SAR 300,370,000 to repay the short-term murabaha loan including principal amount of SAR 300,000,000 and financial charges of SAR 370,000. The Company obtained this loan to finance its general investments and utilized it for the same.
     - SAR 361,165,000 to pay part of the bridge loan including principal amount of SAR 360,720,000 and financial charges of SAR 445,000. SAR 360,720,000 represents part of the bridge loan obtained by the Company with credit limit of SAR 480,000,000. The Company obtained this loan to finance the completion of Line II, and it has been utilized to finance the capital expenditure of Line II, the investment in AlKobaisah cement plant in Iraq, and to pay for the Company's day-to-day working capital requirements.
   - The Company expects to utilize SAR 31,370,000 to repay borrowings from the SIDF, including principal amount of SAR 30,000,000 and financial charges of SAR 1,370,000. The Company obtained this loan to finance the set-up of its existing production line and utilized it for the same.
2. The Company expects to utilize SAR 179,095,000 for construction of Line II. The total expenditure for Line II is SAR 455,395,000 comprising of SAR 308,250,000 for construction of clinkerization unit by CNBM; SAR 74,250,000 for supply of power generators by Wärtsilä for expansion of the existing power station; and SAR 72,895,000 for purchase of heavy equipment, construction of a fuel tank and employee housing facilities, and other expenses incurred during the pre-operating period.

Table 160 : Use of Net Proceeds from the Offering

	Total (SAR)
Repayment of loans from Arab National Bank	661,535,000
- Short-term murabaha loan	300,370,000
- Bridge loan	361,165,000
Repayment of Loan from the Saudi Industrial Development Fund	31,370,000
Line II Financing	179,095,000
- Payment to CNBM for Construction of Clinkerization Unit	52,267,500
- Payment to Wärtsila for Expansion of Power Station	16,806,500
- Heavy equipment	24,771,000
- Fuel tank	13,000,000
- Employee Housing Facilities	25,000,000
- Working Capital	47,250,000
Total	872,000,000

Source: Company

10 - 2 Future Projects

10 - 2 - 1 Line II

In accordance with the Company's strategy to expand its operations and as per the marketing and economic studies conducted by the Company at the regional market levels, namely Iraq, the Company's Board of Directors agreed to construct Line II for producing Sulphate Resistant Clinker with a production capacity of 3,000 tons per day. This capacity is in addition to the existing Line I which produces 6,000 tons per day of clinker to meet the requirements of the local and Iraqi markets. This capacity addition would increase the total production capacity of the main plant to a maximum of 9,000 tons per day of clinker, equivalent to 2.88 million tons of clinker per year. As per the Company's industrial license, it is authorized to carry out the production of 2.25 million tons per year of Ordinary Portland Cement and 0.45 million tons per year of Sulphate Resistant Cement totaling to an annual cement production capacity of 2.70 million tons. Based on the actual production from Line II, the Company will review whether it needs to apply for amendment of the industrial license.

Line II has been proposed adjacent and parallel to the existing Line I after giving due consideration to technical synergies between Line I and Line II. The layout of the plant facilitates sharing some of the utilities servicing the existing production line, Line I, and also facilitates convenient use of existing limestone or clay mines.

Line II includes the construction of clinkerization unit, expansion of the existing power station, construction of a new fuel tank and acquisition of heavy equipment. The Company estimates that the peak manpower requirement for the Line II project will be around 180 new employees. Accordingly, the Company intends to expand the housing capacity to accommodate the additional workers.

The construction of Line II commenced in June 2011G. As of 30 June 2012G, the total cost incurred for Line II expansion (excluding interest costs) amounted to SAR 246,166,991. The Line II construction work was completed on 18/11/2012G and the Company is currently performing production and quality tests. It is expected that the initial handing over of the project and the trial production will start in December 2012G, while the commercial production is expected to commence in the first quarter of 2013G.

It should be noted that Line II will need 2,000,000 liters per month of heavy fuel oil to produce clinker. The Company sent a letter to Aramco dated 23/06/1431H (corresponding to 06/06/2010G) requesting the necessary fuel quantities required for the operation of Line II. As at the date hereof, the Company is still awaiting the reply from Aramco.

The capital investment cost associated with the construction of Line II will be financed through internal sources of funding, bank financing and proceeds from the Offering.

Table 161 : Capital Expenditure for Line II Project and Sources of Financing

Breakdown of the Capital Expenditure for Line II Project (SAR)		Sources of Financing (SAR)	
Total Value of Contract with CNBM for Construction of Clinkerization Unit	308,250,000	Internal Cash	86,404,137
Total Value of the Contract with Wärtsilä for Expansion of Power Station	74,250,000	Bank Financing	237,145,863
Heavy Equipment	24,771,000	Proceeds from the Offering	131,845,000
Construction of Fuel Tank	13,000,000		
Employee Housing Facilities	25,000,000		
Pre-Operational Expenses	10,124,000		
Total	455,395,000	Total	455,395,000

Source: Company

As of 30 June 2012G, the total cost incurred for Line II expansion stood at SAR 246,166,991 comprising SAR 228,617,991 as payments to CNBM, SAR 7,425,000 as advance payment to Wärtsilä; and SAR 10,124,000 as pre-operating expenses.

Table 162 : Use and Sources of Funds as at 30 June 2012G

Use of Funds	(SAR)	Sources of Funds	(SAR)
CNBM	228,617,991	Internal Cash	86,404,137
Wärtsilä	7,425,000	Bank Financing (Bridge Loan from Arab National Bank)	159,762,854
Pre-Operational Expenses	10,124,000		
Total	246,166,191		246,166,191

Source: Company

The remaining capital expenditures amounting to SAR 209,228,009 are expected to be financed through the bridge loan from Arab National Bank amounting to SAR 77,383,009 and from the proceeds of the Offering amounting to SAR 131,845,000. The proceeds from the Offering are expected to be used as follows:

- SAR 52,267,500 as payments to CNBM towards the construction of new clinkerization unit;
- SAR 16,806,500 as payments to Wärtsilä towards supply and installation of three electrical generators; and
- SAR 62,771,000 is expected to be utilized for the purchase of heavy machineries, construction of a fuel tank and expansion of housing facilities.

The Company intends to use SAR 47,250,000 from the proceeds of the Offering to meet the working capital requirements of Line II.

Table 163 Expected Costs and Sources of Funding as at 30 June 2012G

Expected Costs	(SAR)	Sources of Funds	(SAR)
CNBM	79,632,009	Bank Financing (Bridge Loan from Arab National Bank)	77,383,009
Wärtsilä	66,825,000	Proceeds from the Offering	131,845,000
Other Payments	62,771,000		
TOTAL	209,228,009		209,228,009

Source: Company

10 - 2 - 2 Main Contracts Relating to Line II

10 - 2 - 2 - 1 Contract with CNBM

On 20/04/2010G, the Company signed a contract with CNBM to construct the clinkerization unit for Line II with a production capacity of 3,000 tons per day of clinker on a turnkey basis. The total contract value is estimated to be USD 82,200,000, equivalent to SAR 308,250,000 with a completion period of 18 months from the date of commencement of the project. The construction works on the project commenced in June 2011G and are proceeding as per the plan with trial production scheduled to commence during the fourth quarter of 2012G.

The contract includes all civil engineering, design, supply, transportation, logistics and delivery works to the plant; trials and performance tests; timely delivery and guarantee of such work; guarantee for repair and replacement of any equipment failures associated with the expansion of the cement plant; and operational and maintenance work for up to one year from the date of handing over the project. As of 30 June 2012G, SAR 228,617,991 has been paid to CNBM. The Company intends to pay the remaining amount of SAR 79,632,009 through payments extending up to December 2012G.

Table 164 : Project Cost Breakdown as per the Contract with CNBM

Description	Type of Service	Value of Contract (,000 SAR)	Value of Contract (,000 USD)	Actual Costs (,000 SAR)	Forecasted Costs (,000 SAR)
Equipment	Offshore	135,412	36,110	92,122	43,290
Transportation	Offshore	12,375	3,300	8,418	3,957
Engineering, Construction, Materials, Civil and Structural Works	Offshore	94,348	25,160	79,009	15,339
Electro-Mechanical Erections and Commissioning (Main Plant)	Offshore	36,684	9,782	24,390	12,294
Project Design, Management and Others	Offshore	29,430	7,848	24,679	4,751
Total		308,250	82,200	228,618	79,632

Source: Company

10 - 2 - 2 - 2 Contract with Wärtsilä

On 20/11/2011G, the Company signed a contract with Wärtsilä to supply three electrical generators of 11 Mega Watts capacity each for a total cost of SAR 74,250,000, equivalent to €15,000,000. The Company estimates that the electrical power capacity from the generators will meet the electrical power requirements of the clinkerization unit. The contract covers the supply and installation of the generators as well as the associated civil works to increase the building size of the existing electrical power station in order to accommodate the additional generators. As of 30 June 2012G, the Company paid SAR 7,425,000 as advance payment to Wärtsilä and intends to pay the balance amount of SAR 66,825,000 through payments extending up to October 2012G.

Table 165 : Distribution of Costs of the Contract with Wärtsilä

Description	Value of Contract (,000 SAR)	Value of Contract (,000 €)	Actual Costs (,000 SAR)	Forecasted Costs (,000 SAR)
Offshore Portion of the Contract Payment	54,450	11,000	5,445	49,005
Onshore Portion of the Contract Payment	19,800	4,000	1,980	17,820
Total	74,250	15,000	7,425	66,825

Source: Company

For more information on the above mentioned contracts, please refer to the "Legal Information" section.

10 - 2 - 3 Project Schedule & Required Costs for Construction of Line II

Table 166 : Line II Timetable & Costs

SAR	2011G	2012G	Total
Uses of Funds			
Contract with CNBM for Construction of the Clinkerization Unit			
Advance Payment (10%)	30,825,000	-	30,825,000
Final Payment (10%)	-	30,825,000	30,825,000
Equipment & Materials	17,152,059	101,077,941	118,230,000
Site Constructions	50,713,162	77,656,838	128,370,001
Total Value of the Contract with CNBM for Construction of Clinkerization Unit	98,690,221	209,559,779	308,250,000
Contract with Wärtsilä for Expansion of Power Station			
Paid Part of the Contract-Offshore	5,445,000	49,005,000	54,450,000
Paid Part of the Contract-Onshore	1,980,000	17,820,000	19,800,000
Total Value of the Contract with Wärtsilä for Expansion of Power Station	7,425,000	66,825,000	74,250,000
Others			
Heavy Equipment	-	24,771,000	24,771,000
Fuel Tank	-	13,000,000	13,000,000
Employee Housing Facilities	-	25,000,000	25,000,000
Pre-Operating Expenses	-	10,124,000	10,124,000
Total Value of Other Expenses	-	72,895,000	72,895,000
Total Use of Funds	106,115,221	349,279,779	455,395,000
Sources of Funds			
Internal Cash	71,115,221	15,288,916	86,404,137
Bank Financing	35,000,000	202,145,863	237,145,863
Proceeds from the Offering	-	131,845,000	131,845,000
Total Value of Financing Sources	106,115,221	349,279,779	455,395,000

Source: Company

Table 167 : Schedule of Interim Expenses for the Construction of Line II

Description	CNBM	Wärtsilä	Others	Total
Expenditures Incurred				
First Quarter of 2011G	30,825,000	-	-	30,825,000
Third Quarter of 2011G	18,272,085	-	-	18,272,085
Fourth Quarter of 2011G	49,593,137	7,425,000	-	57,018,137
First Quarter of 2012G	65,293,915	-	-	65,293,915
Second Quarter of 2012G	64,633,854	-	10,124,000	74,757,854
Total Expenditures Incurred	228,617,991	7,425,000	10,124,000	246,166,991
Expected Costs				
Third Quarter of 2012G	27,364,509	50,018,500	-	77,383,009
Fourth Quarter of 2012G	52,267,500	16,806,500	62,771,000	131,845,000
Total Expected Costs	79,632,009	66,825,000	62,771,000	209,228,009
Total Costs	308,250,000	74,250,000	72,895,000	455,395,000
Financial Year 2011G	98,690,221	7,425,000	-	106,115,221
Financial Year 2012G	209,559,779	66,825,000	72,895,000	349,279,779
Total Costs	308,250,000	74,250,000	72,895,000	455,395,000

Source: Company

10 - 2 - 4 Investment in AlKobaisah Cement Plant

The information on the investment opportunity in AlKobaisah cement plant in Iraq was obtained from "AlKobaisah cement plant feasibility study" which was prepared by Consult Works in June 2012G. Consult Works is a business advisory services company serving clients in Jordan and the neighboring areas. The services provided by Consult Works include plenary consultations, research and training solutions, including feasibility studies, sectorial studies, business planning and strategy and marketing strategy and planning. The Company engaged Consult Works to prepare a feasibility study on the investment in AlKobaisah cement plant.

The Company intends to invest in AlKobaisah cement plant, which is currently fully owned by the Iraqi General Company for Cement. AlKobaisah cement plant was established in the 1980’s and sustained damage due to armed conflict in Iraq. The Iraqi Government decided to offer cement factories to the private sector for renovation and rehabilitation on a BOT basis. The investor would accordingly bear the cost of rehabilitating the plant, operate the plant as per the designed capacity and, upon the expiry of the contract, transfer ownership of the plant to the government. On 20/12/2009G, a contract was awarded to AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company ("AlRaydah") to renovate, rehabilitate and operate the AlKobaisah cement plant for a period of 15 years ending on 19/12/2024G. AlRaydah invited NRCC to be a partner in the project providing technical assistance. The Company intends to invest in the AlKobaisah cement plant through AlRaydah.

On 15/12/2011, AlKhobarah, which is 50%-owned by NRCC, entered into a share purchase agreement with the owners of AlRaydah to purchase 51% of the shares of AlRaydah for Cement and taking part in its management. Further to the share purchase agreement and the undertakings from the owners of AlRaydah, AlKhobara will acquire 51% of the shares of AlRaydah for Cement through its 100% subsidiary AlAlamiyah for Cement Manufacturing Company ("AlAlamiyah"). The procedures of transferring the shares of AlRaydah are still pending with the competent authorities of Iraq. Upon completion of the transfer procedures, NRCC will own 25.5% of the shares of AlRaydah, which was awarded a contract for renovation, rehabilitation and operation of the AlKobaisah cement plant (please refer to the "Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company" paragraph of the "Legal Information" section). The Company expects that its share of rehabilitation costs will be 120 million Saudi riyals. In addition, AlKhobara has paid an amount of 10 million US dollars, equivalent to 37.5 million Saudi riyals, as advance payment against an undertaking to return such amount to AlKhobara in case the shares of AlRaydah are not transferred to AlAlamiyah. The Company's share of this payment amounts to SAR 18.75 Million.

It is expected that the Company through AlRaydah will provide technical and financial assistance to AlKobaisah cement plant for renovation and rehabilitation, and subsequent management of the same. The said plant is located in Al Anbar Governorate, Iraq around 200 km north-west of Baghdad. The plant has an annual design production capacity of two million tons of Ordinary Portland Cement (OPC) with two identical 3,200 tons per day production lines. Due to poor operating conditions, equipment obsolescence, poor maintenance and repair, and constant power cuts; the plant can only be operated at maximum kiln feed of 180 tons per hour, which is equivalent to a production of 2,550 tons per day of clinker. As a result, the rehabilitation plan includes the installation of a new diesel station to generate electricity; repairs of the clinker cooling unit, the rotary furnace, the heating unit, the unit for grinding raw materials, and the raw material sampling stations; and modernization and repair of other equipment. NRCC expects its share of the rehabilitation costs to be approximately SAR 120 Million. Once the rehabilitation process is complete, the annual production capacity of AlKobaisah cement plant is expected to increase to approximately 0.77 tons in 2012G and to 1.23 tons in 2013G. It is likely that the production capacity will stabilize at 1.82 tons during the period between 2014G to 2025G. Pursuant to the investment agreement signed with the Iraqi General Company for Cement on 20/12/2009G, upon completion of the rehabilitation process 25% of the annual cement production is to be allocated for free to the Iraqi General Company for Cement and the remaining to AlKobaisah. NRCC's effective economic interest in the AlKobaisah cement plant is expected to be 25.5% for the duration of the contract i.e. till 19 December 2024G.

Investment in AlKobaisah cement plant is part of the Company's strategy to pursue overseas investments that maximize returns. Due to massive reconstruction works, repair and improvement of infrastructure and demand for housing, the investment in AlKobaisah cement plant represents an opportunity for the Company to meet the rising demand for cement in the Central region of Iraq, including Baghdad which is the primary target market for AlKobaisah cement plant. Cement supply is currently in deficit in the central region. As a result, the Company expects that rehabilitation of the AlKobaisah cement plant would allow it to address the demand for cement in the central region. Furthermore, due to persistent deficit in cement supply, current wholesale prices for cement in Iraq range between SAR 375 and SAR 458 per ton. It is expected that the prices will remain at such high ranges in the future. Hence, the Company expects that its investment in AlKobaisah cement plant will likely generate attractive returns. The Company intends to finance the acquisition process through internal sources and through bridge loan from Arab National Bank.

Please note the Advisors did not conduct any due diligence related to the acquisition process in Iraq.

11. Director's Declaration

Further to the declarations made by the Directors, CEO's and the Secretary of the Board of Directors under the "Organizational Structure" section of this Prospectus, the Directors hereby declare and confirm the following:

- There has not been any interruption in the business of the Company or any of its subsidiaries which may have or has had a significant effect on the financial position in the last 12 months;
- There has not been any commissions, discounts, brokerages or any other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the Company or any of its subsidiaries;
- There has not been any material adverse change in the financial or trading position of the Company or any of its subsidiaries in the three financial years preceding the application for the registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the Prospectus;
- Other than what has been mentioned on Page (69) of this Prospectus, they do not have any shareholding or interest of any kind in the Company or any of its subsidiaries, and nor does any relative of theirs;
- The audited financial statements are all extracted from the audited financial statements of the Company without any substantial changes and they have been prepared according to the accounting standards issued by SOCPA; and
- The Company has a working capital that is sufficient for 12 months following the date of issuing this Prospectus.

12. Legal Information

12 - 1 Summary of Bylaws

12 - 1 - 1 Constitution of the Company

Northern Region Cement Company was established pursuant to the provisions of the Royal Decree No. M/6 dated 22/03/1385H, as amended.

12 - 1 - 2 Name of the Company

The name of the Company is "Northern Region Cement Company", a Saudi joint stock company.

12 - 1 - 3 Objectives of the Company

The main objects of the Company as established are:

- Producing all kinds of cement pursuant to the Industrial License issued by the Ministry of Commerce and Industry (MOCI);
- Operation and management of Portland cement (ordinary and resistant or other) plants;
- Wholesale and retail trade of the Company's products and construction materials, including import and export outside the Kingdom;
- Management, operation and maintenance of industrial plants for the purpose of supplementing the Company's objectives;
- Ownership of land and real estate for the purpose of building the Company's plants; and
- Commercial agencies business.

12 - 1 - 4 Participation

The Company may have an interest in or may participate with, in any way whatsoever, other organisations or companies that conduct business similar to its business or that might assist it in achieving its objectives. The Company may also acquire shares in such organisations or companies or amalgamate with them.

The Company may also have an interest in or may participate with, in any way whatsoever, other organisations or companies provided that such interest and/or participation does not exceed 30% of its reserves and 20% of the share capital of such organisation or company, provided that the aggregate value of such participations/interests does not exceed the total amount of the said reserves and that the Ordinary General Assembly must be notified of any such participations/interests.

12 - 1 - 5 Head Office of the Company

The Company's head office is located in the City of Ar'ar, and the Extraordinary General Assembly may, based on a recommendation from the Board subject to obtaining required approvals from the competent authorities, resolve to relocate the head office to any other city inside KSA. The Company may open branches, offices or agencies within and outside the KSA subject to the Board's approval.

12 - 1 - 6 Duration of the Company

The duration of the Company shall be ninety-nine (99) years commencing on the date of issuance of the Minister of Commerce and Industry's resolution announcing the Establishment of the Company. The Company's duration may be extended by a resolution of the Extraordinary General Assembly taken at least one year prior to the expiration of the term of the Company.

12 - 1 - 7 Share Capital of the Company

The share capital of the Company is fixed at SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) equal shares with a nominal value of SAR 10 (ten Saudi Riyals) each and are all ordinary shares.

The Company has committed itself to put 50% of the shares of the Company for public subscription at actual cost according to procedures established by the Authority, and the founders have waived their right of priority in the subscription in compliance with the order of Ministry of Petroleum and Mineral Resources.

12 - 1 - 8 Subscription

The Founding Shareholders subscribed to a total of 126,000,000 (one hundred twenty-six million) ordinary Shares with a total and fully paid up nominal value of SAR 1,260,000,000 (one billion two hundred sixty million Saudi Riyals). The remaining 54,000,000 (fifty four million) Shares valued at SAR 540,000,000 (five hundred forty million Saudi Riyals) will be offered to the public together with those Shares the Selling Shareholders agreed to offer in accordance with the provisions of Article 7.(b) of the Bylaws and the Capital Market Law and the implementing regulations thereof.

12 - 1 - 9 Failure to Pay the Remaining Value of an Offer Share

Should a Shareholder default in paying the share value at the prescribed time, the Board of Directors may serve him with a notice by registered letter at his address mentioned in the Shareholder’s Register, informing him that such share shall be sold in public auction. However, the defaulting Shareholder may, until the date fixed for the auction, pay the due value in addition to the expenses incurred by the Company. The Company shall set off the due amounts from the sale proceeds and return the balance to the Shareholder. If the sale proceeds are not sufficient to cover such amount, the Company may then set off the balance from the Shareholder’s funds. The Company shall then cancel the sold Shares and give the purchaser a new share bearing the same number of the cancelled one, and make an entry to this effect in the Shareholder’s Register.

12 - 1 - 10 The Shares

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, new shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the Share, and they shall be jointly responsible for the obligations arising from the ownership of the Share

12 - 1 - 11 Trading of Shares

Shares shall be tradable pursuant to the rules and regulations issued by the Capital Market Authority. As an exception to the foregoing, cash shares subscribed for by the founding Shareholders may not be negotiated before the Company’s financial statements have been published for the first two full fiscal years (being not less than twelve (12) months each) from the date of incorporation of the Company. The said restriction shall apply to any new Shares issued as a result of increasing the Company’s share capital and subscribed for by the founding shareholders during the said restricted period. However, cash Shares may be transferred during the Lock-in Period in accordance with the rules applicable to the transfer of rights from one Founding Shareholder to another or to a Board Member to be presented to the management of the Company by way of security, or from the legal heirs of a deceased Shareholder to a third party.

12 - 1 - 12 Register of Shareholders

The nominal Shares shall be transferred by being recorded in the Shareholders Register, which shall contain the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the Shares and the value paid-up on such Shares. An annotation of such recording shall be made on the Share certificates. The transfer of title to a Share shall not be effective vis-à-vis the Company or any third party except from the date of such recording in the said Register or the completion of the transfer procedures through the Shares Information Computerized system. The subscription or ownership of the Shares by a Shareholder shall mean the acceptance by such Shareholder of the Company's By-Laws and his submission to the resolutions duly passed by the General Assembly of the Shareholders in accordance with the Company's By-Laws, whether the Shareholder was present or absent and whether the Shareholder agreed to such resolutions or objected to them.

12 - 1 - 13 Share Certificates

The Company shall issue Share certificates serially numbered, signed by the Board Chairman (or his representative), and sealed with the Company's stamp. In particular, each certificate shall include the number and date of the Ministerial Decision approving and declaring the incorporation of the Company, its share capital, the number of shares into which the capital is divided, the share nominal value, the value paid thereof, a summary of the Company's objects, the Company's head office, and the duration of Company. The Share certificates may have coupons with serial numbers reflecting the number of the Shares attached thereto.

12 - 1 - 14 Increase of Share Capital

The Extraordinary Assembly may upon satisfying itself of the feasibility study and subject to the approval of the competent authorities, resolve to increase the Company's Capital on one or more occasions by issuing new shares at the same nominal value, provided however that the entire initial capital shall have been paid up and that the provisions of the Saudi Companies Regulations be observed. There shall be indicated in the increase resolution the manner in which the capital shall be increased. The Shareholders shall have the priority right of subscription to the new cash shares and they shall announce such priority right in a daily newspaper, including the increase resolution and the subscription terms, as well as their desire to exercise their priority right within fifteen (15) days from the date of publication of said announcement.

The said shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the original shares they own, provided that that their total allotment does not exceed the number of new shares they have asked for. The remaining balance of the new Shares shall be offered for public subscription.

12 - 1 - 15 Decrease of Share Capital

Pursuant to a resolution by the Extraordinary General Assembly, adopted on the basis of acceptable justifications and subject to the approval of the competent authorities, the Company's capital may be reduced if such capital is in excess of the Company's needs, or if the Company incurs losses. The resolution for reduction shall be adopted only after a reading of the auditor's report indicating the reasons necessitating such reduction, the liabilities of the Company, and the effect of the reduction on such liabilities, and it shall be in accordance with the Companies Regulations. The resolution shall also indicate the way the reduction is effected. If the reduction of capital is due to the capital being in excess over the Company's needs, the creditors must be invited to raise their objections thereto within sixty days from the date of publication of the resolution for reduction in a daily newspaper circulated in the locality of the head office of the Company. If any creditor objects to the reduction and submits to the Company, within the said period, the documents substantiating his claim, the Company must pay his debt if it is due and payable or submit adequate security for payment if it is payable at a future date.

12 - 1 - 16 Preferred Shares

Subject to the approval of the Ministry of Commerce and Industry and CMA, the Company may issue non-voting preferred shares not exceeding 50% of the Company's capital. In addition to their right to share the net dividends distributed on ordinary shares, the holders of preferred shares shall be entitled to:

(a) The right to receive a certain percentage of the net profits, not less than 5% of the Share par value after deduction of the statutory reserve and before any distribution of the profits of the Company;

(b) The right of priority to recover the value of their Shares in capital upon liquidation of the Company and to receive a certain percentage of the liquidation proceeds; and

(c) The Company may purchase said shares in accordance with such principles and in such manner as set forth in the resolution of the Shareholders General Assembly. It is however provided that the said shares shall not count in the quorum required for the Company's General Meeting provided for in Articles 35 and 36 of the Bylaws.

12 - 1 - 17 Bonds

The Company may issue equal value negotiable non-divisible bonds in accordance with the provisions of the Companies Regulations and Capital Market Law and in compliance with Islamic Shariah Law.

12 - 1 - 18 Constitution of the Board of Directors

The management of the Company shall be undertaken by a Board of Directors to be comprised of seven (7) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years. As an exception, the Founding Shareholders have appointed the members of the first Board of Directors for a term of five (5) years commencing from the date of the Ministerial Decision announcing the incorporation of the Company.

12 - 1 - 19 Qualification Shares

A Director must be a holder of a number of the Company's Shares of a nominal value not less than Ten Thousand Saudi Riyals. Such Shares shall, within thirty (30) days from the date of appointment of the Director, be deposited in a bank designated by the Minister of Commerce and Industry. These Shares shall be set aside to cover the Directors' liability, and shall remain non-negotiable until the lapse of the period specified for hearing the action in liability provided for in Article 76 of the Companies Regulations, or pending the award of a decision on such action. If a director fails to submit such security Shares within the period specified, his membership shall be forfeited.

12 - 1 - 20 Vacancies

Board Membership shall terminate upon the expiry of the term thereof or upon the expiry of the Director's term of office. If the office of a Director becomes vacant, the Board may appoint a temporary Director to fill such vacancy, provided that such appointment be brought before the first Ordinary General Assembly. The new director shall complete the unexpired term of his predecessor. If the number of Directors falls below the minimum quorum required for its valid meetings, the Ordinary General Assembly must be convened as soon as possible to appoint the required number of Directors.

12 - 1 - 21 Powers and Remuneration of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with the broadest powers to manage the business of the Company and supervise its affairs within and outside Saudi Arabia. The Board of Directors is empowered, for example and without limitation, to represent the Company in its relations with third parties and before governmental and semi-governmental bodies, Shariah courts, judicial committees, and the Board of Grievances, labor departments, the Committee for the Enforcement of Negotiable Instruments, all other judicial bodies, arbitration tribunals and the Directorate of Civil Rights, police departments, chambers of commerce and industry, private bodies, companies and firms of whatsoever nature; to enter into bids; to receive and pay monies, to make claims and sign admissions, to submit and reply to pleadings; to initiate litigation and enter into conciliation; to accept and/or deny court judgments; apply for referral of claims to arbitration and for the implementation or challenge of arbitral awards, and collect execution proceeds; the Board also has the right to sign all types of documents and contracts including contracts for incorporation of the companies in which the Company participates and make any necessary amendments, addenda and amendments resolutions; to sign agreement and Shariah-compliant bonds on behalf of the Company; to effect and approve purchase, pay the price, sell and vacate properties, to hand over and take over properties; to let and lease properties, to open bank accounts and apply for credit, withdrawal and deposit facilities from banks; to issue bank guarantees; to sign all types of documents, cheques and bank transactions; the Board is also empowered to appoint and remove employees, apply for visas, to recruit manpower from outside the Kingdom and enter into labor contracts with them, determine their remuneration, obtain employment visas, apply for transfers of sponsorship and release the same; to dispose of the Company's assets and properties; the Board is also empowered to sell, buy, vacate, mortgage and remove mortgage from the Company's property and to receive the sale price and hand over the property. However, the minutes of the meeting during which the resolution to sell and the recitals of such resolutions must meet the following conditions:

1. The Board shall specify in its resolution to sell such assets and/or properties the reasons and justifications of such sale;
2. The sale price shall be at least equal to the market price of such assets and/or properties;
3. The sale shall be undertaken with immediate effect unless the circumstances necessitate otherwise, in which case, sufficient guarantees should be obtained; and
4. Such sale does not result in the Company's activities being suspended, or in any new obligations being assumed by the Company.

The Board may conclude loan agreements with governmental funds and institutions regardless of the term of such loan agreements and conclude commercial loans for any term not exceeding the term of the Company. The Board shall observe the following conditions in respect of any loan having a term exceeding three (3) years:

1. The amount of any loan agreement concluded by the Board may not exceed 50% of the Company's share capital in any given financial year;
2. The Board shall specify, in its resolution to approve any such loan, the manner in which the loan will be used and how it will be repaid by the Company; and
3. That the terms of the loan and the guarantees provided in relation thereto do not prejudice the interests of the Company, its Shareholders or the securities offered to the Company's creditors.

The Board of Directors shall also have the right to enter into agreements for settlement, release and any other commitments in the name and on behalf of the Company. The Board may also carry out any action that may assist the Company to achieve its objectives.

The Board of Directors may, within the limits of its jurisdiction, authorize and delegate one or more of its members or a third party to undertake a specific function or functions.

The Board of Directors may, for the benefit of the Company, discharge the Company's debtors of their debt obligations, provided that the following conditions are fulfilled:

1. At least one year has lapsed since the date on which the debt was created;
2. The discharging of the debt shall not cause the Board to exceed the maximum amount of debt which the Board is entitled to discharge each year; and
3. The Board may not delegate its power to discharge debts to any party.

12 - 1 - 22 Remuneration of Board of Directors

The remuneration of Directors shall be determined in accordance with Article 45 of the Company's By-Laws and within the limits of the provisions of the Companies Regulations and the laws or regulations complementary thereto. The annual report submitted by the Board of Directors to the Ordinary General Assembly shall contain a statement of all payments made to the members of the Board during the relevant fiscal year including salaries, share in profits, attendance allowance, expenses, and other benefits. This report shall also contain a statement of payments made to them in their capacity as employees or in consideration for technical, administrative or consultancy assignments carried out by Board member(s) in favor of the Company and previously approved by the Ordinary General Assembly.

12 - 1 - 23 Board Chairman, Managing Director and Secretary

The Board of Directors shall appoint a Chairman from among its members. The Board of Directors may also appoint a Vice Chairman and a Managing Director from among its members. The Board may choose one person to be the Chairman and the Managing Director at the same time.

The Chairman shall be authorized to represent the Company in its relationship with others and before judicial bodies, Government departments, Notaries Public, courts of law, Commissions for settlements of disputes, Boards of Arbitration, Directorate of Civil Rights, Police Departments, Chambers of Commerce and Industry, private bodies, governmental funds, companies and firms of whatsoever nature, issue Shariah powers of attorney, to appoint lawyers and remove the same, defend, plead, enter into settlements and acknowledgements, apply for referral of claims to arbitration and for the implementation or challenge of judgments on behalf of the Company, sign all types of documents and contracts including contracts for incorporation of the companies in which the Company participates and make any necessary amendments, addenda and amendments resolutions; to sign and execute all agreements, certificates and instruments before public notaries or other official bodies, to sign and execute loan agreements, guarantees, mortgages, leases, and terminating them; to collect entitlements and settle obligations on behalf of the Company; to buy, sell, make and accept transfers, receive, deliver, rent, lease, collect and make payments, and to participate in tenders; to open bank and credit accounts and to withdraw and deposit from the same; to issue instruments, checks; to appoint and remove employees, contract with the same, determine their salaries, apply for visas; to recruit manpower from outside the Kingdom and obtain employment visas and work permits, apply for transfers of sponsorship and release the same; to authorize or delegate some or all of these powers to any other person or persons to do or cause to be done any act mentioned hereinabove, and to revoke such authorization or delegation in whole or in part.

The Board of Directors shall, at its sole discretion, determine the Chairman's, Vice Chairman's and Managing Director's remuneration as well as the remuneration of Board Members in accordance with the provisions of Article 45 of the Company's By-Laws.

The Board of Directors shall appoint a secretary from among its members or others, and shall specify his remuneration. The Secretary's duties shall include having the proceedings and resolutions of the Board of Directors written in minutes and recorded in a special register, as well as conducting all such other functions as may be delegated to him by the Board.

The term of the office of the Chairman, the Vice Chairman, the Managing Director and the Secretary shall not exceed their respective term of service as Directors. The term of the Chairman, the Vice Chairman, the Managing Director and the Secretary of the Board may be renewed.

12 - 1 - 24 Board Meetings and Resolutions

The Board of Directors shall be convened upon an invitation by the Chairman. Such call shall be made in writing and delivered by hand or sent by mail or fax or e-mail. The Chairman of the Board shall call for a meeting if so requested by any two (2) Board Members.

A Board meeting shall not be valid unless attended by at least half the number of members, and in all cases not less than four (4) members. In the event that a Director appoints another Board member to attend a Board meeting as his proxy, then such proxy shall be appointed in accordance with the following guidelines:

(a) A member of the Board of Directors may not act as proxy for more than one Board member at the same meeting;

(b) A proxy shall be appointed in writing; and

(c) A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting.

All decisions of the Board shall be taken by absolute majority of the members attending. In case of a tie, the Chairman (or his representative) shall have a casting vote.

The Board may adopt a resolution by circulation in writing unless a Board member requests a meeting to deliberate on such resolution. Such Resolutions shall be presented to the Board in its next meeting.

12 - 1 - 25 Minutes of Meetings

Minutes of Board meetings shall be prepared summarizing all discussions and decisions taken. The minutes shall be entered in a special register, and be signed by the Chairman and the Secretary.

12 - 1 - 26 Conflict of Interests

Members of the Board of Directors must declare to the Board any personal interest, whether direct or indirect, in any proposal, transaction or contract made for the account of the Company. Such declaration must be recorded in the minutes of the Board meeting, and the interested Board member shall not participate in voting on the resolution to be adopted in this respect.

12 - 1 - 27 Board Committees

The Board of Directors may appoint any such committees as they might deem in the best interest of the Company or subject to the approval of the Ministry of Commerce and Industry and other concerned authorities. Such committees shall be tasked with any such functions as the Board or the relevant authorities concerned may determine.

12 - 1 - 28 Executive Committee

The Board of Directors may appoint from among its members or third parties and management an Executive Committee. The Board of Directors shall appoint a Chairman from among the members of the Committee and shall specify the functions of the Committee, the number of members thereof and the required quorum for its meetings. In accordance with the directions and guidelines prescribed by the Board from time to time, the Committee may exercise all of the powers authorized by the Board. The Executive Committee may not revoke or alter any of the resolutions adopted, or rules laid down, by the Board of Directors.

12 - 1 - 29 Attendance at the Assembly

A General Assembly duly convened shall be deemed representing all the Shareholders, and shall be held in the city where the Company's head office is located. Any Subscriber shall be entitled to attend the General Assemblies, in person or by proxy, regardless of the number of Shares held by him/it. Additionally, each Shareholder owning twenty (20) shares (or more) shall have the right to attend the General Assemblies, and each Shareholder may authorize another Shareholder, other than the members of the Board of Directors, to attend the General Assembly on his/its behalf.

12 - 1 - 30 Constituent Assembly

The Constituent Assembly shall be vested with the following functions:

1. Ascertain that the capital has been subscribed for in full and that the minimum amount of the share capital and the due amount of the Share value have been paid in accordance with the provisions of the Companies Regulations;
2. Draw up the final provisions of the Company's Bylaws. However, the Constituent General Assembly may not introduce fundamental alterations to the Bylaws submitted to it, except with the approval of all the subscribers thereat;
3. Approve all the pre-constitution expenses; and
4. To appoint the first auditor and fix his remunerations.

A meeting of the Constituent Assembly shall not be valid unless attended by a number of Subscribers representing at least 50% of the Company's share capital, and each Subscriber shall have one vote for each Share he subscribed for or represents.

12 - 1 - 31 Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's financial year. Additional Ordinary General Assembly meetings may be convened whenever needed.

12 - 1 - 32 Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for such provisions as may be impermissible to be amended under the law.

Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

12 - 1 - 33 Manner of Convening General Assemblies

The General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene a meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least five percent (5%) of the Company's capital. The invitation for the meeting shall be published in the Official Gazette and in a daily newspaper circulated in the locality of the head office of the Company twenty five (25) days before the day of the meeting. Each invitation must include the agenda for the General Meeting and copy of the same must be sent to the Ministry of Commerce and Industry - General Directorate of Companies within the period prescribed for publication.

12 - 1 - 34 Proof of Attendance

A list of Shareholders attending the General Assembly in person or by proxy shall be prepared showing their names, domicile, the number of the shares held by each and the number of votes attached to such shares. Any interested person may review the said list.

12 - 1 - 35 Quorum of Ordinary General Assembly

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within thirty (30) days following the time set for the preceding meeting. Such notice shall be published in the manner prescribed in Article (33) of the Company's By-Laws. The second meeting shall be deemed valid irrespective of the number of Shares represented therein.

12 - 1 - 36 Quorum of Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened in the same manner provided for above. The second meeting shall be valid only if attended by a number of Shareholders representing at least one-quarter (1/4) of the Company's capital.

12 - 1 - 37 Voting Rights

Each Subscriber shall have one vote for each Share he represents at the Constituent Assembly. Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed on the basis of one vote for each Share represented at the meeting.

12 - 1 - 38 Resolutions

Resolutions of the Constituent Assembly shall be adopted by an absolute majority of the Shares represented thereat. However, if the resolution to be adopted is related to evaluating shares in-kind or granting special benefits, then such resolution shall be valid only if adopted by a majority of two-thirds (2/3) of the said Shares after excluding the shares subscribed for by the Shareholders who made the contribution in-kind or the beneficiaries of such special benefits, all of whom may not participate in any vote regarding such resolutions even if they are holders of cash shares. Resolutions of the Ordinary General Assembly shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified therefore under the Company's By-Laws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

12 - 1 - 39 The Agenda

Each shareholder shall have the right to discuss the items listed on the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditors in this respect. The members of the Board or the auditors shall answer the Shareholders' questions to the extent that does not expose the Company's interest to any damage. If the Shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

12 - 1 - 40 Proceedings of the General Assembly

The General Assembly shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice Chairman. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be written for the meeting showing the names of the Shareholders present in person or represented by proxy, the number of the Shares held by each, the number of votes attached to such Shares, resolutions adopted at the meeting, and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

12 - 1 - 41 Appointment of Auditor

The Company shall have one auditor or more to be selected from among the certified public auditors licensed to work in Saudi Arabia. The auditor shall be appointed annually and its compensation shall be fixed by the General Assembly. The General Assembly may further reappoint the same auditor.

12 - 1 - 42 Access to Records

The Auditor shall have access at all times to the Company's books, records and any other documents, and may request information and clarification as it deems necessary. It may further check the company's assets and liabilities. The Auditor shall submit to the annual General Assembly a report showing how far the Company has enabled it to obtain the information and clarifications it has requested and what it has discovered of violations of the Companies Regulations and the Company's By-Laws and its opinion as to whether the Company's accounts conform to the facts.

12 - 1 - 43 Financial Year

The Company's financial year shall commence as on the 1st of January and expire on the 31st of December of each Gregorian year. However, the Company's first financial year shall start from the date of issuance of the Ministerial Resolution announcing the constitution of the Company and end on the 31st of December of the following year.

12 - 1 - 44 Balance Sheet

The Board of Directors shall prepare at the end of each financial year an inventory of the Company's assets and liabilities on such date, the Company's balance sheet and profit and loss account, a report on the Company's activities and its financial position for the preceding year and its proposals as to the distribution of the net profits. The Board of Directors shall perform the foregoing at least sixty (60) days prior to convening the annual Ordinary General Assembly. The Board of Directors shall put such documents at the Auditor's disposal at least fifty-five (55) days prior to the time set for convening the General Assembly. The Chairman of the Board of Directors shall sign the said documents and lodge them with the head office of the Company at least twenty-five (25) days prior to the time set for convening the General Assembly. The Chairman shall also cause the Company's balance sheet, profit and loss account, a comprehensive summary of the Board of Directors' report and the full text of the auditor's report to be published in a newspaper circulated in the city where the Company's head office is located, and shall send copies of such documents to the Ministry of Commerce of Industry – general Directorate of Companies at the at least twenty-five (25) days prior to the date set for convening the General Assembly.

12 - 1 - 45 Distribution of Annual Profits

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1. Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals fifty percent (50%) of the Company's capital.

2. There shall be paid to the holders of preferred shares the specified percentage pertaining to such shares.
3. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly.
4. Out of the balance of the profits, if any, there shall be paid to the Shareholders an initial payment of not less than five percent (5%) percent of the paid-up capital.
5. Ten percent (10%) of the remaining amount shall be paid as compensation to the members of the Board of Directors.
6. The balance shall be distributed among the Shareholders as an additional share of the profits or transferred to retained profits account.

The Company may distribute semi-annual and quarterly profits after it has completed the necessary procedures put in place by the competent authorities.

12 - 1 - 46 Distribution of Dividends

The profits to be distributed among the Shareholders shall be paid at such place and times as determined by the Board of Directors, in accordance with the instructions issued by the Ministry of Commerce and Industry.

12 - 1 - 47 Company Losses

If the Company’s losses total three-quarters (3/4) of its capital, then the members of the Board of Directors shall call the Extraordinary General Assembly for a meeting to consider whether the Company shall continue to exist or be dissolved prior to the expiry of the period specified therefore under Article (6) of the Company’s By-Laws. In all cases the Assembly’s resolution shall be published in the Official Gazette.

12 - 1 - 48 Disputes

Each Shareholder shall have the right to file a liability action, vested in the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such Shareholder, provided that the Company’s right to file such action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such action.

12 - 1 - 49 Dissolution and Winding up of the Company

Upon the expiry of the Company’s period, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company’s expiry. However, the Board of Directors shall remain responsible for the management of the Company until liquidators are specified. The Company’s administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12 - 1 - 50 Adoption of the Company’s Bylaws

All Shareholders have agreed on the Company’s By-Laws and have undertaken, including the new Shareholders, to comply with all the provisions thereof.

12 - 1 - 51 Company’s Regulation

The Companies Regulations shall apply to all other matters not specifically provided for in the By-Laws.

12 - 1 - 52 Publication

This By-Law shall be presented and published in accordance with the provisions of the Companies regulations.

12 - 2 Summary of Material Contracts

12 - 2 - 1 EDC (Engineering, Design, and Construction) Contract with CNBM for Expansion of Cement Plan (Line II)

On 20 April 2010G, NRCC entered into an Engineering, Design, Supply and Construction Contract with China National Building Materials Group Corp. ("CNBM") for the expansion of its existing cement plant (Line II) with a production capacity of 3,000 TPD on a turnkey basis. The value of the contract is US$ 82,200,000 (equivalent to SAR 308,250,000) and the term of the contract is eighteen (18) months from Commencement Date.

Under this Contract, CNBM shall perform the engineering, design, supply, transportation, delivery to plant site, testing, commissioning, performance tests, handing over and guarantee of such works, repair or replacement of any defects, operation and maintenance of the plant for one year from delivery date (the "Works"). CNBM received an advance payment of SAR 30,825,000 to commence the Works and it was agreed that estimated time for completion and delivery of the Works will be October 2012G.

CNBM is a state-owned enterprise of the People's Republic of China administrated by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, engaging in operating and producing cement in China. CNBM served as the subcontractor of the Company's existing cement plant.

The contract is governed by Laws of the Kingdom of Saudi Arabia. Any dispute not resolved by agreement between the parties shall be referred to arbitration by a three-person Arbitration panel in accordance with the arbitration laws of Saudi Arabia. The place of arbitration shall be Riyadh, Saudi Arabia.

12 - 2 - 2 Contract with CNBM for Support and Management Services

On 7 September 2010G, the Company entered into a contract with CNBM for the provision of support and management services for the existing Plant. The contract term is 2 years and 3 months with a monthly payment of SAR 968,530 starting from execution date. Under this contract CNBM undertakes to provide 44 staff (specialized engineers and professionals) to serve as operation and management team.

All disputes arising from this contract shall be referred to arbitration in accordance with the Arbitration Rules of Singapore International Arbitration Centre. The place of arbitration shall be Singapore.

12 - 2 - 3 Power Plant Operation and Maintenance Contract with Wärtsilä Power Contracting Company, Ltd.

On 12 November 2007G, the Company entered into a contract with Wärtsilä Power Contracting Company, Ltd. for the operation and maintenance of the Power Plant Facility (the "Contract"). The term of Contract is 5 years commencing on the date of actual operation (which was started on 31/01/2008G) and ends on 30/01/2013G. Under this Contract, Wärtsilä receives a monthly fixed fee of SAR 351,900 and an amount of SAR 24.45 as a variable monthly fee calculated on the basis of the combined MW/hr produced by the Power Plant Facility.

Any dispute not resolved by agreement between the parties shall be referred to arbitration to be resolved by a three-person Arbitration panel in accordance with the Arbitration Rules of the ICC (International Chamber of Commerce). The place of arbitration shall be Saudi Arabia.

12 - 2 - 4 EDC (Engineering, Design, and Construction) Contract with Wärtsilä Power Contracting Company, Ltd. For Construction of a Power Plant

On 20 November 2011G, the Company entered into a contract with Wärtsilä Power Contracting Company, Ltd. for the construction of a power plant facility consisting of 3xW18V32 engines with a production capacity of 19,920 MW for supplying power for Line II.

Under this contract, Wärtsilä agreed to perform the engineering, design, manufacturing, supply, delivery to plant site, testing, performance tests, handing over and guarantee of such Works and repair or replacement of any defects in the facility during 276 days from the date the works commenced (the "Works"). Wärtsilä Co. commenced the construction works during the second quarter of 2012G and the expected date for completion of construction and handing over was on 29/11/2012G.

The total value of the contract is an amount of EURO 15 million (equivalent to SAR 70,631,075).

Any dispute arising from the termination of the Works shall be referred to arbitration to be resolved in accordance with the Expedited Arbitration Rules. The parties shall appoint a sole arbitrator and an alternate arbitrator. Other disputes shall, if not amicably resolved, be referred to arbitration in accordance with the arbitration rules of the Dubai International Arbitration Centre (DIAC). Place of arbitration shall be the Emirate of Dubai, United Arab emirates and the language of the arbitration shall be English. The Parties have agreed that where the disputed amount is less than EURO 100,000 (equivalent to SAR 471,050) arbitration shall be conducted by a sole arbitrator, and if the said amount is more than EURO 100,000 (equivalent to SAR 471,050) arbitration shall be conducted by a three-person Arbitration panel, and that in either cases the arbitration award shall be final, binding on the Parties and may not be challenged.

12 - 2 - 5 Contract with Saudi Aramco for the Supply of Fuel

On 19/09/1428H (corresponding to 01/10/2007G), the Company entered into a contract with Saudi Aramco for the supply of 19,000,000 liters of heavy oil and 300,000 liters of Diesel monthly from Yanbu' Refinery. The term of the Contract is one year automatically renewable for similar periods thereafter.

The contract is governed by Laws of the Kingdom of Saudi Arabia. Any dispute not resolved by agreement between the parties shall be referred to arbitration in accordance with the arbitration laws of Saudi Arabia. The place of arbitration shall be Riyadh, Saudi Arabia. Arbitration shall be conducted by three-person arbitration panel.

12 - 2 - 6 Contract with NCC (Jordan) for the Sale of Clinker

On 22 May 2011G, the Company entered into a contract with NCC (Jordan) for the sale of 800,000 TPA of the clinker used in manufacturing Portland cement (the "Contract"). Under this Contract, NCC (Jordan) shall purchase regular and resistant clinker for an ex-factory price of SAR 200 per ton and SAR 210 per ton respectively.

In the event that any Party fails to fulfill the contractual obligation (i.e. the sale/purchase of 800,000 TPA of the clinker used in manufacturing Portland cement), the affected Party shall be entitled to liquidated damages in the amount of SAR 80,000,000 from the default Party.

Either Party may increase or decrease the contracted amount of Clinker (800,000 TPA) by 20% depending on the NCC (Jordan's) needs. The Parties further agreed that the Company shall have the right, at any time during the course of the Contract, to revise the sale price to reflect increased production costs or any other reasons that fall beyond the reasonable control of the Company. The Term of the Contract shall be 15 Gregorian years as from the execution date (22 may 2011G) and may be renewed by mutual agreement of the parties. In the event the Company's shareholding in NCC (Jordan) falls below 51%, NCC (Jordan) shall be entitled to terminate the Contract without assuming any legal or financial liability from such termination. Additionally, in the event that cement prices in Jordan decrease to an extent preventing NCC (Jordan) from making any profits, the Company shall reduce the sale price so at to allow NCC (Jordan) to attain a minimum profit margin of not less than 10%.

On 12 February 2012G, the Ministry of Commerce and Industry (MOCI) imposed a ban on all cement producers on the export of cement outside of Saudi Arabia and the MOCI refused to renew Company's export license for clinker. As a result, the Company ceased its exports to NCC (Jordan) without incurring any liability as at the date of this Prospectus since the Contract expressly provided that neither party shall be held responsible for any delay or failure in performance of any part of this Contract to the extent that such delay or failure is caused by causes beyond its control ("Force Majeure Conditions"), including any sovereign act of Government.

The Contract is still valid. On 15 February 2012G, the Company agreed with NCC (Jordan) to temporarily suspend the Contract until such time as the authorities concerned lift the ban on export and the MOCI renews the Company's export license for clinker.

The Contract is governed by Laws of the Kingdom of Saudi Arabia. Any dispute not resolved by agreement between the parties shall be referred to arbitration in accordance with the arbitration laws of Saudi Arabia. The place of arbitration shall be Riyadh, Saudi Arabia. Arbitration shall be conducted by a sole arbitrator.

12 - 2 - 7 Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company

On 15 December 2011G, the Company's 50%-owned affiliate, AlKhobara Cement for Development and Investment Company ("AlKhobara"), a Jordanian company established with limited liability and registered with the Ministry of Industry and Commerce - Companies Control Department as an exempt company, entered into a Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company ("AlRaydah") (which was awarded the contract for rehabilitation and operation of AlKobaisah cement plant for 15 years) for acquisition of 51% of the shares in AlRaydah and participation in its management.

Further to the Share Purchase Agreement and the amendments thereof and AlRaydah's owners' undertakings, AlKhobara will acquire 51% of the shares in AlRaydah through the acquisition by AlAlamiyah Cement Manufacturing Company ("AlAlamiyah") (a company established with limited liability duly registered as an exempt company with the Ministry of Industry and Commerce, Jordan and AlKhobara owns 100% of its shares) of 51% of the shares in AlRaydah for a total price of: (i) US$ 19,065,000 (equivalent to SAR 71,498,512.10) (ii) the payment of an amount equal to 51% of the costs of the construction of a power plant facility (the costs being EURO 12,000,000 equivalent to SAR 58,624,752.85) with a production capacity of 35 MW/hr, and (iii) the payment of an amount equal to 51% of the administrative expenses paid by AlRaydah's owners during the period from the date of the last financial statements prepared by AlRaydah on 30/09/2011G to the date of completion of the last procedure of the transfer of shares from AlRaydah to AlKhobara, provided that such expenses shall be reviewed and approved by AlKhobara.

Under the Share Purchase Agreement, AlKhobara shall not be obliged to pay the consideration of the sale of shares until the whole transaction is completed. Additionally, AlKhobara has paid an advance payment of US$ 10,000,000 (equivalent to SAR 37,750,000) on account of the share transfer transaction, provided that the said amount shall be returned in case the transaction is not finalized.

The Share Purchase Agreement has not provided for a specific date for completion of the transaction or a specific date for termination in case the transaction is not completed. Hence, as at the date hereof, the share transfer procedures have not been completed. Once the transaction is completed, NRCC will be the owner of 25.5% of shares in AlRaydah, which is also awarded the contract for the investment, rehabilitation and operation of AlKobaisah cement plant.

If the share transfer transaction has not been completed for any reason whatsoever, the advance payment shall be returned to AlKhobara.

This Contract shall be governed by the laws and regulation in force in the Hashemite Kingdom of Jordan. Any dispute arising from this Contract shall be referred to arbitration in accordance with the arbitration rules in force in the Hashemite Kingdom of Jordan. Arbitration shall be conducted by a three-person arbitration panel and the place of arbitration shall be the City of Amman, Jordan.

12 - 3 Summary of Related Party Transactions

- The Company has purchased 41,249,000 (forty one million two hundred and forty nine thousand) shares representing 75% of the shares in NCC (Jordan)'s capital from Al Hazm Cement and Derivative Trading Company Limited, a company owned by International Cement Investment Company (ICIC), which is in turn owned by the shareholders of the Company, in consideration of SAR 601,278,423 (six hundred and one million, two hundred seventy eight thousand, four hundred and twenty three) pursuant to the contract dated 18/08/2011G.
- On 14/05/2012G, the Company purchased 3,850,000 (three million eight hundred and fifty thousand) shares representing 7% of the shares in NCC (Jordan)'s capital through the acquisition of Trans North Cement Derivatives and Building Materials Co. Ltd. and Al Hazm Cement and Derivative Trading Company Limited, a company owned by International Cement Investment Company (ICIC), which is in turn owned by the shareholders of the Company, without any consideration.
- The Company has entered into an agreement with Pan Kingdom for Trading, Industry, and Construction Co. (a company managed by Mr. Sulaiman Saleem Al Harbi, the Chairman and one of the founding shareholders) for the transfer to the Company of the Quarry License no. 48/Q issued by the Ministry of Petroleum and Mineral Resources on 06/07/1427H (corresponding to 01/08/2006G).

- The Company holds 50% of the shares in the capital of AlKhobara and the remaining 50% of the shares are held by That Al Sawari Co., in which one of the shareholders of the Company (Abdulqader Al Muhaidib & Sons Co.) holds 10% of the shares and Al Muhaideb Holding Company owns the remaining 90%. For more information please refer to the "Affiliates" and "Summary of Material Contracts" sections of this prospectus.

  Other than the transactions referred to above, the Company is not a party to any transactions with any of the Board Members, the senior executives, the Shareholders or any of their relatives who have any direct or indirect interest with the Company. For further details, please refer to the "Licenses and Permits" paragraph of this section.

12 - 4 Licenses and Permits

12 - 4 - 1 Commercial Register – Head Office

Northern Region Cement Company (the "Company") was incorporated pursuant to Ministerial Resolution No. 1969 dated 25/12/1426H (corresponding to 25/01/2006G) and its incorporation was declared by Ministerial Resolution No.377 dated 15/02/1427H (corresponding to 16/03/2006G) ad was registered at the Commercial Register of the City of Ar'ar with commercial registration number 3450008480 on 19/02/1427H (corresponding to 20/03/2006G). The registration of the Company expires on 18/03/1437H (corresponding to 30/12/2015G).

12 - 4 - 2 Commercial Register – Riyadh Branch.

The Company has one branch in the City of Riyadh with commercial registration number 1010320164 dated 20/12/1432H (corresponding to 16/11/2011G) issued at the City of Riyadh and expires on 20/12/1437H (corresponding to 12/09/2016G).

12 - 4 - 3 Industrial License

The Company was issued the Industrial License No (540/S) dated 09/06/1431H (corresponding to 23/05/2010G), which is an extension of License No. (900/S) dated 28/04/1426H (corresponding to 06/06/2005G), whereby the Company is authorised it to carry out the production of 2,250,000 TPA of Ordinary Portland Cement and 450,000 TPA of Sulphate Resistant Cement.

12 - 4 - 4 Membership of Chamber of Commerce

The Company is a member of the Chamber of Commerce and Industry of the city of Ar'ar, the membership certificate is of "excellent" level with membership number 4899. The Membership is valid for one year and expires on 31/12/2012G.

12 - 4 - 5 Raw Materials Quarry License

Raw Materials Quarry License no. 48/Q was issued by Ministry of Petroleum and Mineral Resources on 06/07/1427H (corresponding to 01/08/2006G) (the "Quarry License"). The beneficiary of the Quarry License is Pan Kingdom for Trading, Industry, and Construction Co., a company managed by Mr. Sulaiman Saleem Al Harbi, the Chairman and one of the founding shareholders. Under the Quarry License, Pan Kingdom for Trading, Industry, and Construction Co. was authorised to quarry limestone within a radius of 30Km in north Harrat al-Harrah, the city of Ar'ar, the Northern Border Province. The Quarry License is valid for a period of 30 years (Arabic calendar) from date of issue.

The Quarry License included a provision requiring that Pan Kingdom for Trading, Industry, and Construction Co. establish a joint stock company to own its entire undertaking (including the cement plant), offer 50% of its shares to public subscription at actual value and assign the Quarry License to the Company. Thereafter, the Company entered into an assignment agreement with Pan Kingdom for Trading, Industry, and Construction Co., pursuant to which the latter assigned the Quarry License to the Company.

The Company expects that the Ministry will approve the assignment of the Quarry License after offering 50% its shares to public subscription and listing the shares on the Saudi Stock Exchange ("Tadawul").[19] The Company is in continuous contact with the Ministry to ensure that the assignment of the Quarry License is finalized in due course. Until then, the Quarry License will continue to be under the ownership of Pan Kingdom for Trading, Industry, and Construction Co., which will pay all the required fees related to the Quarry License in accordance with the terms and conditions thereof.

12 - 4 - 6 Well Drilling License

The Company obtained a Well drilling License issued by Ministry of Water and Electricity on 06/04/1433H (corresponding to 29/02/2012G). The Company drilled artesian wells to supply water to meet its operating needs.

12 - 4 - 7 Export License

Pursuant to the Royal Decree No. 3810/M B dated 03/05/1430H (corresponding to 28/04/2009G), allowing cement producers to export cement in accordance with specific conditions and rules, the most important of which were as follows:

- The Company shall sell cement locally at an ex-factory price of SAR 200 per ton, i.e. at SAR 10 (ten Saudi Riyals) per 50 kg bag.
- Strategic reserve of cement of not less than 10% of the Company's annual production capacity.
- The Company shall prepare its supply chain, distributors network sale prices for end customers and provide the Ministry of Commerce and Industry with all these information for follow-up purposes.

MOCI issued the last Export License No. 25/T on 02/12/1432H (corresponding to 30/10/2011G) with a term of three months, in which the weight of cement intended to be exported during the License term is stated to be 238,000 tons of bagged cement. Under this license, the Company committed to meet the local market needs, comply with the price fixed by the Ministry at SAR 10 (ten Saudi Riyals) per 50 kg bag (ex-factory), and to maintain a strategic reserve of cement not less than 10% of the Company's annual production capacity. However, on 12 February 2012G the Ministry of Commerce and Industry announced its decision to stop exporting cement and clinker for all cement companies including the Company.

12 - 4 - 8 Quality Mark Certificate

The Company was issued Quality Mark Certificate No. 263/1429 by Saudi standards, Metrology and Quality Organization (SASO) for conformity of the Company's products with the Saudi Standards Nos. 143/1979G and 570/1992G. The Company is authorized to use the quality logo on its products of Portland cement (ordinary and resistant).

12 - 4 - 9 Radiation Instruments License

The Company has a license from the King Abdulaziz City for Science and Technology for use of certain radiation instruments. The License was issued on 06/03/2001G for unlimited period.

12 - 4 - 10 Electricity and Co-Generation Regulatory Authority

The Company has electricity generators to operate its industrial plants. For this purpose, the Company was granted an electricity generating licensing exemption from the Electricity and Co-Generation Regulatory Authority dated 26/10/1433H (corresponding to 12/12/2011G). The conditions of the exemption make it clear that the Company is not permitted to sell or dispose of the electricity it generates to any third parties.

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19 Article (10) of the Quarry License states that the Ministry of Petroleum will approve the assignment of the Quarry License from Pan Kingdom for Trading, Industry, and Construction Co. to the Company after offering 50% of its shares to public subscription.

12 - 5 Certificates

12 - 5 - 1 Environmental Approval License

The Company obtained the necessary environmental approval certificate no. 63/29/369 dated 27/01/1429H (corresponding to 05/02/2008G) from the General Presidency of Meteorology and Protection of the Environment. The certificate does not have an expiry date, however this approval certificate includes a condition that it shall be cancelled if the Company's production, size or nature changes. During Q4 2012G and upon the completion of the construction works at the Line II project, the Company will apply to the General Presidency of Meteorology and Protection of the Environment to obtain an environmental approval certificate for the new expansion.

12 - 5 - 2 ISO9001

The Company has ISO9001 certification no. 21110910005 dated 28/11/1430H (corresponding to 16/11/2009G) issued in relation with the manufacturing and sale of cement and clinker. The Certificate expires on 15/11/2012G. The ISO9001 is an indication to rapid progress the Company achieved in all technical and organizational levels.

12 - 6 Line II Licenses and Permits

The production expansion with respect to Line II requires a number of Licenses issued by different governmental authorities.

The following

Table 168 : shows the required permits and their current status:

No.	permit	Issuing Authority	Notes
1	Industrial License	Ministry of Commerce & Industry	Issued on 09/06/1431H (corresponding to 23/05/2010G)
2	Electricity Generation License	Electricity and Cogeneration Regulatory Authority	To be applied for upon completion of contraction works
3	Environmental Approval License	General Presidency of Meteorology and Protection of the Environment	To be applied for upon completion of contraction works
4	Safety and Security clearance	General Directorate of Civil Defense	To be applied for upon completion of contraction works

12 - 7 Credit Facilities and Financing

The Company has entered into certain financing agreements as follows:

(A) The Company entered into an industrial financing loan facility under Loan Agreement No. 2001 dated 30/07/2007G with the Saudi Industrial Development Fund ("SIDF"). Under this agreement SIDF has extended to the Company a long term facility of SAR 463,500,000 to finance the production of ordinary and resistant Portland cement. The loan will be repaid in 14 semi-annual equal installments. The due date for the first installment is 15/02/1432H (corresponding to 19/01/2011G) and for the last installment is 15/08/1438H (corresponding to 11/05/2017G).

As a security for the Loan, the Company has pledged the plant of the cement project together with all buildings, cars, equipment, safety equipment, furniture, office equipment and vehicles to SIDF. Additionally, personal guarantees from some of the Founding Shareholders have been presented to SIDF to secure the Loan, and the Company expects that all the said guarantees will be released once the Offering is completed and the Shares have been listed on CMA.

The Loan Agreement included a condition that the maximum dividend per year should be the lesser of; 25% of the paid-in-capital or the fund's loan installments that should be paid during the same financial year. The Agreement also provided that the maximum capital expenditure shall not exceed SAR 34,000,000. The Company has however received a letter from SIDF confirming the waiver of the dividend limit in respect of the dividends that the Company paid to its shareholders in 2009G, 2010G and the first nine months of 2011G.

It should be noted that the Company has paid out dividends to the Shareholders for the Q4 2011G, Q1 and Q2 of 2012G and paid capital expenditures, which is considered as a violation of the Loan Agreement, which provides that no dividends may be distributed to Shareholders without first obtaining SIDF's written consent, as well as a violation to the Company's covenants set forth in the said agreement, which gives rise to the SIDF's right to terminate the Agreement and the Loan Agreement will be considered void and the entire outstanding balance of the Loan shall become due for full settlement. The Company has however sent a letter to SIDF dated 06/07/1433H (corresponding to 27/05/2012G) requesting the SIDF to confirm the following:

- The loan agreement shall continue to be valid with same terms and conditions as per the financial and non-financial statements for the FY 2011G and the Q1 of 2012G presented by the Company to SIDF. SIDF waiver of the dividend that the Company paid to its shareholders in excess of the agreed percentages for the relevant periods, and that there are no violations in relation to the annual capital expenditure;
- The extension of the assignment of the Ministry of Petroleum and Mineral License to NRCC till 29/12/1433H; and
- SIDF waiver of the change in relation to the Company's shareholders.

As at the date hereof, the Company hasn't received any reply from SIDF.

The Loan Agreement shall be governed by the laws and regulations in force in the KSA and any dispute arising there from shall be referred to the competent courts in the KSA.

In case SIDF declines the Company's above request, the SIDF shall be entitled to terminate the Loan Agreement and require that the Company settle the entire balance of the loan amount, failing which the SIDF shall have the right to take over the Company's assets pledged to it and offer them for sale.

(B) The Company signed with Arab National Bank ("ANB") a Shria'h compliant facility financing agreement on 17/04/2012G for a total facility of SAR 958,125,000 ("ANB Loan") and for a period ending on 28/02/2013G in the following manner:

- Letter of credit facility / Tawarruq or Murabaha financing of up to SAR 100,000,000 with a sub-limit of SAR 40,000,000 as a short-term revolving Tawarruq financing facility, and a sub-limit of SAR 25,000,000 as bond facilities and Shariah-compliant securities for financing the working capital, issuing documentary letters of credit for eligible beneficiaries, issuing payment securities for local cement producers and for supporting future import contracts. ANB shall be under no obligation to open any letter of credit or instruments after 28/02/2013G;
- Revolving Shria'h-compliant bonds and guarantees facilities of up to SAR 5,000,000 for issuing payment securities for Saudi Aramco. ANB shall be under no obligation to issue any bonds after 28/02/2013G;
- Short-term revolving Tawarruq financing facility of a total not exceeding SAR 30,000,000 for financing the purchase of machines and, payments for contractors and financing working capital, provided that the grace period in each case shall not be later than 28/02/2013G.
- Tawarruq financing facility (phased financing facility for the Offering) of up to SAR 480,000,000 for financing the Line II project and the construction of the power plant with a sub-limit of SAR 300,000,000as letter of credit facility / Tawarruq financing for issuing documentary letters of credit for eligible beneficiaries, financing payment obligations for the purchase of machines, payments for contractors and financing working capital and financing the Line II project and the construction of the power plant; and with another sub-limit of SAR 75,000,000 as short-term revolving Tawarruq financing facility for covering payments for contractors, financing the Line II project and the construction of the power plant and the local purchase, provided that the grace period in each case shall not be later than 30/09/2012G;
- Currency hedging facility (immediate and deferred) of up to US$ 34,000,000 (equivalent to SAR 127,509,007) for protecting the Company from price fluctuations in connection with the letters of credit opened with the ANB. A sub-limit of SAR 120,000,000 is also allowed as interest rate hedging facility, provided that the grace period in each case shall not be later than 28/02/2013G; and
- A one-time short-term Tawarruq financing facility of up to SAR 300,000,000 for financing the Company's general investments.

The agreement with ANB is still valid and a part thereof shall be settled from the proceeds of the Offering.

Guarantees presented to ANB by the Company:

- Promissory note covering the total amount of SAR 958,125,000 duly signed by the Company;
- Assignment by the Company of any new loan proceeds that will be provided by SIDF;
- Assignment by the Company of any proceeds from the Offering it receives prior to the due date of the Tawarruq financing facility (phased financing facility for the Offering) of up to SAR 480,000,000. Such proceeds will be used for early settlement of the said facility;
- Assignment by the Company of any proceeds from the Offering it receives prior to the due date of the letter of credit facility of SAR 300,000,000, being a sub-limit of the above mentioned Tawarruq financing facility (phased financing facility for the Offering) of up to SAR 480,000,000 the bank will retain the said proceeds for covering 100% of the balance value of the letters of credit;
- All the Company's moveable and immoveable property, commercial and financial papers of any types whatsoever, and all things of value in the possession of the Bank, Arab National Investment Company or any of the Bank's affiliates or sister entities or in which the Bank participates or holds shares, or those that are deposited with or pledged to the Bank, or those registered in the name of the Bank or in the name or the Company in the bank's records, or those in the possession of third parties, or those put at the disposal of the Bank, or those granted to third parties by way of security for the Company's debt with the Bank; and
- The Bank shall be entitled to deduct its dues with the Company under this agreement from all the Company's accounts (with the exception of the escrow account opened with ANB for depositing the Offer proceeds) with the Bank, Arab National Investment Company or any of the Bank's affiliates or sister entities or in which the Bank participates or holds shares, or any account opened now or in the future in the name of the Company, its affiliates or any other company in which the Company participates or holds share.

The Loan Agreement shall be governed by the laws and regulations in force in the KSA to the extent that such laws and regulations do not contradict with Islamic Shariah. Any dispute arising from the Agreement shall be referred to the Banking Disputes Resolution Committee.

12 - 8 Assets Owned, Hired or Used by the Company

12 - 8 - 1 Owned Properties

The Company owns a plot of land (title deed no. 146 dated 12/06/1427H) located at Moushref Area in the city of Ar'ar, Northern Border Province (the "Plot"). The area of the Plot is 49,684.12 SqM. The Company purchased the Plot on 22/05/1427H and it is in the process of constructing an executive building on part of the Plot on an area of 3,975 SqM pursuant to Building Permit no. 156 dated 18/04/1428H issued by the municipality of Northern Border Province.

12 - 8 - 2 Hired Property

The Company is a party to two lease contracts, the first of which relates to an office space in Ar'ar for the head office of the Company, and the second relates to the Company's branch in Riyadh:

- Lease contract dated 10/03/1433H (corresponding to 03/03/2012G) relates to an office space in Ar'ar for the head office of the Company. The Contract is signed with Ms Noora Bint Munai' Mohammed Al Khuleiwi. Term of the contract is 2 years commencing on 01/05/2012G and ending on 30/04/2014G with an annual rent of SAR 115,000.
- Lease contract dated 10/08/1430H (corresponding to 01/08/2009G) relates to an office space in Riyadh for the Branch of the Company. The Contract is signed with M/s Abdulaziz Mohammed Al Misha'al Group. Term of the contract is five years commencing on 01/08/2009G and ending on 31/07/2013G with an annual rent of SAR 176,400.

12 - 9 Trademark

12 - 9 - 1 The Company

The Company is the registered owner of the trademark. The Trademark is composed of the Latin letter (N) with the letters "N", "R" and "C" written thereon. On the top of the letter "N" there is a stylized arrow and beneath the letter there is a phrase in Arabic reads, "شركة أسمنت المنطقة الشمالية" and a phrase in English reads, "Northern Region

Cement Co". The Trademark is registered with the Ministry of Commerce and Industry for goods in Class (19) as per the Registration Certificate No. 32/914 dated 14/04/1428H (corresponding to 02/05/2007G), pursuant to which the logo is protected in the KSA for a period of ten (10) years commencing on 26/04/1427H (corresponding to 25/05/2006G) and expiring on 25/04/1437H (corresponding to 05/02/2016G).

12 - 9 - 2 NCC (Jordan)

NCC (Jordan) is the registered owner of trademarks in Jordan, Syria and Palestine as follows:

- Hashemite Kingdom of Jordan

Trademark number 100012: the trademark is composed of the Latin letter (N) with the letters "N", "J" and "C" written thereon. On the top of the letter "N" there is a stylized arrow and beneath the letter there is a phrase in Arabic reads, "أسمنت المنطقة الشمالية" and a phrase in English reads, "Northern Cement". The trademark is registered with the Ministry of Industry and Commerce for goods in Class (19) as per the Registration Certificate dated 31/05/2009G, pursuant to which the logo is protected in the Hashemite Kingdom of Jordan for a period of ten (10) years commencing on 13/05/2008G.

Trademark number 114897: the trademark depicts a knight on horseback and on the top of it there is a phrase in Arabic that reads, "الفارس للأسمنت" and beneath it there is a phrase in English that reads, "Al Faris Cement". The trademark is registered with the Ministry of Industry and Commerce for goods in Class (19) as per the Registration Certificate dated 20/02/2012G, pursuant to which the logo is protected in the Hashemite Kingdom of Jordan for a period of ten (10) years commencing on 08/02/2012G.

- Syrian Arab Republic

Trademark number 115009: the trademark is composed of the Latin letter (N) with the letters "N", "J" and "C" written thereon. On the top of the letter "N" there is a stylized arrow and beneath the letter there is a phrase in Arabic reads, "أسمنت المنطقة الشمالية" and a phrase in English reads, "Northern Cement". The trademark is registered with the Ministry of Industry and Commerce for goods in Class (19) as per the Registration Certificate dated 07/02/2010G, pursuant to which the logo is protected in the Hashemite Kingdom of Jordan for a period of ten (10) years commencing on 02/06/2008G.

- Palestinian National Authority

Trademark number 16161: the trademark is composed of the Latin letter (N) with the letters "N", "J" and "C" written thereon. On the top of the letter "N" there is a stylized arrow and beneath the letter there is a phrase in Arabic reads, "أسمنت شمال الأردن" and a phrase in English reads, "Northern Jordan Cement". The trademark is registered with the Ministry of National Economy for goods in Class (19) as per the Registration Certificate dated 04/04/2011G, pursuant to which the logo is protected in the Palestinian National Authority for a period of seven (7) years commencing on 07/05/2009G.

The Company strives to build its trade name and trademark in the market and the logo it chose for its trademark reflects its future ambitions and the quality of its products. The Company spares no effort to have its trademark be seen as a brand synonym with premium quality cement inside the KSA and abroad. The Company is now in the process of registering its mark in other countries in the GCC and MENA.

12 - 10 Insurance

The Company has entered into various insurance policies with The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company ("Medgulf") affecting a range of insurance coverage which the Company believes is appropriate to cover the material risks associated with the Company's business. The Company has also obtained health insurance for all of its employees from Bupa Arabia for Cooperative Insurance ("Bupa"). All the insurance policies are considered to be appropriate given the nature of the Company's business and are all valid. The Company intends to renew the policies on their respective expiry dates. As of the date hereof, the Company hasn't received any termination notice from any insurer.

Table 169 : Information on Insurance Policies Maintained by the Company

Policy	Policy No.	Cover Limit (SAR)	Insurer
Machinery breakdown	MBD/5801345	690,350,170	Medgulf
Property All Risks	PAR/5809538	1,328, 645,012	Medgulf
Public Liability	PLS/5803499	10,000,000	Medgulf
Plant and Equipment All Risks	PES/5802061	46,426,304	Medgulf
Workman Compensation	WCA/5802699	1,500,000	Medgulf
Motor	MOC/5845839	5,000,000	Medgulf
Money	MON/5804836	3,250,000	Medgulf
Fidelity	FGI/5802368	1,000,000	Medgulf
Group Life and Accident	GRL/5803879	20,000,000	Medgulf
Health Insurance	8202782	250,000 per person	Bupa

12 - 11 Mortgages, Rights and Charges

The management of the Company hereby declares that the properties of the Company and/or its affiliates are free from any pledge, mortgage, charge or any encumbrances except the pledge made by Company in favor of SIDF for the plant of the cement project together with all buildings, cars, equipments, safety equipment, furniture, office equipment and vehicles. For more details, please refer to the "Credit Facilities and Financing" section above.

12 - 12 Employment Contracts of Board Members and Senior Management Team

The Company has not entered into employment contracts with its Board members.

One employment contract was entered into with Dr. Obaid Saad Al Sobiei, the General Manager of NRCC since 20/08/1431H (corresponding to 01/08/2010G). The contract is valid for one year and may be renewed automatically for similar period(s).

Contracts concluded with senior executives are prepared in the form approved by the Company. All employment contracts entered into by the Company are governed by the Saudi labor regulations.

12 - 13 Disputes and Legal Claims

As of the date hereof, there are no claims, legal actions, arbitration, administrative proceedings and/or settlement arrangement pending or, to the Board members' and management's best knowledge, threatened against Board member nor any member of the senior management team in the Company or any of its affiliates that could adversely affect the Company's financial position or business.

12 - 14 Directors' Declarations

12 - 14 - 1 Continuity of Company's Activities

Since the establishment of the Company, none of its activities and/or operations has been suspended, and the Company's Board of Directors does not contemplate making any material change in the nature of its business. No material adverse change to the Company's financial or trading position has occurred since its establishment.

12 - 14 - 2 Potential Commitments

As of the date of this Prospectus, the Company has no contingent liabilities except those disclosed in the "Commitments Contingencies" paragraph.

12 - 14 - 3 Working Capital

The Company has reviewed the requirements of the prospective cash flows and found that sufficient working capital will be available to meet the business requirements for the next 12 month period from the date of this Prospectus.

12 - 14 - 4 Capitalization and Indebtedness

The table below sets out the capitalization of the Company as derived from the audited financial statements as at and for years ended December 2009G, 2010G and 2011G and the period ended 30 June 2012G. The following table should be read in conjunction with the audited financial statements of Company, including the notes thereto, in the "Auditor's Report" section of the prospectus.

Table 170 Capitalization and Indebtedness of the Company as of Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 30 June 2012G.

Liabilities (,000 Riyals)	FY Ended 31 December			The 3-Months Period Ended in 30 June
	2009G	2010G	2011G	2012G
Loans				
Short-term	469,402	437,783	335,000	538,000
Current Portion of Long-Term Loan	-	33,500	80,000	85,000
Long-Term	200,000	166,500	350,000	320,000
Total Liabilities	669,402	637,783	765,000	943,000
Shareholders' Equity				
Paid-up Share Capital	600,000	600,000	1,260,000	1,260,000
Statutory Reserve	25,907	54,403	19,022	19,022
Special Reserve	-	-	-	53,289
Retained Earnings	231,759	180,826	96,401	88,998
Total Shareholders' Equity	857,666	835,229	1,375,424	1,421,310

12 - 14 - 5 Activities outside KSA

Except as disclosed in this Prospectus, the members of the Board of Directors of the Company declare that the Company does not have any commercial activities and/or assets outside the KSA.

12 - 14 - 6 Other Declarations

The Company's Board members and members of the senior management team declare that pursuant to the Company's Bylaws:

- Members of the Board of Directors and the CEO are not granted any powers enabling them to vote on any contract or proposal in which they have a fundamental interest;
- Members of the Board of Directors and the CEO are not granted any powers enabling them to vote on any remuneration granted to them;
- The Company shall not provide loans of any kind to any member of its Board of Directors or senior executives;
- They have not at any time been declared bankrupt or been subject to bankruptcy proceedings;

- They do not themselves, nor do any relatives or affiliates, have any material interest in any contract or arrangement (oral or written) in effect or contemplated at the time of issuing this Prospectus, which is significant in relation to the business of the Company; and
- Except as disclosed in clauses 5.1, 5.3 and 5.4 of the "Current Shareholders" section and clauses 4.2.1 and 4.3 of the "Organizational Structure" of this Prospectus, they do not themselves, nor do any relatives or affiliates, have any direct or indirect interest in any of the shares or debt instruments of the Company.

The members of the Board of Directors undertake to comply with the provisions of Articles 69 and 70 of the Companies Regulations and Article 18 of the Corporate Governance Bylaw.

12 - 15 Description of Shares After the Offering

12 - 15 - 1 Share Capital

The share capital of the Company is fixed at SAR 1,800,000,000 (one billion eight hundred million Saudi Riyals) divided into 180,000,000 (one hundred eighty million) equal shares with a nominal value of SAR 10 (ten Saudi Riyals) each and are all ordinary shares.

The Extraordinary General Assembly may upon satisfying itself of the feasibility study and subject to the approval of the competent authorities (including CMA), resolve to increase the Company's Capital on one or more occasions by issuing new shares at the same nominal value, provided however that the entire initial capital shall have been paid up and that the provisions of the Saudi Companies Regulations and the Capital Market Laws and the implementing regulations thereof be observed. There shall be indicated in the increase resolution the manner in which the capital shall be increased. The Shareholders shall have the priority right of subscription to the new cash shares and they shall announce such priority right in a daily newspaper, including the increase resolution and the subscription terms, as well as their desire to exercise their priority right within fifteen (15) days from the date of publication of said announcement.

The said shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the original shares they own, provided that that their total allotment does not exceed the number of new shares they have asked for. The remaining balance of the new Shares shall be offered for public subscription.

The Extraordinary General Assembly may, based on certain justifiable causes and subject to the written consent of the Minister of Commerce and Industry and the CMA, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. Such resolution shall be issued only after reading the Auditor's report on the reasons calling for such reduction, the liabilities of the Company and the effect of the reduction on such liabilities, with due consideration to the provisions of the Companies Regulations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12 - 15 - 2 Shareholders' Rights

Each Share shall give its holder equal rights in the Company's assets and dividends as well as the right to attend, vote and participate in the discussions at meetings of the General Assembly, dispose of Shares, review the Company's books and records, monitor the functions of members of the Board and file a liability action against them. However, a Share does not give its holder a preemptive right.

12 - 15 - 3 Ordinary General Assembly

A General Assembly duly convened shall be deemed representing all the Shareholders, and shall be held in the city where the Company's head office is located (the City of Ar'ar for the time being).

A general assembly may be either ordinary or extraordinary. Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's financial year. Additional Ordinary General Assembly meetings may be convened whenever needed.

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for such provisions as may be impermissible to be amended under the Companies Regulations. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

The Ordinary General Assembly is convened by the Board of Directors. The Board of Directors shall convene a meeting of the Ordinary General Assembly if requested to do so by the Auditors or by a number of Shareholders representing at least five percent (5%) of the Company's capital.

A notice of the date and agenda of the General Assembly shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least twenty five (25) days prior to the time set for such meeting.

The meeting of the Ordinary General Assembly shall not have a quorum unless attended by Shareholders representing at least fifty one percent (51%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened within the following thirty (30) days. Such notice shall be published in the manner provided for in Article (36) of the Companies Regulations. The second meeting shall be deemed valid irrespective of the number of Shares represented.

To have a quorum, the meeting of the Extraordinary General Assembly should be attended by Shareholders representing at least fifty one percent (51%) of the Company's capital. If such requirement is not met in the first meeting, a second meeting shall be convened within the following thirty (30) days. The second meeting shall be considered as having the quorum if attended by a number of Shareholders representing at least one-quarter (1/4) of the Company's capital.

The General Assembly shall be presided over by the Chairman of the Board of Directors or, in his absence, the representative designated by him. The Chairman shall appoint a Secretary for the meeting and a canvasser. Minutes shall be prepared for the meeting showing the names of Shareholders present in person or represented by proxy, the number of the shares held/represented by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the Vote Collector.

12 - 15 - 4 Voting Rights

Votes at the meetings of Ordinary and Extraordinary General Assemblies shall be computed on the basis of one vote for each share represented at the meeting.

Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds (2/3) of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's period, dissolving the Company prior to the expiry of the period specified under the Company's Bylaws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

Each Shareholder shall have the right to discuss the items listed on the General Assembly's agenda and to direct questions to the members of the Board and the auditor in this respect. The Board of Directors or the Auditor shall answer the Shareholders' questions to the extent that does not jeopardize the interest of the Company. Should a Shareholder consider the reply unsatisfactory, he can resort to the General Assembly whose resolution is to be considered as final.

12 - 15 - 5 Shares

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, new shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the Share, and they shall be jointly responsible for the obligations arising from the ownership of the Share.

The transfer of Shares shall be governed by and comply with the regulations of the Capital Market Authority.

12 - 15 - 6 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years commencing on the date of issuance of the Minister of Commerce’s resolution announcing the constitution of the Company. The Company’s period may always be extended by a resolution of the Extraordinary General Assembly taken at least one year prior to the expiration of the term of the Company.

12 - 15 - 7 Dissolution and Liquidation of the Company

Upon the expiry of the Company’s period, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the expiry of the Company’s term. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company’s administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12 - 15 - 8 Transfer of Shares

The transfer of Shares shall be governed by and comply with the regulations governing companies listed on Tadawul. Transfers made other than in accordance with the Company’s Bylaws shall be void. The Founding Shareholders will be subject to a "lock-in" restriction whereby such Shareholders will be unable to dispose of their holding for a period of six (6) months from the establishment of the Company.

Upon the expiry of the lock-in period, the Shareholders may dispose of their Shares.

12 - 15 - 9 Changes in Shareholders’ Rights

No change may be made to the Shareholders’ rights relating to their voting rights, the right to a specified percentage of net profits, rights in receiving any specified proceeds from such liquidation. Such rights are acquired rights under the Companies Regulations.

12 - 15 - 10 Zakat

The Company and its subsidiaries are subject to the Zakat regulations in force in the Kingdom of Saudi Arabia. The Company shall deduct Zakat form the total net profit before dividend distribution.

12 - 16 Legal Advisor to the Offering

AbdulAziz Al-Bossaily, Law Office in Association with Clyde & Co. LLP have given and not withdrawn their written consent to the use of their name in the manner and format set out in this Prospectus. The said Firm has no interest whatsoever in the Company except the provision of professional services mutually agreed between them.

13. Underwriting

13 - 1 Underwriter

Arab National Investment Company ("ANB Invest") has agreed to underwrite the Offering of 90,000,000 ordinary Shares representing the total share offering.

The head office of the underwriter is located in Riyadh, Al-Muraba area, King Faisal Street, P.0.Box 56921.

13 - 2 Summary of the Underwriting Agreement

Pursuant to the terms, and subject to the conditions contained in the Underwriting Agreement between the Company and the Underwriter:

1. The Company undertakes to the Underwriter that on the Closing Date (as defined in the Underwriting Agreement) will:
   - sell and allot all Offer Shares to successful Applicants through any of the Selling Agents, and/or
   - sell and allot to the Underwriters any Offer Shares that are not purchased pursuant to the Offering.
2. The Underwriter undertakes to the Company that it will on the Allocation Date purchase the number of Offer Shares not subscribed for, if any, at the Offer Price.

Table 171 : Underwriter

Underwriter	Underwritten Offer Shares	Price	Percentage of Offer Shares
Arab National Investment Company	90,000,000	SAR 10	100%

The Company has undertaken to the Underwriter to comply with all the provisions of the Underwriting Agreement.

14. Offering Expenses

Offering expenses shall include fees of each of the financial advisors, lead manager, selling agents, legal advisors, financial due diligence advisors, market research and technical consultant, underwriter, marketing, printing and distribution expenses and other Offering related expenses.

It is expected that all expenses reach SAR 28,000,000 (twenty eight million).

Table 172 : Total Offering Expenses

	Offering Expenses (,000 Riyals)
Financial advisors, lead manager, selling agents and underwriter fees	21,950,000
Other advisors fees	3,750,000
Marketing, printing and distribution expenses	1,700,000
Other expenses	600,000
Total	28,000,000

Source: Company

15. Information Concerning the Shares and Terms and Conditions of the Offer

An application has been made to the CMA for the admission of the Shares to the Official List, all supporting documents required by the CMA have been supplied, and all relevant approvals pertaining to the Offering have been granted.

15 - 1 Subscription to the Offer Shares

The Initial Public Offering is of 90,000,000 (ninety million) ordinary Shares with a nominal value of SAR 10 (ten Saudi Riyals) each and at an offer price of SAR 10 (ten Saudi Riyals) per Share, and representing 50% of the issued share capital of the Company. The total value of Offer Shares will be SAR 900,000,000 (nine hundred million Saudi Riyals).

The Offering is directed at and may only be accepted by Individual Investors who are Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit (collectively "Individual Investors" and severally "Individual Investor"). The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, the relevant regulations shall be enforced against that person.

15 - 1 - 1 Subscription by Individual Investors

Subscription Application Forms will be available during the Offering Period at the Selling Agents branches or their websites. Subscription may also be made through internet, telephone banking or ATMs through any of the Selling Agents which offer such services to the Subscribers provided that:

1. The investor has participated in any recent initial public offering;
2. The investor must have an account with the Selling Agent that provides such services; and
3. There should have been no changes in the personal information of the subscriber since the last offering.

A duly signed Subscription Application Form shall, upon its submission, be considered to be a legally binding agreement between the Company and the Subscriber.

90,000,000 (ninety million) ordinary Shares representing 50% of the issued share capital of the Company after the Offering will be offered for public subscription. Potential Saudi Subscribers may obtain the Subscription Application Forms from any of the following Selling Agents:

15 - 1 - 2 Subscription Procedure and Period

The Selling Agents will start receiving Subscription Application Forms at their branches throughout Saudi Arabia from 26/02/1434H (corresponding to 08/01/2013G) to 02/03/1434H (corresponding to 14/01/2013G). Once the Subscription Application Form is signed and submitted, the Selling Agents will stamp it and provide a copy of the completed Subscription Application Form to the Subscribers. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Selling Agents, the Subscription Application Form will be considered void.

Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form at the Offer Price. The total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of (SAR 10) per Share. Subscriptions for less than fifty (50) Offer Shares or fractional numbers will not be accepted. In addition, each Subscriber may not apply for more than 200,000 Offer Shares.

The Subscription Application Form and the total Subscription Amount must be submitted during the Offering Period accompanied by the following documents, as applicable:

- Original and a copy of the individual Subscriber's national identification card.
- Original and copy of the family identification card (where a Subscription is made on behalf of family members).
- Original and copy of a power of attorney, guardianship deed or the deed evidencing the legal financial responsibility of the Subscriber.
- Original and copy of certificate of guardianship (where a Subscription is made on behalf of orphans).
- Original and a copy of the divorce deed (where a Subscription is made on behalf of the children of a Saudi woman who is divorced from a non-Saudi husband).
- Original and a copy of the husband's death certificate (where a Subscription is made on behalf of the children of a Saudi woman who has been widowed by a non-Saudi husband).
- Original and a copy of birth certificate (where a Subscription is made on behalf of the children of a Saudi woman who is divorced from or widowed by a non-Saudi husband).

In the event an application is made on behalf of a Subscriber (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form accompanied by the original and a copy of the power of attorney supporting such person's authority to act on the behalf of the Subscriber. The power of attorney must be issued before a Notary Public for those who are in Saudi Arabia and must be legalized through the Saudi Embassy or Consulate in the relevant country for those residing outside Saudi Arabia. The Selling Agents will verify all copies with the originals and will return the originals to the Subscriber.

One Subscription Application Form should be completed for each head of family applying for himself and members appearing on his family identification card if dependent Subscribers apply for the same number of Offer Shares as the prime Subscriber. In this case:

1. All Offer Shares allocated to the prime Subscriber and dependent Subscribers will be registered in the prime Subscriber's name;
2. The prime Subscriber will receive any refund in respect of amounts not allocated and paid for by himself and dependent Subscribers; and
3. The prime Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Subscribers.

Separate Subscription Forms must be used if:

1. The Shares that will be allocated are to be registered in a name other than the name of the prime Subscriber/ head of family;
2. Dependent Subscribers wish to apply for a different quantity of Offer Shares than those applied by the prime Subscriber; and
3. The wife wishes to subscribe in her name and add allocated shares to her account. However, she must complete a separate Subscription Application Form as a prime Subscriber. In such case, application made by the husbands on behalf of their spouses will be cancelled and the independent Subscription Application Form of the wives will be processed by the Selling Agent.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in the Subscription Application Form submitted by the Subscriber for an amount equal to the number of Shares applied for multiplied by the Offer Price of SAR 10 per Share. Each Subscriber shall have purchased the number of Offer Shares allotted to him upon:

1. Delivery by the Subscriber of the Subscription Application Form to the Selling Agents;
2. Payment in full by the Subscriber to the Selling Agents of the total value of Offer Shares subscribed for; and
3. Delivery to the Subscriber by the Selling Agents the allotment letter specifying the number of Offer Shares allotted to him.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Selling Agents by authorizing a debit of the Subscriber's account held with the Selling Agents where the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, the Company shall have the right to reject, in full or in part, such an application. The Subscriber shall accept any number of Shares allocated to him or her.

15 - 2 Allocation and Refunds

The Lead Manager shall open and operate escrow account named "Northern Region Cement Company IPO".

Each of the Selling Agents shall deposit all amounts received by the Subscribers into the escrow accounts mentioned above.

If the Offering is oversubscribed, Investors will be allocated a minimum of (50) Offer Shares with the remaining Offer Shares being allocated on a pro-rata basis. The Company does not guarantee the minimum allocation of (50) Offer Shares in the event that the number of Subscribers exceeds 1,800,000. In that case, the Offer Shares will be allocated equally between all Subscribers. The Selling Agents will also refund to the Subscribers any monies in respect of which no Offer Shares have been allocated to the relevant Subscribers without any charge or withholding by the Lead Manager or the Selling Agents. Notification of the final allotment and refund of subscription monies, if any, will be made by no later than 09/03/1434H (corresponding to 21/01/2013G).

The Selling Agents will send confirmation/notification letters to their Subscribers informing them of the final number of Offer Shares allocated together with the amounts, if any, to be refunded. The Selling Agents will also refund to the Subscribers any monies in respect of which no Offer Shares have been allocated to the relevant Subscribers, as provided in the confirmation/notification letters. Refunds will be made in full without any charge or withholding by crediting Subscribers' accounts at the respective bank. Subscribers should communicate with the branch of the Selling Agents where they submitted their Subscription Application Form for any further information.

15 - 3 Circumstances Where Listing May be Suspended or Cancelled

15 - 3 - 1 Power to Suspend or Cancel listing

(a) The Authority may at any time suspend or cancel the listing as it deems fit, in any of the following circumstances:

1. The Authority considers it necessary for the protection of investors or the maintenance of an orderly market;
2. The issuer fails, in a manner which the Authority considers material, to comply with the Capital Market Law and its Implementing Regulations including a failure to pay on time any fees or fines due to the Authority;
3. The liquidity requirements set out in paragraph (a) of Article 13 of Listing Rules are no longer met;
4. The Authority considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued trading of its securities on the Exchange;
5. The Authority considers that the issuer or its business is no longer suitable to warrant the continued listing of its securities on the Exchange; or
6. In the case of crossly-listed securities, the listing of the foreign issuer's securities has been suspended or cancelled elsewhere.

(b) Where a suspension of an issuer continues for 6 months, without the issuer taking appropriate action to resume its trading, the Authority may cancel the listing.

(c) Upon an announcement of an Extraordinary General Assembly's approval of the issuer on a capital increase resulting in a reverse takeover, the listing of the issuer's shares shall be cancelled. The issuer must submit a new application for registration and admission to listing in accordance with these Rules, should it wish to list its securities.

15 - 3 - 2 Voluntary Suspension or Cancellation of Listing

(a) An issuer whose securities have been admitted to listing may not suspend or cancel the listing of its securities on the Exchange without the prior approval of the Authority. The issuer must provide the following to the Authority:

1. Specific reasons for the request for the suspension or cancellation;
2. A copy of the form of the announcement described at paragraph (c) of this Article; and
3. If the cancellation is to take place as a result of a takeover or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders.

(b) Once approval from the Authority has been obtained for the cancellation of listing, an issuer must obtain the consent of its Extraordinary General Assembly.

(c) Where a suspension or cancellation is made at the issuer's request, the issuer must announce as soon as possible the reason for the suspension or cancellation, the anticipated period of the suspension, the nature of the event resulting in the suspension or the cancellation which affects the issuer's activities.

(d) The Authority may accept or reject the request for suspension or cancellation in its discretion.

15 - 3 - 3 Temporary Trading Halt

(a) An issuer may request a temporary trading halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period.

(b) To enable the Authority to assess the need for the trading halt and the appropriate duration of the trading halt the request must be supported by:

1. Specific reasons for the request for the trading halt and the duration of there requested trading halt; and
2. A copy of the announcement described at paragraph (c).

(c) Where a trading halt is made at the issuer's request, the issuer must announce, as soon as possible, the reason for the trading halt, the anticipated period of the trading halt, the event affecting the issuer's activities.

(d) The Authority may accept or reject the request for trading halt in its discretion.

(e) The Authority may impose a trading halt without a request from the issuer where the Authority becomes aware of information or circumstances affecting the issuer's activities which the Authority considers would belikely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the Capital Markets Law and its Implementing Regulations.

(f) A trading halt will be lifted following the lapse of the period referred to in the announcement specified in paragraph (c), unless the Authority decides otherwise.

15 - 3 - 4 Lifting of Suspension

(a) Where a listing has been suspended, the lifting of such suspension will depend on:

1. The events which led to the suspension have been sufficiently remedied, and the suspension is no longer necessary for the protection of investors; and
2. The issuer's compliance with any other conditions that the Authority may require.

(b) The Authority may lift a suspension even where the issuer has not requested it.

15 - 3 - 5 Re-registering and Admission to Listing of Cancelled Securities

An issuer is required to submit a new application for registration and admission to listing in order to re-registering and admission to list securities which have been cancelled.

15 - 4 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These terms and conditions, and any receipt of the Subscription Application Forms or contracts resulting there from, shall be governed by, and interpreted in accordance with, the laws in force in Saudi Arabia.

The Selling Shareholders may not dispose of any Shares during the period of 6 months from the date on which trading of the Offer Shares commences on the Exchange. After the 6-month share-restriction period has elapsed, the Selling Shareholders may dispose any of their Shares only after obtaining CMA approval.

16. Undertakings Relating to Subscription

All Subscribers must carefully read the subscription terms and conditions prior to completing the Subscription Application Form, since the execution of the Subscription Application Form constitutes acceptance and agreement to the Subscription Terms and Conditions.

16 - 1 Subscribers' Undertakings

By completing and delivering the Subscription Application Form, the Subscriber:

- Accepts to subscribe to the number of shares specified in the Subscription Application Form;
- Warrants that he has read the Prospectus and understood all its contents;
- Accepts the Bylaws of the Company and all subscription instructions and terms mentioned in the Prospectus;
- Keeps his/her right to bring a claim against the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or for the omission of material information in the Prospectus that could have affected the Subscriber's decision to purchase the Shares;
- Declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed to the Company's shares and accepts that the Company has the right to reject all applications;
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- Warrants not to cancel or amend the Subscription Application Form after submitting it to the Selling Agents.

16 - 2 Saudi Stock Exchange (the "Exchange" or "Tadawul")

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, full electronic trading in KSA equities was introduced. As at 18/01/1434H (corresponding to 02/12/2012G), the market capitalisation was SAR 6,461,127,682.10 billion. The shares of 155 companies were listed and traded on the Exchange as of that date.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through to settlement on the Tadawul. Trading occurs each business day between 11:00 a.m. to 03:30 p.m. from Saturday to Wednesday. After close of exchange trading, orders can be entered, amended or deleted from 10.00 a.m. to 11.00 a.m. New entries and inquiries can be made from 10.00 a.m. for the opening phase (starting at 11.00 a.m.). Timing during the Holy Month of Ramadan will be announced by the Management of Tadawul.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on immediate basis, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public.

Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair-trading and an orderly market.

16 - 3 Trading of Company's Shares

It is expected that dealing in the Shares will commence on Tadawul upon finalization of the allocation process. Tadawul will announce the start date of trading once determined. Dates and times included in this Prospectus are indicative only and may be changed or extended subject to the approval of the CMA. Furthermore, Shares can only be traded after allocated Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Official List and its Shares listed on the Tadawul. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such an event.

Trading in the Shares on Tadawul is only effective if the trades are executed through the Exchange's electronic registration system. Any trading in the Shares through the transfer of the share certificates shall be void. A Shareholder may request a share certificate only as proof of ownership of his Shares but such certificates cannot be used to trade in the Shares.

17. Documents Available for Inspection

The following documents will be available for inspection at NRCC's head office address stated on page (e), between the hours of 10:30 a.m. to 04:30 p.m. fourteen (14) days prior to and during the Offer Period:

- The Company's Bylaws;
- The Company's Articles of Association;
- The Company's commercial registration certificate;
- All licenses;
- All permits;
- The CMA approval of the Offering;
- The written consent of the Financial Advisor, Lead Manager and Underwriter (Arab National Investment Company) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Financial Advisor (Ithraa Capital) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Market Research and Technical Consultant (Holtec Consulting Private Ltd.) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Expansion Feasibility Advisor (Ernst & Young) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Investment in Iraq Feasibility Advisor (Consult Works) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Legal Advisor (AbdulAziz Al-Bossail, Law Office in Association with Clyde & Co. LLP) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Financial Due Diligence Advisors (KPMG Al Fozan & Al Sadhan) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- The written consent of the Auditors and Accountants (Deloitte & Touche Bakr Abulkhair & Co.) to the publication of its name and logo in the same format and manner as stated in the Prospectus;
- Audited Financial Statements of NRCC and NCC (Jordan) for Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G and 30 June 2012G;
- The Market due diligence Report prepared by Holtec Consulting Private Ltd.;
- The Technical due diligence report prepared by Holtec Consulting Private Ltd.;
- The Expansion Feasibility Study prepared by Ernst & Young;
- The Investment in Iraq Feasibility Study prepared by Consult Works;
- The Underwriting Agreement;
- The Lead Manager Agreement;
- The Distribution Agreement; and
- The Assignment Agreement with Pan Kingdom for Trading, Industry, and Construction Co. in respect of the Quarry License.

18. Auditor’s Report

The Company’s audited financial statements for the financial periods ended 31 March 2012G and 30 June 2012G and the financial years ended 31 December 2009G, 2010G and 2011G and the notes thereto have been prepared in conformity with the Generally Accepted Accounting Principles published by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Company publishes its financial statements in Saudi Arabian Riyals.

18 - 1 Directors’ Declaration for Financial Information

The Current Directors declare that:

1. The financial information presented in the Prospectus is extracted without material change from the Audited Financial Statements;
2. The Audited Financial Statements have been prepared in accordance with SOCPA Accounting Standards; and
3. There has been no material adverse change in the financial position of the Company since the last audited financial statements.

Northern Region Cement Company and its Subsidiary

(Saudi Joint Stock Company)

CONSOLIDATED Financial Statements

31 December 2009

ERNST & YOUNG

P.O. Box 2732
Al Faisaliah Office Tower - Level 6
King Fahad Road
Riyadh 11461, Saudi Arabia
Tel: +966 1 273 4740
Fax: +966 1 273 4730
www.ey.com/me
Registration No. 45

AUDITORS' REPORT TO THE SHREHOLDERS OF NORTHERN REGION CEMENT COMPANY

Scope of audit:

We have audited the accompanying consolidated balance sheet of Northern Region Cement Company - A Saudi Joint Stock Company (The Company) and its subsidiary (The Group) as of 31 December 2009 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion:

In our opinion, the consolidated financial statements taken as a whole:

i) present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2009 and the consolidated results of its operations and cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the company's bylaws in so far as they affect the preparation and presentation of the financial statements.

For Ernst & Young

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

Riyadh: 5 Rabie Al Thani 1431 H
(21 March 2010)

Northern Region Cement Company and its Subsidiary

(Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	2009 SR	2008 SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	153,718,849	178,872,723
Account receivable and prepayments	5	39,688,782	12,039,995
Inventories	6	118,217,592	87,914,564
TOTAL CURRENT ASSETS		311,625,223	278,827,282
NON CURRENT ASSETS			
Deferred charges	7	23,480,000	29,317,899
Projects in progress	8	252,733,733	121,426,309
Property, plant and equipment	9	1,016,762,188	1,070,331,353
TOTAL NON CURRENT ASSETS		1,292,975,921	1,221,075,561
TOTAL ASSETS		1,604,601,144	1,499,902,843
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	10	67,817,719	70,128,838
Short term loans	11	469,401,713	388,828,482
Current portion of term loan		-	75,264,738
Zakat	12	7,730,513	1,900,000
TOTAL CURRENT LIABILITIES		544,949,945	536,122,058
NON CURRENT LIABILITIES			
Term loan	11	200,000,000	275,264,738
Employees' terminal benefits		1,985,274	1,113,536
TOTAL NON CURRENT LIABILITIES		201,985,274	276,378,274
TOTAL LIABILITIES		746,935,219	812,500,332
SHAREHOLDERS' EQUITY			
Paid-up capital	13	600,000,000	600,000,000
Statutory reserve		25,906,593	8,740,251
Retained Earnings		231,759,332	78,662,260
TOTAL SHAREHOLDERS' EQUITY		857,665,925	687,402,511
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		1,604,601,144	1,499,902,843

The attached notes 1 to 25 form part of these consolidated financial statements

Northern Region Cement Company and its Subsidiary

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2009

	Note	2009 SR	2008 SR
Sales		444,591,581	20,500,101
Cost of sales		(245,384,950)	(11,111,235)
GROSS PROFIT		199,206,631	9,388,866
EXPENSES			
Selling and distribution	14	(5,077,648)	(1,380,864)
General and administration	15	(14,297,117)	(1,101,058)
INCOME FROM MAIN OPERATIONS		179,831,866	6,906,944
Financial expenses	11	(17,874,285)	(4,069,041)
Pre-operating expenses	16	(2,300,591)	(10,481,745)
Net result of experimental period	17	12,581,681	72,877,960
Other income	18	5,255,256	9,488,047
INCOME BEFORE ZAKATAND TAX		177,493,927	74,722,165
Zakat	12	(4,500,000)	(1,900,000)
Tax related to foreign subsidiary	12	(1,330,513)	-
NET INCOME FOR THE YEAR		171,663,414	72,822,165
EARNINGS PER SHARE:			
Attributable to main and continuing operations	19	1.50	0.06
Attributable to net income for the year		1.43	0.61

The attached notes 1 to 25 form part of these consolidated financial statements.

Northern Region Cement Company and its Subsidiary

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	2009 SR	2008 SR
OPERATING ACTIVITIES		
Income before zakat and income tax	177,493,927	74,722,165
Adjustments for:		
Depreciation and amortization	69,540,817	13,430,171
Provision for employees' terminal benefits	871,738	890,417
Changes in operating assets and liabilities:		
Inventories	(30,303,028)	(85,422,858)
Receivables and prepayments	(27,648,787)	40,616,171
Accounts Payable and accruals	(2,311,119)	11,413,590
Net cash from operating activities	187,643,548	55,649,656
INVESTING ACTIVITIES		
Projects in progress	(131,307,424)	(410,034,091)
Purchase of property, plant and equipment	(10,133,753)	(26,694,653)
Net cash used in investing activities	(141,441,177)	(436,728,744)
FINANCING ACTIVITIES		
Proceeds of short term loans	749,839,038	659,517,624
Repayment of short term loans	(819,795,283)	(431,048,127)
Board of directors remuneration	(1,400,000)	-
Net cash (used in) from financing activities	(71,356,245)	228,469,497
DECREASE IN CASH AND CASH EQUIVALENTS	(25,153,874)	(152,609,591)
Cash and cash equivalents at the beginning of the year	178,872,723	331,482,314
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 4)	153,718,849	178,872,723

The attached notes 1 to 25 form part of these consolidated financial statements

Northern Region Cement Company and its Subsidiary

(Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2009

	Paid-up Capital SR	Statutory reserve SR	Retained earnings SR	Total SR
Balance at 31 December 2007	600,000,000	1,458,035	13,122,311	614,580,346
Net income for the year	-	-	72,822,165	72,822,165
Transfer to statutory reserve	-	7,282,216	(7,282,216)	-
Balance at 31 December 2008	600,000,000	8,740,251	78,662,260	687,402,511
Net income for the year	-	-	171,663,414	171,663,414
Board of Directors remuneration	-	-	(1,400,000)	(1,400,000)
Transfer to statutory reserve	-	17,166,342	(17,166,342)	-
Balance at 31 December 2009	600,000,000	25,906,593	231,759,332	857,665,925

The attached notes 1 to 25 form part of these consolidated financial statements

1. ACTIVITIES

Northern Region Cement Company (the company) is a Saudi joint stock company formed pursuant to the ministerial resolution number 377 dated 15 Safar 1427 H corresponding to 15 March 2006 and industrial license number 900/S dated 28 Rabi Thani 1426 H corresponding to 5 June 2005, and is registered under commercial registration number 3450008480 dated 19 Safar 1427 H corresponding to 19 March 2006 and is based at Arar.

The principal activities of the company are management and operation of Portland cement factories for the purpose of producing all types of Portland cement, retail and whole sale trading of the company's products and building materials as well as importing and exporting of these products. The company may also establish and participate in forming companies having complementary or similar activities as well as factories servicing companies inside and outside the kingdom.

The company started its experimental operations (for its factory in Turaif city) in May 2008 and continued up to the end of November 2008. The company started full operations at the beginning of December 2008.

The company owns 100% of the shares of North Jordan Cement Company, a limited liability company (subsidiary) registered in the Hashemite Kingdom of Jordan – Amman. The company was established during May 2007. The company is involved in manufacturing and grinding of clinker, manufacturing of cement, and executing of industrial projects. The factory is currently under experimental operation which started during September 2009.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of operations of the company and its subsidiary (The Group) mentioned 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 and over which it exerts practical control.

All significant inter-group accounts and transactions have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Use of estimate

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consists of bank balances, cash on hand, and murabaha time deposits with original maturity of 90 days or less when purchased.

Accounts receivable

Accounts receivable are stated at original invoice amount less allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost and market. Cost is determined as follows:

Raw materials - Purchase cost on a weighted average basis.

Work in progress and finished goods -Cost of direct materials and labour plus attributable overheads based on the normal level of activity.

Deferred Charges

Deferred charges acquired separately, are initially measured at cost and are subsequently stated at cost less accumulated amortization. Deferred charges with infinite useful lives are amortized over their estimated useful lives.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated. The cost less estimated residual value of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

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, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditure for repair and maintenance are charged to income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment loss is recognised by the difference between the recoverable amount and the carrying value. Any impairment loss is recognised in the consolidated income statement.

Accounts payable and accruals

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

Provisions

Provisions are recognized when the company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the balance sheet date.

Revenue recognition

Sales represent the invoiced value of goods supplied by the company during the year, net of trade and quantity discounts and are recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer and the amount of revenue can be reliably measured.

Expenses

Selling and distribution expenses are those that specifically relate to sales, advertising and marketing. All other expenses which are not related to production costs or marketing expenses are classified as general and administration expenses.

Pre-operating expenses

Expenses incurred by the company during the incorporation stage up to the date of the commencement of the production are recognized as expenses in the consolidated statement of income when incurred.

Zakat and income tax

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. Tax provision is provided by the subsidiary operating outside the Kingdom of Saudi Arabia for any tax liabilities "if any" in accordance with tax regulations of the country of jurisdiction in which it operates. The provision is charged to the consolidated statement of income.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, 10% of net income for the year has been transferred to the statutory reserve, the company may discontinue such transfer when the reserve totals one half of the capital. The reserve is not available for distribution.

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. As the group is carrying it's activity inside and outside the Kingdome of Saudi Arabia, the group's reporting is provided for geographical segments.

Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of income.

Foreign currency translations

Financial statements of foreign operations are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rate for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments are recorded as a separate component of shareholders' equity.

4 CASH AND CASH EQUIVELANTS

	2009 SR	2008 SR
Bank balances and cash	38,335,849	23,844,983
Murabaha deposits	115,383,000	155,027,740
	153,718,849	178,872,723

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2009 SR	2008 SR
Trade accounts receivable	14,701,309	5,825,664
Advances to supplier	11,962,510	221,087
Prepaid expenses	5,453,530	4,852,157
Reserve amounts for letters of guarantee (Note 20)	1,852,526	480,308
Other	5,718,907	660,779
	39,688,782	12,039,995

6. INVENTORIES

	2009 SR	2008 SR
Production in progress	37,299,855	49,031,272
Raw materials	45,611,483	22,086,623
Spare parts	28,980,313	6,787,345
Finished goods	6,325,941	4,249,844
Goods in transit	-	5,759,480
	118,217,592	87,914,564

7. DEFERRED CHARGES

Deferred charges mainly represent fees and charges for obtaining a loan from the Saudi Industrial Development Fund (SIDF). Deferred charges related to the loan are amortized over the life of the loan.

8. PROJECTS IN PROGRESS

The project in progress represent the construction work of the subsidiary's factory in Jordan which is currently under experimental operation (Note 1) in addition to the remaining construction work in the factory in Turaif and company's head office building in Arar. It is expected that these projects will be completed during 2010.

9. PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Building from 13 to 33 years	Water wells 5 years
Machinery and equipment from 5 to 10 years	Electronic equipment, furniture and office equipment 5 years
Motor vehicles 4 years	

	Land SR	Building SR	Machinery and Equipments SR	Electronic equipment, furniture and office equipment SR	Motor Vehicles SR	Water wells SR	Total 2009 SR	Total 2008 SR
Cost:								
At the beginning of the year	18,518,667	404,100,763	641,729,121	12,097,324	7,290,204	805,000	1,084,541,079	23,540,832
Additions	-	301,679	6,589,859	805,088	2,437,126	-	10,133,752	57,470,760
Transfer from projects in progress	-	-	-	-	-	-	-	1,003,529,487
At the end of the year	18,518,667	404,402,442	648,318,980	12,902,412	9,727,330	805,000	1,094,674,831	1,084,541,079
Depreciation:								
At the beginning of the year	-	2,263,770	9,398,654	387,595	2,146,289	13,417	14,209,725	811,655
Charge for the year	-	12,242,835	47,441,150	2,511,470	1,346,463	161,000	63,702,918	13,398,070
At the end of the year	-	14,506,605	56,839,804	2,899,065	3,492,752	174,417	77,912,643	14,209,725
Net book amounts:								
At 31 December 2009	18,518,667	389,895,837	591,479,176	10,003,347	6,234,578	630,583	1,016,762,188	
At 31 December 2008	18,518,667	401,836,993	632,330,467	11,709,729	5,143,914	791,583		11,070,331,353

The depreciation charged for the year is allocated as follows:

	2009 SR	2008 SR
Cost of sales	63,198,874	536,014
General and administration expenses (Note 15)	438,153	247,207
Pre-operating expenses	65,891	246,265
Experimental period cost *	-	12,368,584
	63,702,918	13,398,070

* This item represents the depreciation charges for property, plant and equipment that are ready for use only.

10. ACCOUNTS PAYABLE AND ACCRUALS

	2009 SR	2008 SR
Account payable	54,372,573	47,849,894
Accrued expenses and other payables	7,545,549	9,580,738
Advances from customers	4,336,095	3,452,973
Accrued commissions on loans (note 11)	1,563,502	9,245,233
	67,817,719	70,128,838

11. BANK FACILITIES

A) Short term loans

This item represents short term loans from local banks. These loans carry commission at normal commercial rates and are payable on equal installments.

B) Term loans

An amount of SR 200 million received as a part of loan granted by the Saudi Industrial Development Fund (SIDF) amounting to SR 463,500,000. This loan is secured by a mortgage over the company's property, plant and equipment relating to the factory of northern region cement. The loan is repayable in 14 semi annual installments starting from 15 Safar 1432 H corresponding to 20 January 2011.

12. ZAKAT AND INCOME TAX

A) Zakat

Charge for the year

The zakat charge for the year amounting to SR 4,500,000 (2008: SR 1,900,000) consists of current year's provision.

The current year's provision is based on the following:

	2009 SR	2008 SR
Equity	687,402,511	614,580,346
Term loan	200,000,000	200,000,000
Book value of long term assets	(1,321,956,234)	(1,083,104,829)
Provisions at the beginning balance	1,113,536	185,253
	(433,440,187)	(268,339,230)
Zakatable income	178,365,644	75,689,004
Zakat base	(255,074,543)	(192,650,226)

Zakat provision for the year is calculated based on the Zakatable income since the zakat base is negative.

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable income.

Movements in provision during the year

The movement in the zakat provision for the year was as follows:

	2009 SR	2008 SR
Opening balance	1,900,000	127,339
Provided during the year	4,500,000	1,900,000
Paid during the year	-	(127,339)
At the end of the year	6,400,000	1,900,000

12. ZAKAT AND INCOME TAX (continued)

Status of assessments

The company has submitted its zakat return up to the year 2008.
During the subsequent period (Feb 2010), the company has received the final Zakat assessment for the period ended 31 December 2006 containing zakat differences in amount of SR 12,059,590, and the company will submit an appeal on that that final assessment to the Department of Zatat and Income Tax .The company's management expect that such appeal will be accepted, and no zakat obligation will be due on the period ended 31 December 2006.

B) Tax

Charge for the year

Income tax amounting to SR 1,330,513 tax due on the company's subsidiary for the year ended 31 December 2009 (2008: nill).

Movements in provision during the year

The movement in the tax provisions for the year, were as follows:

	2009 SR	2008 SR
Provided during the year	1,330,513	-
At the end of the year	1,330,513	-

13. PAID-UP CAPITAL

The company's Share Capital of SR 1,200,000,000 is divided into 120,000,000 shares of SR 10 each.

The shareholders have fully subscribed for the company's shares and paid 50% of the value of shares, i.e. to SR 600,000,000, Other remaining portion of the subscribed shares will be paid at times determined by the board.

14. SELLING AND DISTRIBUTION EXPENSES

	2009 SR	2008 SR
Employee costs	2,049,011	830,671
Cargo and shipping	1,975,873	-
Advertisement and others	1,052,764	550,193
	5,077,648	1,380,864

15. GENERAL AND ADMINISTRATION EXPENSES

	2009 SR	2008 SR
Employee costs	11,906,898	701,084
Postage and communication	472,072	34,116
Professional fees	460,902	14,902
Depreciation (Note 9)	438,153	247,207
Rent	133,137	31,979
Government fees	94,073	22,801
Other	791,942	48,969
	14,297,177	1,101,058

16. PRE-OPERATING EXPENSES

	2009 SR	2008 SR
Employee costs	968,195	6,587,918
Rent	109,140	383,371
Government fees	104,641	252,879
Advertisement	90,592	127,531
Depreciation	65,891	246,265
Others	962,132	2,883,781
	2,300,591	10,481,745

Pre-operating expenses for the year ended 31 December 2009 representing pre-operating expenses for the subsidiary company in Jordan, However, pre-operating expenses for the year ended 31 December 2008 representing pre-operating expenses the company's main factory in Turaif City which was completed by the end of 2008 (Note 1).

17. NET RESULT OF EXPERIMENTAL PERIOD

The net result for the experimental period represents the revenue from the sale of products during the experimental period less the related cost of production. The revenues for the year end 31December 2009 representing revenues from experimental period for company's subsidiary in Jordan, however revenues from experimental period for the year ended 31 December 2008 represents revenues from experimental period for the company's main factory in Turaif City in which the experimental period ended by the end of 2008 (Note 1).

	2009 SR	2008 SR
Sales in experimental period	49,530,953	123,473,343
Cost of sales in experimental period	(36,949,272)	(50,595,383)
Net result of experimental period	12,581,681	72,877,960

18. OTHER INCOME

	2009 SR	2008 SR
Gain from foreign currency exchange	2,753,834	2,909,793
Commissions on Murabaha deposits	596,270	5,246, 707
Other	1,905,152	1,331,547
	5,255,256	9,488,047

19. EARNINGS PER SHARE

Earnings per share are calculated based on the weighted average number of outstanding shares at year end amounting to 120 million shares.

20. CONTIGENT LIABLITIES AND CAPITAL COMMITMENT

The company's local bankers have issued, on its behalf, letters of guarantee amounting to of SR 12.5 million (2008: SR 2.95 million) and letters of credit amounting to SR1.24 million (2008: SR 63.15) for benefit of various suppliers.

21. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, geographical segments have been approved by management in respect of the Group's activities.

Following are the details of revenue, gross profit, net income (loss) for the year, net book value of property, plant and equipment, and the total assets and liabilities for the year ended at 31 December 2009 and 2008, for each of the geographical segments are as follows:

	Kingdom of Saudi Arabia SR	Hashemite Kingdom of Jordan SR	Adjustment and eliminations of the consolidation SR	Total SR
31 December 2009				
Revenue	439,869,724	49,661,177	(44,939,320)	444,591,581
Gross profit	194,484,774	4,721,857	-	199,206,631
Net income for the year	171,663,414	13,672,433	(13,672,433)	171,663,414
Net book value of property, plant and equipment	1,011,099,555	5,662,633	-	1,016,762,188
Total assets	1,581,787,786	301,588,241	(278,774,883)	1,604,601,144
Total liabilities	724,121,861	284,368,228	(261,554,870)	746,935,219
31 December 2008				
Revenue	20,500,101	-	-	20,500,101
Gross profit	9,388,866	-	-	9,388,866
Net income (loss) for the year	72,822,165	(1,370,104)	1,370,104	72,822,165
Net book value of property, plant and equipment	1,066,322,336	4,009,017	-	1,070,331,353
Total assets	1,477,813,349	110,518,008	(88,428,515)	1,499,902,842
Total liabilities	790,372,280	110,448,237	(88,320,184)	812,500,332

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments consist of financial assets and financial liabilities.

The group's financial assets consist of cash and cash equivalents, prepayments and receivables. Its financial liabilities consist of loans, accounts payable, and accruals.The fair values of financial instruments are not materially different from their carrying values.

23. RISK MANAGEMENT

Interest rate risk

The group is subject to interest rate risk on its interest bearing assets and liabilities, including bank deposits and murabaha loans.

Liquidity risk

The group seeks to manage its liquidity risks by ensuring that credit facilities are available. The company's terms of sales require that amount should be paid in advance or via letter of guarantees up on the receipt of good. Trade accounts payable are normally settled within 60 days of the date of purchase.

Currency risk

The group is subject to fluctuations in foreign exchange rates in the normal course of its business. The group did not undertake significant transactions in currencies other than Saudi Riyals, US Dollars, and Euros during the year.

24. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The board had approved the accompanying consolidation financial statement on 5 Rabi Al thani 1431H, corresponding to 21 of March 2010 and the board of directors have recommended to distribute dividends to the shareholders in the amount of SR 204 million (1.7 SR per share) and remuneration to the board of directors in the amount of SR 1.4 million, subject to the approval in the next general assembly meeting.

25. COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS’ REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

Deloitte.

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants - License No. 96
P.O. Box 213, Riyadh 11411
Kingdom of Saudi Arabia

Tel : +966 (1) 4630018
Fax : +966 (1) 4630865
www.deloitte.com
Head Office: Riyadh

AUDITORS' REPORT

To the shareholders
Northern Region Cement Company
(A Saudi closed joint stock company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of Northern Region Cement Company (a Saudi closed joint stock company) (the "Company") as at December 31, 2010, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and notes 1 to 23 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2010, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the Company's bylaws as these relate to the preparation and presentation of the consolidated financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.

Bakr A. Abulkhair
License No. 101

Rabih Al Awal 6, 1432
February 9, 2011

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2010

	Notes	2010 SR	2009 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	63,669,191	153,718,849
Trade receivables, net		13,892,727	10,365,214
Inventories	4	208,037,961	118,217,592
Prepaid expenses and other assets	5	25,423,963	24,987,473
Total current assets		311,023,842	307,289,128
Non-current assets			
Property, plant and equipment, net	6	1,217,994,251	1,016,762,188
Projects under construction	7	17,796,706	252,733,733
Deferred expenses	9	20,545,008	23,480,000
Goodwill		486,706	-
Total non-current assets		1,256,822,671	1,292,975,921
TOTAL ASSETS		1,567,846,513	1,600,265,049
LIABILITIES AND EQUITY			
Current liabilities			
Short-term Murabahas	8	437,782,778	469,401,713
Current portion of long-term loan	9	33,500,000	-
Accounts payable		33,436,509	54,372,573
Accrued expenses and other liabilities	10	17,273,839	9,109,051
Zakat and income tax	11	15,140,504	7,730,513
Accrued dividends	18	25,696,665	-
Total current liabilities		562,830,295	540,613,850
Non-current liabilities			
Long-term loan	9	166,500,000	200,000,000
End-of-service indemnities		2,949,912	1,985,274
Total non-current liabilities		169,449,912	201,985,274
TOTAL LIABILITIES		732,280,207	742,599,124
EQUITY			
Shareholders' equity			
Paid up share capital	1	600,000,000	600,000,000
Statutory reserve	12	54,402,936	25,906,593
Retained earnings		180,826,415	231,759,332
Total shareholders' equity		835,229,351	857,665,925
Minority interest		336,955	-
TOTAL EQUITY		835,566,306	857,665,925
TOTAL LIABILITIES AND EQUITY		1,567,846,513	1,600,265,049

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	2010 SR	2009 SR
Sales		893,970,287	444,591,581
Cost of sales		(573,006,190)	(245,384,950)
Gross profit		320,964,097	199,206,631
Selling and marketing expenses	13	(4,581,905)	(5,077,648)
General and administrative expenses	14	(23,451,845)	(14,297,117)
Operating income		292,930,347	179,831,866
Pre-operating expenses		-	(2,300,591)
Net revenues of experimental production	16	-	12,581,681
Finance expenses	8 and 9	(15,065,352)	(17,874,285)
Other income	15	17,893,390	5,255,256
INCOME BEFORE ZAKAT AND INCOME TAX AND MINORITY INTEREST		295,758,385	177,493,927
Minority's share in net losses of a subsidiary		47,412	-
INCOME BEFORE ZAKAT AND INCOME TAX		295,805,797	177,493,927
Zakat	11	(6,000,000)	(4,500,000)
Income tax of a subsidiary	11	(4,842,371)	(1,330,513)
NET INCOME		284,963,426	171,663,414
Earnings per share (SR):			
From operating income	19	2.44	1.50
From net income	19	2.37	1.43

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

NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010 SR	2009 SR
OPERATING ACTIVITIES		
Income before zakat and income tax	295,805,797	177,493,927
Adjustments for:		
Depreciation and amortization	66,505,468	69,540,817
End-of-service indemnities	964,638	871,738
Income from sale of property, plant and equipment, net	(5,632,830)	-
Changes in operating assets and liabilities:		
Trade receivables	(3,527,513)	(7,992,523)
Inventories	(89,820,369)	(30,303,028)
Prepaid expenses and other assets	(436,490)	(18,994,229)
Accounts payable	(20,936,064)	6,743,766
Accrued expenses and other liabilities	8,164,788	(9,716,920)
Zakat and income tax paid	(3,432,380)	-
Net cash provided by operating activities	247,655,045	187,643,548
INVESTING ACTIVITIES		
Additions of property, plant and equipment	(27,049,224)	(10,133,753)
Proceeds from sale of property, plant and equipment	7,212,016	-
Goodwill	(486,706)	-
Additions of projects under construction	(4,359,474)	(131,307,424)
Net cash used in investing activities	(24,719,388)	(141,441,177)
FINANCING ACTIVITIES		
Proceeds from short-term Murabahas	2,491,594,803	749,839,038
Repayment of short-term Murabahas	(2,523,213,738)	(819,795,283)
Dividends paid	(280,303,335)	-
Minority interest	336,955	-
Board of directors' remuneration	(1,400,000)	(1,400,000)
Net cash used in financing activities	(312,985,315)	(71,356,245)
Net change in cash and cash equivalents	(90,049,658)	(25,153,874)
Cash and cash equivalents, January 1	153,718,849	178,872,723
CASH AND CASH EQUIVALENTS, DECEMBER 31	63,669,191	153,718,849
Non-cash items:		
Transfer of projects under construction to property, plant and equipment	239,332,501	-
Accrued dividends	25,696,665	-

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	Paid up share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
Balance at January 1, 2009	1	600,000,000	8,740,251	78,662,260	687,402,511
Net income for the year		-	-	171,663,414	171,663,414
Transfer to statutory reserve	12	-	17,166,342	(17,166,342)	-
Board of Directors' remuneration	18	-	-	(1,400,000)	(1,400,000)
Balance at December 31, 2009		600,000,000	25,906,593	231,759,332	857,665,925
Net income for the year		-	-	284,963,426	284,963,426
Transfer to statutory reserve	12	-	28,496,343	(28,496,343)	-
Dividends	18	-	-	(306,000,000)	(306,000,000)
Board of Directors' remuneration	18	-	-	(1,400,000)	(1,400,000)
Balance at December 31, 2010		600,000,000	54,402,936	180,826,415	835,229,351

1. ORGANIZATION AND ACTIVITY

Northern Region Cement Company (the "Company") is a Saudi closed joint stock company, registered in Ar'ar City under commercial registration number 3450008480 on Safar 19, 1427 H (corresponding to March 19, 2006).

The declared share capital of the Company amounting to SR 1,200,000,000 is divided into 120,000,000 shares of SR 10 each, 50 % of Company's share capital was paid, amounting SR 600,000,000, remaining amount is to be paid on dates defined by the board of directors.

The principal activity of the Company comprises in manufacturing Ordinary and Resistant Portland Cement, managing and operating factories of Portland Cement of all kinds, whole sale and retail trading of Company's products and constructing materials, including import and export to overseas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Basis of consolidation

The consolidated financial statements include the financial statements of Northern Region Cement Company ("the Company") and the consolidated financial statements of its subsidiary (Northern Cement Company – Hashemite Kingdom of Jordan) which is fully owned by the Company. The consolidated financial statements of the subsidiary (Northern Cement Company – Hashemite Kingdom of Jordan) include the financial statements of Northern Cement Company and the financial statements of its subsidiary (Technical Company for Mineral Investments) of which 51% is owned by the subsidiary. For the purpose of preparation of these consolidated financial statements, inter-company balances and transactions were eliminated, in addition to gains (losses) resulting from these operations with the subsidiary.

The subsidiary, Northern Cement Company is a joint stock Company registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The Subsidiary's activity includes manufacturing and crushing of Clinker, manufacturing Cement, execution of industrial projects, acquiring finance for the purpose of achieving Company's objectives and establishing Companies and borrowing necessary funds from banks. The subsidiary started its experimental operation period in September 2009 and continued till the end of December 2009 when commercial operation started at the beginning of January 2010.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention and accrual basis.

Management estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during this period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Sales

Sales represent the value of goods billed and delivered to customers. Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Company's products. Other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, time deposits and high-liquid investments with maturities of three months or less from acquisition date.

Accounts receivable

Trade receivables are stated at net of original bill amount, after deducting provision against uncollectible amounts, doubtful debts are estimated. These receivables are written off when their full amounts are uncollectible.

Inventories

Inventories are stated at the lower of cost or market value. Cost of raw materials is determined on a weighted average basis, while work in progress and finished goods are valued based on the cost of materials, labor and an appropriate proportion of indirect overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalized. Depreciation is provided over the estimated useful lives using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

	Years	
	2010	2009
Buildings	13 – 40	13 – 33
Machinery and equipment	5 – 20	5 – 10
Vehicles	4	4
Furniture, fixtures and office equipment	5	5
Water wells	5	5

Deferred expenses

Deferred expenses comprise of Saudi Industrial Development Fund (SIDF) loan fees, these charges are amortized over the loan period.

Impairment of assets value

The Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the assets or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense in the consolidated statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but 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 assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

Goodwill

Goodwill represents the difference between the amounts paid for subsidiary purchase and the carrying value of this subsidiary at the date of purchase (acquisition). Purchase rates are determined based on the fair values at the dates of purchase. Goodwill is measured at the end of each financial year and is stated at cost in the consolidated financial statements after adjusting it with the permanent impairment of value, if any.

Accounts payable and accrued expenses

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

Provisions

Provisions are recognized in the consolidated balance sheet upon the existence of a legal obligation as a result of a past event, there will be a need to resolve these liabilities.

End-of-service indemnities

End-of-service indemnities, as required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service.

Zakat and income tax

Zakat is provided as per Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia on an accruals basis. The zakat charge is computed in the consolidated statement of income. Any differences in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

As for the subsidiary Company in the Hashemite Kingdom of Jordan, income tax is computed based upon the tax regulations in the Hashemite kingdom of Jordan.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Upon consolidation, all monetary assets and liabilities of the subsidiary denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of consolidated balance sheet. Revenues and Expenses are translated at the average exchange rates prevailing for the year. Equity elements are translated except for retained earnings at the exchange rate prevailing on the rising of each element. Translation adjustments resulting from foreign currencies transactions of consolidated financial statements, if significant, are stated separately in the consolidated shareholders equity.

3. CASH AND CASH EQUIVALENTS

	2010 SR	2009 SR
Cash on hand and at banks	63,669,191	38,335,849
Time deposits	-	115,383,000
	63,669,191	153,718,849

4. INVENTORIES

	2010 SR	2009 SR
Finished goods	66,559,040	6,325,941
Work in progress	59,874,851	37,299,855
Spare parts	42,525,647	28,980,313
Raw materials	39,078,423	45,611,483
	208,037,961	118,217,592

5. PREPAID EXPENSES AND OTHER ASSETS

	2010 SR	2009 SR
Advances to suppliers	13,353,063	11,962,510
Prepaid and deferred expenses	9,721,187	5,453,530
Refundable deposits	544,405	1,852,526
Accrued revenues on time deposits	-	4,907,366
Others	1,805,308	811,541
	25,423,963	24,987,473

6. PROPERTY, PLANT AND EQUIPMENT, NET

	Land SR	Buildings SR	Machinery and equipment SR	Vehicles SR	Furniture, fixtures and office equipment SR	Water wells SR	Total SR
Cost							
January 1, 2010	18,518,667	404,402,442	648,318,980	9,727,330	12,902,412	805,000	1,094,674,831
Additions	8,177,405	2,029,336	14,502,467	176,490	2,163,526	-	27,049,224
Disposals	(1,327,186)	-	-	(252,000)	-	-	(1,579,186)
Transfers from projects under construction	5,016,716	66,582,660	159,577,727	-	6,726,620	1,428,778	239,332,501
December 31, 2010	30,385,602	473,014,438	822,399,174	9,651,820	21,792,558	2,233,778	1,359,477,370
Accumulated depreciation							
January 1, 2010	-	14,506,605	56,839,804	3,492,752	2,899,065	174,417	77,912,643
Charge for the year	-	12,915,464	45,703,527	1,453,234	3,297,923	200,328	63,570,476
December 31, 2010	-	27,422,069	102,543,331	4,945,986	6,196,988	374,745	141,483,119
Net book value							
December 31, 2010	30,385,602	445,592,369	719,855,843	6,134,612	15,595,570	1,859,033	1,217,994,251
December 31, 2009	18,518,667	389,895,837	591,479,176	6,234,578	10,003,347	630,583	1,016,762,188

The Company has property, plant and equipment for a net book value of SR 1,195,833,814 (2009: SR 999,893,680) fully mortgaged against a long term loan (note 9).

Starting from year 2010, the estimated useful lives for some buildings, machinery and equipment were changed which lead to a decrease in depreciation expense for the year ended December 31, 2010 of SR 14,398,838.

7. PROJECTS UNDER CONSTRUCTION

The Company concludes construction works' agreements related to the subsidiary's factory in The Hashemite Kingdom of Jordan, contracts are also signed in order to continue the remaining construction works related to the Cement Factory in Turaif City and the Head Office Building.

The balance of projects under construction as at December 31 consists of the following:

	2010 SR	2009 SR
Head Office building project	7,617,302	4,785,200
S.A.P project	3,937,500	3,937,500
Fuel reservoir project	3,589,150	3,589,150
Northern Cement Company of Jordan	-	231,096,369
Clinker Tower project	-	4,105,198
Others	2,652,754	5,220,316
	17,796,706	252,733,733

8. SHORT-TERM MURABAHAS

This item represents short-term Murabahas from local commercial banks to finance the Company's working capital, commission is charged based upon the commission rates previously. These facilities are secured by shareholders' personal guarantees.

9. LONG-TERM LOAN

The Company has obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) amounted to SR 463.5 million. Balance outstanding as at December 31, 2010 amounted to SR 200 million. This loan is secured by the mortgage of property, plant and equipment related to Northern Region Cement Factory. Loan is repaid at 14 semi-annual non-equal installments starting from Safar 15, 1432 H (corresponding to January 20, 2011).

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	2010 SR	2009 SR
Accrued expenses and other payables	16,429,357	7,545,549
Others	844,482	1,563,502
	17,273,839	9,109,051

11. ZAKAT AND INCOME TAX

The principal elements of the zakat base as at December 31, are as follows:

	2010 SR	2009 SR
Shareholders' equity	625,906,593	687,402,511
Adjusted net income before zakat	296,723,023	178,365,644
Non-current assets	(1,296,261,998)	(1,321,956,234)
One year passed loans	200,000,000	200,000,000
Provisions	6,283,407	1,113,536
Spare parts	(42,525,647)	(28,980,313)
Negative zakat base	(209,874,622)	(284,054,856)

The movement in zakat and income tax provision is as follows:

	Zakat SR	Income tax SR	2010 SR	2009 SR
Balance at, January 1	6,400,000	1,330,513	7,730,513	1,900,000
Provision for the year	6,000,000	4,842,371	10,842,371	5,830,513
Paid during the year	(2,101,867)	(1,330,513)	(3,432,380)	-
Balance at, December 31	10,298,133	4,842,371	15,140,504	7,730,513

The Company has received the final zakat certificate for the year ended December 31, 2006 which showed zakat variances amounted to SR 12,059,590 of which the Company has protested. The Company's management believes that zakat provision is sufficient to meet any variances that may be resulted from reassessing zakat.

The Company submitted its zakat returns for the years ended December 31, 2007, 2008 and 2009 which are still under review by Department of Zakat and Income Tax.

12. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's bylaws, the Company establishes a statutory reserve by the appropriation of 10% of net income for the year until the reserve equal 50% of the paid up capital. This reserve is not available for dividend distribution.

13. SELLING AND MARKETING EXPENSES

	2010 SR	2009 SR
Employees' salaries and benefits	1,584,511	2,049,011
Depreciation	1,969,076	1,975,873
Others	1,028,318	1,052,764
	4,581,905	5,077,648

14. GENERAL AND ADMINISTRATIVE EXPENSES

	2010 SR	2009 SR
Employees' salaries and benefits	18,101,372	11,906,838
Office expenses	1,065,978	472,072
Depreciation	823,498	438,153
Professional fees	801,319	460,902
Rent	594,041	133,137
Government fees	141,685	94,073
Others	1,923,952	791,942
	23,451,845	14,297,117

15. OTHER INCOME

	2010 SR	2009 SR
Customs claims	8,761,507	-
Income from sale of property, plant and equipment, net	5,632,830	-
Foreign exchange variances	2,616,226	2,753,834
Commissions on time deposits	157,240	596,270
Others	725,587	1,905,152
	17,893,390	5,255,256

Customs claims represent amounts recovered of customs' department related to previous years.

16. NET REVENUES OF EXPERIMENTAL PRODUCTION

Net revenues of experimental production represent products sold during experimental production period net of production-related costs which relate to the subsidiary's plant in the Hashemite Kingdom of Jordan.

17. CONTINGENT LIABILITIES

As at December 31, 2010, the Company had commitments in the form of letters of credit amounting to SR 628,498 (2009: SR 1.24 million) and letters of guarantee amounting to SR 18 million (2009: SR 12.5 million).

18. DIVIDENDS

During the year 2010, General Assembly of shareholders resolved to pay dividends amounting to SR 306 million of retained earnings as at January 1, 2010 and the income for the year 2010.

The Board of Directors proposed remunerations amounting to SR 1,400,000 for the Board of Directors.

19. EARNINGS PER SHARE

Earnings per share from operating income and net income for the year is calculated by dividing operating income and net income for the year by the outstanding number of shares of 120 million shares as of December 31, 2010 and 2009.

20. SEGMENT INFORMATION

The Company and its subsidiary operate as one business segment in manufacturing and production of all types of cement. The Company and its subsidiary operate in the Kingdom of Saudi Arabia and the Hashemite Kingdom of Jordan as follows:

	Kingdom of Saudi Arabia SR	Hashemite Kingdom of Jordan SR	Total SR
As at and for the year ended December 31, 2010			
Total assets	1,165,151,631	402,694,882	1,567,846,513
Total liabilities	662,792,507	69,487,700	732,280,207
Sales	528,012,589	365,957,698	893,970,287
Gross profit	245,737,640	75,226,457	320,964,097
Net income for the year	221,103,958	63,859,468	284,963,426
Property, plant and equipment	974,421,612	243,572,639	1,217,994,251
As at and for the year ended December 31, 2009			
Total assets	1,298,676,808	301,588,241	1,600,265,049
Total liabilities	458,230,896	284,368,228	742,599,124
Sales	394,930,404	49,661,177	444,591,581
Gross profit	194,484,774	4,721,857	199,206,631
Net income for the year	157,990,981	13,672,433	171,663,414
Property, plant and equipment	1,011,099,555	5,662,633	1,016,762,188

21. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, trade receivables, prepaid expenses and other assets, accounts payable, accrued expenses, other current liabilities and short-term Murabahas.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets assessed for credit risk concentration mainly consist of cash and cash equivalents and trade receivables. The Company's cash and deposits are placed in banks with sound credit ratings of which risks are determined.

Commission rate risk

Commission rate risk is the exposure to various risk associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the commission rate fluctuations and believes that the effect of commission rate risk is insignificant.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company transactions are principally in Saudi Riyals and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the effect of currency risk is insignificant.

Liquidity risk

Liquidity risk is managed by providing sufficient credit facilities. The Company's selling conditions require payments in advance or providing letters of bank guarantees at receiving goods. Payables are usually paid 60 days after purchasing date.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments are prepared at historical cost basis, differences may result between carrying values and fair value expectations. Management believes that the fair values of the Company's financial assets and liabilities are not different from their carrying values.

22. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on February 9, 2011.

23. COMPARATIVE FIGURES

Certain figures for year 2009 have been reclassified to conform with the presentation in the current year.

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (0) 1 282 8400
Fax: +966 (0) 1 293 0880
www.deloitte.com
License No. 96
Head Office: Riyadh

Deloitte.

AUDITORS' REPORT

To the shareholders
Northern Region Cement Company
(A Saudi closed joint stock company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of Northern Region Cement Company (a Saudi closed joint stock company) (the "Company") as at December 31, 2011, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and notes 1 to 24 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2011, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and Company's bylaws as these relate to the preparation and presentation of the consolidated financial statements.

Deloitte.

Deloitte & Touche
Bakr Abulkhair & Co.

Emphasis of a Matter

We would like note as mentioned in Note (8) to the accompanying financial statements, that 82% of the Northern Region Cement – Jordan (a subsidiary) share capital was disposed off and distributed to the shareholders as dividends in kind during the month of May 2011. During the month of July 2011, 75% of the mentioned company's shares were reacquired from the Company's shareholders.

Deloitte & Touche
Bakr Abulkhair & Co.

Bakr A. Abulkhair
License No. 101

Rabih Al-Thani 19, 1433
March 12, 2012

NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2011

	Notes	2011 SR	2010 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	143,540,728	63,669,191
Trade receivables, net		15,097,773	13,892,727
Inventories	4	201,818,116	208,037,961
Prepaid expenses and other assets	5	30,823,712	25,423,963
Total current assets		391,280,329	311,023,842
Non-current assets			
Property, plant and equipment, net	6	1,192,851,625	1,217,994,251
Projects under construction	7	146,722,125	17,796,706
Deferred expenses	9	22,260,012	20,545,008
Intangible assets	8	506,157,403	486,706
Total non-current assets		1,867,991,165	1,256,822,671
TOTAL ASSETS		2,259,271,494	1,567,846,513
LIABILITIES AND EQUITY			
Current liabilities			
Short-term Murabahas	9	335,000,000	437,782,778
Current portion of a long-term loan	10	80,000,000	33,500,000
Accounts payable		7,776,592	33,436,509
Accrued expenses and other liabilities	11	17,522,247	17,273,839
Zakat and income tax	12	13,053,101	15,140,504
Accrued dividends		-	25,696,665
Total current liabilities		453,351,940	562,830,295
Non-current liabilities			
Long-term loan	10	350,000,000	166,500,000
End-of-service indemnities		3,680,342	2,949,912
Total non-current liabilities		353,680,342	169,449,912
TOTAL LIABILITIES		807,032,282	732,280,207
EQUITY			
Shareholders' equity			
Paid up share capital	1	1,260,000,000	600,000,000
Statutory reserve	13	19,022,369	54,402,936
Retained earnings		96,401,316	180,826,415
Total shareholders' equity		1,375,423,685	835,229,351
Non-controlling interest		76,815,527	336,955
TOTAL EQUITY		1,452,239,212	835,566,306
TOTAL LIABILITIES AND EQUITY		2,259,271,494	1,567,846,513

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	2011 SR	2010 SR
Sales		586,754,911	893,970,287
Cost of sales		(349,457,451)	(573,006,190)
Gross profit		237,297,460	320,964,097
Selling and marketing expenses	14	(5,609,983)	(4,581,905)
General and administrative expenses	15	(32,073,628)	(23,451,845)
Operating income		199,613,849	292,930,347
Gains from revaluation of an investment	8	66,186,120	-
Finance expenses	9 and10	(20,088,670)	(15,065,352)
Other income	16	13,841,473	17,893,390
INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST		259,552,772	295,758,385
Non-controlling interest's share in net income (losses) of a subsidiary		(5,638,034)	47,412
INCOME BEFORE ZAKAT AND INCOME TAX		253,914,738	295,805,797
Zakat	12	(3,000,000)	(6,000,000)
Income tax of the subsidiary	12	(4,720,404)	(4,842,371)
NET INCOME		246,194,334	284,963,426
Earnings per share (SR):			
From operating income	19	1.58	4.44
From net income	19	1.95	4.32

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

NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 SR	2010 SR
OPERATING ACTIVITIES		
Income before zakat and income tax	253,914,738	295,805,797
Adjustments for:		
Depreciation	65,027,314	66,505,468
End-of-service indemnities	730,430	964,638
Gains from revaluation of an investment	(66,186,120)	-
Income from sale of property, plant and equipment, net	(430,680)	(5,632,830)
Changes in operating assets and liabilities:		
Trade receivables	(1,205,046)	(3,527,513)
Inventories	6,219,845	(89,820,369)
Prepaid expenses and other assets	(5,399,749)	(436,490)
Accounts payable	(25,659,917)	(20,936,064)
Accrued expenses and other liabilities	248,408	8,164,788
Zakat and income tax paid	(9,807,807)	(3,432,380)
Net cash from operating activities	217,451,416	247,655,045
INVESTING ACTIVITIES		
Additions of property, plant and equipment	(27,335,413)	(27,049,224)
Proceeds from sale of property, plant and equipment	1,306,221	7,212,016
Intangible assets	(394,648,470)	(486,706)
Additions of projects under construction	(142,350,235)	(4,395,474)
Deferred expenses	(1,715,004)	-
Net cash used in investing activities	(564,742,901)	(24,719,388)
FINANCING ACTIVITIES		
Proceeds from long-term loans	230,000,000	2,491,594,803
Repayment of short-term Murabahas	(102,782,778)	(2,523,213,738)
Dividends	(331,696,665)	(280,303,335)
Non-controlling interest	31,642,465	336,955
Increase in share capital	600,000,000	-
Board of directors' remuneration	-	(1,400,000)
Net cash from (used in) financing activities	427,163,022	(312,985,315)
Net change in cash and cash equivalents	79,871,537	(90,049,658)
Cash and cash equivalents, January 1	63,669,191	153,718,849
CASH AND CASH EQUIVALENTS, DECEMBER 31	143,540,728	63,669,191
Non-cash items:		
Transfer of projects under construction to property, plant and equipment – Note (6)	13,434,816	239,332,501
Dividends in kind (Note 18)	240,000,000	-
Increase in share capital through transfer from statutory reserve – Note (13)	60,000,000	-
Non-controlling interest's share in the goodwill	44,836,107	-
Accrued dividends	-	25,696,665

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	Paid up share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
Balance at January 1, 2010		600,000,000	25,906,593	231,759,332	857,665,925
Net income for the year		-	-	284,963,426	284,963,426
Transfer to statutory reserve	13	-	28,496,343	(28,496,343)	-
Cash dividends	18	-	-	(306,000,000)	(306,000,000)
Board of Directors' remuneration	18	-	-	(1,400,000)	(1,400,000)
Balance at December 31, 2010		600,000,000	54,402,936	180,826,415	835,229,351
Increase in share capital	1	600,000,000	-	-	600,000,000
Net income for the year		-	-	246,194,334	246,194,334
Transfer to statutory reserve	13	-	24,619,433	(24,619,433)	-
Distribution of dividends in kind	18	-	-	(240,000,000)	(240,000,000)
Increase in share capital through transfer from statutory reserve	13	60,000,000	(60,000,000)	-	-
Cash dividends	18	-	-	(66,000,000)	(66,000,000)
Balance at December 31, 2011		1,260,000,000	19,022,369	96,401,316	1,375,423,685

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

1. ORGANIZATION AND ACTIVITY

Northern Region Cement Company (the «Company») is a Saudi closed joint stock Company, registered in Ar'ar City under commercial registration number 3450008480 on Safar 19, 1427H (corresponding to March 19, 2006).

The declared Company's share capital amounting to SR 1,800 million is divided into 180 million shares of SR 10 each. The general assembly of Company's shareholders has agreed during year 2011 to complete the unpaid share of capital in which SR 600 million were paid in cash and SR 60 million were transferred from statutory reserve so that the paid up share capital will reach SR 1,260 million. The remaining share capital will be subsequently completed through the issuance of 54 million shares for public offering amounting to SR 540 million.

The principal activity of the Company comprises manufacturing Ordinary and Resistant Portland Cement, managing and operating factories of Portland Cement of all kinds, wholesale and retail trading of Company's products and constructing materials, including import and export to overseas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Basis of consolidation

The consolidated financial statements include the financial statements of Northern Region Cement Company (the «Company») and the financial statements of the following subsidiaries:

Company Name	Country	Legal status	Percentage of ownership	
			2011	2010
Northern Cement Company (i)	Hashemite Kingdom of Jordan	Public Joint Stock Company	91.19	100
Diar Najd for Counter Exchange (ii)	UAE	Limited Liability Company	100	-
Sama Company – Al Yamama (ii)	UAE	Limited Liability Company	100	-
Abr Khaleej Company (ii)	UAE	Limited Liability Company	100	-

(i) The consolidated financial statements of Northern Cement Company – Hashemite Kingdom of Jordan includes the financial statements of its subsidiary (Technical Mining Investment Company) which is 51% owned by the subsidiary. For the purposes of preparation of these consolidated financial statements, all the significant inter-company transactions and balances between the Company and its subsidiaries were eliminated, in addition to income (losses) resulting from operations with the subsidiary.

(ii) The above subsidiaries are special purpose entities which were established in the United Arab Emirates for the purpose of owning shares of Northern Cement Company which is a public joint stock company registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The Subsidiary's activity includes manufacturing and crushing of Clinker, manufacturing Cement and execution of industrial projects.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention and accrual basis.

Management estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during this period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Sales

Sales represent the value of goods billed and delivered to customers. Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, time deposits and high-liquid investments with maturities of three months or less from acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Trade receivables are stated at net of original bill amount, after deducting provision against uncollectible amounts. Estimate is processed for doubtful debts. These receivables are written off when their total amounts are uncollectible.

Inventories

Inventories are stated at the lower of cost or market value. Cost of raw materials is determined on a weighted average basis, while work in progress and finished goods are valued based on the cost of materials, labor and an appropriate proportion of indirect overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalized. Depreciation is provided over the estimated useful lives using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings	13 – 40
Machinery and equipment	5 – 20
Furniture, fixtures and office equipment	5
Vehicles	4
Water wells	5

Impairment of assets

The Company periodically reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as expenses in the consolidated statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

Deferred expenses

Deferred expenses comprise Saudi Industrial Development Fund (SIDF) loan fees. These charges are amortized over the loan period.

Revaluation gains

The gains or losses resulting from the re-measurement of equity's share previously owned by the Company in the acquired facility prior the acquisition date are directly stated at fair value. These gains or losses are classified under consolidated statement of income.

Intangible assets

Goodwill represents the difference between the amount paid for subsidiary purchase and the carrying value of this subsidiary at the date of purchase (acquisition). Purchase rates are determined based on the fair values at the dates of purchase. Goodwill is measured at the end of each financial year and is stated at cost in the consolidated financial statements after adjusting it with the permanent decline in impairment of value, if any.

Accounts payable and accrued expenses

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

Provisions

Provisions are recognized in the consolidated balance sheet upon the existence of a legal obligation as a result of a past event, and there will be a need to resolve these liabilities.

End-of-service indemnities

End-of-service indemnities, as required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service as at consolidated balance sheet date.

Zakat and income tax

Zakat is provided as per Regulations of the Directorate of Zakat and Income Tax («DZIT») in the Kingdom of Saudi Arabia on accruals basis. The zakat charge is computed in the consolidated statement of income. Any differences in the estimate are recorded when the final assessment is approved, at the year in which the provision is cleared.

As for the subsidiary Company in the Hashemite Kingdom of Jordan, income tax is computed based upon the tax regulations followed in the Hashemite kingdom of Jordan.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses resulting from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Upon consolidation, monetary assets and liabilities of the subsidiary denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of consolidated balance sheet. Revenues and Expenses are translated at the average exchange rates prevailing for the year. Equity elements are translated except for retained earnings at the exchange rate prevailing on the rising of each element. Translation adjustments resulting from foreign currencies transactions of consolidated financial statements, if significant, are stated separately in the consolidated shareholders' equity.

3. CASH AND CASH EQUIVALENTS

	2011 SR	2010 SR
Cash on hand and at banks	116,872,420	55,378,131
Checks under collection	26,668,308	8,291,060
	143,540,728	63,669,191

4. INVENTORIES

	2011 SR	2010 SR
Finished goods	32,305,861	66,559,040
Goods under production	302,995	59,874,851
Spare parts	85,232,144	42,525,647
Raw materials	83,977,116	39,078,423
	201,818,116	208,037,961

5. PREPAID EXPENSES AND OTHER ASSETS

	2011 SR	2010 SR
Prepaid and deferred expenses	17,464,516	9,721,187
Insurance claims *	6,134,852	-
Advances to suppliers	1,062,888	13,353,063
Security deposits	550,471	544,405
Others	5,610,985	1,805,308
	30,823,712	25,423,963

* Insurance claims represent amounts agreed upon with insurance company as compensation for the damages caused by the interruption of the production of the Company's factory in Turaif (KSA) during the year which has resulted to a decrease in the Company's sales.

6. PROPERTY, PLANT AND EQUIPMENT, NET

	Land SR	Buildings SR	Machinery and equipment SR	Vehicles SR	Furniture, fixtures and office equipment SR	Water wells SR	Total SR
Cost							
January 1, 2011	17,530,208	478,228,466	841,043,472	13,386,387	13,696,481	805,000	1,364,690,014
Additions	2,985,000	10,707,883	10,195,338	1,416,560	2,030,632	-	27,335,413
Disposals	-	-	(431,968)	(111,672)	(490,887)	-	(1,034,527)
Transfers from projects under construction	-	1,245,049	5,926,323	-	5,257,000	996,444	13,424,816
December 31, 2011	20,515,208	490,181,398	856,733,165	14,691,275	20,493,226	1,801,444	1,404,415,716
Accumulated depreciation							
January 1, 2011	-	27,574,026	107,492,231	5,681,388	5,612,701	335,417	146,695,763
Charge for the year	-	13,636,365	43,860,106	2,059,690	5,175,838	295,315	65,027,314
Disposals	-	-	(114,181)	(40,480)	(4,325)	-	(158,986)
December 31, 2011	-	41,210,391	151,238,156	7,700,598	10,784,214	630,732	211,564,091
Net book value							
December 31, 2011	20,515,208	448,971,007	705,495,009	6,990,677	9,709,012	1,170,712	1,192,851,625
December 31, 2010	17,530,208	450,654,440	733,551,241	7,704,999	8,083,780	469,583	1,217,994,251

The Company has property, plant and equipment for a net book value of SR 938,868,726 as at December 31, 2011 (2010: SR 960,648,798) fully mortgaged against a long term loan (Note 10).

7. PROJECTS UNDER CONSTRUCTION

The Company concluded construction works' completion agreements related to the Cement Factory in Turaif City and the Head Office Building. The balance of projects under construction as at December 31 consists of the following:

	2011 SR	2010 SR
Second line project	120,369,482	-
Head Office building project	23,872,752	7,617,302
S.A.P project	105,333	3,937,500
Fuel reservoir project	-	3,589,150
Others	2,374,558	2,652,754
	146,722,125	17,796,706

8. INTANGIBLE ASSETS

The Company has invested 100% of the shares in Northern Cement Company, a public joint stock registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The activity of the subsidiary includes manufacturing and crushing of clinker, manufacturing cement and execution of industrial projects, and owning funds transferred for the purpose of achieving the Company's objectives and establishing companies and borrowing necessary funds from banks. The subsidiary started the experimental operation period in the month of September 2009 and it continued until the end of December of the year 2010, while commercial operation has started in the beginning of January 2010. The extraordinary general assembly agreed in its meeting dated May 21, 2011 to distribute in-kind dividends which represent 82% of the share capital of Northern Cement Company – Jordan, amounting to SR 240,000,000.

The extraordinary general assembly has agreed in its meeting dated July 9, 2011 to acquire 75% of shares from Northern Cement Company in Hashemite Kingdom of Jordan for a total value of SR 601 million due to strategic reasons, the most important of it is the exclusion or prevention of competitors to purchase the Company's shares and to continue on selling the Clinker material. Furthermore, 3.19% of the above mentioned Company's shares were purchased so that the parent company and subsidiaries own 91.19%, the purchase process resulted to goodwill of SR 395 million and a goodwill of SR 45 million specific for non-controlling interest. The Company performs currently the necessary procedures for the evaluation of the assets and liabilities which were assessed based on the preliminary evaluation. Therefore, some adjustments may result in net assets at the end of the evaluation process. In accordance with the International Financial Reporting Standards, the Company provides 12 months period to finish the evaluation procedures. Also, the re-measurement of non-controlling interest which was owned by the Company prior the acquisition date directly to fair value resulted into gains of SR 66 million which were merged with intangible assets.

9. SHORT-TERM MURABAHAS

This item represents short-term Murabahas from local commercial banks in order to finance the Company's working capital. A commission is charged based upon the floating commission rates.

10. LONG-TERM LOAN

The Company has obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 463.5 million. The outstanding balance as at December 31, 2011 amounted to SR 430 million (2010: SR 200 million). This loan is secured by the mortgage of property, plant and equipment related to Northern Region Cement Factory (Please refer to note 6). The loan is repaid at 14 semi-annual non-equal installments starting from Safar 15, 1432H corresponding to January 20, 2011.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2011 SR	2010 SR
Accrued expenses and other payables	15,307,950	16,429,357
Others	2,214,297	844,482
	17,522,247	17,273,839

12. ZAKAT AND INCOME TAX

The principal elements of the zakat base as at December 31 are as follows:

	2011 SR	2010 SR
Shareholders' equity	1,254,402,936	625,906,593
Adjusted net income before zakat	249,494,084	296,723,023
Non-current assets	(1,851,858,878)	(1,296,261,998)
Loans exceeding one year	430,000,000	200,000,000
Provisions	8,282,609	6,283,407
Spare parts	(75,231,312)	(42,525,647)
	15,089,439	(209,874,622)

12. ZAKAT AND INCOME TAX (Continued)

The movement in provision for zakat and income tax for the Company and its subsidiaries is as follows:

	Zakat SR	Income tax SR	2011 SR	2010 SR
Balance at January 1	10,298,133	4,842,371	15,140,504	7,730,513
Provision for the year	3,000,000	4,720,404	7,720,404	10,842,371
Paid during the year	(4,965,436)	(4,842,371)	(9,807,807)	(3,432,380)
Balance at December 31	8,332,697	4,720,404	13,053,101	15,140,504

The Company has received the zakat certificate for the year ended December 31, 2006 which showed zakat variances amounting to SR 8,956,136 of which the Company has protested. The Company's management believes that zakat provision is sufficient to meet any variances that may be resulting from reassessing zakat.

The Company submitted its zakat returns for the years from 2007 until 2010 which are still under review by Department of Zakat and Income Tax.

13. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's bylaws, the Company establishes a statutory reserve by the appropriation of 10% of net income for the year until the reserve equals 50% of the paid up capital. The reserve is not available for dividend distribution. During 2011, an amount of SR 60 million was transferred from statutory reserve for increase in Company's share capital (Note 1).

14. SELLING AND MARKETING EXPENSES

	2011 SR	2010 SR
Employees' salaries and benefits	1,548,494	1,584,511
Depreciation	1,535,264	1,969,076
Others	2,526,225	1,028,318
	5,609,983	4,581,905

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2011 SR	2010 SR
Employees' salaries and benefits	18,752,290	18,101,372
Professional fees	3,856,046	801,319
Depreciation	1,698,753	823,498
Government fees	1,274,961	141,685
Office expenses	1,058,613	1,065,978
Rent	795,882	594,041
Others	4,637,083	1,923,952
	32,073,628	23,451,845

16. OTHER INCOME

	2011 SR	2010 SR
Insurance claims	6,134,852	-
Foreign exchange variances	3,363,328	2,616,226
Customs claims	986,401	8,761,507
Income from sale of property, plant and equipment, net	430,680	5,632,830
Others	2,926,212	882,827
	13,841,473	17,893,390

17. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies as at December 31:

	2011 SR	2010 SR
Letters of credit	510,017	628,498
Letters of guarantee	21,302,157	18,000,000
Capital commitments on projects under construction	308,250,000	-

18. DIVIDENDS

The Board of Directors agreed in its meeting held on October 9, 2011 to distribute interim cash dividends amounting to SR 66 million for SR 0.55 per share.

The extraordinary general assembly held on May 21, 2011 agreed to distribute dividends in kind which represent 82% from the Company's share capital of Northern Cement Company – Jordan amounting to SR 240,000,000.

The general assembly had agreed in its ordinary fifth meeting held on February 13, 2011 to distribute cash dividends amounting to SR 102 million for SR 0.85 per share. Also, the committee agreed to pay the Board of Directors' remuneration amounting to SR 1.4 million.

The general assembly has agreed in its ordinary fourth meeting held on April 7, 2010 to distribute cash dividends amounting to SR 204 million for SR 1.7 per share for the year ended December 31, 2009.

19. EARNINGS PER SHARE

Earnings per share from operating income and net income for the year is calculated by dividing the operating income and net income for the year by the outstanding number of shares at the end of the year. The outstanding number of shares as at December 31, 2011 is 126 million shares (2010: 66 million shares).

20. SUBSEQUENT EVENTS

During the subsequent period, the Company submitted an order to Capital Market Authority (CMA) to put 50% of its shares for public subscription and transform the Company from a Saudi closed joint stock company to a public joint stock company and it is foreseen that the regulatory procedures will be finalized during year 2012, for the completion of the declared share capital to reach SR 1,800 million through the issuance of 54 million new shares for Initial Public Offering of SR 540 million.

21. SEGMENTAL INFORMATION

The Company and its subsidiaries are operated as one business segment in manufacturing and production of all types of cement. The Company and its subsidiaries operate in the Kingdom of Saudi Arabia and the Hashemite Kingdom of Jordan as follows:

	Kingdom of Saudi Arabia SR	Hashemite Kingdom of Jordan SR	Total SR
As at and for the year ended December 31, 2011			
Total assets	2,161,791,411	97,480,083	2,259,271,494
Total liabilities	786,367,726	20,664,556	807,032,282
Sales	379,365,301	207,389,610	586,754,911
Gross profit	162,041,948	75,255,512	237,297,460
Net income for the year	189,800,854	56,393,480	246,194,334
Property, plant and equipment	957,386,845	235,464,780	1,192,851,625
As at and for the year ended December 31, 2010			
Total assets	1,556,401,182	11,445,331	1,567,846,513
Total liabilities	721,171,831	11,108,376	732,280,207
Sales	528,012,589	365,957,698	893,970,287
Gross profit	245,737,640	75,226,457	320,964,097
Net income for the year	221,103,958	63,859,468	284,963,426
Property, plant and equipment	974,421,612	243,572,639	1,217,994,251

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, trade receivables, other assets, accounts payable, other current liabilities and short and long term Murabahas.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets assessed for credit risk concentration mainly consist of cash and cash equivalents and trade receivables. The Company's cash funds and bank deposits are placed in banks with sound credit ratings of which risks are determined.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the commission rates fluctuations and believes that the effect of commission rates risk is insignificant.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals, Jordanian Dinar and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the effect of currency risks is insignificant.

Liquidity risk

Liquidity risk is managed by providing sufficient credit facilities. The Company's selling conditions require payments in advance or providing letters of bank guarantees at receiving goods. Payables are usually paid 60 days after purchase date.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As financial instruments are prepared at historical cost basis, differences may result between carrying value and fair value estimates. Management believes that the fair value of the Company's financial assets and liabilities are not different from its carrying value.

23. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors.

24. COMPARATIVE FIGURES

Certain figures for year 2010 have been reclassified to conform with the presentation in the current year.

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

Deloitte.

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (0) 1 282 8400
Fax: +966 (0) 1 293 0880
www.deloitte.com
License No. 96
Head Office: Riyadh

AUDITORS' REPORT

To the management
Northern Region Cement Company
(A Saudi closed joint stock company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of Northern Region Cement Company (a Saudi closed joint stock company) (the "Company") as at March 31, 2012, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the three-month period then ended, and notes 1 to 22 which form an integral part of these consolidated financial statements as prepared by the management and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the overall accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2012, and the consolidated results of its operations and its cash flows for the three-month period then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company.

Emphasis of a Matter

Without qualifying our report, we would like to draw the attention to the following:

- As mentioned in Note (8) to the accompanying consolidated financial statements, 82% of the Northern Cement Company – Jordan (a subsidiary) share capital was written off and distributed to the shareholders as dividends in kind during the month of May 2011. During the month of July 2011, 75% of the mentioned Company's shares were reacquired from the Company's shareholders.

- The interim consolidated financial statements for the three-month period ended March 31, 2011 were presented for comparative purposes and were unaudited and no report was issued thereon.

- These consolidated financial statements were prepared for management purposes and should not be used for any other purposes.

Deloitte & Touche
Bakr Abulkhair & Co.

Bakr A. Abulkhair
License No. 101

Jumada Al-Thani 28, 1433
May 19, 2012

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2012

	Notes	2012 SR	2011 SR (Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	3	160,577,186	40,721,116
Trade receivables, net		20,779,426	21,169,511
Inventories	4	184,426,502	200,733,235
Prepaid expenses and other assets	5	37,125,418	18,913,102
Total current assets		402,908,532	281,536,964
Non-current assets			
Property, plant and equipments, net	6	1,182,588,634	1,203,031,357
Projects under construction	7	200,079,271	23,980,969
Deferred expenses		43,878,270	38,518,477
Intangible assets	8	506,157,403	486,706
Total non-current assets		1,932,703,578	1,266,017,509
TOTAL ASSETS		2,335,612,110	1,547,554,473
LIABILITIES AND EQUITY			
Current liabilities			
Short-term Murabahas	9	385,000,000	419,116,111
Current portion of a long-term loan	10	55,000,000	25,500,000
Accounts payable		23,275,587	26,688,427
Accrued expenses and other liabilities	11	10,187,519	5,170,447
Zakat and income tax	12	15,307,653	12,505,318
Total current liabilities		488,770,759	488,980,303
Non-current liabilities			
Long-term loan	10	350,000,000	166,500,000
End-of-service indemnities		4,238,181	3,257,081
Total non-current liabilities		354,238,181	169,757,081
TOTAL LIABILITIES		843,008,940	658,737,384
EQUITY			
Shareholders' equity			
Paid up share capital	1	1,260,000,000	600,000,000
Statutory reserve	13	19,022,369	54,402,936
Retained earnings		135,866,302	234,041,093
Total shareholders' equity		1,414,888,671	888,444,029
Non-controlling interest		77,714,499	373,060
TOTAL EQUITY		1,492,603,170	888,817,089
TOTAL LIABILITIES AND EQUITY		2,335,612,110	1,547,554,473

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

	Notes	2012 SR	2011 SR (Unaudited)
Sales		152,737,868	173,357,668
Cost of sales		(102,034,810)	(108,769,396)
Gross profit		50,703,058	65,588,272
Selling and marketing expenses	14	(954,974)	(1,108,772)
General and administrative expenses	15	(5,810,404)	(5,490,389)
Operating income		43,937,680	58,989,111
Finance expenses	9 and10	(1,961,122)	(4,580,210)
Other income	16	653,876	1,098,417
INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST		42,630,434	55,507,318
Non-controlling interest's share in net income of a subsidiary		(910,896)	(85,456)
INCOME BEFORE ZAKAT AND INCOME TAX		41,719,538	55,421,862
Zakat	12	(1,500,000)	(1,000,000)
Income tax of the subsidiary	12	(754,552)	(1,207,184)
NET INCOME		39,464,986	53,214,678
Earnings per share (SR):			
From operating income	19	0.34	0.98
From net income	19	0.31	0.89

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

	2012 SR	2011 SR (Unaudited)
OPERATING ACTIVITIES		
Income before zakat and income tax	41,719,538	55,421,862
Adjustments for:		
Depreciation	16,902,029	16,182,902
End-of-service indemnities	557,839	307,169
Income from sale of property, plant and equipment, net	(112,846)	(2,779)
Changes in operating assets and liabilities:		
Trade receivables	(5,681,653)	(7,276,784)
Inventories	17,391,614	7,304,726
Prepaid expenses and other assets	(6,301,706)	6,510,861
Accounts payable	15,498,995	(6,748,082)
Accrued expenses and other liabilities	(7,334,728)	(12,103,392)
Zakat and income tax paid	-	(4,842,370)
Net cash from operating activities	72,639,082	54,754,113
INVESTING ACTIVITIES		
Additions of property, plant and equipment	(6,758,237)	(1,223,549)
Proceeds from sale of property, plant and equipment	232,045	6,320
Additions of projects under construction	(53,357,146)	(6,184,263)
Deferred expenses	(21,618,258)	(17,973,469)
Net cash used in investing activities	(81,501,596)	(25,374,961)
FINANCING ACTIVITIES		
Repayment of long-term Murabahas	(25,000,000)	(52,363,332)
Proceeds from short-term loans	50,000,000	-
Non-controlling interest	898,972	36,105
Net cash from (used in) financing activities	25,898,972	(52,327,227)
Net change in cash and cash equivalents	17,036,458	(22,948,075)
Cash and cash equivalents, January 1	143,540,728	63,669,191
CASH AND CASH EQUIVALENTS, DECEMBER 31	160,577,186	40,721,116

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2012

	Notes	Paid up share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
Balance at January 1, 2011		600,000,000	54,402,936	180,826,415	835,229,351
Net income for the three-month period (unaudited)		-	-	53,214,678	53,214,678
Balance at March 31, 2011		600,000,000	54,402,936	234,041,093	888,444,029
Share capital increase	1	600,000,000	-	-	600,000,000
Net income for the period from April 1 to December 31, 2011		-	-	192,979,656	192,979,656
Transfer to statutory reserve	13	-	24,619,433	(24,619,433)	-
Dividends in-kind	18	-	-	(240,000,000)	(240,000,000)
Increase in share capital through transfer from statutory reserve	13	60,000,000	(60,000,000)	-	-
Cash dividends	18	-	-	(66,000,000)	(66,000,000)
Balance at December 31, 2011		1,260,000,000	19,022,369	96,401,316	1,375,423,685
Net income for the three-month period		-	-	39,464,986	39,464,986
Balance at March 31, 2012		1,260,000,000	19,022,369	135,866,302	1,414,888,671

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

1. ORGANIZATION AND ACTIVITY

Northern Region Cement Company (the «Company») is a Saudi closed joint stock Company, registered in Ar'ar City under commercial registration number 3450008480 on Safar 19, 1427H (corresponding to March 19, 2006).

The declared Company's share capital amounting to SR 1,800 million is divided into 180 million shares of SR 10 each. The general assembly of Company's shareholders has agreed during year 2011 to complete the unpaid share capital in which SR 600 million were paid in cash and SR 60 million were transferred from statutory reserve so that the paid up share capital will reach SR 1,260 million. The remaining share capital will be subsequently completed through the issuance of 54 million shares for Initial Public Offering amounting to SR 540 million.

The principal activity of the Company comprises manufacturing Ordinary and Resistant Portland Cement, managing and operating factories of Portland Cement of all kinds, wholesale and retail trading of Company's products and constructing materials, including import and export to overseas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Basis of consolidation

The consolidated financial statements include the financial statements of Northern Region Cement Company («the Company») and the financial statements of the following subsidiaries:

Company Name	Country	Legal status	Percentage of ownership	
			2012	2011
Northern Cement Company (i)	Hashemite Kingdom of Jordan	Public Joint Stock Company	91.19	100
Diar Najd for Counter Exchange (ii)	UAE	Limited Liability Company	100	-
Sama Company – Al Yamama (ii)	UAE	Limited Liability Company	100	-
Abr Al Khaleej Company (ii)	UAE	Limited Liability Company	100	-

(i) The consolidated financial statements of Northern Cement Company – Hashemite Kingdom of Jordan includes the financial statements of its subsidiary (Technical Mining Investment Company) which is 51% owned by the subsidiary. For the purposes of preparation of these consolidated financial statements, all the significant inter-company transactions and balances between the Company and its subsidiary were eliminated, in addition to income (losses) resulting from these operations with the subsidiary.

(ii) The above subsidiaries are special purpose entities which were established in the United Arab Emirates for the purpose of owning shares of Northern Cement Company which is a public joint stock company registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The Subsidiary's activity includes manufacturing and crushing of Clinker, manufacturing Cement and execution of industrial projects.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention and accrual basis.

Basis of presentation

The numbers for the three-month period ended March 31, 2011 were presented for comparative purposes, and no audit report was issued.

Management estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during this period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Sales

Sales represent the value of goods billed and delivered to customers. Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, time deposits and high-liquid investments with maturities of three months or less from acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Trade receivables are stated at net of original bill amount, after deducting provision against uncollectible amounts. Estimate is processed for doubtful debts. These receivables are written off when their total amounts are uncollectible.

Inventories

Inventories are stated at the lower of cost or market value. Cost of raw materials is determined on a weighted average basis, while work in progress and finished goods are valued based on the cost of materials, labor and an appropriate proportion of indirect overheads.

Property, plant and equipments

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalized. Depreciation is provided over the estimated useful lives using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings	13 – 40
Machinery and equipment	5 – 20
Furniture, fixtures and office equipment	5
Vehicles	4
Water wells	5

Impairment of assets

The Company periodically reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as expenses in the consolidated statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Goodwill represents the difference between the amount paid for subsidiary purchase and the carrying value of this subsidiary at the date of purchase (acquisition). Purchase rates are determined based on the fair values at the dates of purchase. Goodwill is measured at the end of each financial period and is stated at cost in the consolidated financial statements after adjusting it with the permanent decline in impairment of value, if any.

Deferred expenses

Deferred expenses comprise Saudi Industrial Development Fund (SIDF) loan fees. These charges are amortized over the loan period.

Accounts payable and accrued expenses

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

Provisions

Provisions are recognized in the consolidated balance sheet upon the existence of a legal obligation as a result of a past event, and there will be a need to resolve these liabilities.

End-of-service indemnities

End-of-service indemnities, as required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service as at consolidated balance sheet date.

Zakat and income tax

Zakat is provided as per Regulations of the Directorate of Zakat and Income Tax («DZIT») in the Kingdom of Saudi Arabia on accruals basis. The zakat charge is computed in the consolidated statement of income. Any differences in the estimate are recorded when the final assessment is approved, at the year in which the provision is cleared.

As for the subsidiary Company in the Hashemite Kingdom of Jordan, income tax is computed based upon the tax regulations followed in the Hashemite kingdom of Jordan.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses resulting from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Upon consolidation, monetary assets and liabilities of the subsidiary denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of consolidated balance sheet. Revenues and Expenses are translated at the average exchange rates prevailing for the year. Equity elements are translated except for retained earnings at the exchange rate prevailing on the rising of each element. Translation adjustments resulting from foreign currencies transactions of consolidated financial statements, if significant, are stated separately in the consolidated shareholders' equity.

3. CASH AND CASH EQUIVALENTS

	2012 SR	2011 SR
Cash on hand and at banks	135,992,450	40,721,116
Checks under collection	24,584,736	-
	160,577,186	40,721,116

4. INVENTORIES

	2012 SR	2011 SR
Finished goods	32,061,425	68,323,112
Goods under production	302,995	52,883,525
Spare parts	75,909,956	43,058,388
Raw materials	43,396,006	36,468,210
Goods in transit	32,756,120	-
	184,426,502	200,733,235

5. PREPAID EXPENSES AND OTHER ASSETS

	2012 SR	2011 SR
Prepaid and deferred expenses	1,732,798	5,789,223
Insurance claims *	7,455,482	-
Advances to suppliers	20,163,163	10,512,233
Others	7,773,975	2,611,646
	37,125,418	18,913,102

* Insurance claims represent amounts agreed upon with insurance company as compensation for the damages caused by the interruption of the production of the Company's factory in Turaif (KSA) during the year which has resulted to a decrease in the Company's sales.

6. PROPERTY, PLANT AND EQUIPMENT, NET

	Land SR	Buildings SR	Machinery and equipment SR	Vehicles SR	Furniture, fixtures and office equipment SR	Water wells SR	Total SR
Cost							
January 1, 2012	20,515,208	490,181,398	846,172,729	12,609,608	27,848,281	1,801,444	1,399,128,668
Additions	237,756	121,441	5,771,193	12,066	615,781	-	6,758,237
Disposals	-	-	-	(210,374)	-	-	(210,374)
March 31, 2012	20,752,964	490,302,839	851,943,922	12,411,300	28,464,062	1,801,444	1,405,676,531
Accumulated depreciation							
January 1, 2012	-	41,210,391	146,089,701	7,047,346	11,298,873	630,732	206,277,043
Charge for the period	-	3,561,172	11,236,073	492,737	1,522,467	89,580	16,902,029
Disposals	-	-	-	(91,175)	-	-	(91,175)
March 31, 2012	-	44,771,563	157,325,774	7,448,908	12,821,340	720,312	223,087,897
Net book value							
March 31, 2012	20,752,964	445,531,276	694,618,148	4,962,392	15,642,722	1,081,132	1,182,588,634
March 31, 2011	17,551,396	446,719,512	718,863,106	5,905,081	13,562,377	429,886	1,203,031,357

The Company has property, plant and equipment for a net book value of SR 938,868,726 as at March 31, 2012 (2011: SR 960,648,798) fully mortgaged against a long term loan (Note 10).

7. PROJECTS UNDER CONSTRUCTION

The Company concluded construction works' completion agreements related to the Cement Factory in Turaif City and the Head Office Building. The balance of projects under construction as at December 31 consists of the following:

	2012 SR	2011 SR
Second line project	164,157,652	5,642,051
Head Office building project	24,205,527	8,717,942
S.A.P project	-	3,998,700
Fuel reservoir project	-	3,589,150
Others	11,716,092	2,033,126
	200,079,271	23,980,969

8. INTANGIBLE ASSETS

The Company has invested 100% of the shares in Northern Cement Company, a public joint stock registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The activity of the subsidiary includes manufacturing and crushing of clinker, manufacturing cement and execution of industrial projects, and owning funds transferred for the purpose of achieving the Company's objectives and establishing companies and borrowing necessary funds from banks. The subsidiary started the experimental operation period in the month of September 2009 and it continued until the end of December of the year 2010, while commercial operation has started in the beginning of January 2010. The extraordinary general assembly agreed in its meeting dated May 21, 2011 to distribute in-kind dividends which represent 82% of the share capital of Northern Cement Company – Jordan, amounting to SR 240,000,000.

The extraordinary general assembly has agreed in its meeting dated July 9, 2011 to acquire 75% of shares from Northern Cement Company in Hashemite Kingdom of Jordan for a total value of SR 601 million due to strategic reasons, the most important of it is the exclusion or prevention of competitors to purchase the Company's shares and to continue on selling the Clinker material. Furthermore, 3.19% of the above mentioned Company's shares were purchased so that the parent company and subsidiaries own 91.19%, the purchase process resulted to goodwill of SR 395 million and a goodwill of SR 45 million specific for non-controlling interest. The Company performs currently the necessary procedures for the evaluation of the assets and liabilities which were assessed based on the preliminary evaluation. Therefore, some adjustments may result in net assets at the end of the evaluation process. In accordance with the International Financial Reporting Standards, the Company provides 12 months period to finish the evaluation procedures. Also, the re-measurement of Non-controlling interest which was owned by the Company prior the acquisition date directly to fair value resulted into gains of SR 66 million which were merged with intangible assets.

9. SHORT-TERM MURABAHAS

This item represents short-term Murabahas from local commercial banks in order to finance the Company's working capital. A commission is charged based upon the floating commission rates.

10. LONG-TERM LOAN

The Company has obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 463.5 million. The outstanding balance as at March 31, 2012 amounted to SR 405 million (2011: SR 192 million). This loan is secured by the mortgage of property, plant and equipment related to Northern Region Cement Factory (Please refer to note 6). The loan is repaid at 14 semi-annual non-equal installments starting from Safar 15, 1432H corresponding to January 20, 2011.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2012 SR	2011 SR
Accrued expenses and other payables	7,260,216	4,709,595
Others	2,927,303	460,852
	10,187,519	5,170,447

12. ZAKAT AND INCOME TAX

The movement in provision for zakat and income tax for the Company and its subsidiaries as at March 31, is as follows:

	Zakat SR	Income tax SR	2012 SR	2011 SR
Balance at January 1	8,332,697	4,720,404	13,053,101	15,140,504
Provision for the period	1,500,000	754,552	2,254,552	2,207,184
Paid during the period	-	-	-	(4,842,370)
Balance at March 31	9,832,697	5,474,956	15,307,653	12,505,318

The Company has received the zakat certificate for the year ended December 31, 2006 which showed zakat variances amounting to SR 8,956,136 of which the Company has protested. The Company's management believes that zakat provision is sufficient to meet any variances that may be resulting from reassessing zakat.

The Company submitted its zakat returns for the years from 2007 till 2010 which are still under review by Department of Zakat and Income Tax.

13. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's bylaws, the Company establishes a statutory reserve by the appropriation of 10% of net income for the year until the reserve equals 50% of the paid up capital. The reserve is not available for dividend distribution. During year 2011, an amount of SR 60 million was transferred from statutory reserve to increase Company's share capital (Note 1).

14. SELLING AND MARKETING EXPENSES

	2012 SR	2011 SR
Employees' salaries and benefits	413,676	529,186
Depreciation	61,125	10,696
Others	480,173	568,890
	954,974	1,108,772

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 SR	2011 SR
Employees' salaries and benefits	3,445,520	3,472,484
Professional fees	484,816	430,409
Depreciation	455,106	331,191
Government fees	32,850	133,501
Rent	141,614	140,512
Others	1,250,498	982,292
	5,810,404	5,490,389

16. OTHER INCOME

	2012 SR	2011 SR
Foreign exchange variances	22,754	326,029
Income from sale of property, plant and equipment, net	112,846	2,779
Others	518,276	769,609
	653,876	1,098,417

17. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies as at March 31:

	2012 SR	2011 SR
Letters of credit	1,218,572	14,336
Letters of guarantee	2,995,000	7,995,000
Capital commitments on projects under construction	280,000,000	-

18. DIVIDENDS

The Board of Directors agreed in its meeting held on October 9, 2011 to distribute interim cash dividends amounting to SR 66 million for SR 0,55 per share.

The extraordinary general assembly held on May 21, 2011 agreed to distribute gains in-kind which represent 82% from the Company's share capital of Northern Cement Company – Jordan amounting to SR 240,000,000.

19. EARNINGS PER SHARE

Earnings per share from operating income and net income for the year is calculated by dividing the operating income and net income for the year by the outstanding number of shares at the end of the period. The outstanding number of shares as at March 31, 2012 is 126 million shares (2011: 60 million shares).

20. SUBSEQUENT EVENTS

Based on the previous Company's decision to issue shares for Initial Public Offering, the Company submitted during the period an order to Capital Market Authority (CMA) to offer 50% of its shares for Initial Public Offering and transform the Company from a Saudi closed joint stock company to a public joint stock company and it is foreseen that the regulatory procedures will be finalized by year 2012, for the completion of the declared share capital to reach SR 1,800 million through the issuance of 54 million new shares for Initial Public Offering of SR 540 million.

The general assembly of shareholders has agreed in its meeting held on April 10, 2012 to distribute cash dividends during the third quarter of year 2011 amounting to SR 66 million, for a value of SR 55 Halalas per share, and agreed the Board of directors' suggestion to distribute dividends for the fourth quarter of the financial year 2011 for a value of SR 30 Halalas per share. Also, the general assembly has agreed to pay Board of Directors' remuneration for an amount of SR 200,000 for each member of Board of Directors.

The Board of Directors agreed in its meeting held on April 15, 2012 to distribute dividends of the first quarter for a value of 30 Halalas per share, according to the authorization of the general assembly meeting held on April 10, 2012.

21. SEGMENTAL INFORMATION

The Company and its subsidiaries are operated as one business segment in manufacturing and production of all types of cement. The Company and its subsidiaries operate in the Kingdom of Saudi Arabia and the Hashemite Kingdom of Jordan as follows:

	Kingdom of Saudi Arabia SR	Hashemite Kingdom of Jordan SR	Total SR
For the three-month period ended March 31, 2012 (audited)			
Total assets	2,233,623,504	101,988,606	2,335,612,110
Total liabilities	818,734,833	24,274,107	843,008,940
Sales	81,137,993	71,599,875	152,737,868
Gross profit	38,119,097	12,583,961	50,703,058
Net income for the year	30,321,960	9,143,026	39,464,986
Property, plant and equipment	950,041,858	232,546,776	1,182,588,634
For the three-month period ended March 31, 2011 (unaudited)			
Total assets	1,539,723,405	7,831,068	1,547,554,473
Total liabilities	651,279,376	7,458,008	658,737,384
Sales	90,250,286	84,107,382	174,357,668
Gross profit	47,278,159	18,310,113	65,588,272
Net income for the year	37,087,388	16,127,290	53,214,678
Property, plant and equipment	962,123,886	240,907,471	1,203,031,357

22. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, trade receivables, other assets, accounts payable, other current liabilities and short and long term Murabahas.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets assessed for credit risk concentration mainly consist of cash and cash equivalents and trade receivables. The Company's cash funds and bank deposits are placed in banks with sound credit ratings of which risks are determined.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the commission rates fluctuations and believes that the effect of commission rates risk is insignificant.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals, Jordanian Dinar and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the effect of currency risks is insignificant.

Liquidity risk

Liquidity risk is managed by providing sufficient credit facilities. The Company's selling conditions require payments in advance or providing letters of bank guarantees at receiving goods. Payables are usually paid 60 days after purchase date.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As financial instruments are prepared at historical cost basis, differences may result between carrying value and fair value estimates. Management believes that the fair value of the Company's financial assets and liabilities are not different from its carrying value.

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS’ REPORT

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

Deloitte.

Deloitte & Touche
Bakr Abulkhair & Co.
Public Accountants
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia

Tel: +966 (0) 1 282 8400
Fax: +966 (0) 1 293 0880
www.deloitte.com

License No. 96
Head Office: Riyadh

AUDITORS' REPORT

To the management
Northern Region Cement Company
(A Saudi closed joint stock company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying consolidated balance sheet of Northern Region Cement Company (a Saudi closed joint stock company) (the "Company") as at June 30, 2012, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the six-month period then ended, and notes 1 to 23 which form an integral part of these consolidated financial statements as prepared by the management and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the overall accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2012, and the consolidated results of its operations and its cash flows for the six-month period then ended in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the nature of the Company.

Emphasis of a Matter

Without qualifying our report, we would like to draw the attention to the following:

- As mentioned in Note (8) to the accompanying consolidated financial statements, 82% of the Northern Cement Company – Jordan (a subsidiary) share capital was written off and distributed to shareholders as dividends in kind during the month of May 2011. During the month of July 2011, 75% of the mentioned Company's shares were reacquired from the Company's shareholders. Also, no consolidated financial statements were issued for the six-month period ended June 30, 2011.

- As mentioned in the paragraph above, the financial statements for the six-month period ended June 30, 2011 are unconsolidated, and were presented for comparative purposes and were unaudited and no report was issued thereon.

- These consolidated financial statements were prepared for management purposes and should not be used for any other purposes.

Deloitte & Touche
Bakr Abulkhair & Co.

Bakr A. Abulkhair
License No. 101

Sha'aban 27, 1433
July 17, 2012

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2012

	Notes	2012 SR	2011 SR (Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	3	173,616,005	12,319,133
Trade receivables, net		24,417,085	57,933,679
Inventories	4	184,895,300	138,284,925
Prepaid expenses and other assets	5	40,315,257	17,386,800
Total current assets		423,243,647	225,924,537
Non-current assets			
Property, plant and equipments, net	6	1,194,507,483	950,382,574
Investment in an associate		-	46,016,500
Projects under construction	7	273,971,241	74,998,717
Deferred expenses		39,944,801	33,235,148
Intangible assets	8	496,978,860	-
Total non-current assets		2,005,402,385	1,104,632,939
Total Assets		2,428,646,032	1,330,557,476
LIABILITIES AND EQUITY			
Current liabilities			
Short-term Murabahas	9	538,000,000	420,007,709
Current portion of a long-term loan	10	85,000,000	17,000,000
Accounts payable		30,312,012	21,546,788
Accrued expenses and other liabilities	11	11,054,496	18,380,560
Zakat and income tax	12	9,612,704	11,562,697
Total current liabilities		673,979,212	488,497,754
Non-current liabilities			
Long-term loan	10	320,000,000	166,500,000
End-of-service indemnities		4,152,895	3,518,434
Total non-current liabilities		324,152,895	170,018,434
TOTAL LIABILITIES		998,132,107	658,516,188
EQUITY			
Shareholders' equity			
Paid up share capital	1	1,260,000,000	600,000,000
Statutory reserve	13	19,022,369	54,402,936
Special reserve	14	53,289,190	-
Retained earnings		88,998,271	17,638,352
Total shareholders' equity		1,421,309,830	672,041,288
Non-controlling interest		9,204,095	-
TOTAL EQUITY		1,430,513,925	672,041,288
TOTAL LIABILITIES AND EQUITY		2,428,646,032	1,330,557,476

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

	Notes	2012 SR	2011 SR (Unaudited)
Sales		307,564,745	199,533,530
Cost of sales		(217,657,820)	(111,932,118)
Gross profit		89,906,925	87,601,412
Selling and marketing expenses	15	(2,498,751)	(1,201,036)
General and administrative expenses	16	(14,503,480)	(9,027,131)
Operating income		72,904,694	77,373,245
Company's share in net income of an associate		-	16,195,312
Finance expenses	9 and10	(4,408,580)	(12,053,298)
Other income	17	5,904,494	1,296,678
INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST		74,400,608	82,811,937
Non-controlling interest in net income of a subsidiary		(400,354)	-
INCOME BEFORE ZAKAT AND INCOME TAX		74,000,254	82,811,937
Zakat	12	(4,000,000)	(6,000,000)
Income tax of the subsidiary	12	(1,803,299)	-
NET INCOME		68,196,955	76,811,937
Earning per share (SR):			
From operating income	20	0.58	1.17
From net income	20	0.54	1.16

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

NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

	2012 SR	2011 SR (Unaudited)
OPERATING ACTIVITIES		
Income before zakat and income tax	74,000,254	82,811,937
Adjustments for:		
Depreciation	33,787,465	25,923,009
Gains from sale of property and equipment	(22,753)	-
End-of-service indemnities	472,553	568,522
Company's share in net income of the subsidiary	-	(16,195,312)
Changes in operating assets and liabilities:		
Trade receivables	(9,319,312)	(53,090,461)
Inventories	16,922,816	9,878,185
Prepaid expenses and other assets	(9,491,545)	846,383
Accounts payable	22,535,420	(5,441,864)
Accrued expenses and other liabilities	(6,467,751)	924,869
Due from an associate	-	52,496,993
Zakat and income tax paid	(9,243,696)	(4,735,436)
Net cash from operating activities	113,173,451	93,986,825
INVESTING ACTIVITIES		
Investment in a subsidiary	-	14,100,311
Intangible assets	61,189,310	-
Additions to property, plant and equipment, and projects under construction	(162,811,639)	(59,508,809)
Proceeds from sale of property and equipment	141,953	-
Deferred expenses	(17,684,789)	(12,690,140)
Net cash used in investing activities	(119,165,165)	(58,098,638)
FINANCING ACTIVITIES		
Repayment of long-term loan	(25,000,000)	-
Proceeds (paid) from short-term Murabahas	203,000,000	(34,275,069)
Dividends paid	(75,600,000)	-
Non-controlling interest	(67,611,432)	-
Accrued dividends	-	(25,696,665)
Special reserve	1,278,423	-
Net cash from (used in) financing activities	36,066,991	(59,971,734)
Net change in cash and cash equivalents	30,075,277	(24,083,547)
Cash and cash equivalents, January 1	143,540,728	36,402,680
CASH AND CASH EQUIVALENTS, JUNE 30	173,616,005	12,319,133
Appropriation of a special reserve through shares transferred from shareholders	52,010,767	-
Dividends in-kind – Note 8	-	240,000,000

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

NORTHERN REGION CEMENT COMPANY

(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

	Notes	Paid up share capital SR	Statutory reserve SR	Special reserve SR	Retained earnings SR	Total SR
Balance at January 1, 2011		600,000,000	54,402,936	-	180,826,415	835,229,351
Net income for the six-month period (unaudited)		-	-	-	76,811,937	76,811,937
Cash dividends	19	-	-	-	(240,000,000)	(240,000,000)
Balance at June 30, 2011 (unaudited)		600,000,000	54,402,936	-	17,638,352	672,041,288
Share capital increase	1	600,000,000	-	-	-	600,000,000
Net income for the period from July 1 to June 31, 2011		-	-	-	169,382,397	169,382,397
Transfer to statutory reserve	13	-	24,619,433	-	(24,619,433)	-
Increase in share capital through transfer from reserve	1 & 13	60,000,000	(60,000,000)	-	-	-
Cash dividends	19	-	-	-	(66,000,000)	(66,000,000)
Balance at December 31, 2011		1,260,000,000	19,022,369	-	96,401,316	1,375,423,685
Cash dividends	19	-	-	-	(75,600,000)	(75,600,000)
Special reserve	14	-	-	53,289,190	-	53,289,190
Net income for the six-month period		-	-	-	68,196,955	68,196,955
Balance at June 30, 2012		1,260,000,000	19,022,369	53,289,190	88,998,271	1,421,309,830

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

1. ORGANIZATION AND ACTIVITY

Northern Region Cement Company (the «Company») is a Saudi closed joint stock Company, registered in Ar'ar City under commercial registration number 3450008480 on Safar 19, 1427H (corresponding to June 19, 2006).

The declared Company's share capital amounting to SR 1,800 million is divided into 180 million shares of SR 10 each. The general assembly of Company's shareholders has agreed during year 2011 to complete the unpaid share capital in which SR 600 million were paid in cash and SR 60 million were transferred from statutory reserve so that the paid up share capital will reach SR 1,260 million. The remaining share capital will be subsequently completed through the issuance of 54 million shares for Initial Public Offering amounting to SR 540 million.

The principal activity of the Company comprises manufacturing Ordinary and Resistant Portland Cement, managing and operating factories of Portland Cement of all kinds, wholesale and retail trading of Company's products and constructing materials, including import and export to overseas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Basis of consolidation

The consolidated financial statements include the financial statements of Northern Region Cement Company («the Company») and the financial statements of the following subsidiaries:

Company Name	Country	Legal status	Percentage of ownership	
			2012	2011
Northern Cement Company (i)	Hashemite Kingdom of Jordan	Public Joint Stock Company	91.19	100
Diar Najd for Counter Exchange (ii)	UAE	Limited Liability Company	100	-
Sama Company – Al Yamama (ii)	UAE	Limited Liability Company	100	-
Abr Al Khaleej Company (ii)	UAE	Limited Liability Company	100	-
Pan North Cement and Contruction Materials Company	UAE	Limited Liability Company	100	-

(i) The consolidated financial statements of Northern Cement Company – Hashemite Kingdom of Jordan includes the financial statements of its subsidiary (Technical Mining Investment Company) which is 51% owned by the subsidiary. For the purposes of preparation of these consolidated financial statements, all the significant inter-company transactions and balances between the Company and its subsidiary were eliminated, in addition to income (losses) resulting from these operations with the subsidiary.

(ii) The above subsidiaries are special purpose entities which were established in the United Arab Emirates for the purpose of owning shares of Northern Cement Company which is a public joint stock company registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The Subsidiary's activity includes manufacturing and crushing of Clinker, manufacturing Cement and execution of industrial projects.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention and accrual basis.

Basis of presentation

The numbers for the six-month period ended June 30, 2011 were not consolidated as for excluding 82% of subsidiary's equity, and they were presented for comparative purposes, and no audit report was issued.

Management estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during this period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Sales

Sales represent the value of goods billed and delivered to customers. Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

Expenses

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the Company's products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, time deposits and high-liquid investments with maturities of three months or less from acquisition date.

Accounts receivable

Trade receivables are stated at net of original bill amount, after deducting provision against uncollectible amounts. Estimate is processed for doubtful debts. These receivables are written off when their total amounts are uncollectible.

Inventories

Inventories are stated at the lower of cost or market value. Cost of raw materials is determined on a weighted average basis, while work in progress and finished goods are valued based on the cost of materials, labor and an appropriate proportion of indirect overheads.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure on improvements is capitalized. Depreciation is provided over the estimated useful lives using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings	13 – 40
Machinery and equipments	5 – 20
Furniture, fixtures and office equipments	5
Vehicles	4
Water wells	5

Impairment of assets

The Company periodically reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as expenses in the consolidated statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of income.

Deferred expenses

Deferred expenses comprise Saudi Industrial Development Fund (SIDF) loan fees. These charges are amortized over the loan period.

Intangible assets

Goodwill represents the difference between the amount paid for subsidiary purchase and the carrying value of this subsidiary at the date of purchase (acquisition). Purchase rates are determined based on the fair values at the dates of purchase. Goodwill is measured at the end of each year and is stated at cost in the consolidated financial statements after adjusting it with the permanent decline in impairment of value, if any.

Accounts payable and accrued expenses

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

Provisions

Provisions are recognized in the consolidated balance sheet upon the existence of a legal obligation as a result of a past event, and there will be a need to resolve these liabilities.

End-of-service indemnities

End-of-service indemnities, as required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service as at consolidated balance sheet date.

Zakat and income tax

Zakat is provided as per Regulations of the Directorate of Zakat and Income Tax («DZIT») in the Kingdom of Saudi Arabia on accruals basis. The zakat charge is computed in the consolidated statement of income. Any differences in the estimate are recorded when the final assessment is approved, at the year in which the provision is cleared.

As for the subsidiary Company in the Hashemite Kingdom of Jordan, income tax is computed based upon the tax regulations followed in the Hashemite kingdom of Jordan.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses resulting from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

Upon consolidation, monetary assets and liabilities of the subsidiary denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing at the date of consolidated balance sheet. Revenues and Expenses are translated at the average exchange rates prevailing for the year. Equity elements are translated except for retained earnings at the exchange rate prevailing on the rising of each element. Translation adjustments resulting from foreign currencies transactions of consolidated financial statements, if significant, are stated separately in the consolidated shareholders' equity.

3. CASH AND CASH EQUIVALENTS

	2012 SR	2011 SR (Unaudited)
Cash on hand and at banks	142,404,107	12,319,133
Checks under collection	31,211,898	-
	173,616,005	12,319,133

4. INVENTORIES

	2012 SR	2011 SR (Unaudited)
Finished goods	44,543,696	52,082,864
Spare parts	72,042,192	47,931,750
Raw materials	40,598,988	38,270,311
Goods in transit	27,710,424	-
	184,895,300	138,284,925

5. PREPAID EXPENSES AND OTHER ASSETS

	2012 SR	2011 SR
Prepaid expenses	17,604,959	9,104,366
Insurance claims *	12,403,826	-
Letters of credit	4,563,403	2,133,847
Others	5,743,069	6,148,587
	40,315,257	17,386,800

* Insurance claims represent amounts agreed upon with insurance company as compensation for the damages caused by the interruption of the production of the Company's factory in Turaif (KSA) during the year 2011 which has resulted to a decrease in the Company's sales.

6. PROPERTY, PLANT AND EQUIPMENT, NET

	Land SR	Buildings SR	Machinery and equipment SR	Vehicles SR	Furniture, fixtures and office equipment SR	Water wells SR	Total SR
Cost							
January 1, 2012	20,515,208	490,181,398	846,172,729	12,609,608	27,848,281	1,801,444	1,399,128,668
Additions	237,757	125,379	7,627,234	215,264	710,383	-	8,916,017
Disposals	-	-	-	(210,375)	-	-	(210,375)
Transfer to projects under construction	-	24,074,216	2,572,290	-	-	-	26,646,506
June 30, 2012	20,752,965	514,380,993	856,372,253	12,614,497	28,558,664	1,801,444	1,434,480,816
Accumulated depreciation							
January 1, 2012	-	41,210,391	146,089,701	7,047,346	11,298,873	630,732	206,277,043
Charge for the period	-	7,128,411	22,508,123	920,010	3,051,760	179,161	33,787,465
Disposals	-	-	-	(91,175)	-	-	(91,175)
June 30, 2012	-	48,338,802	168,597,824	7,876,181	14,350,633	809,893	239,973,333
Net book value							
June 30, 2012	20,752,965	466,042,191	687,774,429	4,738,316	14,208,031	991,551	1,194,507,483
June 30, 2011 (Unaudited)	13,772,814	379,623,125	542,474,492	1,481,807	11,677,999	1,352,337	950,382,574

The Company has property, plant and equipment for a net book value of SR 965 million as at June 30, 2012 (2011: SR 960 million) fully mortgaged against a long term loan (Note 10).

7. PROJECTS UNDER CONSTRUCTION

The Company concluded construction works' completion agreements related to the Cement Factory in Turaif City and the Head Office Building. The balance of projects under construction as at June 30 consists of the following:

	2012 SR	2011 SR (Unaudited)
Second line project	273,237,258	42,371,897
Head Office building project	-	23,711,601
S.A.P project	-	4,838,550
Fuel reservoir project	-	3,589,150
Others	733,983	487,519
	273,971,241	74,998,717

8. INTANGIBLE ASSETS

The Company has invested 100% of the shares in Northern Cement Company, a public joint stock registered in Amman – Hashemite Kingdom of Jordan on May 2, 2007. The activity of the subsidiary includes manufacturing and crushing of clinker, manufacturing cement and execution of industrial projects, and owning funds transferred for the purpose of achieving the Company's objectives and establishing companies and borrowing necessary funds from banks. The subsidiary started the experimental operation period in the month of September 2009 and it continued until the end of December of the year 2010, while commercial operation has started in the beginning of January 2010. The extraordinary general assembly agreed in its meeting dated May 21, 2011 to distribute in-kind dividends which represent 82% of the share capital of Northern Cement Company – Jordan, amounting to SR 240,000,000.

The extraordinary general assembly has agreed in its meeting dated July 9, 2011 to acquire 75% of shares from Northern Cement Company in Hashemite Kingdom of Jordan for a total value of SR 601 million due to strategic reasons, the most important of it is the exclusion or prevention of competitors to purchase the Company's shares and to continue on selling the Clinker material. Furthermore, 3.19% of the above mentioned Company's shares were purchased so that the parent company and subsidiaries own 91.983%, the purchase process resulted to goodwill of SR 395 million and a goodwill of SR 45 million specific for non-controlling interest. The Company performs currently the necessary procedures for the evaluation of the assets and liabilities which were assessed based on the preliminary evaluation. Therefore, some adjustments may result in net assets at the end of the evaluation process. In accordance with the International Financial Reporting Standards, the Company provides 12 months period to finish the evaluation procedures. Also, the re-measurement of Non-controlling interest which was owned by the Company prior the acquisition date directly to fair value resulted into gains of SR 66 million which were merged with intangible assets.

9. SHORT-TERM MURABAHAS

This item represents short-term Murabahas from local commercial banks in order to finance the Company's working capital. A commission is charged based upon the floating commission rates.

10. LONG-TERM LOAN

The Company has obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) amounting to SR 463.5 million. The outstanding balance as at June 30, 2012 amounted to SR 405 million (2011: SR 183.5 million). This loan is secured by the mortgage of property, plant and equipment related to Northern Region Cement Factory (Please refer to note 6). The loan is repaid at 14 semi-annual non-equal installments starting from Safar 15, 1432H corresponding to January 20, 2011.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	2012 SR	2011 SR (Unaudited)
Accrued expenses and other payables	10,676,949	18,333,197
Others	377,547	47,363
	11,054,496	18,380,560

12. ZAKAT AND INCOME TAX

The movement in provision for zakat and income tax for the Company and its subsidiary as at June 30 is as follows:

	Zakat SR	Income tax SR	2012 SR	2011 SR (Unaudited)
Balance at January 1	8,332,697	4,720,404	13,053,101	10,298,133
Provision for the period	4,000,000	1,803,299	5,803,299	6,000,000
Paid during the period	(4,523,292)	(4,720,404)	(9,243,696)	(4,735,436)
Balance at June 30	7,809,405	1,803,299	9,612,704	11,562,697

The Company has received the zakat certificate for the year ended December 31, 2006 which showed zakat variances amounting to SR 8,956,136 of which the Company has protested. The Company's management believes that zakat provision is sufficient to meet any variances that may be resulting from reassessing zakat.

The Company submitted its zakat returns for the years from 2007 till 2010 which are still under review by Department of Zakat and Income Tax.

13. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's bylaws, the Company establishes a statutory reserve by the appropriation of 10% of net income for the year until the reserve equals 50% of the paid up capital. The reserve is not available for dividend distribution. During year 2011, an amount of SR 60 million was transferred from statutory reserve to increase Company's share capital (Note 1).

14. SPECIAL RESERVE

The general assembly of shareholders agreed in its meeting held on May 8, 2012 to provide a special reserve through the assigning of 7% of investments of current shareholders in North Cement Company – Jordan, for a value of SR 52,010,767, and also through acceptance of an amount of SR 1,278,423 in cash from the current shareholders to the Company's benefit.

15. SELLING AND MARKETING EXPENSES

	2012 SR	2011 SR (Unaudited)
Employees' salaries and benefits	798,489	21,681
Depreciation	14,726	398,936
Others	1,685,536	780,419
	2,498,751	1,201,036

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 SR	2011 SR (Unaudited)
Employees' salaries and benefits	7,528,424	5,445,071
Office expenses	1,883,477	705,349
Professional fees	1,128,026	1,039,713
Depreciation	759,087	664,982
Government fees	789,660	145,450
Rent	643,262	143,749
Others	1,771,544	882,817
	14,503,480	9,027,131

17. OTHER INCOME

	2012 SR	2011 SR (Unaudited)
Insurance claims – Note 5	4,945,203	-
Foreign currency translation	225,580	758,791
Others	733,711	537,887
	5,904,494	1,296,678

18. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies at June 31:

	2012 SR	2011 SR (Unaudited)
Letters of credit	3,946,184	2,079,846
Letters of guarantee	11,295,000	17,995,000
Capital commitments on projects under construction	170,000,000	30,000,000

19. DIVIDENDS

The general assembly of shareholders agreed in its meeting held on April 10, 2012 on the proposal of the board of directors to distribute dividends for the fourth quarter of the financial year 2011 for a value of 30 Halalas per share.

The Board of Directors agreed in its meeting held on April 15, 2012 to distribute dividends of the first quarter for a value of 30 Halalas per share, according to the authorization from the general assembly meeting held on April 10, 2012.

The Board of Directors agreed in its meeting held on October 9, 2011 to distribute interim cash dividends amounting to SR 66 million for a value of SR 0.55 per share.

The extraordinary general assembly agreed in its meeting held on May 21, 2011 to distribute dividends in kind which represent shares valuing 82% of the share capital of Northern Cement Company – Jordan amounting to SR 240,000,000.

20. EARNINGS PER SHARE

Earnings per share from operating income and net income for the year is calculated by dividing the operating income and net income for the year by the outstanding number of shares at the end of the period. The outstanding number of shares as at June 30, 2012 is 126 million shares (2011: 66 million shares).

21. SUBSEQUENT EVENTS

Based on the previous Company's decision to issue shares for Initial Public Offering, the Company submits during the subsequent period an order to Capital Market Authority (CMA) to offer 50% of its shares for Initial Public Offering and transform the Company from a Saudi closed joint stock company to a public joint stock company and it is foreseen that the regulatory procedures will be finalized by year 2012, for the completion of the declared share capital to reach SR 1,800 million through the issuance of 54 million new shares for Initial Public Offering of SR 540 million.

22. SEGMENTAL INFORMATION

The Company and its subsidiaries are operated as one business segment in manufacturing and production of all types of cement. The Company and its subsidiaries operate in the Kingdom of Saudi Arabia and the Hashemite Kingdom of Jordan as follows:

	Kingdom of Saudi Arabia SR	Hashemite Kingdom of Jordan SR	Total SR
For the six-month period ended June 31, 2012			
Total assets	2,397,374,473	31,271,559	2,428,646,032
Total liabilities	976,064,643	22,067,464	998,132,107
Sales	146,065,523	161,499,222	307,564,745
Gross profit	59,423,629	30,483,296	89,906,925
Property, plant and equipment	965,128,309	229,379,174	1,194,507,483

23. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Financial instruments carried on the consolidated balance sheet principally include cash and cash equivalents, trade receivables, other assets, accounts payable, other current liabilities and short and long term Murabahas.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets assessed for credit risk concentration mainly consist of cash and cash equivalents and trade receivables. The Company's cash funds and bank deposits are placed in banks with sound credit ratings of which risks are determined.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company monitors the commission rates fluctuations and believes that the effect of commission rates risk is insignificant.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals, Jordanian Dinar and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the effect of currency risks is insignificant.

Liquidity risk

Liquidity risk is managed by providing sufficient credit facilities. The Company's selling conditions require payments in advance or providing letters of bank guarantees at receiving goods. Payables are usually paid 60 days after purchase date.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As financial instruments are prepared at historical cost basis, differences may result between carrying value and fair value estimates. Management believes that the fair value of the Company's financial assets and liabilities are not different from its carrying value.