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 Special General Meeting of the 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).

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 (fifty four million Saudi Riyals) will be offered to the public.

Pursuant to the provisions of the Company’s By-laws and the terms of the Raw Materials Quarry License (the “Quarry License”) for quarrying limestone in north Harrat al-Harrarah, 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 represent- ing 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 By-laws, 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 02/02/1434H (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 "Keys 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 “Information Concerning the Shares and Terms and Conditions of the Offer” 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.

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 confirms, 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 arising from, or in connection with, reliance upon this Prospectus or any part thereof.

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

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

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 Muhaibdib & Sons Co. in the Company will fall below 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 Muhaibdib & 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 Muhaibdib & 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 Muhaibdib & 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

| Name                          | Position          | Contact Information
|-------------------------------|-------------------|---------------------|
| **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-Tawuniya 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;
- Attheeb 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:

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Address</th>
<th>Phone Numbers</th>
<th>Fax Numbers</th>
<th>E-mail Address</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab National Bank</td>
<td>King Faisal Street, PO Box 56921, Riyadh 11564</td>
<td>Tel: +966 (1) 402 9000</td>
<td>Fax: +966 (1) 402 7747</td>
<td>e-mail: <a href="mailto:aalnassir@anb.com.sa">aalnassir@anb.com.sa</a></td>
<td>website: <a href="http://www.anb.com.sa">www.anb.com.sa</a></td>
</tr>
<tr>
<td>Riyad Bank</td>
<td>King Abdulaziz Road, PO Box 22622, Riyadh 11614</td>
<td>Tel: +966 (1) 401 3030</td>
<td>Fax: +966 (1) 404 2707</td>
<td>e-mail: <a href="mailto:customercare@riyadbank.com">customercare@riyadbank.com</a></td>
<td>website: <a href="http://www.riyadbank.com">www.riyadbank.com</a></td>
</tr>
<tr>
<td>The National Commercial Bank</td>
<td>King Abdulaziz Road, PO Box 3555, Jeddah 21481</td>
<td>Tel: +966 (2) 649 3333</td>
<td>Fax: +966 (2) 644 6468</td>
<td>e-mail: <a href="mailto:contactus@alahli.com">contactus@alahli.com</a></td>
<td>website: <a href="http://www.alahli.com.sa">www.alahli.com.sa</a></td>
</tr>
</tbody>
</table>
## Selling Agents

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

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

### Al Rajhi Bank
- **Address:** Olaya Road, PO Box 28, Riyadh 11411, Kingdom of Saudi Arabia
- **Contact:** 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
- **Address:** King Abdulaziz Road, PO Box 3555, Jeddah 21481, Kingdom of Saudi Arabia
- **Contact:** Tel: +966 (2) 649 3333, Fax: +966 (2) 644 6468, e-mail: a.hadadi@alahli.com, website: www.alahli.com.sa

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

### Samba Financial Group
- **Address:** King Abdulaziz Road, PO Box 833, Riyadh 11421, Kingdom of Saudi Arabia
- **Contact:** Tel: +966 (1) 477 4770, Fax: +966 (1) 217 7979, e-mail: samy.ragheb@samba.com, website: www.samba.com.sa
<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Address</th>
<th>Country</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Saudi British Bank (SABB)</td>
<td>Prince Abdulaziz bin Musaed bin Jawy Street</td>
<td>Kingdom of Saudi Arabia</td>
<td>Tel: +966 (1) 405 0677, Fax: +966 (1) 405 0660, e-mail: <a href="mailto:irangakilansoorya@hsbc.com">irangakilansoorya@hsbc.com</a>, Website: <a href="http://www.sabb.com">www.sabb.com</a></td>
</tr>
<tr>
<td>Bank AlJazira</td>
<td>King Abdulaziz Road</td>
<td>Kingdom of Saudi Arabia</td>
<td>Tel.: +966 (2) 609 8888, Fax: +966 (2) 609 8881, e-mail: <a href="mailto:a.almisbah@aljaziracapital.com.sa">a.almisbah@aljaziracapital.com.sa</a>, Website: <a href="http://www.baj.com.sa">www.baj.com.sa</a></td>
</tr>
</tbody>
</table>
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
Table 2 : Current Shareholders directly holding more than 5% of the Shares before the Offering

<table>
<thead>
<tr>
<th>Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pan Kingdom Investment Co.</td>
<td>30,491,270</td>
<td>21,779,479</td>
</tr>
<tr>
<td>Abdulqader Al Muhaideb &amp; Sons Co.</td>
<td>12,495,000</td>
<td>8,925,000</td>
</tr>
<tr>
<td>Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan</td>
<td>6,300,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim</td>
<td>6,300,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td>International Trading &amp; Contracting Co. Ltd.</td>
<td>6,300,000</td>
<td>4,500,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Saleem Saleem Al Harbi</td>
<td>6,313,005</td>
<td>4,509,289</td>
</tr>
<tr>
<td>Abdullah Mohammed Abdulaziz Al Rumaizan</td>
<td>6,300,000</td>
<td>4,500,000</td>
</tr>
<tr>
<td>Khalid Ibrahim Abdulaziz Al Ibrahim</td>
<td>6,300,000</td>
<td>4,500,000</td>
</tr>
</tbody>
</table>

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 Excess Subscription 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

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

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

<table>
<thead>
<tr>
<th></th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
<th>2012G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid Up Capital*</td>
<td>600,000</td>
<td>600,000</td>
<td>1,260,000</td>
<td>1,260,000</td>
</tr>
<tr>
<td>Statutory Reserves</td>
<td>25,907</td>
<td>54,403</td>
<td>19,022</td>
<td>19,022</td>
</tr>
<tr>
<td>Special Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>53,289</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>231,759</td>
<td>180,826</td>
<td>96,401</td>
<td>88,998</td>
</tr>
<tr>
<td>Total Equity</td>
<td>857,666</td>
<td>835,229</td>
<td>1,375,424</td>
<td>1,421,310</td>
</tr>
</tbody>
</table>

* 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 Turaiif, 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Pan Kingdom Investment Co.</td>
<td>30,491,270</td>
<td>24.20%</td>
</tr>
<tr>
<td>Abdulqader Al Muhaidib &amp; Sons Co.</td>
<td>12,495,000</td>
<td>9.92%</td>
</tr>
<tr>
<td>Alturais Saudi Trdg., Industry, Contg. Co. Ltd.</td>
<td>7,237,501</td>
<td>5.74%</td>
</tr>
<tr>
<td>Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan</td>
<td>6,300,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim</td>
<td>6,300,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>International Trading &amp; Contracting Co. Ltd.</td>
<td>6,300,000</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Pre-Offering</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Saleem Al Harbi</td>
<td>6,313,005</td>
<td>5.01%</td>
</tr>
<tr>
<td>Abdullah Bin Mohammed Bin Abdulaziz Al Rumaizan</td>
<td>6,300,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Khalid Bin Ibrahim Bin Abdulaziz Bin Al Ibrahim</td>
<td>6,300,000</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

### 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.

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

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

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Consumption (,000 ton)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010G</td>
<td>2011G</td>
<td></td>
</tr>
<tr>
<td>Northern Borders</td>
<td>706</td>
<td>1,291</td>
<td></td>
</tr>
<tr>
<td>Al Jawf</td>
<td>969</td>
<td>929</td>
<td></td>
</tr>
<tr>
<td><strong>Total Consumption in Primary Target Market</strong></td>
<td><strong>1,675</strong></td>
<td><strong>2,220</strong></td>
<td></td>
</tr>
<tr>
<td>Hail</td>
<td>1,335</td>
<td>1,438</td>
<td></td>
</tr>
<tr>
<td>Tabuk</td>
<td>862</td>
<td>1,040</td>
<td></td>
</tr>
<tr>
<td><strong>Total Consumption in Other Target Markets</strong></td>
<td><strong>4,897</strong></td>
<td><strong>5,419</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Consumption all Targeted Markets</strong></td>
<td><strong>6,572</strong></td>
<td><strong>7,639</strong></td>
<td></td>
</tr>
</tbody>
</table>

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,
• 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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444,592</td>
<td>893,970</td>
<td>586,755</td>
<td>174,358</td>
<td>152,738</td>
<td>199,534</td>
<td>307,565</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(245,385)</td>
<td>(573,006)</td>
<td>(349,457)</td>
<td>(108,769)</td>
<td>(102,035)</td>
<td>(111,932)</td>
<td>(217,658)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>199,207</td>
<td>320,964</td>
<td>237,297</td>
<td>65,588</td>
<td>50,703</td>
<td>87,601</td>
<td>89,907</td>
</tr>
<tr>
<td>Sales &amp; marketing expenses</td>
<td>(5,078)</td>
<td>(4,582)</td>
<td>(5,610)</td>
<td>(1,109)</td>
<td>(955)</td>
<td>(1,201)</td>
<td>(2,499)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(14,297)</td>
<td>(23,452)</td>
<td>(32,074)</td>
<td>(5,490)</td>
<td>(5,810)</td>
<td>(9,027)</td>
<td>(14,503)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>179,832</td>
<td>292,930</td>
<td>199,614</td>
<td>58,989</td>
<td>43,938</td>
<td>77,373</td>
<td>72,905</td>
</tr>
<tr>
<td>Net Profit</td>
<td>171,663</td>
<td>284,963</td>
<td>246,194</td>
<td>53,215</td>
<td>39,465</td>
<td>76,812</td>
<td>68,197</td>
</tr>
</tbody>
</table>

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% |


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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets</td>
<td>307,289</td>
<td>311,024</td>
<td>391,280</td>
<td>402,909</td>
<td>423,244</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,269,496</td>
<td>1,235,791</td>
<td>1,339,574</td>
<td>1,382,668</td>
<td>1,468,479</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>23,480</td>
<td>21,032</td>
<td>528,417</td>
<td>550,036</td>
<td>536,923</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>1,292,976</td>
<td>1,256,823</td>
<td>1,867,991</td>
<td>1,932,704</td>
<td>2,005,402</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,600,265</td>
<td>1,567,847</td>
<td>2,259,271</td>
<td>2,335,612</td>
<td>2,428,646</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>540,614</td>
<td>526,830</td>
<td>453,352</td>
<td>488,771</td>
<td>673,979</td>
</tr>
<tr>
<td>Total Non-current liabilities</td>
<td>201,985</td>
<td>169,450</td>
<td>353,680</td>
<td>354,238</td>
<td>324,153</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>742,599</td>
<td>732,280</td>
<td>807,032</td>
<td>843,009</td>
<td>998,132</td>
</tr>
<tr>
<td>Total Shareholders’ equity (including minority interests)</td>
<td>857,666</td>
<td>835,566</td>
<td>1,452,239</td>
<td>1,492,603</td>
<td>1,430,514</td>
</tr>
</tbody>
</table>

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% |

<table>
<thead>
<tr>
<th></th>
<th>The 12-Month Period Ended in 31 December</th>
<th>The 3-Month Period Ended in 31 March</th>
<th>The 6-Month Period Ended in 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from/ (used in) operating activities</td>
<td>187,644</td>
<td>247,655</td>
<td>217,451</td>
</tr>
<tr>
<td>Net cash from/ (used in) investing activities</td>
<td>(141,441)</td>
<td>(24,719)</td>
<td>(564,743)</td>
</tr>
<tr>
<td>Net cash from/ (used in) financing activities</td>
<td>(71,356)</td>
<td>(312,985)</td>
<td>427,163</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>(25,153)</td>
<td>(90,049)</td>
<td>79,871</td>
</tr>
<tr>
<td>Cash and bank balances at beginning of year</td>
<td>178,873</td>
<td>153,719</td>
<td>63,670</td>
</tr>
<tr>
<td>Cash and bank balances at end of year</td>
<td>153,719</td>
<td>63,670</td>
<td>143,541</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1. Terms and Definitions</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Risk Factors</td>
<td>3</td>
</tr>
<tr>
<td>2 - 1 Risks Related to Company’s Operations</td>
<td></td>
</tr>
<tr>
<td>2 - 1 - 1 Mining Rights</td>
<td>3</td>
</tr>
<tr>
<td>2 - 1 - 2 Distribution Networks</td>
<td>3</td>
</tr>
<tr>
<td>2 - 1 - 3 Raw Materials</td>
<td>3</td>
</tr>
<tr>
<td>2 - 1 - 4 Power Supply</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 5 Operational Hazards and Events of Force Majeure</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 6 Risks Relating to Transportation</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 7 Risks Relating to Product Defects</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 8 Risks Relating to Inventory Policy</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 9 Risks Relating to Management Decisions</td>
<td>4</td>
</tr>
<tr>
<td>2 - 1 - 10 Dependence on Key Personnel</td>
<td>5</td>
</tr>
<tr>
<td>2 - 1 - 11 Risks Relating Employees’ Errors</td>
<td>5</td>
</tr>
<tr>
<td>2 - 1 - 12 Construction and Development</td>
<td>5</td>
</tr>
<tr>
<td>2 - 1 - 13 Use of Proceeds Risks</td>
<td>5</td>
</tr>
<tr>
<td>2 - 1 - 14 Investment in Iraq</td>
<td>6</td>
</tr>
<tr>
<td>2 - 1 - 15 Limited Historical Financial Data</td>
<td>7</td>
</tr>
<tr>
<td>2 - 1 - 16 Risks Relating to Quarry License</td>
<td>7</td>
</tr>
<tr>
<td>2 - 1 - 17 Licenses and Permits</td>
<td>7</td>
</tr>
<tr>
<td>2 - 1 - 18 Saudization</td>
<td>8</td>
</tr>
<tr>
<td>2 - 1 - 19 Insurance Coverage</td>
<td>8</td>
</tr>
<tr>
<td>2 - 1 - 20 Financing Risks</td>
<td>8</td>
</tr>
<tr>
<td>2 - 1 - 21 Risks of Additional Funding</td>
<td>8</td>
</tr>
<tr>
<td>2 - 1 - 22 Compliance of Financing from Arab National Bank with Islamic Shariah</td>
<td>8</td>
</tr>
<tr>
<td>2 - 1 - 23 Risks of Growth and Expansion</td>
<td>9</td>
</tr>
<tr>
<td>2 - 1 - 24 Goodwill Recorded in the Books of NRCC</td>
<td>9</td>
</tr>
<tr>
<td>2 - 2 Risks Related to the Market and the Cement Sector</td>
<td>9</td>
</tr>
<tr>
<td>2 - 2 - 1 Supply and Demand Factors</td>
<td>9</td>
</tr>
<tr>
<td>2 - 2 - 2 Competition in Saudi Market</td>
<td>9</td>
</tr>
<tr>
<td>2 - 2 - 3 Competition in Jordanian Market</td>
<td>9</td>
</tr>
<tr>
<td>2 - 2 - 4 Environmental Regulations</td>
<td>10</td>
</tr>
<tr>
<td>2 - 2 - 5 Economic Conditions in KSA</td>
<td>10</td>
</tr>
<tr>
<td>2 - 2 - 6 Export Suspension</td>
<td>10</td>
</tr>
<tr>
<td>2 - 2 - 7 Exchange Rate Fluctuation Risk</td>
<td>11</td>
</tr>
<tr>
<td>2 - 2 - 8 Financing Costs</td>
<td>11</td>
</tr>
<tr>
<td>2 - 2 - 9 Clinker Export to Jordan</td>
<td>11</td>
</tr>
<tr>
<td>2 - 2 - 10 Import Duty and Taxes in Jordan</td>
<td>11</td>
</tr>
<tr>
<td>2 - 2 - 11 Export and Competition in Iraq Market</td>
<td>11</td>
</tr>
<tr>
<td>2 - 2 - 12 Risks Relating to Competition with Affiliates</td>
<td>12</td>
</tr>
<tr>
<td>2 - 2 - 13 Regulatory Environment</td>
<td>12</td>
</tr>
<tr>
<td>2 - 3 Risks Related to the Offer Shares</td>
<td>12</td>
</tr>
<tr>
<td>2 - 3 - 1 Absence of a Prior Market for the Shares and Volatility of Share Price</td>
<td>12</td>
</tr>
<tr>
<td>2 - 3 - 2 Dividend Payment</td>
<td>12</td>
</tr>
<tr>
<td>2 - 3 - 3 Risks Relating to Effective and Actual Control by the Current Shareholders</td>
<td>12</td>
</tr>
<tr>
<td>2 - 3 - 4 Future Sales of the Shares</td>
<td>12</td>
</tr>
<tr>
<td>3. Market and Industry Overview</td>
<td>13</td>
</tr>
<tr>
<td>3 - 1 The Saudi Economy</td>
<td>13</td>
</tr>
<tr>
<td>3 - 1 - 1 KSA Economy Indicators</td>
<td>13</td>
</tr>
<tr>
<td>3 - 1 - 2 Non-Oil Sector Development</td>
<td>15</td>
</tr>
<tr>
<td>3 - 2 Cement Industry in KSA</td>
<td>16</td>
</tr>
<tr>
<td>3 - 2 - 1 Local Cement Consumption</td>
<td>16</td>
</tr>
<tr>
<td>3 - 2 - 2 Local Cement Production</td>
<td>17</td>
</tr>
<tr>
<td>3 - 2 - 3 Cement Prices in KSA and Export Ban</td>
<td>18</td>
</tr>
<tr>
<td>3 - 2 - 4 Target Markets inside KSA</td>
<td>19</td>
</tr>
<tr>
<td>3 - 3 Cement Industry in Iraq</td>
<td>22</td>
</tr>
<tr>
<td>3 - 3 - 1 Overview of Cement Industry in Iraq</td>
<td>22</td>
</tr>
<tr>
<td>3 - 3 - 2 Cement Consumption in Iraq</td>
<td>22</td>
</tr>
<tr>
<td>3 - 3 - 3 Cement Supply in Iraq</td>
<td>24</td>
</tr>
<tr>
<td>3 - 3 - 4 Characteristics of Iraqi Cement Market</td>
<td>25</td>
</tr>
<tr>
<td>3 - 3 - 5 Potential Competitiveness of the Company in the Iraqi Target Market</td>
<td>25</td>
</tr>
<tr>
<td>3 - 4 Cement Industry in Jordan</td>
<td>25</td>
</tr>
<tr>
<td>3 - 4 - 1 Cement Production in Jordan</td>
<td>26</td>
</tr>
<tr>
<td>3 - 4 - 2 NCC (Jordan)’s Potential Competitiveness</td>
<td>26</td>
</tr>
<tr>
<td>3 - 5 Conclusion</td>
<td>26</td>
</tr>
<tr>
<td>4. Northern Region Cement Company</td>
<td>28</td>
</tr>
<tr>
<td>4 - 1 Introduction</td>
<td>28</td>
</tr>
<tr>
<td>4 - 2 Highlights</td>
<td>29</td>
</tr>
<tr>
<td>4 - 3 Company’s Objectives</td>
<td>30</td>
</tr>
<tr>
<td>4 - 3 - 1 Vision</td>
<td>30</td>
</tr>
<tr>
<td>4 - 3 - 2 Mission</td>
<td>30</td>
</tr>
<tr>
<td>4 - 3 - 3 Goals</td>
<td>30</td>
</tr>
<tr>
<td>Section</td>
<td>Pages</td>
</tr>
<tr>
<td>---------</td>
<td>-------</td>
</tr>
<tr>
<td>8 - 4 Results of Operations</td>
<td>108</td>
</tr>
<tr>
<td>8 - 4 - 1 Income Statement</td>
<td>109</td>
</tr>
<tr>
<td>8 - 4 - 2 Sales</td>
<td>112</td>
</tr>
<tr>
<td>8 - 4 - 3 Cost of Sales</td>
<td>115</td>
</tr>
<tr>
<td>8 - 4 - 4 Gross Profit Margin</td>
<td>117</td>
</tr>
<tr>
<td>8 - 4 - 5 Selling and Marketing Expenses</td>
<td>118</td>
</tr>
<tr>
<td>8 - 4 - 6 General and Administrative Expenses</td>
<td>120</td>
</tr>
<tr>
<td>8 - 4 - 7 Financial Charges</td>
<td>121</td>
</tr>
<tr>
<td>8 - 4 - 8 Other Revenues</td>
<td>122</td>
</tr>
<tr>
<td>8 - 4 - 9 Zakat &amp; Taxes</td>
<td>123</td>
</tr>
<tr>
<td>8 - 5 Balance Sheet</td>
<td>123</td>
</tr>
<tr>
<td>8 - 5 - 1 Current Assets</td>
<td>125</td>
</tr>
<tr>
<td>8 - 5 - 2 Non-Current Assets</td>
<td>127</td>
</tr>
<tr>
<td>8 - 5 - 3 Current Liabilities</td>
<td>130</td>
</tr>
<tr>
<td>8 - 5 - 4 Non-Current Liabilities</td>
<td>133</td>
</tr>
<tr>
<td>8 - 5 - 5 Shareholders' Equity</td>
<td>134</td>
</tr>
<tr>
<td>8 - 6 Cash Flows Analysis</td>
<td>136</td>
</tr>
<tr>
<td>8 - 7 Updated Results of Operations for the 6-months Period Ended 30 June 2012G</td>
<td>140</td>
</tr>
<tr>
<td>8 - 7 - 1 Income Statement</td>
<td>140</td>
</tr>
<tr>
<td>8 - 7 - 2 Balance Sheet</td>
<td>142</td>
</tr>
<tr>
<td>8 - 7 - 3 Cash Flows Analysis</td>
<td>143</td>
</tr>
<tr>
<td>8 - 8 Contingencies &amp; Commitments</td>
<td>144</td>
</tr>
<tr>
<td>8 - 9 Current Trading &amp; Prospects</td>
<td>144</td>
</tr>
<tr>
<td>8 - 10 Statement of Management’s Responsibility for Financial Information</td>
<td>144</td>
</tr>
<tr>
<td>9. Dividends</td>
<td>145</td>
</tr>
<tr>
<td>9 - 1 Dividend Policy</td>
<td>145</td>
</tr>
<tr>
<td>9 - 2 Distributions</td>
<td>145</td>
</tr>
<tr>
<td>10. Use of Proceeds and Future Projects</td>
<td>147</td>
</tr>
<tr>
<td>10 - 1 Use of Proceeds</td>
<td>147</td>
</tr>
<tr>
<td>10 - 1 - 1 Total Offering Expenses</td>
<td>148</td>
</tr>
<tr>
<td>10 - 1 - 2 Use of Net Proceeds from the Offering</td>
<td>148</td>
</tr>
<tr>
<td>10 - 2 Future Projects</td>
<td>149</td>
</tr>
<tr>
<td>10 - 2 - 1 Line II</td>
<td>149</td>
</tr>
<tr>
<td>10 - 2 - 2 Main Contracts Relating to Line II</td>
<td>151</td>
</tr>
<tr>
<td>10 - 2 - 3 Project Schedule &amp; Required Costs for Construction of Line II</td>
<td>152</td>
</tr>
<tr>
<td>10 - 2 - 4 Investment in AlKobaish Cement Plant</td>
<td>153</td>
</tr>
<tr>
<td>11. Director’s Declaration</td>
<td>155</td>
</tr>
<tr>
<td>12. Legal Information</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 Summary of Bylaws</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 1 Constitution of the Company</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 2 Name of the Company</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 3 Objectives of the Company</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 4 Participation</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 5 Head Office of the Company</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 6 Duration of the Company</td>
<td>156</td>
</tr>
<tr>
<td>12 - 1 - 7 Share Capital of the Company</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 8 Subscription</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 9 Failure to Pay the Remaining Value of an Offer Share</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 10 The Shares</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 11 Trading of Shares</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 12 Register of Shareholders</td>
<td>157</td>
</tr>
<tr>
<td>12 - 1 - 13 Share Certificates</td>
<td>158</td>
</tr>
<tr>
<td>12 - 1 - 14 Increase of Share Capital</td>
<td>158</td>
</tr>
<tr>
<td>12 - 1 - 15 Decrease of Share Capital</td>
<td>158</td>
</tr>
<tr>
<td>12 - 1 - 16 Preferred Shares</td>
<td>158</td>
</tr>
<tr>
<td>12 - 1 - 17 Bonds</td>
<td>159</td>
</tr>
<tr>
<td>12 - 1 - 18 Constitution of the Board of Directors</td>
<td>159</td>
</tr>
<tr>
<td>12 - 1 - 19 Qualification Shares</td>
<td>159</td>
</tr>
<tr>
<td>12 - 1 - 20 Vacancies</td>
<td>159</td>
</tr>
<tr>
<td>12 - 1 - 21 Powers and Remuneration of the Board of Directors</td>
<td>159</td>
</tr>
<tr>
<td>12 - 1 - 22 Remuneration of Board of Directors</td>
<td>160</td>
</tr>
<tr>
<td>12 - 1 - 23 Board Chairman, Managing Director and Secretary</td>
<td>160</td>
</tr>
<tr>
<td>12 - 1 - 24 Board Meetings and Resolutions</td>
<td>161</td>
</tr>
<tr>
<td>12 - 1 - 25 Minutes of Meetings</td>
<td>161</td>
</tr>
<tr>
<td>12 - 1 - 26 Conflict of Interests</td>
<td>161</td>
</tr>
<tr>
<td>12 - 1 - 27 Board Committees</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 28 Executive Committee</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 29 Attendance at the Assembly</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 30 Constituent Assembly</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 31 Ordinary General Assembly</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 32 Extraordinary General Assembly</td>
<td>162</td>
</tr>
<tr>
<td>12 - 1 - 33 Manner of Convening General Assemblies</td>
<td>163</td>
</tr>
<tr>
<td>12 - 1 - 34 Proof of Attendance</td>
<td>163</td>
</tr>
<tr>
<td>12 - 1 - 35 Quorum of Ordinary General Assembly</td>
<td>163</td>
</tr>
</tbody>
</table>
12 - 1 - 36 Quorum of Extraordinary General Assembly 163
12 - 1 - 37 Voting Rights 163
12 - 1 - 38 Resolutions 163
12 - 1 - 39 The Agenda 163
12 - 1 - 40 Proceedings of the General Assembly 164
12 - 1 - 41 Appointment of Auditor 164
12 - 1 - 42 Access to Records 164
12 - 1 - 43 Financial Year 164
12 - 1 - 44 Balance Sheet 164
12 - 1 - 45 Distribution of Annual Profits 164
12 - 1 - 46 Distribution of Dividends 165
12 - 1 - 47 Company Losses 165
12 - 1 - 48 Disputes 165
12 - 1 - 49 Dissolution and Winding up of the Company 165
12 - 1 - 50 Adoption of the Company’s Bylaws 165
12 - 1 - 51 Company’s Regulation 165
12 - 1 - 52 Publication 165

12 - 2 Summary of Material Contracts 166
12 - 2 - 1 EDC (Engineering, Design and Construction) Contract with CNBM for Expansion of Cement Plan (Line II) 166
12 - 2 - 2 Contract with CNBM for Support and Management Services 166
12 - 2 - 3 Power Plant Operation and Maintenance Contract with Wärtsilä Power Contracting Company Ltd. 166
12 - 2 - 4 EDC (Engineering, Design and Construction) Contract with Wärtsilä Power Contracting Company Ltd. For Construction of a Power Plant 166
12 - 2 - 5 Contract with Saudi Aramco for the Supply of Fuel 167
12 - 2 - 6 Contract with NCC (Jordan) for the Sale of Clinker 167
12 - 2 - 7 Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company 168

12 - 3 Summary of Related Party Transactions 168

12 - 4 Licenses and Permits 169
12 - 4 - 1 Commercial Register – Head Office 169
12 - 4 - 2 Commercial Register – Riyadh Branch. 169
12 - 4 - 3 Industrial License 169
12 - 4 - 4 Membership of Chamber of Commerce 169
12 - 4 - 5 Raw Materials Quarry License 169
12 - 4 - 6 Well Drilling License 170
12 - 4 - 7 Export License 170
12 - 4 - 8 Quality Mark Certificate 170
12 - 4 - 9 Radiation Instruments License 170
12 - 4 - 10 Electricity and Co-Generation Regulatory Authority 170

12 - 5 Certificates 171
12 - 5 - 1 Environmental Approval License 171
12 - 5 - 2 ISO9001 171

12 - 6 Line II Licenses and Permits 171

12 - 7 Credit Facilities and Financing 171

12 - 8 Assets Owned, Hired or Used by the Company 173
12 - 8 - 1 Owned Properties 173
12 - 8 - 2 Hired Property 173

12 - 9 Trademark 173
12 - 9 - 1 The Company 173
12 - 9 - 2 NCC (Jordan) 174

12 - 10 Insurance 174

12 - 11 Mortgages, Rights and Charges 175

12 - 12 Employment Contracts of Board Members and Senior Management Team 175

12 - 13 Disputes and Legal Claims 175

12 - 14 Directors’ Declarations 175
12 - 14 - 1 Continuity of Company’s Activities 175
12 - 14 - 2 Potential Commitments 176
12 - 14 - 3 Working Capital 176
12 - 14 - 4 Capitalization and Indebtedness 176
12 - 14 - 5 Activities outside KSA 176
12 - 14 - 6 Other Declarations 176

12 - 15 Description of Shares After the Offering 177
12 - 15 - 1 Share Capital 177
12 - 15 - 2 Shareholders’ Rights 177
12 - 15 - 3 Ordinary General Assembly 178
12 - 15 - 4 Voting Rights 178
12 - 15 - 5 Shares 179
12 - 15 - 6 Duration of the Company 179
12 - 15 - 7 Dissolution and Liquidation of the Company 179
12 - 15 - 8 Transfer of Shares 179
12 - 15 - 9 Changes in Shareholders’ Rights 179
12 - 15 - 10 Zakat 179

12 - 16 Legal Advisor to the Offering 179

13. Underwriting 180
13 - 1 Underwriter 180
### Indexing of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Directors</td>
</tr>
<tr>
<td>Table 2</td>
<td>Current Shareholders directly holding more than 5% of the Shares before the Offering</td>
</tr>
<tr>
<td>Table 3</td>
<td>Current Individual Shareholders directly and/or indirectly holding more than 5% of the Shares before the Offering</td>
</tr>
<tr>
<td>Table 4</td>
<td>Changes in the Share Capital of the Company</td>
</tr>
<tr>
<td>Table 5</td>
<td>Current Shareholders directly holding more than 5% of the shares before the Offering</td>
</tr>
<tr>
<td>Table 6</td>
<td>Current Individual Shareholders directly and/or indirectly holding more than 5% of the Shares before the Offering</td>
</tr>
<tr>
<td>Table 7</td>
<td>Cement Consumption Growth in the KSA During the Period from 1999G to 2011G</td>
</tr>
<tr>
<td>Table 8</td>
<td>Cement Consumption in Targeted Areas in 2010G and 2011G</td>
</tr>
<tr>
<td>Table 9</td>
<td>Summary Consolidated Income Statement</td>
</tr>
<tr>
<td>Table 10</td>
<td>Summary Consolidated Statement of Financial Position</td>
</tr>
<tr>
<td>Table 11</td>
<td>Summary Cash Flows</td>
</tr>
<tr>
<td>Table 12</td>
<td>KSA’s key economic indicators for 2009G-2011G including contributions by the oil sector and the non-oil sector to the nominal GDP</td>
</tr>
<tr>
<td>Table 13</td>
<td>KSA Budget (2009G-2011G)</td>
</tr>
<tr>
<td>Table 14</td>
<td>Increase in Cement Consumption (1999G-2011G)</td>
</tr>
<tr>
<td>Table 15</td>
<td>Production Capacity as of May 2012G and Anticipated Capacity of Cement Companies in KSA</td>
</tr>
<tr>
<td>Table 16</td>
<td>Cement Consumption in KSA by Provinces (2010G – 2011G)</td>
</tr>
<tr>
<td>Table 17</td>
<td>Cement Consumption in the Target Markets (2010G – 2011G)</td>
</tr>
<tr>
<td>Table 18</td>
<td>Local Cement Companies’ Market Shares in the Company’s Primary and Other Target Markets as at May 2012G</td>
</tr>
<tr>
<td>Table 19</td>
<td>Average Production Costs for NRCC and its Competitors in the Target Markets</td>
</tr>
<tr>
<td>Table 20</td>
<td>Average Ex-Factory Freight Costs for NRCC and its Competitors in the Target markets</td>
</tr>
<tr>
<td>Table 21</td>
<td>Average Ex-Factory Cost to Market for NRCC and its Competitors in the Target Markets</td>
</tr>
<tr>
<td>Table 22</td>
<td>Total Regional Cement Consumption Rates in Iraq in 2011G</td>
</tr>
<tr>
<td>Table 23</td>
<td>Total Production Capacity in Iraq in 2011G</td>
</tr>
<tr>
<td>Table 24</td>
<td>Declared Future Additions to Production Capacity in Iraq after Rehabilitation of Existing Cement Plants</td>
</tr>
<tr>
<td>Table 25</td>
<td>Declared Future Additional to Production Capacity in Iraq from New Cement Plants</td>
</tr>
<tr>
<td>Table 26</td>
<td>Production Capacity of Cement Plants in Jordan (million tons per annum)</td>
</tr>
<tr>
<td>Table 27</td>
<td>Changes in the Share Capital of the Company and Total Loans</td>
</tr>
<tr>
<td>Table 28</td>
<td>Company’s Development Milestones since Establishment</td>
</tr>
<tr>
<td>Table 29</td>
<td>Names of Main Shareholders Holding 1% or More of the Shares before the Offering</td>
</tr>
<tr>
<td>Table 30</td>
<td>Daily and Annual Production Capacity of Clinker and Cement</td>
</tr>
<tr>
<td>Table 31</td>
<td>Company’s products and sales per ton</td>
</tr>
<tr>
<td>Table 32</td>
<td>The Company’s Cement and Clinker Production Capacity</td>
</tr>
<tr>
<td>Table 33</td>
<td>Raw materials max consumed used by the Company for each type of Clinker since 2009G</td>
</tr>
<tr>
<td>Table 34</td>
<td>Top 10 Customer of the Company for the Year Ended December 2011G and the Period Ended June 2012G</td>
</tr>
<tr>
<td>Table 35</td>
<td>Local Cement Producers’ Market Share in the Company’s Existing and Target Markets as at 2011G</td>
</tr>
<tr>
<td>Table 36</td>
<td>Distribution of Employees of the Company during the Past 3 Years and the First Half of 2012G</td>
</tr>
<tr>
<td>Table 37</td>
<td>Shareholding Structure of AlKhobarah</td>
</tr>
<tr>
<td>Table 38</td>
<td>Shareholding Structure of Thatul Sawari Company</td>
</tr>
<tr>
<td>Table 39</td>
<td>Shareholding Structure of Al Muhaideb Holding Company</td>
</tr>
<tr>
<td>Table 40</td>
<td>Shareholding Structure of AlAzmiah</td>
</tr>
<tr>
<td>Table 41</td>
<td>Shareholding Structure of AlRayyadah for Contracting. General Trade and Rehabilitation of Industrial Projects Company after Transfer of Shares</td>
</tr>
<tr>
<td>Table 42</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as on 01/07/2010G</td>
</tr>
<tr>
<td>Table 43</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as on 02/05/2011G</td>
</tr>
<tr>
<td>Table 44</td>
<td>Shareholding Structure of North Cement Company (Jordan) as on 26/05/2011G</td>
</tr>
<tr>
<td>Table 45</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 18/06/2011G</td>
</tr>
<tr>
<td>Table 46</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 02/02/2012G</td>
</tr>
<tr>
<td>Table 47</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 14/05/2012G</td>
</tr>
<tr>
<td>Table 48</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 19/11/2012G</td>
</tr>
<tr>
<td>Table 49</td>
<td>Board Members of NCC (Jordan)</td>
</tr>
<tr>
<td>Table 50</td>
<td>Production and Sales of NCC (Jordan) during the past 3 Years and the first half of 2012G</td>
</tr>
<tr>
<td>Table 51</td>
<td>Distribution of Employees of NCC (Jordan) during the past 3 Years and the first half of 2012G</td>
</tr>
<tr>
<td>Table 52</td>
<td>Technical Mining Investment Company</td>
</tr>
<tr>
<td>Table 53</td>
<td>Summary of Distribution and Acquisition of NCC (Jordan) Shares</td>
</tr>
<tr>
<td>Table 54</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 25/05/2011G</td>
</tr>
<tr>
<td>Table 55</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 26/05/2011G</td>
</tr>
<tr>
<td>Table 56</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 18/06/2011G</td>
</tr>
<tr>
<td>Table 57</td>
<td>Shareholding Structure of Northern Cement Company (Jordan) as at 18/06/2011G</td>
</tr>
</tbody>
</table>


Table 137: Details of Intangible Assets


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

Table 147: Total Consolidated Shareholders’ Equity of NC (Jordan) for the Financial Years ended 31 December 2009G, 2010G and 2011G and Financial Period Ended 31 March 2012G


Table 151: Consolidated Income Statement of NRCC for the Financial Period Ended 30 June 2012G

Table 152: Consolidated Income Statement for NC (Jordan) for the Period Ending 30 June 2012G

Table 153: Consolidated Balance Sheet of NRCC for the Financial Period Ended 30 June 2012G

Table 154: Consolidated Balance Sheet for NC (Jordan) for the Financial Period Ending 30 June 2012G

Table 155: Cash Flows of NRCC for the Financial Period Ended 30 June 2012G

Table 156: Cash Flows of NC (Jordan) for the Period Ending 30 June 2012G


Table 158: Details of Use of Proceeds

Table 159: Total Offering Expenses

Table 160: Use of Net Proceeds from the Offering

Table 161: Capital Expenditure for Line II Project and Sources of Financing

Table 162: Use and Sources of Funds as at 30 June 2012G

Table 163: Expected Costs and Sources of Funding as at 30 June 2012G

Table 164: Project Cost Breakdown as per the Contract with CNBM

Table 165: Distribution of Costs of the Contract with Wärtsilä

Table 166: Line II Timetable & Costs

Table 167: Schedule of Interim Expenses for the Construction of Line II

Table 168: shows the required permits and their current status

Table 169: Information on Insurance Policies Maintained by the Company


Table 171: Underwriter

Table 172: Total Offering Expenses

Indexing of Diagrams

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

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

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

Diagram (4): Organizational Structure of Northern Region Cement Company
1. **Terms and Definitions**

<table>
<thead>
<tr>
<th>Defined Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listing</td>
<td>The Admission of shares to the Official List of KSA Capital Market Authority.</td>
</tr>
<tr>
<td>Company</td>
<td>Northern Region Cement Company.</td>
</tr>
<tr>
<td>Board or Board of Directors</td>
<td>The board of directors of the Company.</td>
</tr>
<tr>
<td>Director / Board Member</td>
<td>A member of the Company’s Board of Directors.</td>
</tr>
<tr>
<td>Bylaws</td>
<td>The Bylaws of the Company as summarized in the section entitled &quot;Legal Information&quot;.</td>
</tr>
<tr>
<td>Companies Regulations</td>
<td>The KSA Companies Regulations issued under Royal Decree No. M/6 dated 22/3/1385H, as amended.</td>
</tr>
<tr>
<td>Corporate Governance Regulations</td>
<td>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).</td>
</tr>
<tr>
<td>Authority or CMA</td>
<td>The Capital Market Authority of the KSA.</td>
</tr>
<tr>
<td>Exchange or Tadawul</td>
<td>The Saudi Stock Exchange operating the electronic system for trading in listed securities in the KSA.</td>
</tr>
<tr>
<td>Management</td>
<td>The management of the Company.</td>
</tr>
<tr>
<td>Offering</td>
<td>The initial public offering of ninety million (90,000,000) Shares in accordance with the terms and conditions included herein.</td>
</tr>
<tr>
<td>Offer Shares</td>
<td>Ninety million (90,000,000) Shares, representing 50% of the issued share capital of the Company after the Offering.</td>
</tr>
<tr>
<td>Prospectus</td>
<td>This Prospectus.</td>
</tr>
<tr>
<td>KSA or Kingdom</td>
<td>The Kingdom of Saudi Arabia.</td>
</tr>
<tr>
<td>Products</td>
<td>Products of the Company.</td>
</tr>
<tr>
<td>Share(s)</td>
<td>Ordinary share(s) of the Company of nominal value of SAR 10 (ten Saudi Riyals) each.</td>
</tr>
<tr>
<td>Shareholder(s)</td>
<td>Shareholder(s) of the Company.</td>
</tr>
<tr>
<td>Individual Investors/ Subscribers</td>
<td>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.</td>
</tr>
<tr>
<td>Subscription Application Form</td>
<td>The subscription application form in relation to the Offer Shares.</td>
</tr>
<tr>
<td>Underwriting Agreement</td>
<td>The underwriting agreement entered into between the Company and the Underwriter in connection with the Offering.</td>
</tr>
<tr>
<td>Listing Rules</td>
<td>The Listing Rules issued by the CMA's Resolution No. 3/11/2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended.</td>
</tr>
<tr>
<td>Subscription Period</td>
<td>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).</td>
</tr>
<tr>
<td>Net Offering Proceeds</td>
<td>Net Offering Proceeds after the deduction of the costs of the Offering.</td>
</tr>
<tr>
<td>Lock-in Period</td>
<td>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.</td>
</tr>
<tr>
<td>Defined Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------</td>
<td>------------</td>
</tr>
<tr>
<td>SAR</td>
<td>Saudi Riyal, the official currency of KSA.</td>
</tr>
<tr>
<td>US$/Dollar</td>
<td>The official currency of USA.</td>
</tr>
<tr>
<td>Euro</td>
<td>The official currency of European Union.</td>
</tr>
<tr>
<td>Nominal Value</td>
<td>SAR 10 (ten Saudi Riyals) per share.</td>
</tr>
<tr>
<td>Offer Price</td>
<td>SAR 10 (ten Saudi Riyals) per Offer Share.</td>
</tr>
<tr>
<td>Business Day</td>
<td>Any day (except Thursdays, Fridays and public holidays) in which banks in Saudi Arabia are open for normal banking business.</td>
</tr>
<tr>
<td>Financial Advisors</td>
<td>Arab National Investment Company and Ithraa Capital.</td>
</tr>
<tr>
<td>Lead Manager</td>
<td>Arab National Investment Company.</td>
</tr>
<tr>
<td>Underwriter</td>
<td>Arab National Investment Company.</td>
</tr>
<tr>
<td>Market Research Consultant</td>
<td>Holtec Consulting Pvt. Ltd.</td>
</tr>
<tr>
<td>CNBM</td>
<td>China National Building Materials Group Corp.</td>
</tr>
<tr>
<td>TADAWUL</td>
<td>The electronic system for trading in listed shares in the KSA.</td>
</tr>
<tr>
<td>Relatives</td>
<td>The father, mother, spouse and/or children.</td>
</tr>
<tr>
<td>Voting Rights</td>
<td>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.</td>
</tr>
<tr>
<td>Official Gazette</td>
<td>Um Al Qura, the official Gazette of the Government of Saudi Arabia.</td>
</tr>
<tr>
<td>Official List</td>
<td>The list of securities maintained by the CMA in accordance with the Listing Rules.</td>
</tr>
<tr>
<td>MT</td>
<td>A unit of mass equal to 1,000 kilograms.</td>
</tr>
<tr>
<td>Cement Bag</td>
<td>A multiply paper bag for packing 50Kg Cement.</td>
</tr>
<tr>
<td>Portland Cement</td>
<td>The end product of cement manufacturing normally used for general civil construction works such as foundations, ceilings and walls.</td>
</tr>
<tr>
<td>Sulphate Resistant Cement (SRC)</td>
<td>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.</td>
</tr>
<tr>
<td>Limestone</td>
<td>A hard sedimentary rock composed mainly of calcium carbonate.</td>
</tr>
<tr>
<td>Clinker</td>
<td>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.</td>
</tr>
<tr>
<td>Mill</td>
<td>A vertical/horizontal cylindrical steel shell of different dimensions used to grind raw materials or clinker and gypsum.</td>
</tr>
<tr>
<td>Saudi Aramco</td>
<td>Saudi Arabian Oil Company.</td>
</tr>
<tr>
<td>Government</td>
<td>The Government of the Kingdom of Saudi Arabia.</td>
</tr>
<tr>
<td>BOT</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.
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.

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.

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).

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 2012, and the feasibility study related to the second production line, prepared by Ernst & Young in October 2011, 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 1967, 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 1974, 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. Increase in oil prices in the past, particularly the period between 2000 to 2007 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 2011, KSA was rated among the top ten countries with respect to economic reforms in 2011, thereby advancing to 12th place out of 181 countries in ease of doing business.

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 (2010-2014) 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 2008-2009 period, it has recently gathered pace and, alongside exports and government spending, has helped to enhance the real GDP growth.

1 OPEC
2 World 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% 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%.

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

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP (Billion SAR)</td>
<td>1,412.6</td>
<td>1,690.5</td>
<td>2,163.1</td>
</tr>
<tr>
<td>Real GDP (change percentage)</td>
<td>0.1%</td>
<td>4.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Oil Sector Contribution to GDP (Billion SAR)</td>
<td>662.2</td>
<td>872.1</td>
<td>1,228.8</td>
</tr>
<tr>
<td>Percentage of Contribution to GDP</td>
<td>46.9%</td>
<td>51.6%</td>
<td>56.8%</td>
</tr>
<tr>
<td>Non-Oil Sector Contribution to GDP (Billion SAR)</td>
<td>737.5</td>
<td>803.7</td>
<td>918.6</td>
</tr>
<tr>
<td>Percentage of Contribution to GDP</td>
<td>52.2%</td>
<td>47.5%</td>
<td>42.5%</td>
</tr>
</tbody>
</table>


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)

<table>
<thead>
<tr>
<th>Government Budget Statement</th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (billion riyals)</td>
<td>509.8</td>
<td>741.6</td>
<td>1,110.0</td>
</tr>
<tr>
<td>Expenditure (billion riyals)</td>
<td>596.4</td>
<td>653.9</td>
<td>804.0</td>
</tr>
<tr>
<td>Budget item (billion riyals)</td>
<td>(86.6)</td>
<td>87.7</td>
<td>306.0</td>
</tr>
<tr>
<td>Budget item percentage of nominal GDP</td>
<td>(6.1%)</td>
<td>5.2%</td>
<td>14.1%</td>
</tr>
</tbody>
</table>

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.

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
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:
  - 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. 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.

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.

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
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 Pozzolana 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.

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 continuous 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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption (million tons)</td>
<td>16.9</td>
<td>15.9</td>
<td>19.9</td>
<td>21.0</td>
<td>22.6</td>
<td>24.1</td>
<td>25.4</td>
<td>24.8</td>
<td>27.1</td>
<td>30.3</td>
<td>36.7</td>
<td>41.2</td>
<td>47.9</td>
</tr>
<tr>
<td>Consumption Growth Rate (%)</td>
<td>19.0</td>
<td>(5.9)</td>
<td>25.2</td>
<td>5.5</td>
<td>7.6</td>
<td>6.6</td>
<td>5.4</td>
<td>(2.4)</td>
<td>9.3</td>
<td>11.8</td>
<td>21.1</td>
<td>12.3</td>
<td>16.3</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Producer</th>
<th>Current capacity (Million Tons per Year)</th>
<th>Percentage of Capacity Utilization (%)</th>
<th>Additional Expected Capacity (Million tons per Year)</th>
<th>Expected first Year of Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Cement Company</td>
<td>8.2</td>
<td>88</td>
<td>2.26</td>
<td>2015G</td>
</tr>
<tr>
<td>Eastern Province Cement Company</td>
<td>3.3</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Eastern Region</strong></td>
<td><strong>11.5</strong></td>
<td><strong>94</strong></td>
<td><strong>2.26</strong></td>
<td>-</td>
</tr>
<tr>
<td>Al Yamama Cement Company</td>
<td>5.8</td>
<td>100</td>
<td>3.47</td>
<td>2015G</td>
</tr>
<tr>
<td>Al Qassim Cement Company</td>
<td>4.3</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^{15}\) Source: Holtec Report  
\(^{16}\) Source: Ministry of Economy & Planning
<table>
<thead>
<tr>
<th>Producer</th>
<th>Expected first Year of Production</th>
<th>Current capacity (Million Tons per Year)</th>
<th>Percentage of Capacity Utilization (%)</th>
<th>Additional Expected Capacity (Million tons per Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh Cement Company</td>
<td>2015G</td>
<td>3.5</td>
<td>99</td>
<td>3.47</td>
</tr>
<tr>
<td>Al Madinah Cement Company</td>
<td>2015G</td>
<td>1.6</td>
<td>100</td>
<td>2.43</td>
</tr>
<tr>
<td>Hail Cement Company</td>
<td>2013G</td>
<td>-</td>
<td>-</td>
<td>1.60</td>
</tr>
<tr>
<td>Central Region</td>
<td>-</td>
<td>15.2</td>
<td>99.8</td>
<td>10.97</td>
</tr>
<tr>
<td>Yanbu Cement Company</td>
<td>2012G</td>
<td>5.1</td>
<td>100</td>
<td>3.0</td>
</tr>
<tr>
<td>Arabian Cement Company</td>
<td>2015G</td>
<td>4.5</td>
<td>85</td>
<td>2.43</td>
</tr>
<tr>
<td>Al Safwa Cement Company</td>
<td>-</td>
<td>2.0</td>
<td>47</td>
<td>-</td>
</tr>
<tr>
<td>Tabuk Cement Company</td>
<td>2014G</td>
<td>1.4</td>
<td>100</td>
<td>1.32</td>
</tr>
<tr>
<td>Western Region</td>
<td>-</td>
<td>13.0</td>
<td>83</td>
<td>6.75</td>
</tr>
<tr>
<td>Northern Region Cement Company</td>
<td>2012G</td>
<td>2.0</td>
<td>57</td>
<td>0.96</td>
</tr>
<tr>
<td>Al Jouf Cement Company</td>
<td>-</td>
<td>1.5</td>
<td>98</td>
<td>-</td>
</tr>
<tr>
<td>Northern Region</td>
<td>-</td>
<td>3.5</td>
<td>77.5</td>
<td>0.96</td>
</tr>
<tr>
<td>Southern Province Cement Company</td>
<td>2012G</td>
<td>6.9</td>
<td>100</td>
<td>1.5</td>
</tr>
<tr>
<td>Najran Cement Company</td>
<td>2014G</td>
<td>3.1</td>
<td>96</td>
<td>2.43</td>
</tr>
<tr>
<td>Southern Region</td>
<td>-</td>
<td>10.0</td>
<td>98</td>
<td>3.93</td>
</tr>
<tr>
<td>New Players*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.08</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>53.2</td>
<td>92.9</td>
<td>26.95</td>
</tr>
</tbody>
</table>

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.
### 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)

<table>
<thead>
<tr>
<th>Region</th>
<th>Madinah Consumption in 2010G (Thousand Tons)</th>
<th>Madinah Consumption in 2011G (Thousand Tons)</th>
<th>Cement Consumption in 2010G (%)</th>
<th>Cement Consumption in 2011G (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Region</td>
<td>Hail</td>
<td>1,335</td>
<td>1,438</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Al Qassim</td>
<td>2,053</td>
<td>2,047</td>
<td>5.0</td>
</tr>
<tr>
<td></td>
<td>Riyadh</td>
<td>11,195</td>
<td>12,547</td>
<td>27.1</td>
</tr>
<tr>
<td></td>
<td><strong>Total Consumption in Central Region</strong></td>
<td><strong>14,583</strong></td>
<td><strong>16,032</strong></td>
<td><strong>35.4</strong></td>
</tr>
<tr>
<td>Western Region</td>
<td>Tabuk</td>
<td>862</td>
<td>1,040</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>Madinah</td>
<td>2,700</td>
<td>2,941</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>Makkah</td>
<td>8,903</td>
<td>11,246</td>
<td>21.6</td>
</tr>
<tr>
<td></td>
<td><strong>Total Consumption in Western Region</strong></td>
<td><strong>12,465</strong></td>
<td><strong>15,227</strong></td>
<td><strong>30.2</strong></td>
</tr>
<tr>
<td>Northern Region</td>
<td>Northern Borders</td>
<td>706</td>
<td>1,291</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td>Al Jawf</td>
<td>969</td>
<td>929</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td><strong>Total Consumption in Northern Region</strong></td>
<td><strong>1,675</strong></td>
<td><strong>2,220</strong></td>
<td><strong>4.1</strong></td>
</tr>
<tr>
<td>Southern Region</td>
<td>Al Baha</td>
<td>883</td>
<td>1,127</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>Jizan</td>
<td>1,705</td>
<td>2,088</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td>Asir</td>
<td>2,900</td>
<td>3,500</td>
<td>7.0</td>
</tr>
<tr>
<td></td>
<td>Najran</td>
<td>1,000</td>
<td>989</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total Consumption in Southern Region</strong></td>
<td><strong>6,488</strong></td>
<td><strong>7,704</strong></td>
<td><strong>15.7</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total Consumption in Eastern Region</strong></td>
<td><strong>6,029</strong></td>
<td><strong>6,683</strong></td>
<td><strong>14.6</strong></td>
</tr>
<tr>
<td></td>
<td><strong>KSA Total Consumption</strong></td>
<td><strong>41,240</strong></td>
<td><strong>47,886</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*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 Borders 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)

<table>
<thead>
<tr>
<th>Region</th>
<th>Consumption (Thousand Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010G</td>
</tr>
<tr>
<td>Northern Borders</td>
<td>706</td>
</tr>
<tr>
<td>Al Jawf</td>
<td>969</td>
</tr>
<tr>
<td>Total Consumption in Primary Target Market</td>
<td>1,675</td>
</tr>
<tr>
<td>Hail</td>
<td>1,335</td>
</tr>
<tr>
<td>Tabuk</td>
<td>862</td>
</tr>
<tr>
<td>Al Madinah</td>
<td>2,700</td>
</tr>
<tr>
<td>Total Consumption in Other Target Markets</td>
<td>4,897</td>
</tr>
<tr>
<td>Total Consumption in the Target Markets</td>
<td>6,572</td>
</tr>
</tbody>
</table>

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 at May 2012G

<table>
<thead>
<tr>
<th>No.</th>
<th>Company/ region</th>
<th>Northern Boarders</th>
<th>Al Jawf</th>
<th>Hail %</th>
<th>Tabuk</th>
<th>Madinah</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Al Yamama Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Saudi Cement Co.</td>
<td>-</td>
<td>-</td>
<td>8%</td>
<td>-</td>
<td>6%</td>
</tr>
<tr>
<td>3</td>
<td>Eastern Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Al Qassim Cement Co.</td>
<td>-</td>
<td>16%</td>
<td>55%</td>
<td>-</td>
<td>45%</td>
</tr>
<tr>
<td>5</td>
<td>Yanbu Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38%</td>
</tr>
<tr>
<td>6</td>
<td>Arabian Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Southern Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Tabuk Cement Co.</td>
<td>-</td>
<td>19%</td>
<td>-</td>
<td>100%</td>
<td>7%</td>
</tr>
</tbody>
</table>
### Table 19: Average Production Costs for NRCC and its Competitors in the Target Markets

<table>
<thead>
<tr>
<th>No.</th>
<th>Company/ region</th>
<th>Al Jawf</th>
<th>Hail</th>
<th>Tabuk</th>
<th>Madinah</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Riyadh Cement Co.</td>
<td>-</td>
<td>-</td>
<td>26%</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Najran Cement Co.</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>Al Madinah Cement Co.</td>
<td>-</td>
<td>-</td>
<td>11%</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>NRCC</td>
<td>23%</td>
<td>44%</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>13</td>
<td>Al Jouf Cement Co.</td>
<td>77%</td>
<td>21%</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Al Safwa Cement Co.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Holtec Report

### 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

<table>
<thead>
<tr>
<th></th>
<th>NRCC</th>
<th>Al Jawf Cement</th>
<th>Tabuk Cement</th>
<th>Hail Cement</th>
<th>Al Qassim Cement</th>
<th>Yanbu Cement</th>
<th>Eastern Cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average cost (SAR/ton)</td>
<td>102</td>
<td>103</td>
<td>103</td>
<td>103</td>
<td>104</td>
<td>102</td>
<td>105</td>
</tr>
</tbody>
</table>

Source: Holtec Report

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

<table>
<thead>
<tr>
<th></th>
<th>NRCC</th>
<th>Al Jawf Cement</th>
<th>Tabuk Cement</th>
<th>Hail Cement</th>
<th>Al Qassim Cement</th>
<th>Yanbu Cement</th>
<th>Eastern Cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Borders</td>
<td>27</td>
<td>31</td>
<td>-</td>
<td>48</td>
<td>-</td>
<td>-</td>
<td>68</td>
</tr>
<tr>
<td>Al Jawf</td>
<td>35</td>
<td>39</td>
<td>49</td>
<td>40</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hail</td>
<td>56</td>
<td>60</td>
<td>-</td>
<td>29</td>
<td>32</td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td>Tabuk</td>
<td>59</td>
<td>54</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>49</td>
<td>-</td>
</tr>
<tr>
<td>Al Madinah</td>
<td>81</td>
<td>-</td>
<td>53</td>
<td>-</td>
<td>43</td>
<td>30</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Holtec Report

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

<table>
<thead>
<tr>
<th></th>
<th>NRCC</th>
<th>Al Jawf Cement</th>
<th>Tabuk Cement</th>
<th>Hail Cement</th>
<th>Al Qassim Cement</th>
<th>Yanbu Cement</th>
<th>Eastern Cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Borders</td>
<td>130</td>
<td>135</td>
<td>-</td>
<td>151</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td>Al Jawf</td>
<td>137</td>
<td>142</td>
<td>152</td>
<td>143</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hail</td>
<td>158</td>
<td>163</td>
<td>-</td>
<td>132</td>
<td>136</td>
<td>154</td>
<td>-</td>
</tr>
<tr>
<td>Tabuk</td>
<td>161</td>
<td>157</td>
<td>129</td>
<td>-</td>
<td>-</td>
<td>151</td>
<td>-</td>
</tr>
<tr>
<td>Al Madinah</td>
<td>183</td>
<td>-</td>
<td>156</td>
<td>-</td>
<td>147</td>
<td>133</td>
<td>-</td>
</tr>
</tbody>
</table>

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 2011, 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 2011, 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.

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 2011 G

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

Source: Holtec Report
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 million 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

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

*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

<table>
<thead>
<tr>
<th>Plant</th>
<th>Governorate</th>
<th>Expected First Year of Operation</th>
<th>Additions to Production Capacity (Million Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karbala Cement</td>
<td>Karbala</td>
<td>2012G</td>
<td>1.35</td>
</tr>
<tr>
<td>AlKobaisah Cement</td>
<td>Al Anbar</td>
<td>2014G</td>
<td>0.82</td>
</tr>
<tr>
<td>Badoosh Cement</td>
<td>Nineveh</td>
<td>2014G</td>
<td>0.83</td>
</tr>
<tr>
<td>Al Hammam Cement</td>
<td>Nineveh</td>
<td>2014G</td>
<td>0.25</td>
</tr>
<tr>
<td>Sinjar Cement Plant</td>
<td>Nineveh</td>
<td>2014G</td>
<td>0.70</td>
</tr>
<tr>
<td>Al Najaf Cement Plant</td>
<td>Al Najaf</td>
<td>2014G</td>
<td>0.18</td>
</tr>
<tr>
<td>Al Muthana Cement</td>
<td>Al Muthana</td>
<td>2014G</td>
<td>0.36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>4.49</strong></td>
</tr>
</tbody>
</table>

*Source: Holtec Report*
Table 25 : Declared Future Additional to Production Capacity in Iraq from New Cement Plants

<table>
<thead>
<tr>
<th>Plant</th>
<th>Governorate</th>
<th>Expected First Year of Operation</th>
<th>Additions to Production Capacity (Million Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mas Global</td>
<td>Al Sulaymaniah</td>
<td>2012G</td>
<td>1.72</td>
</tr>
<tr>
<td>Sahil Herbal</td>
<td>Kirkuk</td>
<td>2015G</td>
<td>1.91</td>
</tr>
<tr>
<td>Al Mabrouka</td>
<td>Al Samawah</td>
<td>2016G</td>
<td>1.74</td>
</tr>
<tr>
<td>New Plant 1</td>
<td>Al Samawah</td>
<td>2016G</td>
<td>1.74</td>
</tr>
<tr>
<td>New Plant 2</td>
<td>Erbil</td>
<td>2017G</td>
<td>1.74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>8.85</strong></td>
</tr>
</tbody>
</table>

*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;
- 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\(^\text{17}\). Jordan achieved a GDP growth rate of 2.5% in 2011G, and is expected to grow by 2.8% in 2012G\(^\text{18}\).

\(^{17}\) 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 2010 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 2018.

3 - 4 - 1 Cement Production in Jordan

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Al Rashidiya Cement Plant</th>
<th>Al Fuhels Cement Plant</th>
<th>Al Rajhi Cement</th>
<th>NCC (Jordan)</th>
<th>Qatrana Cement Co.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009G</td>
<td>2.2</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td>-</td>
<td>7.2</td>
</tr>
<tr>
<td>2010G</td>
<td>2.2</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td>2.0</td>
<td>9.2</td>
</tr>
<tr>
<td>2011G</td>
<td>2.2</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td>2.0</td>
<td>9.2</td>
</tr>
</tbody>
</table>

Source: Holtec Report

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

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 2010, NCC (Jordan) attained 100% capacity utilization within a year. During 2011, 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

<table>
<thead>
<tr>
<th>(.000) Saudi Riyals</th>
<th>As at 31 December</th>
<th>The 6-Months Period Ended in 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Paid capital*</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>25,907</td>
<td>54,403</td>
</tr>
<tr>
<td>Special reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retained profits</td>
<td>231,759</td>
<td>180,826</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>857,666</td>
<td>835,229</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>469,402</td>
<td>437,783</td>
</tr>
<tr>
<td>Current part of long-term loans</td>
<td>-</td>
<td>33,500</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>200,000</td>
<td>166,500</td>
</tr>
<tr>
<td>Total Loans</td>
<td>669,402</td>
<td>637,783</td>
</tr>
</tbody>
</table>

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 29/10/2011, 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/06/2005G</td>
<td>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.</td>
</tr>
<tr>
<td>16/03/2006G</td>
<td>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.</td>
</tr>
<tr>
<td>02/05/2007G</td>
<td>Northern Cement Company (&quot;NCC (Jordan)&quot;) was established as a Jordanian limited liability company, wholly owned by NRCC (please refer to the &quot;Northern Region Cement Company&quot; section).</td>
</tr>
<tr>
<td>01/03/2008G</td>
<td>The Company commenced experimental production.</td>
</tr>
<tr>
<td>01/12/2008G</td>
<td>The Company commenced commercial production.</td>
</tr>
<tr>
<td>02/05/2011G</td>
<td>NCC (Jordan) shares were offered to the public.</td>
</tr>
<tr>
<td>21/05/2011G</td>
<td>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.</td>
</tr>
<tr>
<td>26/05/2011G</td>
<td>82% of NCC (Jordan) shares were distributed to the Current Shareholders of the Company as in-kind dividends.</td>
</tr>
<tr>
<td>03/07/2011G</td>
<td>NCC (Jordan) was listed on Amman Stock Exchange.</td>
</tr>
<tr>
<td>16/07/2011G</td>
<td>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).</td>
</tr>
<tr>
<td>11/08/2011G</td>
<td>The Company signed a Share Purchase Agreement, whereby the Company acquired 75% of NCC (Jordan) shares.</td>
</tr>
<tr>
<td>18/08/2011G</td>
<td>The Company acquired 75% of NCC (Jordan) shares.</td>
</tr>
<tr>
<td>25/09/2011G</td>
<td>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).</td>
</tr>
<tr>
<td>29/10/2011G</td>
<td>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).</td>
</tr>
<tr>
<td>29/10/2011G</td>
<td>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.</td>
</tr>
<tr>
<td>08/05/2012G</td>
<td>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.</td>
</tr>
<tr>
<td>08/05/2012G</td>
<td>The Company’s Extraordinary General Assembly approved the transfer of 7% of NCC (Jordan) shares indirectly owned by Current Shareholders to the Company.</td>
</tr>
<tr>
<td>14/05/2012G</td>
<td>7% of NCC (Jordan) shares indirectly owned by Current Shareholders were transferred to the Company.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Pre-Offering</th>
<th>Shares Offered by Current Shareholders</th>
<th>Post-Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>1</td>
<td>Pan Kingdom Investment Company</td>
<td>30,491,270</td>
<td>24.20%</td>
<td>8,711,791</td>
</tr>
<tr>
<td>2</td>
<td>Abdul Qader Al Mohaideb &amp; Sons Company</td>
<td>12,495,000</td>
<td>9.92%</td>
<td>3,570,000</td>
</tr>
<tr>
<td>3</td>
<td>STICCO</td>
<td>7,237,501</td>
<td>5.74%</td>
<td>2,067,858</td>
</tr>
<tr>
<td>4</td>
<td>Abdullah bin Mohamed bin Abdul Aziz Al Romaizan</td>
<td>6,300,000</td>
<td>5.00%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>5</td>
<td>Khaled bin Ibrahim bin Abdul Aziz Al Ibrahim</td>
<td>6,300,000</td>
<td>5.00%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>6</td>
<td>International Company for Trading &amp; Contracting Limited</td>
<td>6,300,000</td>
<td>5.00%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Pre-Offering</td>
<td>Shares Offered by Current Shareholders</td>
<td>Post-Offering</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------</td>
<td>--------------</td>
<td>----------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>7</td>
<td>Abdul Aziz bin Ibrahim bin Abdul Aziz Al Ibrahim</td>
<td>5,512,500</td>
<td>4.38%</td>
<td>1,575,000</td>
</tr>
<tr>
<td>8</td>
<td>Saleh &amp; Abdul Aziz Aba Hussein Company Ltd.</td>
<td>3,228,750</td>
<td>2.56%</td>
<td>922,500</td>
</tr>
<tr>
<td>9</td>
<td>Islamic Relief International Organization</td>
<td>2,625,000</td>
<td>2.08%</td>
<td>750,000</td>
</tr>
<tr>
<td>10</td>
<td>Gulf Trading Services Company</td>
<td>2,625,000</td>
<td>2.08%</td>
<td>750,000</td>
</tr>
<tr>
<td>11</td>
<td>Asheeb Holding Company</td>
<td>2,625,000</td>
<td>2.08%</td>
<td>750,000</td>
</tr>
<tr>
<td>12</td>
<td>Adnan bin Saad bin Mohamed Al Meqren</td>
<td>2,362,500</td>
<td>1.88%</td>
<td>675,000</td>
</tr>
<tr>
<td>13</td>
<td>Abdullah Abdul Mohsen Abul Rahman Al Turki</td>
<td>2,362,500</td>
<td>1.88%</td>
<td>675,000</td>
</tr>
<tr>
<td>14</td>
<td>Ali bin Mohamed Al Ali Al Mandil Al Towaigri</td>
<td>2,100,000</td>
<td>1.67%</td>
<td>600,000</td>
</tr>
<tr>
<td>15</td>
<td>Abdul Aziz bin Abdul Rahman bin Abdul Aziz Al Mohsen</td>
<td>1,785,000</td>
<td>1.42%</td>
<td>510,000</td>
</tr>
<tr>
<td>16</td>
<td>Prince Bandar bin Salman bin Mohamed Al Saud</td>
<td>1,575,000</td>
<td>1.25%</td>
<td>450,000</td>
</tr>
<tr>
<td>17</td>
<td>Adex Trading &amp; Investment Holding Group</td>
<td>1,575,000</td>
<td>1.25%</td>
<td>450,000</td>
</tr>
<tr>
<td>18</td>
<td>Abdul Rahman bin Mohammad bin Mohamed Saeed Dafterdar</td>
<td>1,569,750</td>
<td>1.25%</td>
<td>448,500</td>
</tr>
<tr>
<td>19</td>
<td>Al Shaer Trading, Industrial and Contracting Company</td>
<td>1,470,000</td>
<td>1.17%</td>
<td>420,000</td>
</tr>
<tr>
<td>20</td>
<td>Saudi Pan Kingdom Holding Company</td>
<td>1,470,000</td>
<td>1.17%</td>
<td>420,000</td>
</tr>
<tr>
<td>21</td>
<td>Yousuf bin Awad bin Ahmed Al Ahmadi</td>
<td>1,312,500</td>
<td>1.04%</td>
<td>375,000</td>
</tr>
</tbody>
</table>

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 Turaiif, 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

<table>
<thead>
<tr>
<th></th>
<th>Production Capacity Per Day</th>
<th>Production Capacity Per Annum (320 Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line I</td>
<td>6,000 Tons</td>
<td>1,920,000 Tons</td>
</tr>
<tr>
<td>Line II*</td>
<td>3,000 Tons</td>
<td>960,000 Tons</td>
</tr>
<tr>
<td>Total</td>
<td>9,000 Tons</td>
<td>2,880,000 Tons</td>
</tr>
</tbody>
</table>

* 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 to 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

<table>
<thead>
<tr>
<th></th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
<th>6-month period ending on 30 June 2012G</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Production</td>
<td>Sales</td>
<td>Production</td>
<td>Sales</td>
</tr>
<tr>
<td>Ordinary Portland Cement (OPC)</td>
<td>1,236,874</td>
<td>1,243,759</td>
<td>999,295</td>
<td>1,000,284</td>
</tr>
<tr>
<td>Sulphate Resistant Cement (SRC)</td>
<td>549,695</td>
<td>552,165</td>
<td>423,614</td>
<td>426,254</td>
</tr>
<tr>
<td>Cement Total</td>
<td>1,786,569</td>
<td>1,795,924</td>
<td>1,422,909</td>
<td>1,426,538</td>
</tr>
<tr>
<td>Clinker</td>
<td>1,609,413</td>
<td>210,560</td>
<td>1,732,019</td>
<td>935,668</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
<th>6-month period ending on 30 June 2012G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned days of production</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>160</td>
</tr>
<tr>
<td>Actual days of production</td>
<td>288</td>
<td>307</td>
<td>285</td>
<td>119</td>
</tr>
<tr>
<td>Actual planned shutdown days</td>
<td>30</td>
<td>31</td>
<td>36</td>
<td>25</td>
</tr>
<tr>
<td>Unplanned shutdown days</td>
<td>47</td>
<td>27</td>
<td>44</td>
<td>38</td>
</tr>
<tr>
<td>Designed clinker production capacity (ton/day)</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Designed clinker production capacity (ton/year)</td>
<td>1,920,000</td>
<td>1,920,000</td>
<td>1,920,000</td>
<td>960,000</td>
</tr>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
<td>2011G</td>
<td>6-month period ending on 30 June 2012G</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Actual average clinker production (ton/day)</td>
<td>5,588</td>
<td>5,642</td>
<td>5,632</td>
<td>5,599</td>
</tr>
<tr>
<td>Actual average clinker production (ton/year)</td>
<td>1,609,413</td>
<td>1,732,019</td>
<td>1,605,112</td>
<td>666,322</td>
</tr>
<tr>
<td>Designed cement production capacity (ton/day)</td>
<td>6,720</td>
<td>6,720</td>
<td>6,720</td>
<td>6,720</td>
</tr>
<tr>
<td>Designed cement production capacity (ton/day)</td>
<td>2,150,400</td>
<td>2,150,400</td>
<td>2,150,400</td>
<td>1,075,200</td>
</tr>
<tr>
<td>Actual cement production rate (ton/day)</td>
<td>6,203</td>
<td>4,635</td>
<td>3,953</td>
<td>5,335</td>
</tr>
<tr>
<td>Actual cement production rate (ton/year)</td>
<td>1,786,569</td>
<td>1,422,909</td>
<td>1,126,656</td>
<td>634,911</td>
</tr>
<tr>
<td>Clinker production capacity utilization rate (%)</td>
<td>83.82%</td>
<td>90.21%</td>
<td>83.60%</td>
<td>69.41%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Raw material</th>
<th>Ordinary Portland Clinker</th>
<th>Sulphate Resistant Clinker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limestone</td>
<td>72.4% - 75.6%</td>
<td>75.3% - 75.5%</td>
</tr>
<tr>
<td>Clay</td>
<td>21.0% - 24.6%</td>
<td>20.9% - 22.1%</td>
</tr>
<tr>
<td>Bauxite</td>
<td>1.7% - 2.0%</td>
<td>0.1% - 0.3%</td>
</tr>
<tr>
<td>Iron</td>
<td>1.1% - 1.4%</td>
<td>2.6% - 3.3%</td>
</tr>
</tbody>
</table>

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.
Technical and Administrative Departments

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.

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.

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.

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.

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.

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.

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.
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.

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.

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.

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.

Company Strategy

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.

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 Faijan 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

<table>
<thead>
<tr>
<th>(.000) Saudi Riyals</th>
<th>2009G</th>
<th>% Of Total Sales</th>
<th>2010G</th>
<th>% Of Total Sales</th>
<th>2011G</th>
<th>% Of Total Sales</th>
<th>6-month Period ending on 30 June 2012</th>
<th>% Of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCC (Jordan)</td>
<td>Jordan</td>
<td>74,736</td>
<td>17%</td>
<td>205,901</td>
<td>39%</td>
<td>120,866</td>
<td>32%</td>
<td>3,554</td>
</tr>
<tr>
<td>Furat Ibrahim Trading Company</td>
<td>Iraq</td>
<td>22,092</td>
<td>5%</td>
<td>39,054</td>
<td>7%</td>
<td>59,258</td>
<td>16%</td>
<td>139</td>
</tr>
<tr>
<td>Al Safa Mohamed Abdul Rahman Shebo Office</td>
<td>Lebanon</td>
<td>-</td>
<td>0%</td>
<td>41,136</td>
<td>8%</td>
<td>48,900</td>
<td>13%</td>
<td>486</td>
</tr>
<tr>
<td>Al Mohaileb Block and Concrete Plant, Arar</td>
<td>KSA</td>
<td>40,795</td>
<td>9%</td>
<td>30,861</td>
<td>6%</td>
<td>17,502</td>
<td>5%</td>
<td>17,189</td>
</tr>
<tr>
<td>Source</td>
<td>KSA</td>
<td>2009G</td>
<td>% Of Total Sales</td>
<td>2010G</td>
<td>% Of Total Sales</td>
<td>2011G</td>
<td>% Of Total Sales</td>
<td>6-month Period ending on 30 June 2012</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------</td>
<td>-------</td>
<td>-----------------</td>
<td>-------</td>
<td>-----------------</td>
<td>-------</td>
<td>-----------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Bashar Al Kayed Est.</td>
<td>KSA</td>
<td>-</td>
<td>0%</td>
<td>11,234</td>
<td>2%</td>
<td>17,260</td>
<td>5%</td>
<td>6,903</td>
</tr>
<tr>
<td>Aqla Jabra Flijan Al Anzi</td>
<td>KSA</td>
<td>27,337</td>
<td>6%</td>
<td>25,689</td>
<td>5%</td>
<td>16,241</td>
<td>4%</td>
<td>17,001</td>
</tr>
<tr>
<td>Rashid Al Abdul Rahman Al Rashed Company</td>
<td>KSA</td>
<td>53,299</td>
<td>12%</td>
<td>28,890</td>
<td>5%</td>
<td>13,878</td>
<td>4%</td>
<td>-</td>
</tr>
<tr>
<td>Al Ghareeb Block and Ready Concrete Plant</td>
<td>KSA</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
<td>9,400</td>
<td>2%</td>
<td>6,807</td>
</tr>
<tr>
<td>Eid Abdul Rahman Al Sobhi</td>
<td>KSA</td>
<td>74,645</td>
<td>17%</td>
<td>45,998</td>
<td>9%</td>
<td>8,363</td>
<td>2%</td>
<td>-</td>
</tr>
<tr>
<td>Abdul Rahman Naser Al Rajehi Est.</td>
<td>KSA</td>
<td>23,939</td>
<td>5%</td>
<td>10,946</td>
<td>2%</td>
<td>8,194</td>
<td>2%</td>
<td>6,302</td>
</tr>
<tr>
<td>Mohamed Shahi</td>
<td>KSA</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
<td>11,023</td>
</tr>
<tr>
<td>Al Kayed Soroh Industrial Group</td>
<td>KSA</td>
<td>8,774</td>
<td>2%</td>
<td>4,586</td>
<td>1%</td>
<td>-</td>
<td>0%</td>
<td>8,803</td>
</tr>
<tr>
<td>Naser Al Khiliwi Sons Trading Company</td>
<td>KSA</td>
<td>-</td>
<td>0%</td>
<td>-</td>
<td>0%</td>
<td>7,776</td>
<td>2%</td>
<td>7,171</td>
</tr>
<tr>
<td>Naql Specialized International Company</td>
<td>KSA</td>
<td>26,108</td>
<td>6%</td>
<td>13,656</td>
<td>3%</td>
<td>4,069</td>
<td>1%</td>
<td>6,201</td>
</tr>
<tr>
<td>Total</td>
<td>351,727</td>
<td>80%</td>
<td>457,951</td>
<td>87%</td>
<td>331,707</td>
<td>87%</td>
<td>91,579</td>
<td>63%</td>
</tr>
<tr>
<td>Remainder</td>
<td>88,143</td>
<td>20%</td>
<td>70,062</td>
<td>13%</td>
<td>47,657</td>
<td>13%</td>
<td>54,485</td>
<td>37%</td>
</tr>
<tr>
<td>Total domestic sales</td>
<td>303,899</td>
<td>69%</td>
<td>217,913</td>
<td>41%</td>
<td>144,466</td>
<td>38%</td>
<td>141,065</td>
<td>97%</td>
</tr>
<tr>
<td>Total exports</td>
<td>135,970</td>
<td>31%</td>
<td>310,691</td>
<td>59%</td>
<td>234,899</td>
<td>62%</td>
<td>4,461</td>
<td>3%</td>
</tr>
<tr>
<td>Company total sales</td>
<td>439,870</td>
<td>100%</td>
<td>528,013</td>
<td>100%</td>
<td>379,364</td>
<td>100%</td>
<td>146,064</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

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-Harragh, 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% of 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

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

*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).

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.
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.

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.

Al Hazm Cement & 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.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Shareholding</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRCC</td>
<td>KSA</td>
<td>500</td>
<td>50%</td>
</tr>
<tr>
<td>Thatul Sawari Company</td>
<td>KSA</td>
<td>500</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: Company

Table 38: Shareholding Structure of Thatul Sawari Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Shareholding</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Muhaideb Holding Company</td>
<td>KSA</td>
<td>450,000</td>
<td>90%</td>
</tr>
<tr>
<td>Abdul Qader Al Muhaideb &amp; Sons Company</td>
<td>KSA</td>
<td>50,000</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Company

Table 39: Shareholding Structure of Al Muhaideb Holding Company

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Shareholding</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>2,700</td>
<td>27.0%</td>
</tr>
<tr>
<td>Emad Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>2,700</td>
<td>27.0%</td>
</tr>
<tr>
<td>Essam Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>2,700</td>
<td>27.0%</td>
</tr>
<tr>
<td>Lualua Sulaiman Saleh Al Muhaideb</td>
<td>KSA</td>
<td>500</td>
<td>5.0%</td>
</tr>
<tr>
<td>Maryam Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>350</td>
<td>3.5%</td>
</tr>
<tr>
<td>Awatef Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>350</td>
<td>3.5%</td>
</tr>
<tr>
<td>Hayf aa Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>350</td>
<td>3.5%</td>
</tr>
<tr>
<td>Tamadur Abdul Qader Abdul Mohsen Al Muhaideb</td>
<td>KSA</td>
<td>350</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding of NCC (Jordan)</th>
<th>Nationality</th>
<th>No. of Shares</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>AlKhobara Cement for Development and Investment Company</td>
<td>Jordan</td>
<td>50,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

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 AlAlamiyah 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>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>AlAlamiyah Cement Manufacturing Company</td>
<td>Jordan</td>
<td>1,531,530,000</td>
</tr>
<tr>
<td>Mohamed Zaghair Theeb Al Rawi</td>
<td>Jordan</td>
<td>1,156,155,000</td>
</tr>
<tr>
<td>Hayder Dawood Jalab</td>
<td>Jordan</td>
<td>315,315,000</td>
</tr>
</tbody>
</table>

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 one hundred and 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>
<thead>
<tr>
<th>Shareholding Structure of Northern Cement Company (Jordan) as on 01/07/2010G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholding of NCC (Jordan)</td>
</tr>
<tr>
<td>Northern Region Cement Company</td>
</tr>
<tr>
<td>Northern Gulf Cement &amp; Building Materials Trading Company Limited (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Al Hazm Cement &amp; Derivatives Trading Company Limited (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Trans North Cement, Derivatives, &amp; Bldg Materials Co. Ltd. (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

- 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>
<thead>
<tr>
<th>Shareholding Structure of Northern Cement Company (Jordan) as on 02/05/2011G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholding of NCC (Jordan)</td>
</tr>
<tr>
<td>Northern Region Cement Company</td>
</tr>
<tr>
<td>Sama Al Yamamah Cement Company (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Dyar Najed for Contracting &amp; Trading (Fully owned by NRCC)</td>
</tr>
<tr>
<td>North Gulf Cement &amp; Building Materials Trading Company Limited (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Al Hazm Cement &amp; Derivatives Trading Company Limited (Fully owned by NRCC)</td>
</tr>
<tr>
<td>Trans North Cement, Derivatives &amp; Building Materials Company (Fully owned by NRCC)</td>
</tr>
<tr>
<td>NRCC (Direct &amp; Indirect)</td>
</tr>
<tr>
<td>Public</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

- 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

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

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

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

* 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

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

* 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

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

* 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

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

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

4 - 13 - 8 - 3 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)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
<th>Representing</th>
<th>Nationality</th>
<th>Age</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sulaiman Saleem Al Harbi</td>
<td>Chairman</td>
<td>NRCC</td>
<td>Saudi</td>
<td>50</td>
<td>Non-Independent Non-executive</td>
</tr>
<tr>
<td>2</td>
<td>Fares Eid Al Qatameh</td>
<td>Vice Chairman</td>
<td>NRCC</td>
<td>Jordanian</td>
<td>38</td>
<td>Non-Independent Non-executive</td>
</tr>
<tr>
<td>3</td>
<td>Saud Sa’ad Al Arifi</td>
<td>Member</td>
<td>NRCC</td>
<td>Saudi</td>
<td>41</td>
<td>Non-Independent Non-executive</td>
</tr>
<tr>
<td>4</td>
<td>Raed Ibrahim Al Mudaihim</td>
<td>Member</td>
<td>NRCC</td>
<td>Saudi</td>
<td>48</td>
<td>Non-Independent Non-executive</td>
</tr>
<tr>
<td>5</td>
<td>Mohammed Faye Al Darjm</td>
<td>Member</td>
<td>Al Hazm Cement &amp; Derivative Trading Company Limited</td>
<td>Saudi</td>
<td>49</td>
<td>Non-Independent Non-executive</td>
</tr>
</tbody>
</table>
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).

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

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.

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.

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.

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

<table>
<thead>
<tr>
<th>(.000 tons)</th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
<th>6-Month Period Ended 30 June 2012G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>Sales</td>
<td>Production</td>
<td>Sales</td>
<td>Production</td>
</tr>
<tr>
<td>TOTAL</td>
<td>147,523</td>
<td>129,489</td>
<td>966,140</td>
<td>966,650</td>
</tr>
</tbody>
</table>

Source: NCC (Jordan).
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).

NCC (Jordan) has the following competitive advantages:

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).

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).

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. 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.

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

<table>
<thead>
<tr>
<th></th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
<th>30 June 2012G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headquarter</strong></td>
<td>15</td>
<td>8</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td><strong>Plant</strong></td>
<td>71</td>
<td>135</td>
<td>134</td>
<td>126</td>
</tr>
<tr>
<td><strong>Total No. of Employees</strong></td>
<td>86</td>
<td>143</td>
<td>143</td>
<td>135</td>
</tr>
</tbody>
</table>

Source: Northern Cement Company (Jordan).

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cement Company (Jordan)</td>
<td>Jordanian</td>
<td>127,500</td>
</tr>
<tr>
<td>Mazen Nasohi Ragheb Rial</td>
<td>Jordanian</td>
<td>42,500</td>
</tr>
<tr>
<td>Deeb Ibrahim Deeb Demiate</td>
<td>Jordanian</td>
<td>42,500</td>
</tr>
<tr>
<td>Jamal Hussein Ahmed Al-Armouti</td>
<td>Jordanian</td>
<td>37,500</td>
</tr>
</tbody>
</table>

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.
### Distribution and Acquisition of NCC (Jordan) Shares

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

<table>
<thead>
<tr>
<th>Before the distribution of in-kind Dividends</th>
<th>After the distribution of in-kind Dividends representing 82% of NCC (Jordan) shares</th>
<th>After the Acquisition of 75% of NCC (Jordan) shares by the Shareholders for SAR 601.28 Million</th>
<th>After the transfer of 7% of NCC (Jordan) by the Current Shareholders to NRCC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NRCC</strong></td>
<td><strong>NRCC Shareholders</strong></td>
<td><strong>NRCC Shareholders</strong></td>
<td><strong>NRCC</strong></td>
</tr>
<tr>
<td>Ownership: 95% of the Capital (Direct &amp; Indirect)</td>
<td>Ownership: 82% of the Capital (Indirect Through ICIC) Book Value of Ownership: SAR 240.00 Million</td>
<td>Ownership: 13% of the Capital (Direct &amp; Indirect) Book Value of Ownership: SAR 38.05 Million</td>
<td>Ownership: 95% of the Capital (Direct &amp; Indirect)* Book Value of Ownership: SAR 278.04 Million</td>
</tr>
<tr>
<td>Book Value of Ownership: SAR 278.04 Million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NCC (Jordan)</strong></td>
<td><strong>NCC (Jordan)</strong></td>
<td></td>
<td><strong>NCC (Jordan)</strong></td>
</tr>
<tr>
<td>Ownership: 88% of the Capital (Direct &amp; Indirect)* Book Value of Ownership: SAR 257.56 Million</td>
<td>Ownership: 7% of the Capital (Indirect Through ICIC) Book Value of Ownership: SAR 20.48 Million</td>
<td>Ownership: 13% of the Capital (Direct &amp; Indirect) Book Value of Ownership: SAR 38.05 Million</td>
<td>Ownership: 95% of the Capital (Direct &amp; Indirect) Book Value of Ownership: SAR 278.04 Million</td>
</tr>
</tbody>
</table>

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:

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

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:

<table>
<thead>
<tr>
<th>Shareholding Structure of NCC (Jordan)</th>
<th>Number of Shares</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Region Cement Company</td>
<td>4,850,000</td>
<td>8.82%</td>
</tr>
<tr>
<td>Sama Alyamamah Limited (wholly owned by NRCC)</td>
<td>1,125,000</td>
<td>2.05%</td>
</tr>
</tbody>
</table>
### Shareholding Structure of NCC (Jordan)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)</td>
<td>1,125,000</td>
<td>2.05%</td>
</tr>
<tr>
<td>North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)</td>
<td>50,000</td>
<td>0.09%</td>
</tr>
<tr>
<td>Al Hazm Cement and Derivative Trading Company Limited</td>
<td>41,250,000</td>
<td>75.00%</td>
</tr>
<tr>
<td>Trans North Cement Derivatives and Building Materials Co. Ltd.</td>
<td>3,850,000</td>
<td>7.00%</td>
</tr>
<tr>
<td>NRCC (direct &amp; indirect ownership)</td>
<td>52,250,000</td>
<td>95.00%</td>
</tr>
<tr>
<td>Public</td>
<td>2,750,000</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55,000,000</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

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

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)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>% of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Region Cement Company</td>
<td>4,850,000</td>
<td>8.82%</td>
</tr>
<tr>
<td>Sama Alyamamah Limited (wholly owned by NRCC)</td>
<td>1,125,000</td>
<td>2.05%</td>
</tr>
<tr>
<td>Dyar Najed for Contracting and Trading Limited (wholly owned by NRCC)</td>
<td>1,125,000</td>
<td>2.05%</td>
</tr>
<tr>
<td>North Gulf Cement and Bldg. Materials Trdg. Co. Ltd. (wholly owned by NRCC)</td>
<td>50,000</td>
<td>0.09%</td>
</tr>
<tr>
<td>NRCC (direct &amp; indirect ownership)</td>
<td>7,150,000</td>
<td>13.00%</td>
</tr>
<tr>
<td>Al Hazm Cement and Derivative Trading Company Limited</td>
<td>41,250,000</td>
<td>75.00%</td>
</tr>
<tr>
<td>Trans North Cement Derivatives and Building Materials Co. Ltd.</td>
<td>3,850,000</td>
<td>7.00%</td>
</tr>
<tr>
<td>Public</td>
<td>2,750,000</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>55,000,000</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

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 18/08/2011

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

* 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

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

* 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.

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

* 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.

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

* 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

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

**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 Muhaidib & 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 below 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.
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 2006, Sulaiman Saleem Al Harbi holds the following positions:

- Chairman of the Board of Saudi Pan Kingdom Holding Company since 2008, 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 2007, a Saudi limited liability company. The company carries out 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 1992, 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 2008, a Saudi limited liability company which carries out building and general contracting activities.
- Chairman of the Board of Pan Kingdom Power Co. Ltd. since 2007, 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 2010, a Saudi limited liability company which carries out real estate investment and hotels management activities.
- Chairman of the Board of South Steel Company since December 2008. 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 2005, 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 2003, 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 2011, a Saudi limited liability company which carries out real estate development activities.
- Chairman of the Board of Global Specialist Transport Company since 2006, a Saudi limited liability company which carries out transportation of essential materials activities.
- Chairman of the Board of Saudi HEPCO since 2002, a Saudi limited liability company that carries out construction and marketing infrastructure pipes activities.
- Chairman of the Board of Northern Cement Company (Jordan) since 2010, 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 2007, 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 2007, a Saudi limited liability company, that carries 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 2002.
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.

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 Al 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.
**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.

**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.

**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 2012. 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 1989 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 1993 to 2009.

In addition to being a member of the Board of Directors of Northern Region Cement Company since 2011, 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 2004, a Saudi limited liability company which carries out the activities of supplying medical equipment.
- Chairman of the Board of Bina Holding Company since 2008, 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 2007, 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 2007, a Saudi closed joint stock company which specializes in building materials.
- Member of the Board of Directors of Saudi Modern Cable Manufacturing Co Ltd. since 2005, 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 2005, 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 2009, 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 2008, 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 1969 from Al Basra University, Iraq. He received his master’s degree in harbours engineering in 1974 from University of Manchester, Britain and received his Ph.D. in hydraulics and water resources in 1984 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

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

Source: Company

6 - 3 - 1 Senior Executives’ CVs

6 - 3 - 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 - 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.
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.

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.

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.
Eng. Husnu Ahmed Ozort - Plant Manager

Nationality: Turkish

Age: 53 years

Experience: Husnu Ahmed Ozort joined Northern Region Cement Company in 2011. He has a broad experience in cement industry and started his career in 1986 and worked for several companies in Turkey. Thereafter, he joined Italcementi Group, Turkey in 1998 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 1983 from the Middle East Technical University.

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 2007. He has broad experience in cement production industry and has held the following positions:

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

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

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 2012. 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 2008 to 2012.
- Customer Relations Representative in the National Commercial Bank, Kingdom of Saudi Arabia from 2004 to 2008.
- Development Coordinator in Qassim Cement Company, Kingdom of Saudi Arabia from 2001 to 2004.
- Staff Supervisor in Israa Al Madina Company, Kingdom of Saudi Arabia from 1993 to 2000.

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

Imad Fawzi Rawash - Internal Auditor

Nationality: Egyptian

Age: 38 years

Experience: Imad Rawash joined Northern Region Cement Company in 2011. 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:

- Director of Internal Auditing Department in Mohammed Qaryan Al-Qahtani Group for Trading and Contracting, Kingdom of Saudi Arabia from 2001 to 2006.
- Accounts Auditor in the Arabian Office for General Contracting, Egypt from 1997 to 2000.
- Accountant in Petra-Trade for Industrial Detergents Co., Egypt from 1996G to 1997G.
- 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

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

### 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 Manager during 2009G, 2010G and 2011G

<table>
<thead>
<tr>
<th>(SAR)</th>
<th>2009G</th>
<th>2010G</th>
<th>2011G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Bonuses</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Meeting Allowance</td>
<td>78,000</td>
<td>78,000</td>
<td>117,000</td>
</tr>
<tr>
<td>Other Remunerations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Remunerations of Directors</td>
<td>1,478,000</td>
<td>1,478,000</td>
<td>1,517,000</td>
</tr>
<tr>
<td>Remunerations</td>
<td>3,697,626</td>
<td>3,803,614</td>
<td>3,474,670</td>
</tr>
<tr>
<td>Annual Bonuses</td>
<td>614,200</td>
<td>836,925</td>
<td>521,360</td>
</tr>
<tr>
<td>Other Remunerations &amp; Benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Total Remunerations *4,311,826*  *4,640,539*  *3,996,030*

The Five Senior Executives
(Including the General Manager and Finance Manager)

*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

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

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 below 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 Company 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.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raed Ibrahim Al Mudaihim</td>
<td>Chairman of the Audit Committee</td>
</tr>
<tr>
<td>Khalid Abdul Aziz Al Arifi</td>
<td>Member of the Audit Committee</td>
</tr>
<tr>
<td>Eyad Tariq Al Yahya</td>
<td>Member of the Audit Committee</td>
</tr>
</tbody>
</table>

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 to them 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 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 - 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 - 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 membership 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**

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Saleem Al Harbi</td>
<td>Chairman of Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>Raed Ibrahim Al Mudaihim</td>
<td>Member of Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>Saud Sa’ad Al Arifi</td>
<td>Member of Nomination and Remuneration Committee</td>
</tr>
</tbody>
</table>

*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 at least 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 "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.
## Current Shareholders

### 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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Before Offering</th>
<th>Current Shareholders, Offered Shares</th>
<th>After Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>1</td>
<td>Pan Kingdom Investment Co.</td>
<td>30,491,270</td>
<td>24.1994%</td>
<td>8,711,791</td>
</tr>
<tr>
<td>2</td>
<td>Abdulqader Al Muhaideb &amp; Sons Co.</td>
<td>12,495,000</td>
<td>9.9167%</td>
<td>3,570,000</td>
</tr>
<tr>
<td>3</td>
<td>Alturais Saudi Trading, Industry, Contracting Co. Ltd.</td>
<td>7,237,501</td>
<td>5.7440%</td>
<td>2,067,858</td>
</tr>
<tr>
<td>4</td>
<td>Abdullah bin Mohammed bin Abdul Aziz Al Romaizan</td>
<td>6,300,000</td>
<td>5.0000%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>5</td>
<td>Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim</td>
<td>6,300,000</td>
<td>5.0000%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>6</td>
<td>International Trading &amp; Contracting Co. Ltd.</td>
<td>6,300,000</td>
<td>5.0000%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>7</td>
<td>Abdul Aziz Bin Ibrahim Bin Abdul Aziz Al Ibrahim</td>
<td>5,512,500</td>
<td>4.3750%</td>
<td>1,575,000</td>
</tr>
<tr>
<td>8</td>
<td>Saleh &amp; Abdulaziz Alabhsain Co. Ltd.</td>
<td>3,228,750</td>
<td>2.5625%</td>
<td>922,500</td>
</tr>
<tr>
<td>9</td>
<td>International Islamic Relief Organization</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>10</td>
<td>Gulf Commercial Services Company</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>11</td>
<td>Attheeb Holding Company</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>12</td>
<td>Adnan Bin Saad Bin Mohammed Al Muqrin</td>
<td>2,362,500</td>
<td>1.8750%</td>
<td>675,000</td>
</tr>
<tr>
<td>13</td>
<td>Abdullah Abdul Mohsen Abdulrahman Al Turki</td>
<td>2,362,500</td>
<td>1.8750%</td>
<td>675,000</td>
</tr>
<tr>
<td>14</td>
<td>Ali Bin Mohammed Al Ali Al Mandil Altwaijri</td>
<td>2,100,000</td>
<td>1.6667%</td>
<td>600,000</td>
</tr>
<tr>
<td>15</td>
<td>Abdulaziz Bin Abdulrahman Bin Abdul Aziz Al Mohsen</td>
<td>1,785,000</td>
<td>1.4167%</td>
<td>510,000</td>
</tr>
<tr>
<td>16</td>
<td>Prince / Bander Bin Salman Bin Mohammed Al Saud</td>
<td>1,575,000</td>
<td>1.2500%</td>
<td>450,000</td>
</tr>
<tr>
<td>17</td>
<td>Addax Group Holding Company for Trade and Investment</td>
<td>1,575,000</td>
<td>1.2500%</td>
<td>450,000</td>
</tr>
<tr>
<td>18</td>
<td>Abdulrahman Bin Mohammed Bin Mohammed Saeed Dafedar</td>
<td>1,569,750</td>
<td>1.2458%</td>
<td>448,500</td>
</tr>
<tr>
<td>19</td>
<td>Al Shaer Trading, Industry &amp; Contracting Co.</td>
<td>1,470,000</td>
<td>1.1667%</td>
<td>420,000</td>
</tr>
<tr>
<td>20</td>
<td>Saudia Pan Kingdom Holding Company</td>
<td>1,470,000</td>
<td>1.1667%</td>
<td>420,000</td>
</tr>
<tr>
<td>21</td>
<td>Yousef Bin Awadh Bin Ahmed Al Ahmed</td>
<td>1,312,500</td>
<td>1.0417%</td>
<td>375,000</td>
</tr>
<tr>
<td>22</td>
<td>Mufeed Bin Nafe Bin Abdullah Al Shaks</td>
<td>1,102,500</td>
<td>0.8750%</td>
<td>315,000</td>
</tr>
<tr>
<td>23</td>
<td>Abdullah Bin Saleh Bin Ibrahim Aba Hussein</td>
<td>1,050,000</td>
<td>0.8333%</td>
<td>300,000</td>
</tr>
<tr>
<td>24</td>
<td>Eithad Al Khalidiya Company</td>
<td>1,050,000</td>
<td>0.8333%</td>
<td>300,000</td>
</tr>
<tr>
<td>25</td>
<td>Suliman Bin Saleem Bin Saleem Al Saedi Al Harbi</td>
<td>966,000</td>
<td>0.7667%</td>
<td>276,000</td>
</tr>
<tr>
<td>26</td>
<td>Raeys Bin Ahmed Bin Abbas Azmerli</td>
<td>892,500</td>
<td>0.7083%</td>
<td>255,000</td>
</tr>
<tr>
<td>27</td>
<td>Mohanna Bin Nasser Bin Abdullah Fadhl Al Nuaimi</td>
<td>787,500</td>
<td>0.6250%</td>
<td>225,000</td>
</tr>
<tr>
<td>28</td>
<td>Abdulsalam Bin Mustafa Bin Abdulrahman Al Kadiimi</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>29</td>
<td>Medhat Bin Hamed Bin Abbas Jamal Hariri</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>30</td>
<td>Ali Bin Ibrahim Bin Mohammed Al Rubishi</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>31</td>
<td>Abdullah Bin Abdulrahman Bin Abdullah Al Khodair</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Before Offering</td>
<td>Current Shareholders Offered Shares</td>
<td>After Offering</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------</td>
<td>-----------------</td>
<td>-------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>32</td>
<td>Ayman Bin Ibrahim Bin Mohammed Bin Amer</td>
<td>525,000</td>
<td>150,000</td>
<td>375,000</td>
</tr>
<tr>
<td>33</td>
<td>Ibrahim Bin Mohammed Bin Ibrahim Bin Amer</td>
<td>525,000</td>
<td>150,000</td>
<td>375,000</td>
</tr>
<tr>
<td>34</td>
<td>Al Thiyyab Holding Company</td>
<td>525,000</td>
<td>150,000</td>
<td>375,000</td>
</tr>
<tr>
<td>35</td>
<td>Fouzan Bin Mohammed Fouzan Al Fouzan</td>
<td>525,000</td>
<td>150,000</td>
<td>375,000</td>
</tr>
<tr>
<td>36</td>
<td>Al Raqeeb Holding Company</td>
<td>525,000</td>
<td>150,000</td>
<td>375,000</td>
</tr>
<tr>
<td>37</td>
<td>Raﬁdah Mohammed Mohammed Saeed Daferdar</td>
<td>505,733</td>
<td>144,496</td>
<td>361,237</td>
</tr>
<tr>
<td>38</td>
<td>Disabled Children Association</td>
<td>420,000</td>
<td>120,000</td>
<td>300,000</td>
</tr>
<tr>
<td>39</td>
<td>Abdulrahman Bin Hamed Bin Mohsen Al Abdi Al Shammar</td>
<td>393,750</td>
<td>112,500</td>
<td>281,250</td>
</tr>
<tr>
<td>40</td>
<td>Fahad Bin Ali Bin Hamad Al Khatabi Al Harbi</td>
<td>393,750</td>
<td>112,500</td>
<td>281,250</td>
</tr>
<tr>
<td>41</td>
<td>Sultan Bin Salman Bin Saleem Al Saedi</td>
<td>360,625</td>
<td>103,036</td>
<td>257,589</td>
</tr>
<tr>
<td>42</td>
<td>Terki Bin Saad Bin Rashid Al Qunaya</td>
<td>315,000</td>
<td>90,000</td>
<td>225,000</td>
</tr>
<tr>
<td>43</td>
<td>Ghazzai Bin Megbel Bin Khalid Al Beshri Al Harbi</td>
<td>288,775</td>
<td>82,500</td>
<td>206,250</td>
</tr>
<tr>
<td>44</td>
<td>Saleh Bin Eid Bin Saleem Al Saedi</td>
<td>283,500</td>
<td>81,000</td>
<td>202,500</td>
</tr>
<tr>
<td>45</td>
<td>Ahmed Bin Mohammed Bin Abdulkarim</td>
<td>270,375</td>
<td>77,250</td>
<td>193,125</td>
</tr>
<tr>
<td>46</td>
<td>Mohammed Bin Saeed Bin Rajeh Al Saedi Al Harbi</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>47</td>
<td>Khalid Bin Mohammed Bin Ghaloum Al Ansari</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>48</td>
<td>Al Fouzan Trading &amp; General Construction Co.</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>49</td>
<td>Abdullah Mohammed Al Raqeeb Company</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>50</td>
<td>Waheed Bin Ahmed Bin Abbas Azmerli</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>51</td>
<td>Fatimah Munir Abdulrahman Al Shibli</td>
<td>262,500</td>
<td>75,000</td>
<td>187,500</td>
</tr>
<tr>
<td>52</td>
<td>Mohammed Bin Saif Bin Mohammed Al Ghaﬁli</td>
<td>246,750</td>
<td>70,500</td>
<td>176,250</td>
</tr>
<tr>
<td>53</td>
<td>Nayef Bin Abdul Mohsen Bin Snaitan Al Farem</td>
<td>246,750</td>
<td>70,500</td>
<td>176,250</td>
</tr>
<tr>
<td>54</td>
<td>Benyan Bin Sadoun Bin Qar’an Al Shaibani</td>
<td>236,250</td>
<td>67,500</td>
<td>168,750</td>
</tr>
<tr>
<td>55</td>
<td>Mohammed Bin Meiqel Bin Saeedan Al Atif Al Qahthani</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>56</td>
<td>Mohammed Bin Abdullah Bin Mohammed Al Mashari</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>57</td>
<td>Abdulaziz Bin Hamad Bin Abdulaziz Al Jomaiah</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>58</td>
<td>Faisal Bin Hamad Bin Abdullah Al Sugair</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>59</td>
<td>Raed Bin Ibrahim Bin Sulaiman Al Mudaithim</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>60</td>
<td>Saad Bin Saad Bin Abdul Aziz Al Aqil</td>
<td>210,000</td>
<td>60,000</td>
<td>150,000</td>
</tr>
<tr>
<td>61</td>
<td>Badr Bin Saqr Bin Talq Al Omari</td>
<td>197,809</td>
<td>56,517</td>
<td>141,292</td>
</tr>
<tr>
<td>62</td>
<td>Habis Bin Ali Bin Mohammed Al Salehi Al Harbi</td>
<td>157,500</td>
<td>45,000</td>
<td>112,500</td>
</tr>
<tr>
<td>63</td>
<td>Reda Bin Hamoud Bin Ibrahim Al Hamzah</td>
<td>157,500</td>
<td>45,000</td>
<td>112,500</td>
</tr>
<tr>
<td>64</td>
<td>Saeed Bin Abed Rabbo Bin Abdul Malik Al Saedi</td>
<td>157,500</td>
<td>45,000</td>
<td>112,500</td>
</tr>
<tr>
<td>65</td>
<td>Ahmed Bin Saud Bin Abdullah Talib</td>
<td>157,500</td>
<td>45,000</td>
<td>112,500</td>
</tr>
<tr>
<td>66</td>
<td>Hamad Bin Ali Bin Mohammed Al Salehi Al Harbi</td>
<td>141,750</td>
<td>40,500</td>
<td>101,250</td>
</tr>
<tr>
<td>67</td>
<td>Abdulrahman Bin Hamed Bin Shuaib Al Awﬁi</td>
<td>131,250</td>
<td>37,500</td>
<td>93,750</td>
</tr>
<tr>
<td>68</td>
<td>Hamed Bin Ali Bin Mohammed Al Salehi Al Harbi</td>
<td>126,000</td>
<td>36,000</td>
<td>90,000</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Before Offering</td>
<td>Current Shareholders Offered Shares</td>
<td>After Offering</td>
</tr>
<tr>
<td>-----</td>
<td>------</td>
<td>-----------------</td>
<td>-------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>69</td>
<td>Marzouq Bin Eid Bin Saleem Al Saedi</td>
<td>126,000</td>
<td>0.1000%</td>
<td>36,000</td>
</tr>
<tr>
<td>70</td>
<td>Fawaz Bin Hamad Bin Fawaz Al Fawaz</td>
<td>124,997</td>
<td>0.0992%</td>
<td>35,713</td>
</tr>
<tr>
<td>71</td>
<td>Ali Bin Mansour Bin Assaf Al Assaf</td>
<td>124,976</td>
<td>0.0992%</td>
<td>35,708</td>
</tr>
<tr>
<td>72</td>
<td>Sarah Bint Mujahid Al Baddah Al Salman</td>
<td>110,250</td>
<td>0.0875%</td>
<td>31,500</td>
</tr>
<tr>
<td>73</td>
<td>Saleh Bin Mohammed Bin Abdulllah Al Salehi</td>
<td>110,250</td>
<td>0.0875%</td>
<td>31,500</td>
</tr>
<tr>
<td>74</td>
<td>Abdulaziz Bin Ibrahim Bin Abdulllah Al Ajlan</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>75</td>
<td>Abdul Karim Bin Ghassab Ben Sahoud Al Dawli</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>76</td>
<td>Hamd Bin Madouh Bin Mufidhi Al Hazmi</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>77</td>
<td>Mosa Bin Rafea Bin Hussein Al Saqi Al Enazy</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>78</td>
<td>Hazza Bin Ghathian Bin Suheiman Al Dahmashi Al Anazi</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>79</td>
<td>Mohammed Bin Abdulllah Bin Mohammed Al Hemizi</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>80</td>
<td>Fahad Musfer Manahi Al Qahtani</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>81</td>
<td>Musaid Bin Saad Bin Saleem Al Saedi</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>82</td>
<td>Musab Bin Suleiman Bin Abdulqader Al Muhaideb</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>83</td>
<td>Saad Bin Fayeza Bin Hanash Al Abdul Wahab Al Shahry</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>84</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>85</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Holding Company</td>
<td>84,000</td>
<td>0.0667%</td>
<td>24,000</td>
</tr>
<tr>
<td>86</td>
<td>Mubarak Bin Moufarj Bin Fahid Al Sahli Al Harbi</td>
<td>83,753</td>
<td>0.0665%</td>
<td>23,930</td>
</tr>
<tr>
<td>87</td>
<td>Deghiman Bin Al Hemidi Bin Deghiman Al Torisi Al Harbi</td>
<td>78,750</td>
<td>0.0625%</td>
<td>22,500</td>
</tr>
<tr>
<td>88</td>
<td>Ali Bin Munif Bin Ali Al Munif</td>
<td>78,750</td>
<td>0.0625%</td>
<td>22,500</td>
</tr>
<tr>
<td>89</td>
<td>Adlan Bin Abdullah Bin Buqiran Al Mohammed Al Subaie</td>
<td>78,750</td>
<td>0.0625%</td>
<td>22,500</td>
</tr>
<tr>
<td>90</td>
<td>Ahmed Bin Hamoud Bin Ibrahim Al Thiyyab</td>
<td>78,750</td>
<td>0.0625%</td>
<td>22,500</td>
</tr>
<tr>
<td>91</td>
<td>Abdul Aziz Bin Abdullah Bin Hamad Bin Duaaj</td>
<td>78,750</td>
<td>0.0625%</td>
<td>22,500</td>
</tr>
<tr>
<td>92</td>
<td>Abdullah Abdul Aziz Abdullah Al Dharrab</td>
<td>63,000</td>
<td>0.0500%</td>
<td>18,000</td>
</tr>
<tr>
<td>93</td>
<td>Abdul Aziz Bin Mansour Bin Assaf Al Assaf</td>
<td>62,501</td>
<td>0.0496%</td>
<td>17,857</td>
</tr>
<tr>
<td>94</td>
<td>Sultan Bin Ishq Bin Sultan Hazal</td>
<td>61,740</td>
<td>0.0490%</td>
<td>17,640</td>
</tr>
<tr>
<td>95</td>
<td>Al Tajweed Contracting and Trading</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>96</td>
<td>Ahmed Bin Ali Bin Mohammed Al Salehi Al Harbi</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>97</td>
<td>Talal Bin Ahmed Bin Abbas Azmerli</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>98</td>
<td>Sahl Bin Hamza Bin Ahmed Jamal Al Lail</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>99</td>
<td>Abdullah Bin Hilal Bin Rashid Al Dawood</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>100</td>
<td>Mohammed Bin Ahmed Bin Mohammed Al Saif</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>101</td>
<td>Yasser Bin Abdulrahman Bin Saleh Al Sadhan</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
<tr>
<td>102</td>
<td>Mansour Bin Salman Bin Saleem Al Saedi</td>
<td>50,000</td>
<td>0.0397%</td>
<td>14,286</td>
</tr>
<tr>
<td>103</td>
<td>Faisal Bin Bandar Bin Saqr Al Dhaabaan</td>
<td>47,250</td>
<td>0.0375%</td>
<td>13,500</td>
</tr>
<tr>
<td>104</td>
<td>Abdulrahman Bin Abdullah Bin Abdulrahman Bin Ayban</td>
<td>47,250</td>
<td>0.0375%</td>
<td>13,500</td>
</tr>
<tr>
<td>105</td>
<td>Afaf Mohammed Saeed Daflerdar</td>
<td>44,100</td>
<td>0.0350%</td>
<td>12,600</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Before Offering</td>
<td>Current Shareholders Offered Shares</td>
<td>After Offering</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------</td>
<td>-------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>106</td>
<td>Abdul Aziz Bin Mohammed Bin Abdullah Al Amer</td>
<td>42,000</td>
<td>0.0333%</td>
<td>12,000</td>
</tr>
<tr>
<td>107</td>
<td>Salah Bin Abdulrahman Bin Saleh Al Sadhan</td>
<td>42,000</td>
<td>0.0333%</td>
<td>12,000</td>
</tr>
<tr>
<td>108</td>
<td>Anas Bin Abdulrahman Bin Nasser Al Shalfan</td>
<td>42,000</td>
<td>0.0333%</td>
<td>12,000</td>
</tr>
<tr>
<td>109</td>
<td>Saleh Bin Awadh Bin Motad Al Mekhlafi Al Harbi</td>
<td>39,375</td>
<td>0.0313%</td>
<td>11,250</td>
</tr>
<tr>
<td>110</td>
<td>Hassoun Bin Saleh Bin Ali Al Hassoun</td>
<td>33,689</td>
<td>0.0267%</td>
<td>9,625</td>
</tr>
<tr>
<td>111</td>
<td>Buthaina Mohammed Saeed Daferdar</td>
<td>33,202</td>
<td>0.0264%</td>
<td>9,486</td>
</tr>
<tr>
<td>112</td>
<td>Yarub Mohammed Saeed Daferdar</td>
<td>31,500</td>
<td>0.0250%</td>
<td>9,000</td>
</tr>
<tr>
<td>113</td>
<td>Fayez Mohammed Saeed Daferdar</td>
<td>31,500</td>
<td>0.0250%</td>
<td>9,000</td>
</tr>
<tr>
<td>114</td>
<td>Saud Bin Faleh Bin Bishr Al Hanini Al Harbi</td>
<td>31,500</td>
<td>0.0250%</td>
<td>9,000</td>
</tr>
<tr>
<td>115</td>
<td>Abdul Ilah Mohammed Ibrahim Al Muayad</td>
<td>28,350</td>
<td>0.0225%</td>
<td>8,100</td>
</tr>
<tr>
<td>116</td>
<td>Badr Bin Abdullah Bin Ali Omari Al Harbi</td>
<td>28,124</td>
<td>0.0223%</td>
<td>8,035</td>
</tr>
<tr>
<td>117</td>
<td>Mohammed Bin Hosni Bin Mohammed Hashim</td>
<td>26,875</td>
<td>0.0213%</td>
<td>7,679</td>
</tr>
<tr>
<td>118</td>
<td>Saleh Bin Samir Bin Suroor Al Sahli</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>119</td>
<td>Abdullah Ali Fahad Al Ammari</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>120</td>
<td>Fahad Bin Ghazi Bin Dhawi Al Harbi</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>121</td>
<td>Saud Bin Mohammed Bin Dharman Abuthnain Al Subaie</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>122</td>
<td>Abdulrahman Bin Saleh Bin Abdullah Al Sadhan</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>123</td>
<td>Khalid Bin Ghazzai Bin Megbel Al Beshri Al Harbi</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>124</td>
<td>Ali Bin Munir Bin Naffa’a Al Mughairy Al Otaibi</td>
<td>26,250</td>
<td>0.0208%</td>
<td>7,500</td>
</tr>
<tr>
<td>125</td>
<td>Majid Bin Abdul Karim Bin Saud Al Harbi</td>
<td>24,937</td>
<td>0.0198%</td>
<td>7,124</td>
</tr>
<tr>
<td>126</td>
<td>Sameer Bin Abdul Karim Bin Saud Al Harbi</td>
<td>24,937</td>
<td>0.0198%</td>
<td>7,124</td>
</tr>
<tr>
<td>127</td>
<td>Mohammed Bin Musfier Bin Saleh Al Deghish</td>
<td>24,937</td>
<td>0.0198%</td>
<td>7,124</td>
</tr>
<tr>
<td>128</td>
<td>Ali Bin Musfier Bin Saleh Al Deghish</td>
<td>24,937</td>
<td>0.0198%</td>
<td>7,124</td>
</tr>
<tr>
<td>129</td>
<td>Mansour Bin Obaid Bin Mulesh Al Awf Al Harbi</td>
<td>23,333</td>
<td>0.0185%</td>
<td>6,666</td>
</tr>
<tr>
<td>130</td>
<td>Abdullah Mohammed Mohammed Saeed Daferdar</td>
<td>21,000</td>
<td>0.0167%</td>
<td>6,000</td>
</tr>
<tr>
<td>131</td>
<td>Mohammed Bin Hamad Bin Mohammed Al Fouzan</td>
<td>21,000</td>
<td>0.0167%</td>
<td>6,000</td>
</tr>
<tr>
<td>132</td>
<td>Abdul Aziz Bin Saad Bin Mohammed Al Drees</td>
<td>18,375</td>
<td>0.0146%</td>
<td>5,250</td>
</tr>
<tr>
<td>133</td>
<td>Ghazi Bin Salim Bin Salim Al Saedi Al Harbi</td>
<td>17,640</td>
<td>0.0140%</td>
<td>5,040</td>
</tr>
<tr>
<td>134</td>
<td>Badr Bin Saleh Bin Saqr Al Sahli</td>
<td>16,248</td>
<td>0.0129%</td>
<td>4,642</td>
</tr>
<tr>
<td>135</td>
<td>Abdul Aziz Bin Mohammad Bin Abdullah Al Salehi Al Harbi</td>
<td>15,750</td>
<td>0.0125%</td>
<td>4,500</td>
</tr>
<tr>
<td>136</td>
<td>Abdulrahman Bin Musa Bin Ahmed Al Hamdan</td>
<td>15,750</td>
<td>0.0125%</td>
<td>4,500</td>
</tr>
<tr>
<td>137</td>
<td>Mohammed Bin Abdul Aziz Bin Mohammed Al Salehi Al Harbi</td>
<td>13,125</td>
<td>0.0104%</td>
<td>3,750</td>
</tr>
<tr>
<td>138</td>
<td>Fahd Bin Bandar Bin Saqr Al Dhabaan</td>
<td>13,125</td>
<td>0.0104%</td>
<td>3,750</td>
</tr>
<tr>
<td>139</td>
<td>Khalid Bin Humaid Bin Moqbil Al Beshri Al Harbi</td>
<td>13,125</td>
<td>0.0104%</td>
<td>3,750</td>
</tr>
<tr>
<td>140</td>
<td>Abdullah Bin Saud Bin Talq Al Hoaidhim Al Harbi</td>
<td>13,044</td>
<td>0.0104%</td>
<td>3,727</td>
</tr>
<tr>
<td>141</td>
<td>Mashari Bin Faisal Bin Nayef Al Zwaibi</td>
<td>10,500</td>
<td>0.0083%</td>
<td>3,000</td>
</tr>
</tbody>
</table>
### Key Shareholders

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Before Offering</th>
<th>After Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
</tr>
<tr>
<td>1</td>
<td>Pan Kingdom Investment Co.</td>
<td>30,491,270</td>
<td>24.194%</td>
</tr>
<tr>
<td>2</td>
<td>Abdulqader Al Muhaideb &amp; Sons Co.</td>
<td>12,495,000</td>
<td>9.9167%</td>
</tr>
<tr>
<td>3</td>
<td>Alturais Saudi Trading, Industry, Contracting Co. Ltd.</td>
<td>7,237,501</td>
<td>5.7440%</td>
</tr>
<tr>
<td>4</td>
<td>Abdullah bin Mohammed bin Abdul Aziz Al Romaizan</td>
<td>6,300,000</td>
<td>5.0000%</td>
</tr>
<tr>
<td>5</td>
<td>Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim</td>
<td>6,300,000</td>
<td>5.0000%</td>
</tr>
<tr>
<td>6</td>
<td>International Trading &amp; Contracting Co. Ltd.</td>
<td>6,300,000</td>
<td>5.0000%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Before Offering</th>
<th>After Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
</tr>
<tr>
<td>1</td>
<td>Suliman Saleem Saleem Al Harbi</td>
<td>6,313,005</td>
<td>5.0103%</td>
</tr>
<tr>
<td>2</td>
<td>Abdullah bin Mohammed bin Abdul Aziz Al Romaizan</td>
<td>6,300,000</td>
<td>5.0000%</td>
</tr>
<tr>
<td>3</td>
<td>Khalid bin Ibrahim bin Abdul Aziz Al-Ibrahim</td>
<td>6,300,000</td>
<td>5.0000%</td>
</tr>
</tbody>
</table>

7 - 3 Corporate Shareholders

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Before Offering</th>
<th>Current Shareholders-Offered Shares</th>
<th>After Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No. of Shares</td>
<td>% of Shareholding</td>
<td>No. of Shares</td>
</tr>
<tr>
<td>1</td>
<td>Pan Kingdom Investment Co.</td>
<td>30,491,270</td>
<td>24.1994%</td>
<td>8,711,791</td>
</tr>
<tr>
<td>2</td>
<td>Abdulqader Al Muhaideb &amp; Sons Co.</td>
<td>12,495,000</td>
<td>9.9167%</td>
<td>3,570,000</td>
</tr>
<tr>
<td>3</td>
<td>Alturais Saudi Trading, Industry, Contracting Co. Ltd.</td>
<td>7,237,501</td>
<td>5.7440%</td>
<td>2,067,858</td>
</tr>
<tr>
<td>4</td>
<td>International Trading &amp; Contracting Co. Ltd.</td>
<td>6,300,000</td>
<td>5.0000%</td>
<td>1,800,000</td>
</tr>
<tr>
<td>5</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>3,228,750</td>
<td>2.5625%</td>
<td>922,500</td>
</tr>
<tr>
<td>6</td>
<td>Gulf Commercial Services Company</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>7</td>
<td>Attheeb Holding Company</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>8</td>
<td>International Islamic Relief Organization</td>
<td>2,625,000</td>
<td>2.0833%</td>
<td>750,000</td>
</tr>
<tr>
<td>9</td>
<td>Addax Group Holding Company for Trade and Investment</td>
<td>1,575,000</td>
<td>1.2500%</td>
<td>450,000</td>
</tr>
<tr>
<td>10</td>
<td>Al Shaer Trading, Industry &amp; Contracting Co.</td>
<td>1,470,000</td>
<td>1.1667%</td>
<td>420,000</td>
</tr>
<tr>
<td>11</td>
<td>Saudi Pan Kingdom Holding Company</td>
<td>1,470,000</td>
<td>1.1667%</td>
<td>420,000</td>
</tr>
<tr>
<td>12</td>
<td>Etihad Al Khaliidiya Company</td>
<td>1,050,000</td>
<td>0.8333%</td>
<td>300,000</td>
</tr>
<tr>
<td>13</td>
<td>Al Thiyan Holding Company</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>14</td>
<td>Al Raqeeb Holding Company</td>
<td>525,000</td>
<td>0.4167%</td>
<td>150,000</td>
</tr>
<tr>
<td>15</td>
<td>Disabled Children Association</td>
<td>420,000</td>
<td>0.3333%</td>
<td>120,000</td>
</tr>
<tr>
<td>16</td>
<td>Al Fouzan Trading &amp; General Construction Co.</td>
<td>262,500</td>
<td>0.2083%</td>
<td>75,000</td>
</tr>
<tr>
<td>17</td>
<td>Abdullah Mohammed Al Raqeeb Company</td>
<td>262,500</td>
<td>0.2083%</td>
<td>75,000</td>
</tr>
<tr>
<td>18</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>105,000</td>
<td>0.0833%</td>
<td>30,000</td>
</tr>
<tr>
<td>19</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Holding Company</td>
<td>84,000</td>
<td>0.0667%</td>
<td>24,000</td>
</tr>
<tr>
<td>20</td>
<td>Al Tajweed Contracting and Trading</td>
<td>52,500</td>
<td>0.0417%</td>
<td>15,000</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Indirect Shareholding in NRCC after the Offering*</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.4698%</td>
<td>16.9396%</td>
<td>11.667%</td>
<td>70.0000%</td>
</tr>
<tr>
<td>1.8150%</td>
<td>3.6299%</td>
<td>-</td>
<td>15.0000%</td>
</tr>
<tr>
<td>1.8150%</td>
<td>3.6299%</td>
<td>-</td>
<td>15.0000%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24.1994%</strong></td>
<td><strong>1.1667%</strong></td>
<td><strong>100.0000%</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Indirect Shareholding in NRCC after the Offering*</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4847%</td>
<td>12.9694%</td>
<td>-</td>
<td>76.5625%</td>
</tr>
<tr>
<td>1.9851%</td>
<td>3.9702%</td>
<td>-</td>
<td>23.4375%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16.9396%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>100.0000%</strong></td>
</tr>
</tbody>
</table>

Source: Company.

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

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

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

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC after the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohammed Fayez Mohammed Al Darjm</td>
<td>100.0000%</td>
<td>-</td>
<td>3.6299%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>3.6299%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC after the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saud Sa’ad Saud Al Arifi</td>
<td>100.0000%</td>
<td>-</td>
<td>3.6299%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>3.6299%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suleiman Abdulqader Al Muhaideb and Co.</td>
<td>25.6500%</td>
<td>2.5436%</td>
<td>1.2718%</td>
</tr>
<tr>
<td>Imad Abdulqader Al Muhaideb and Co.</td>
<td>25.6500%</td>
<td>2.5436%</td>
<td>1.2718%</td>
</tr>
<tr>
<td>Issam Abdulqader Al Muhaideb and Co.</td>
<td>25.6500%</td>
<td>2.5436%</td>
<td>1.2718%</td>
</tr>
<tr>
<td>Amwal Al Ajyal Trading Company</td>
<td>5.0000%</td>
<td>0.4958%</td>
<td>0.2479%</td>
</tr>
<tr>
<td>Luluah Suleiman Saleh Al Mudaihim &amp; Co.</td>
<td>4.7500%</td>
<td>0.4710%</td>
<td>0.2355%</td>
</tr>
<tr>
<td>Mariam Abdulqader Al Muhaideb &amp; Co.</td>
<td>3.3250%</td>
<td>0.3297%</td>
<td>0.1649%</td>
</tr>
<tr>
<td>Hayfaa Abdulqader Al Muhaideb &amp; Co.</td>
<td>3.3250%</td>
<td>0.3297%</td>
<td>0.1649%</td>
</tr>
<tr>
<td>Awatif Abdulqader Al Muhaideb &amp; Co.</td>
<td>3.3250%</td>
<td>0.3297%</td>
<td>0.1649%</td>
</tr>
<tr>
<td>Tumader Abdulqader Al Muhaideb &amp; Co.</td>
<td>3.3250%</td>
<td>0.3297%</td>
<td>0.1649%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>9.9167%</strong></td>
<td><strong>4.9583%</strong></td>
</tr>
</tbody>
</table>

*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 foodstuffs, 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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>90.2000%</td>
<td>2.2943%</td>
<td>1.1472%</td>
</tr>
<tr>
<td>Imad Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>0.0636%</td>
<td>0.0318%</td>
</tr>
<tr>
<td>Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>0.0636%</td>
<td>0.0318%</td>
</tr>
<tr>
<td>Musaab Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.6000%</td>
<td>0.0833%</td>
<td>0.0153%</td>
</tr>
<tr>
<td>Ahmed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.6000%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>Abdul Hamid Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.6000%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC after the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imad Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>90.2000%</td>
<td>-</td>
<td>2.2943%</td>
</tr>
<tr>
<td>Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>-</td>
<td>0.0636%</td>
</tr>
<tr>
<td>Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>-</td>
<td>0.0636%</td>
</tr>
<tr>
<td>Abdullah Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Abdul Aziz Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Abdulrahman Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Khalid Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Nouf Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Reem Imad Abdulqader Al Muhaideb</td>
<td>0.8000%</td>
<td>-</td>
<td>0.0203%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>2.5436%</td>
</tr>
</tbody>
</table>

Source: Company.

* The indirect shareholding through Imad Abdulqader Al Muhaideb & Sons Co. through Abdulqader Al Muhaideb & Sons Co.
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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>90.1000%</td>
<td>-</td>
<td>2.2918%</td>
</tr>
<tr>
<td>Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>-</td>
<td>0.0636%</td>
</tr>
<tr>
<td>Imad Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.5000%</td>
<td>-</td>
<td>0.0636%</td>
</tr>
<tr>
<td>Sarah Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Noora Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Luluah Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Mohammed Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Dana Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Abdulqader Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td>Deym Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>0.7000%</td>
<td>-</td>
<td>0.0178%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>2.5436%</strong></td>
</tr>
</tbody>
</table>

* The indirect shareholding through Issam Abdulqader Al Muhaideb & Sons Co. through Abdulqader Al Muhaideb & Sons Co.

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>27.0000%</td>
<td>-</td>
<td>0.1339%</td>
</tr>
<tr>
<td>Imad Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>27.0000%</td>
<td>-</td>
<td>0.1339%</td>
</tr>
<tr>
<td>Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>27.0000%</td>
<td>-</td>
<td>0.1339%</td>
</tr>
<tr>
<td>Luluah Suleiman Saleh Al Mudaihim</td>
<td>5.0000%</td>
<td>-</td>
<td>0.0248%</td>
</tr>
<tr>
<td>Awatif Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>3.5000%</td>
<td>-</td>
<td>0.0174%</td>
</tr>
<tr>
<td>Mariam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>3.5000%</td>
<td>-</td>
<td>0.0174%</td>
</tr>
<tr>
<td>Hayfaa Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>3.5000%</td>
<td>-</td>
<td>0.0174%</td>
</tr>
<tr>
<td>Tumader Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>3.5000%</td>
<td>-</td>
<td>0.0174%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.4958%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luluah Suleiman Saleh Al Mudaihim</td>
<td>95.0000%</td>
<td>-</td>
<td>0.4475%</td>
</tr>
<tr>
<td>Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>5.0000%</td>
<td>-</td>
<td>0.0236%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.4710%</td>
</tr>
</tbody>
</table>

Source: Company.

* The indirect shareholding through Luluah Suleiman Saleh Al Mudaihim & Co. through Abdulqader Al Muhaideb & Sons 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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mariam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>94.0000%</td>
<td>-</td>
<td>0.3099%</td>
</tr>
<tr>
<td>Awatif Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td>Hayfaa Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td>Tumader Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>0.3297%</strong></td>
</tr>
</tbody>
</table>

Source: Company

* The indirect shareholding through Mariam Abdulqader Al Muhaideb & Co. through Abdulqader Al Muhaideb & Sons 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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hayfaa Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>94.0000%</td>
<td>-</td>
<td>0.3099%</td>
</tr>
<tr>
<td>Mariam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td>Awatif Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
</tbody>
</table>
89

### Table 85: Names of Shareholders of Awatif Abdulqader Al Muhaideb & Co.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awatif Abdulqader Abd. Mohsen Al Muhaideb</td>
<td>94.0000%</td>
<td>-</td>
<td>0.3099%</td>
</tr>
<tr>
<td>Mariam Abdulqader Abd. Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td>Hayfaa Abdulqader Abd. Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td>Tumader Abdulqader Abd. Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>0.3297%</strong></td>
</tr>
</tbody>
</table>

*Source: Company.

*The indirect shareholding through Awatif 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.

#### 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>
<thead>
<tr>
<th>Names of Shareholders of Tumader Abdulqader Al Muhaideb &amp; Co.</th>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumader Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>94.0000%</td>
<td>-</td>
<td>0.3099%</td>
<td>0.1550%</td>
</tr>
<tr>
<td>Hayfaa Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
<td>0.0033%</td>
</tr>
<tr>
<td>Mariam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
<td>0.0033%</td>
</tr>
<tr>
<td>Awatif Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0066%</td>
<td>0.0033%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>0.3297%</strong></td>
<td><strong>0.1649%</strong></td>
</tr>
</tbody>
</table>

* 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.

<table>
<thead>
<tr>
<th>Names of Shareholders</th>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC after the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salman Saleem Terais Al Saedi</td>
<td>50.0000%</td>
<td>-</td>
<td>2.8720%</td>
<td>1.4360%</td>
</tr>
<tr>
<td>Mohammed Saleem Terais Al Saedi</td>
<td>50.0000%</td>
<td>-</td>
<td>2.8720%</td>
<td>1.4360%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.0000%</strong></td>
<td><strong>5.7440%</strong></td>
<td><strong>1.4360%</strong></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Afaq Development Company Ltd.</td>
<td>55.0000%</td>
<td>-</td>
<td>2.7500%</td>
</tr>
<tr>
<td>Tanmiya Contracting Co. Ltd.</td>
<td>45.0000%</td>
<td>-</td>
<td>2.2500%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>5.0000%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hikmat Saad Eddin Abdul Hamid Al Za’eem</td>
<td>69.0000%</td>
<td>-</td>
<td>1.8975%</td>
</tr>
<tr>
<td>Hilal Mohammed Tawfiq Abdullah Salaheyah</td>
<td>21.0000%</td>
<td>-</td>
<td>0.5775%</td>
</tr>
<tr>
<td>Mohammed Hikmat Saad Eddin Al Za’eem</td>
<td>4.0000%</td>
<td>-</td>
<td>0.1100%</td>
</tr>
<tr>
<td>Shirin Hikmat Saad Eddin Al Za’eem</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0550%</td>
</tr>
<tr>
<td>Randa Hikmat Saad Eddin Al Za’eem</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0550%</td>
</tr>
<tr>
<td>Maysaa Hikmat Saad Eddin Al Za’eem</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0550%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>2.7500%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilal Mohammed Tawfiq Abdullah Salaheyyah</td>
<td>34.000%</td>
<td>-</td>
<td>0.7650%</td>
</tr>
<tr>
<td>Mohammed Hikmat Saad Eddin Al Za’eem</td>
<td>44.000%</td>
<td>-</td>
<td>0.9900%</td>
</tr>
<tr>
<td>Maysaa Hikmat Saad Eddin Al Za’eem</td>
<td>22.000%</td>
<td>-</td>
<td>0.4950%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.000%</strong></td>
<td><strong>0.000%</strong></td>
<td><strong>2.2500%</strong></td>
</tr>
</tbody>
</table>

* 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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdullah Saleh Ibrahim Abahsain</td>
<td>16.000%</td>
<td>0.833%</td>
<td>0.410%</td>
</tr>
<tr>
<td>Ibrahim Saleh Ibrahim Abahsain</td>
<td>8.000%</td>
<td>-</td>
<td>0.205%</td>
</tr>
<tr>
<td>Mohammed Saleh Ibrahim Abahsain</td>
<td>8.000%</td>
<td>-</td>
<td>0.205%</td>
</tr>
<tr>
<td>Othman Abdulaziz Ibrahim Abahsain</td>
<td>8.000%</td>
<td>-</td>
<td>0.205%</td>
</tr>
<tr>
<td>Nada Abdulaziz Ibrahim Abahsain</td>
<td>8.000%</td>
<td>-</td>
<td>0.205%</td>
</tr>
<tr>
<td>Abdul Mohsen Saleh Ibrahim Abahsain</td>
<td>6.000%</td>
<td>-</td>
<td>0.154%</td>
</tr>
<tr>
<td>Sarah Abdulrahman Sulaiman Al Raziza</td>
<td>6.000%</td>
<td>-</td>
<td>0.154%</td>
</tr>
<tr>
<td>Hila Saleh Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
</tr>
</tbody>
</table>
### 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

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Shareholding before the Offering</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johara Saleh Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Roqayyah Saleh Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Noora Saleh Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Hissa Saleh Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Munira Abdulaziz Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Hissa Abdulaziz Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Qimasha Abdulaziz Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Dalal Abdulaziz Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td>Nawal Abdulaziz Ibrahim Abahsain</td>
<td>4.000%</td>
<td>-</td>
<td>0.103%</td>
<td>0.051%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.000%</td>
<td>0.833%</td>
<td>2.563%</td>
<td>1.281%</td>
</tr>
</tbody>
</table>

*The indirect shareholding through the direct shareholding of Gulf Commercial Services Company

### 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

<table>
<thead>
<tr>
<th>Indirect Shareholding in NRCC after the Offering*</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Direct Shareholding in NRCC before the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud</td>
<td>98.0000%</td>
<td>-</td>
</tr>
<tr>
<td>Gulf Commercial Services Company</td>
<td>2.0000%</td>
<td>2.0833%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>2.0833%</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Indirect Shareholding in NRCC after the Offering*</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Direct Shareholding in NRCC before the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud</td>
<td>98.0000%</td>
<td>-</td>
</tr>
<tr>
<td>Princess Kholoud Bint Musaed Bin Ahmed Al Sudairi</td>
<td>2.0000%</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdurahman Mushabeb Al Shehri</td>
<td>50.0000%</td>
<td>-</td>
<td>0.6250%</td>
</tr>
<tr>
<td>Sultan Abdullah Al Shehri</td>
<td>50.0000%</td>
<td>-</td>
<td>0.6250%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>1.2500%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tala Ali Al Shaer</td>
<td>33.3333%</td>
<td>-</td>
<td>0.3889%</td>
</tr>
<tr>
<td>Mustafa Ali Al Shaer</td>
<td>33.3333%</td>
<td>-</td>
<td>0.3889%</td>
</tr>
<tr>
<td>Waleed Ali Al Shaer</td>
<td>33.3333%</td>
<td>-</td>
<td>0.3889%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>1.1667%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pan Kingdom Development Holding Company</td>
<td>76.5625%</td>
<td>-</td>
<td>0.8932%</td>
</tr>
<tr>
<td>Fahd Jazaa Fahd Al Harbi</td>
<td>23.4375%</td>
<td>-</td>
<td>0.2734%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>1.1667%</td>
</tr>
</tbody>
</table>

Source: Company
*The indirect shareholding through the direct shareholding of Saudi Pan Kingdom 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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suliman Saleem Saleem Al Harbi</td>
<td>30.6122%</td>
<td>0.7667%</td>
<td>0.2734%</td>
</tr>
<tr>
<td>Saad Saleem Saleem Al Harbi</td>
<td>30.6122%</td>
<td>-</td>
<td>0.2734%</td>
</tr>
<tr>
<td>Muslim Saleem Saleem Al Harbi</td>
<td>30.6122%</td>
<td>-</td>
<td>0.2734%</td>
</tr>
<tr>
<td>Abdul Wahab Saleem Saleem Al Harbi</td>
<td>3.9184%</td>
<td>-</td>
<td>0.0350%</td>
</tr>
<tr>
<td>Terki Salim Salim Al Saedi</td>
<td>1.6327%</td>
<td>-</td>
<td>0.0146%</td>
</tr>
<tr>
<td>Omar Saleem Saleem Al Harbi</td>
<td>1.3061%</td>
<td>-</td>
<td>0.0117%</td>
</tr>
<tr>
<td>Saleh Saleem Saleem Al Harbi</td>
<td>1.3061%</td>
<td>-</td>
<td>0.0117%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.7667%</td>
<td>0.8932%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huda Makko Abdurrazzaq Bakhsh</td>
<td>36.0000%</td>
<td>0.3000%</td>
<td>0.1500%</td>
</tr>
<tr>
<td>Mansour Hamad Saleh Al Hamoudi</td>
<td>16.0000%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>Mashhour Hamad Saleh Al Hamoudi</td>
<td>16.0000%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>Sarah Ibrahim Abdullah Al Hamoudi</td>
<td>16.0000%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>Ohoud Hamad Saleh Al Hamoudi</td>
<td>8.0000%</td>
<td>0.0667%</td>
<td>0.0333%</td>
</tr>
<tr>
<td>Kholoud Hamad Saleh Al Hamoudi</td>
<td>8.0000%</td>
<td>0.0667%</td>
<td>0.0333%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.8333%</strong></td>
<td><strong>0.4167%</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khaled Hamoud Ibrahim Al Thiyab</td>
<td>25.0000%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>Fawzi Hamoud Ibrahim Al Thiyab</td>
<td>25.0000%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>Yusuf Hamoud Ibrahim Al Thiyab</td>
<td>25.0000%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>Ahmed Hamoud Ibrahim Al Thiyab</td>
<td>25.0000%</td>
<td>0.0625%</td>
<td>0.0521%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0000%</strong></td>
<td><strong>0.4167%</strong></td>
<td><strong>0.2083%</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdulrahman Mohammed Abdulrahman Al Raqeeb</td>
<td>50.0000%</td>
<td>-</td>
<td>0.2083%</td>
</tr>
<tr>
<td>Hamad Mohammed Abdulrahman Al Raqeeb</td>
<td>45.0000%</td>
<td>-</td>
<td>0.1875%</td>
</tr>
<tr>
<td>Khalid Hamad Mohammed Al Raqeeb</td>
<td>1.2500%</td>
<td>-</td>
<td>0.0052%</td>
</tr>
<tr>
<td>Ziad Hamad Mohammed Al Raqeeb</td>
<td>1.2500%</td>
<td>-</td>
<td>0.0052%</td>
</tr>
<tr>
<td>Abdulrahman Hamad Mohammed Al Raqeeb</td>
<td>1.2500%</td>
<td>-</td>
<td>0.0052%</td>
</tr>
<tr>
<td>Mohammed Hamad Mohammed Al Raqeeb</td>
<td>1.2500%</td>
<td>-</td>
<td>0.0052%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.4167%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mohammed Abdullah Fouzan Al Fouzan</td>
<td>40.0000%</td>
<td>-</td>
<td>0.0833%</td>
</tr>
<tr>
<td>Ahmed Abdullah Fouzan Al Fouzan</td>
<td>40.0000%</td>
<td>-</td>
<td>0.0833%</td>
</tr>
<tr>
<td>Tariq Mohammed Abdullah Al Fouzan</td>
<td>20.0000%</td>
<td>-</td>
<td>0.0417%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.2083%</td>
</tr>
</tbody>
</table>

Source: Company.
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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdullah Mohammed Abdulrahman Al Raqeeb</td>
<td>90.0000%</td>
<td>-</td>
<td>0.1875%</td>
</tr>
<tr>
<td>Mohammed Abdullah Mohammed Al Raqeeb</td>
<td>10.0000%</td>
<td>-</td>
<td>0.0208%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.2083%</td>
</tr>
</tbody>
</table>

Source: Company.

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.

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tareq Abdulrahman Saleh Al Sadhan</td>
<td>60.0000%</td>
<td>-</td>
<td>0.0500%</td>
</tr>
<tr>
<td>Khalid Tareq Abdulrahman Al Sadhan</td>
<td>23.3300%</td>
<td>-</td>
<td>0.0194%</td>
</tr>
<tr>
<td>Lama Tareq Abdulrahman Saleh Al Sadhan</td>
<td>11.6700%</td>
<td>-</td>
<td>0.0097%</td>
</tr>
<tr>
<td>Reema Mohammed Abdul Aziz Al Bawardi</td>
<td>5.0000%</td>
<td>-</td>
<td>0.0042%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0000%</td>
<td>0.0833%</td>
</tr>
</tbody>
</table>

Source: 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

<table>
<thead>
<tr>
<th>Shareholding</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering*</th>
<th>Indirect Shareholding in NRCC after the Offering*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamad Mohammed Fouzan Al Fouzan</td>
<td>83.0000%</td>
<td>-</td>
<td>0.0553%</td>
</tr>
<tr>
<td>Fouzan Hamad Mohammed Al Fouzan</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0013%</td>
</tr>
<tr>
<td>Abdul Aziz Hamad Mohammed Al Fouzan</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0013%</td>
</tr>
<tr>
<td>Abdullah Hamad Mohammed Al Fouzan</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0013%</td>
</tr>
<tr>
<td>Mohammed Hamad Mohammed Al Fouzan</td>
<td>2.0000%</td>
<td>0.0167%</td>
<td>0.0013%</td>
</tr>
<tr>
<td>Abdul Ilah Hamad Mohammed Al Fouzan</td>
<td>2.0000%</td>
<td>-</td>
<td>0.0013%</td>
</tr>
<tr>
<td>Munira Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Fouziya Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Abeer Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Areej Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Susan Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Masha’el Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td>Najd Hamad Mohammed Al Fouzan</td>
<td>1.0000%</td>
<td>-</td>
<td>0.0007%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0000%</td>
<td>0.0167%</td>
<td>0.0667%</td>
</tr>
</tbody>
</table>

Source: Company.

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

<table>
<thead>
<tr>
<th>Shareholding before the Offering</th>
<th>Shareholding in NRCC after the Offering</th>
<th>Shareholding in NRCC before the Offering*</th>
<th>Shareholding in NRCC before the Offering**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ibrahim Saleh Abdul Aziz Al Arifi</td>
<td>50.0000%</td>
<td>0.0208%</td>
<td>0.0104%</td>
</tr>
<tr>
<td>Mohammed Saleh Abdul Aziz Al Arifi</td>
<td>50.0000%</td>
<td>0.0208%</td>
<td>0.0104%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0000%</td>
<td>0.0417%</td>
<td>0.0208%</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Representing</th>
<th>Direct Shareholding in NRCC before the Offering</th>
<th>Indirect Shareholding in NRCC before the Offering</th>
<th>Total Shareholding in NRCC before the Offering</th>
<th>Total Shareholding in NRCC after the Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Suliman Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company</td>
<td>0.7667%</td>
<td>4.2437%</td>
<td>5.0103%</td>
<td>2.5052%</td>
</tr>
<tr>
<td>2</td>
<td>Saad Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company</td>
<td>-</td>
<td>4.2437%</td>
<td>4.2437%</td>
<td>2.1218%</td>
</tr>
<tr>
<td>3</td>
<td>Muslim Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company</td>
<td>-</td>
<td>4.2437%</td>
<td>4.2437%</td>
<td>2.1218%</td>
</tr>
<tr>
<td>4</td>
<td>Fahd Jazaa Fahd Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Holding Company</td>
<td>-</td>
<td>4.2437%</td>
<td>4.2437%</td>
<td>2.1218%</td>
</tr>
<tr>
<td>5</td>
<td>Prince Abdul Aziz Bin Ahmed Bin Abdul Aziz Al Saud</td>
<td>Gulf Commercial Services Company Attheeb Holding Company</td>
<td>-</td>
<td>4.1242%</td>
<td>4.1242%</td>
<td>2.0621%</td>
</tr>
<tr>
<td>6</td>
<td>Saud Saad Saud Al Arifi</td>
<td>Pan Kingdom Investment Co.</td>
<td>-</td>
<td>3.6299%</td>
<td>3.6299%</td>
<td>1.8150%</td>
</tr>
<tr>
<td>7</td>
<td>Mohammed Fayez Mohammed Al Darjm</td>
<td>Pan Kingdom Investment Co.</td>
<td>-</td>
<td>3.6299%</td>
<td>3.6299%</td>
<td>1.8150%</td>
</tr>
<tr>
<td>8</td>
<td>Salman Saleem Terais Al Saedi</td>
<td>Alturais Saudi Trading, Industry, Contracting Co. Ltd.</td>
<td>-</td>
<td>2.8720%</td>
<td>2.8720%</td>
<td>1.4360%</td>
</tr>
<tr>
<td>9</td>
<td>Mohammed Saleem Terais Al Saedi</td>
<td>Alturais Saudi Trading, Industry, Contracting Co. Ltd.</td>
<td>-</td>
<td>2.8720%</td>
<td>2.8720%</td>
<td>1.4360%</td>
</tr>
<tr>
<td>10</td>
<td>Sulaiman Abdelqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>2.5790%</td>
<td>2.5790%</td>
<td>1.2895%</td>
</tr>
<tr>
<td>11</td>
<td>Imad Abdelqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>2.5554%</td>
<td>2.5554%</td>
<td>1.2777%</td>
</tr>
<tr>
<td>12</td>
<td>Issam Abdelqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>2.5529%</td>
<td>2.5529%</td>
<td>1.2764%</td>
</tr>
<tr>
<td>13</td>
<td>Hikmat Saad Eddin Abdul Hamid Al Za’eeem</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>1.8975%</td>
<td>1.8975%</td>
<td>0.9488%</td>
</tr>
<tr>
<td>14</td>
<td>Hilal Mohammed Tawfiq Abdullah Salaheyyah</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>1.3425%</td>
<td>1.3425%</td>
<td>0.6713%</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Representing</td>
<td>Direct Shareholding in NRCC before the Offering</td>
<td>Indirect Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC after the Offering</td>
</tr>
<tr>
<td>-----</td>
<td>------</td>
<td>-------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>15.</td>
<td>Abdullah Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>0.8333%</td>
<td>0.4100%</td>
<td>1.2433%</td>
<td>0.6217%</td>
</tr>
<tr>
<td>16.</td>
<td>Mohammed Hikmat Saad Eddin Al Za’een</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>1.0000%</td>
<td>1.0000%</td>
<td>0.5500%</td>
</tr>
<tr>
<td>17.</td>
<td>Sultan Abdullah Al Shahr</td>
<td>Addax Group Holding Company for Trade and Investment</td>
<td>-</td>
<td>0.6250%</td>
<td>0.6250%</td>
<td>0.3125%</td>
</tr>
<tr>
<td>18.</td>
<td>Abdurrahman Mushabeb Al Shehri</td>
<td>Addax Group Holding Company for Trade and Investment</td>
<td>-</td>
<td>0.6250%</td>
<td>0.6250%</td>
<td>0.3125%</td>
</tr>
<tr>
<td>19.</td>
<td>Maysaa Hikmat Saad Eddin Al Za’een</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>0.5500%</td>
<td>0.5500%</td>
<td>0.2750%</td>
</tr>
<tr>
<td>20.</td>
<td>Abdul Wahab Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.</td>
<td>-</td>
<td>0.5432%</td>
<td>0.5432%</td>
<td>0.2716%</td>
</tr>
<tr>
<td>21.</td>
<td>Luluah Saleeman Saleh Al Madahim</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.4723%</td>
<td>0.4723%</td>
<td>0.2361%</td>
</tr>
<tr>
<td>22.</td>
<td>Tala Ali Al Shaer</td>
<td>Al Shaer Trading, Industry &amp; Cntrg. Co.</td>
<td>-</td>
<td>0.3889%</td>
<td>0.3889%</td>
<td>0.1944%</td>
</tr>
<tr>
<td>23.</td>
<td>Mustafa Ali Al Shaer</td>
<td>Al Shaer Trading, Industry &amp; Cntrg. Co.</td>
<td>-</td>
<td>0.3889%</td>
<td>0.3889%</td>
<td>0.1944%</td>
</tr>
<tr>
<td>24.</td>
<td>Waleed Ali Al Shaer</td>
<td>Al Shaer Trading, Industry &amp; Cntrg. Co.</td>
<td>-</td>
<td>0.3889%</td>
<td>0.3889%</td>
<td>0.1944%</td>
</tr>
<tr>
<td>25.</td>
<td>Tumader Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.3471%</td>
<td>0.3471%</td>
<td>0.1735%</td>
</tr>
<tr>
<td>26.</td>
<td>Awatif Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.3471%</td>
<td>0.3471%</td>
<td>0.1735%</td>
</tr>
<tr>
<td>27.</td>
<td>Mariam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.3471%</td>
<td>0.3471%</td>
<td>0.1735%</td>
</tr>
<tr>
<td>28.</td>
<td>Hayfaa Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.3471%</td>
<td>0.3471%</td>
<td>0.1735%</td>
</tr>
<tr>
<td>29.</td>
<td>Huda Makko Abdurrazzaq Bakhsh</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.3000%</td>
<td>0.3000%</td>
<td>0.1500%</td>
</tr>
<tr>
<td>30.</td>
<td>Terki Salim Salim Al Saedi</td>
<td>Pan Kingdom Investment Co.</td>
<td>-</td>
<td>0.2263%</td>
<td>0.2263%</td>
<td>0.1132%</td>
</tr>
<tr>
<td>31.</td>
<td>Abdulrahman Mohammed Abdulrahman Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.2083%</td>
<td>0.2083%</td>
<td>0.1042%</td>
</tr>
<tr>
<td>32.</td>
<td>Ibrahim Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.2050%</td>
<td>0.2050%</td>
<td>0.1025%</td>
</tr>
<tr>
<td>33.</td>
<td>Othman Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.2050%</td>
<td>0.2050%</td>
<td>0.1025%</td>
</tr>
<tr>
<td>34.</td>
<td>Mohammed Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.2050%</td>
<td>0.2050%</td>
<td>0.1025%</td>
</tr>
<tr>
<td>35.</td>
<td>Nada Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.2050%</td>
<td>0.2050%</td>
<td>0.1025%</td>
</tr>
<tr>
<td>36.</td>
<td>Hamad Mohammed Abdulrahman Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.1875%</td>
<td>0.1875%</td>
<td>0.0938%</td>
</tr>
<tr>
<td>37.</td>
<td>Abdullah Mohammed Abdulrahman Al Raqeeb</td>
<td>Abdullah Mohammed Al Raqeeb Co.</td>
<td>-</td>
<td>0.1875%</td>
<td>0.1875%</td>
<td>0.0938%</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Representing</td>
<td>Direct Shareholding in NRCC before the Offering</td>
<td>Indirect Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC after the Offering</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>--------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>38</td>
<td>Saleh Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.</td>
<td>-</td>
<td>0.1811%</td>
<td>0.1811%</td>
<td>0.0905%</td>
</tr>
<tr>
<td>39</td>
<td>Omar Saleem Saleem Al Harbi</td>
<td>Pan Kingdom Investment Co. Saudi Pan Kingdom Hldg. Co.</td>
<td>-</td>
<td>0.1811%</td>
<td>0.1811%</td>
<td>0.0905%</td>
</tr>
<tr>
<td>40</td>
<td>Ahmed Hamoud Ibrahim Al Thiayab</td>
<td>Al Thiayab Holding Company</td>
<td>0.0625%</td>
<td>0.1042%</td>
<td>0.1667%</td>
<td>0.0833%</td>
</tr>
<tr>
<td>41</td>
<td>Sarah Abdulrahman Sulaiman Al Raziza</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1538%</td>
<td>0.1538%</td>
<td>0.0769%</td>
</tr>
<tr>
<td>42</td>
<td>Abdul Mohsen Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1538%</td>
<td>0.1538%</td>
<td>0.0769%</td>
</tr>
<tr>
<td>43</td>
<td>Sarah Ibrahim Abdullah Al Hamoudi</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.1333%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>44</td>
<td>Mashhour Hamad Saleh Al Hamoudi</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.1333%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>45</td>
<td>Mansour Hamad Saleh Al Hamoudi</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.1333%</td>
<td>0.1333%</td>
<td>0.0667%</td>
</tr>
<tr>
<td>46</td>
<td>Khaled Hamoud Ibrahim Al Thiayab</td>
<td>Al Thiayab Holding Company</td>
<td>-</td>
<td>0.1042%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>47</td>
<td>Fawzi Hamoud Ibrahim Al Thiayab</td>
<td>Al Thiayab Holding Company</td>
<td>-</td>
<td>0.1042%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>48</td>
<td>Yusuf Hamoud Ibrahim Al Thiayab</td>
<td>Al Thiayab Holding Company</td>
<td>-</td>
<td>0.1042%</td>
<td>0.1042%</td>
<td>0.0521%</td>
</tr>
<tr>
<td>49</td>
<td>Johara Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>50</td>
<td>Hissa Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>51</td>
<td>Hissa Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>52</td>
<td>Dalal Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>53</td>
<td>Roqayyah Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>54</td>
<td>Qimasha Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>55</td>
<td>Manira Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>56</td>
<td>Nawal Abdulaziz Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>57</td>
<td>Noora Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>58</td>
<td>Hila Saleh Ibrahim Abahsain</td>
<td>Saleh &amp; Abdulaziz Abahsain Co. Ltd.</td>
<td>-</td>
<td>0.1025%</td>
<td>0.1025%</td>
<td>0.0513%</td>
</tr>
<tr>
<td>59</td>
<td>Masaab Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>0.0833%</td>
<td>0.0153%</td>
<td>0.0986%</td>
<td>0.0493%</td>
</tr>
<tr>
<td>60</td>
<td>Ahmed Abdullah Fouzan Al Fouzan</td>
<td>Al Fouzan Trdg &amp; Gen Construction Co.</td>
<td>-</td>
<td>0.0833%</td>
<td>0.0833%</td>
<td>0.0417%</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Representing</td>
<td>Direct Shareholding in NRCC before the Offering</td>
<td>Indirect Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC after the Offering</td>
</tr>
<tr>
<td>-----</td>
<td>------</td>
<td>--------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>61.</td>
<td>Mohammed Abdullah Fouzan Al Fouzan</td>
<td>Al Fouzan Trdg &amp; Gen Construction Co.</td>
<td>-</td>
<td>0.0833%</td>
<td>0.0833%</td>
<td>0.0417%</td>
</tr>
<tr>
<td>62.</td>
<td>Kholoud Hamad Saleh Al Hamoudi</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.0667%</td>
<td>0.0667%</td>
<td>0.0333%</td>
</tr>
<tr>
<td>63.</td>
<td>Uhoud Hamad Saleh Al Hamoudi</td>
<td>Etihad Al Khalidiya Company</td>
<td>-</td>
<td>0.0667%</td>
<td>0.0667%</td>
<td>0.0333%</td>
</tr>
<tr>
<td>64.</td>
<td>Hamad Mohammed Fouzan Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0553%</td>
<td>0.0553%</td>
<td>0.0277%</td>
</tr>
<tr>
<td>65.</td>
<td>Randa Hikmat Saad Al Khalidiya Company</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>0.0550%</td>
<td>0.0550%</td>
<td>0.0275%</td>
</tr>
<tr>
<td>66.</td>
<td>Shirin Hikmat Saad Al Khalidiya Company</td>
<td>International Trdg &amp; Cntrg. Co. Ltd.</td>
<td>-</td>
<td>0.0550%</td>
<td>0.0550%</td>
<td>0.0275%</td>
</tr>
<tr>
<td>67.</td>
<td>Tareq Abdulrahman Saleh Al Sadhan</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>-</td>
<td>0.0500%</td>
<td>0.0500%</td>
<td>0.0250%</td>
</tr>
<tr>
<td>68.</td>
<td>Princess Kholoud Bint Masaed Bin Ahmed Al Sudairi</td>
<td>Gulf Commercial Services Company</td>
<td>-</td>
<td>0.0425%</td>
<td>0.0425%</td>
<td>0.0213%</td>
</tr>
<tr>
<td>69.</td>
<td>Tariq Mohammed Abdulla Al Fouzan</td>
<td>Al Fouzan Trdg &amp; Gen Construction Co.</td>
<td>-</td>
<td>0.0417%</td>
<td>0.0417%</td>
<td>0.0208%</td>
</tr>
<tr>
<td>70.</td>
<td>Ibrahim Saleh Abdul Aziz Al Arifi</td>
<td>Al Tajweed Cntrg &amp; Trdg Co.</td>
<td>-</td>
<td>0.0208%</td>
<td>0.0208%</td>
<td>0.0104%</td>
</tr>
<tr>
<td>71.</td>
<td>Mohammed Saleh Abdul Aziz Al Arifi</td>
<td>Al Tajweed Cntrg &amp; Trdg Co.</td>
<td>-</td>
<td>0.0208%</td>
<td>0.0208%</td>
<td>0.0104%</td>
</tr>
<tr>
<td>72.</td>
<td>Mohammed Abdullah Mohammed Al Raqeeb</td>
<td>Abdullah Mohammed Al Raqeeb Co.</td>
<td>-</td>
<td>0.0208%</td>
<td>0.0208%</td>
<td>0.0104%</td>
</tr>
<tr>
<td>73.</td>
<td>Khalid Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>74.</td>
<td>Reem Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>75.</td>
<td>Abdulrahman Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>76.</td>
<td>Abdul Aziz Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>77.</td>
<td>Abdullah Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>78.</td>
<td>Nouf Imad Abdulqader Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0203%</td>
<td>0.0203%</td>
<td>0.0102%</td>
</tr>
<tr>
<td>79.</td>
<td>Khalid Tareq Abdulrahman Al Sadhan</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>-</td>
<td>0.0194%</td>
<td>0.0194%</td>
<td>0.0097%</td>
</tr>
<tr>
<td>80.</td>
<td>Mohammed Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan Co. Hldg. Co.</td>
<td>0.0167%</td>
<td>0.0013%</td>
<td>0.0180%</td>
<td>0.0090%</td>
</tr>
<tr>
<td>81.</td>
<td>Dana Issam Abdulqader Abdul Mohsen Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>82.</td>
<td>Deym Issam Abdulqader Abdul Mohsen Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>83.</td>
<td>Sarah Issam Abdulqader Abdul Mohsen Al Muaideb</td>
<td>Abdulqader Al Muaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Representing</td>
<td>Direct Shareholding in NRCC before the Offering</td>
<td>Indirect Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC after the Offering</td>
</tr>
<tr>
<td>-----</td>
<td>------</td>
<td>-------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>84.</td>
<td>Abdulqader Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>85.</td>
<td>Lulwa Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>86.</td>
<td>Mohammed Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>87.</td>
<td>Noora Issam Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0178%</td>
<td>0.0178%</td>
<td>0.0089%</td>
</tr>
<tr>
<td>88.</td>
<td>Ahmed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>89.</td>
<td>Abdul Hamid Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>90.</td>
<td>Abdulqader Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>91.</td>
<td>Abdul Mohsen Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>92.</td>
<td>Luluah Suleiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>93.</td>
<td>Mohammed Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>94.</td>
<td>Noora Sulaiman Abdulqader Abdul Mohsen Al Muhaideb</td>
<td>Abdulqader Al Muhaideb Company</td>
<td>-</td>
<td>0.0153%</td>
<td>0.0153%</td>
<td>0.0076%</td>
</tr>
<tr>
<td>95.</td>
<td>Lama Tareq Abdulrahman Saleh Al Sadhan</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>-</td>
<td>0.0097%</td>
<td>0.0097%</td>
<td>0.0049%</td>
</tr>
<tr>
<td>96.</td>
<td>Khalid Hamad Mohammed Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.0052%</td>
<td>0.0052%</td>
<td>0.0026%</td>
</tr>
<tr>
<td>97.</td>
<td>Ziad Hamad Mohammed Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.0052%</td>
<td>0.0052%</td>
<td>0.0026%</td>
</tr>
<tr>
<td>98.</td>
<td>Abdulrahman Hamad Mohammed Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.0052%</td>
<td>0.0052%</td>
<td>0.0026%</td>
</tr>
<tr>
<td>99.</td>
<td>Mohammed Hamad Mohammed Al Raqeeb</td>
<td>Al Raqeeb Holding Company</td>
<td>-</td>
<td>0.0052%</td>
<td>0.0052%</td>
<td>0.0026%</td>
</tr>
<tr>
<td>100.</td>
<td>Reema Mohammed Abdul Aziz Al Bawardi</td>
<td>Awa’ed Al Riyadh Co.</td>
<td>-</td>
<td>0.0042%</td>
<td>0.0042%</td>
<td>0.0021%</td>
</tr>
<tr>
<td>101.</td>
<td>Abdul Ilah Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0013%</td>
<td>0.0013%</td>
<td>0.0007%</td>
</tr>
<tr>
<td>102.</td>
<td>Abdul Aziz Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0013%</td>
<td>0.0013%</td>
<td>0.0007%</td>
</tr>
<tr>
<td>103.</td>
<td>Abdullah Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0013%</td>
<td>0.0013%</td>
<td>0.0007%</td>
</tr>
<tr>
<td>104.</td>
<td>Fouzan Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0013%</td>
<td>0.0013%</td>
<td>0.0007%</td>
</tr>
<tr>
<td>105.</td>
<td>Areej Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>106.</td>
<td>Susan Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Representing</td>
<td>Direct Shareholding in NRCC before the Offering</td>
<td>Indirect Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC before the Offering</td>
<td>Total Shareholding in NRCC after the Offering</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------</td>
<td>---------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>------------------------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>107.</td>
<td>Abeer Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>108.</td>
<td>Fouziya Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>109.</td>
<td>Masha’el Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>110.</td>
<td>Munira Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td>111.</td>
<td>Najd Hamad Mohammed Al Fouzan</td>
<td>Hamad Mohammed Al Fouzan &amp; Co. Hldg. Co.</td>
<td>-</td>
<td>0.0007%</td>
<td>0.0007%</td>
<td>0.0003%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>1.7625%</td>
<td>57.4476%</td>
<td>59.2101%</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444,592</td>
<td>893,970</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(245,385)</td>
<td>(573,006)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>199,207</td>
<td>320,964</td>
</tr>
<tr>
<td>Sales &amp; Marketing Expenses</td>
<td>(5,078)</td>
<td>(4,582)</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>(14,297)</td>
<td>(23,452)</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>179,832</td>
<td>292,930</td>
</tr>
<tr>
<td>Net Revenue from Trial Production</td>
<td>12,582</td>
<td>-</td>
</tr>
<tr>
<td>Pre-Operating Expenses</td>
<td>(2,301)</td>
<td>-</td>
</tr>
<tr>
<td>Income from revaluation of investment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financing Expenses</td>
<td>(17,874)</td>
<td>(15,065)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>5,255</td>
<td>17,893</td>
</tr>
<tr>
<td>Profit prior to deducting Zakat, Income Tax &amp; Minority Shareholders’ Interests</td>
<td>177,494</td>
<td>295,758</td>
</tr>
<tr>
<td>Minority Shareholders’ Interests in the Net Losses of the Affiliate</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Profit prior to deducting Zakat</td>
<td>177,494</td>
<td>295,758</td>
</tr>
<tr>
<td>Zakat</td>
<td>(4,500)</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Income Tax for the Affiliate</td>
<td>(1,331)</td>
<td>(4,842)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>171,663</td>
<td>284,963</td>
</tr>
</tbody>
</table>


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 commencement 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>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>439,870</td>
<td>528,013</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(245,385)</td>
<td>(282,275)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>194,485</td>
<td>245,738</td>
</tr>
<tr>
<td>Sales &amp; Marketing Expenses</td>
<td>(5,078)</td>
<td>(3,048)</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>(14,297)</td>
<td>(18,582)</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>175,110</td>
<td>224,108</td>
</tr>
<tr>
<td>The Company’s Share in the Net Profit of the Affiliate</td>
<td>13,672</td>
<td>63,859</td>
</tr>
<tr>
<td>Return on Re-Evaluating Investment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financing Expenses</td>
<td>(17,874)</td>
<td>(15,065)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>5,255</td>
<td>18,062</td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>49,661</td>
<td>365,958</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(44,939)</td>
<td>(290,731)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>4,722</td>
<td>75,227</td>
</tr>
<tr>
<td>Sales &amp; Marketing Expenses</td>
<td>-</td>
<td>(1,534)</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>-</td>
<td>(4,870)</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>4,722</td>
<td>68,823</td>
</tr>
<tr>
<td>Net Revenue from Trial Production</td>
<td>12,582</td>
<td>-</td>
</tr>
<tr>
<td>Pre-Operating Expenses</td>
<td>(2,301)</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>-</td>
<td>(168)</td>
</tr>
<tr>
<td>Profit prior to deducting Taxes</td>
<td>15,003</td>
<td>68,655</td>
</tr>
<tr>
<td>Minority Shareholders’ interests</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Income Tax</td>
<td>(1,331)</td>
<td>(4,842)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>13,672</td>
<td>63,860</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444,592</td>
<td>893,970</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Portland Cement</td>
<td>298,848</td>
<td>235,289</td>
</tr>
<tr>
<td>Sulphate Resistant Cement</td>
<td>145,439</td>
<td>116,596</td>
</tr>
<tr>
<td>Gross Sales of Cement</td>
<td>444,287</td>
<td>351,885</td>
</tr>
<tr>
<td>Discounts</td>
<td>(39,943)</td>
<td>(28,409)</td>
</tr>
<tr>
<td>Net Sales of Clinker</td>
<td>404,344</td>
<td>323,476</td>
</tr>
<tr>
<td>Sales of Clinker</td>
<td>35,526</td>
<td>204,537</td>
</tr>
<tr>
<td>Gross Sales of NRCC</td>
<td>439,870</td>
<td>528,013</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>Ton</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulk Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>755,267</td>
<td>597,215</td>
</tr>
<tr>
<td>Bagged Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,040,657</td>
<td>829,324</td>
</tr>
<tr>
<td>Total Sales of Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,795,924</td>
<td>1,426,539</td>
</tr>
<tr>
<td>Ordinary Portland Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,243,759</td>
<td>1,000,284</td>
</tr>
<tr>
<td>Sulphate Resistant Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>552,165</td>
<td>426,255</td>
</tr>
<tr>
<td>Total Sales of Cement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,795,924</td>
<td>1,426,539</td>
</tr>
<tr>
<td>Clinker Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>210,560</td>
<td>935,668</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,006,484</td>
<td>2,362,207</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>49,661</td>
<td>365,958</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>Ton</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales of cement</td>
<td>129,489</td>
<td>966,650</td>
</tr>
</tbody>
</table>

Source: The Company
8 - 4 - 3  Cost of Sales

NRCC Consolidated Cost of Sales


<table>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Sales</td>
<td>245,385</td>
<td>573,006</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw Materials</td>
<td>67,535</td>
<td>116,494</td>
</tr>
<tr>
<td>Depreciation</td>
<td>63,105</td>
<td>49,775</td>
</tr>
<tr>
<td>Salaries, Wages &amp; Allowances</td>
<td>21,010</td>
<td>30,743</td>
</tr>
<tr>
<td>Cost for Fuel &amp; Electricity</td>
<td>40,835</td>
<td>44,558</td>
</tr>
<tr>
<td>Packaging</td>
<td>15,335</td>
<td>11,135</td>
</tr>
<tr>
<td>Repair &amp; Maintenance</td>
<td>10,752</td>
<td>8,132</td>
</tr>
<tr>
<td>Mining Costs</td>
<td>1,749</td>
<td>3,708</td>
</tr>
<tr>
<td>Explosion Costs</td>
<td>1,094</td>
<td>5,426</td>
</tr>
<tr>
<td>Contracted Labor</td>
<td>18,072</td>
<td>5,875</td>
</tr>
<tr>
<td>Plant’s Management</td>
<td>5,899</td>
<td>6,429</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>245,386</td>
<td>282,275</td>
</tr>
</tbody>
</table>

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 km² 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

<table>
<thead>
<tr>
<th></th>
<th>As at December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Sales</td>
<td>44,939</td>
<td>290,731</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444,592</td>
<td>893,970</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(245,385)</td>
<td>(573,006)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>199,207</td>
<td>320,964</td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>44.81%</td>
<td>35.90%</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>439,870</td>
<td>528,013</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(245,385)</td>
<td>(282,275)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>194,485</td>
<td>245,738</td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>44.21%</td>
<td>46.54%</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>49,661</td>
<td>365,958</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(44,939)</td>
<td>(290,731)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>4,722</td>
<td>75,227</td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>9.51%</td>
<td>20.56%</td>
</tr>
</tbody>
</table>


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 profit 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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Allowances of Employees</td>
<td>2,049</td>
<td>1,585</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,249</td>
<td>1,969</td>
</tr>
<tr>
<td>Others</td>
<td>780</td>
<td>1,028</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>5,078</td>
<td>4,582</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>3-Months Period Ended in 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Allowances of Employees</td>
<td>2,049</td>
<td>602</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,249</td>
<td>1,969</td>
</tr>
<tr>
<td>Others</td>
<td>780</td>
<td>477</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>5,078</td>
<td>3,048</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended in 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Allowances of Employees</td>
<td>-</td>
<td>983</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>551</td>
</tr>
<tr>
<td>Selling and Marketing Expenses</td>
<td>-</td>
<td>1,534</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Allowances of Employees</td>
<td>11,907</td>
<td>18,101</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>472</td>
<td>1,066</td>
</tr>
<tr>
<td>Depreciation</td>
<td>438</td>
<td>823</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>461</td>
<td>801</td>
</tr>
<tr>
<td>Rent</td>
<td>133</td>
<td>594</td>
</tr>
<tr>
<td>Governmental Charges</td>
<td>94</td>
<td>142</td>
</tr>
<tr>
<td>Others</td>
<td>792</td>
<td>1,924</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>14,297</td>
<td>23,452</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Allowances of Employees</td>
<td>11,907</td>
<td>14,840</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>472</td>
<td>887</td>
</tr>
<tr>
<td>Depreciation</td>
<td>438</td>
<td>823</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>461</td>
<td>456</td>
</tr>
<tr>
<td>Rent</td>
<td>133</td>
<td>515</td>
</tr>
<tr>
<td>Governmental Charges</td>
<td>94</td>
<td>122</td>
</tr>
<tr>
<td>Others</td>
<td>792</td>
<td>938</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>14,297</td>
<td>18,582</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended in 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and Administrative Expenses</td>
<td>-</td>
<td>4,870</td>
</tr>
</tbody>
</table>


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.

### Financial Charges


<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended in 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Charges</td>
<td>17,874</td>
<td>15,065</td>
</tr>
</tbody>
</table>


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 financial 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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended in 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs Claims</td>
<td>-</td>
<td>8,762</td>
</tr>
<tr>
<td>Insurance Claims</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income From Sale of Assets</td>
<td>-</td>
<td>5,633</td>
</tr>
<tr>
<td>Foreign Exchange Variances</td>
<td>2,754</td>
<td>2,616</td>
</tr>
<tr>
<td>Commissions on Time Deposits</td>
<td>596</td>
<td>157</td>
</tr>
<tr>
<td>Others</td>
<td>1,905</td>
<td>726</td>
</tr>
<tr>
<td>Other Revenues (Consolidated)</td>
<td>5,255</td>
<td>17,894</td>
</tr>
<tr>
<td>NRCC</td>
<td>5,255</td>
<td>18,062</td>
</tr>
<tr>
<td>NCC (Jordan)</td>
<td>-</td>
<td>(168)</td>
</tr>
<tr>
<td>Other Revenues (Consolidated)</td>
<td>5,255</td>
<td>17,894</td>
</tr>
</tbody>
</table>


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 2011G, 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 14%.

8 - 5 Balance Sheet

NRCC Consolidated Balance Sheet


<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>307,289</td>
<td>311,024</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>1,292,976</td>
<td>1,256,823</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,600,265</td>
<td>1,567,847</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>540,614</td>
<td>562,830</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>201,985</td>
<td>169,450</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>857,666</td>
<td>835,566</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>1,600,265</td>
<td>1,567,847</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Assets</td>
<td>246,806</td>
<td>207,642</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>1,334,982</td>
<td>1,348,759</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,581,788</td>
<td>1,556,401</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>522,137</td>
<td>551,722</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>201,985</td>
<td>169,450</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>857,666</td>
<td>835,229</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>1,581,788</td>
<td>1,556,401</td>
</tr>
</tbody>
</table>


NCC (Jordan) Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Assets</td>
<td>66,396</td>
<td>105,832</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>235,192</td>
<td>244,482</td>
</tr>
<tr>
<td>Total Assets</td>
<td>301,588</td>
<td>350,314</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>284,368</td>
<td>17,107</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>17,220</td>
<td>333,207</td>
</tr>
<tr>
<td>Total Liabilities and Equity</td>
<td>301,588</td>
<td>350,314</td>
</tr>
</tbody>
</table>

8 - 5 - 1  Current Assets

NRCC Consolidated Current Assets


<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>153,719</td>
<td>63,669</td>
</tr>
<tr>
<td>Trade Accounts Receivables, Prepaid Expenses &amp;</td>
<td>35,353</td>
<td>39,317</td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>118,218</td>
<td>208,038</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>307,289</td>
<td>311,024</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>124,103</td>
<td>36,403</td>
</tr>
<tr>
<td>Trade Accounts Receivables, Prepaid Expenses &amp;</td>
<td>24,762</td>
<td>23,076</td>
</tr>
<tr>
<td>other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>97,942</td>
<td>148,163</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>246,807</td>
<td>207,642</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>.(000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>29,616</td>
<td>27,267</td>
</tr>
<tr>
<td>Trade Accounts Receivables, Prepaid Expenses &amp;</td>
<td>13,505</td>
<td>18,690</td>
</tr>
<tr>
<td>other Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>23,276</td>
<td>59,875</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>66,397</td>
<td>105,832</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>.(000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment</td>
<td>1,016,762</td>
<td>1,217,994</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>-</td>
<td>487</td>
</tr>
<tr>
<td>Projects Under Construction</td>
<td>252,734</td>
<td>17,797</td>
</tr>
<tr>
<td>Deferred Expenses</td>
<td>23,480</td>
<td>20,545</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>1,292,976</td>
<td>1,256,823</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th></th>
<th>No. of Shares</th>
<th>Goodwill (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of 75% of NCC (Jordan) Shares</td>
<td>41,250,000</td>
<td>381,843,000</td>
</tr>
<tr>
<td>Shares purchased from the Market</td>
<td>1,756,000</td>
<td>16,254,941</td>
</tr>
<tr>
<td>Re-evaluation of the Shares held by the Company</td>
<td>7,150,000</td>
<td>66,186,120</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Lands</td>
<td>18,519</td>
<td>30,386</td>
</tr>
<tr>
<td>Buildings</td>
<td>389,896</td>
<td>444,164</td>
</tr>
<tr>
<td>Machines &amp; Equipment</td>
<td>591,479</td>
<td>719,856</td>
</tr>
<tr>
<td>Automobiles</td>
<td>6,235</td>
<td>6,134</td>
</tr>
<tr>
<td>Furniture &amp; Furnishings</td>
<td>10,003</td>
<td>15,596</td>
</tr>
<tr>
<td>Water Wells</td>
<td>631</td>
<td>1,859</td>
</tr>
<tr>
<td><strong>Total Property, Plant and Equipment</strong></td>
<td><strong>1,016,762</strong></td>
<td><strong>1,217,994</strong></td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Property, Plant &amp; Equipment</td>
<td>1,011,100</td>
<td>974,422</td>
</tr>
<tr>
<td>Investment in an Affiliate</td>
<td>17,204</td>
<td>283,921</td>
</tr>
<tr>
<td>Projects Under Construction</td>
<td>23,205</td>
<td>17,374</td>
</tr>
<tr>
<td>Deferred Expenses</td>
<td>23,480</td>
<td>20,545</td>
</tr>
<tr>
<td>Due from Related Parties</td>
<td>259,994</td>
<td>52,497</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td><strong>1,334,982</strong></td>
<td><strong>1,348,759</strong></td>
</tr>
</tbody>
</table>

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, AlKhobar, being its share of the down payment for the contract for rehabilitation of AlKobaish 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

<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Property Plant &amp; Equipment</td>
<td>5,663</td>
<td>243,573</td>
</tr>
<tr>
<td>Investment in an Affiliate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Projects Under Construction</td>
<td>229,529</td>
<td>423</td>
</tr>
<tr>
<td>Goodwill</td>
<td>-</td>
<td>487</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>235,192</td>
<td>244,482</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Creditors, Accrued Expenses &amp; Other Liabilities</td>
<td>63,481</td>
<td>50,710</td>
</tr>
<tr>
<td>Payable to Related Parties</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term Loans</td>
<td>469,402</td>
<td>471,283</td>
</tr>
<tr>
<td>Accrued Dividend</td>
<td>25,697</td>
<td>-</td>
</tr>
<tr>
<td>Zakat &amp; Income Tax</td>
<td>7,731</td>
<td>15,141</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>540,614</td>
<td>562,830</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Creditors, Accrued Expenses &amp; Other Liabilities</td>
<td>46,335</td>
<td>44,444</td>
</tr>
<tr>
<td>Payable to Related Parties</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short-term Loans</td>
<td>469,402</td>
<td>471,283</td>
</tr>
<tr>
<td>Accrued Dividend</td>
<td>-</td>
<td>25,697</td>
</tr>
<tr>
<td>Zakat &amp; Income Tax</td>
<td>6,400</td>
<td>10,298</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>522,137</td>
<td>551,722</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Creditors, Accrued Expenses &amp; Other Liabilities</td>
<td>24,302</td>
<td>12,151</td>
</tr>
<tr>
<td>Payable to Related Parties</td>
<td>260,066</td>
<td>113</td>
</tr>
<tr>
<td>Short-term Loans</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zakat &amp; Income Tax</td>
<td>-</td>
<td>4,842</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>284,368</td>
<td>17,107</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Long-Term Loan</td>
<td>200,000</td>
<td>166,500</td>
</tr>
<tr>
<td>End of Service Indemnities</td>
<td>1,985</td>
<td>2,950</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>201,985</td>
<td>169,450</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Paid-Up Capital</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>25,907</td>
<td>54,403</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>231,759</td>
<td>180,826</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>857,666</td>
<td>835,229</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>-</td>
<td>337</td>
</tr>
<tr>
<td>Total</td>
<td>857,666</td>
<td>835,566</td>
</tr>
</tbody>
</table>


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 reach 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

<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td>Paid-Up Capital</td>
<td>5,350</td>
<td>267,500</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>(1,802)</td>
<td>8,415</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>13,672</td>
<td>56,955</td>
</tr>
<tr>
<td>Total Shareholders’ Equity</td>
<td>17,220</td>
<td>332,870</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>337</td>
<td>559</td>
</tr>
<tr>
<td>Total</td>
<td>17,220</td>
<td>333,207</td>
</tr>
</tbody>
</table>


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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash from Operating Activities</td>
<td>187,644</td>
<td>247,655</td>
</tr>
<tr>
<td>Net Cash from Investing Activities</td>
<td>(141,441)</td>
<td>(24,719)</td>
</tr>
<tr>
<td>Net Cash from Financing Activities</td>
<td>(71,356)</td>
<td>(312,985)</td>
</tr>
<tr>
<td>Net Change in Cash and Cash Equivalents</td>
<td>(25,153)</td>
<td>(90,049)</td>
</tr>
</tbody>
</table>

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 construct Line 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>
<thead>
<tr>
<th>(,000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash from Operating Activities</td>
<td>303,382</td>
<td>436,052</td>
</tr>
<tr>
<td>Net Cash from Investing Activities</td>
<td>(16,590)</td>
<td>(210,430)</td>
</tr>
<tr>
<td>Net Cash from Financing Activities</td>
<td>(341,491)</td>
<td>(313,322)</td>
</tr>
<tr>
<td>Net Change in Cash and Cash Equivalents</td>
<td>(54,699)</td>
<td>(87,700)</td>
</tr>
</tbody>
</table>

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 construct Line 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.
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 drawdown 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 drawdown 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 including Line II.

### NCC (Jordan) Consolidated Cash Flows


<table>
<thead>
<tr>
<th>(.000 Riyals)</th>
<th>As at 31 December</th>
<th>Three-Month Period Ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash from Operating Activities</td>
<td>(25,530)</td>
<td>97</td>
</tr>
<tr>
<td>Net Cash from Investing Activities</td>
<td>(135,604)</td>
<td>(10,788)</td>
</tr>
<tr>
<td>Net Cash from Financing Activities</td>
<td>190,675</td>
<td>-</td>
</tr>
<tr>
<td>Net Change in Cash and Cash Equivalents</td>
<td>29,541</td>
<td>(10,691)</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents at the Beginning of the Year</td>
<td>76</td>
<td>29,621</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents at the End of the Year</td>
<td>29,617</td>
<td>18,929</td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>Consolidated Income Statement (,000 Riyals)</th>
<th>The Six-Months Period Ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011G</td>
</tr>
<tr>
<td>Sales</td>
<td>199,534</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(111,932)</td>
</tr>
<tr>
<td>Gross Profits</td>
<td>87,601</td>
</tr>
<tr>
<td>Selling &amp; Marketing Expenses</td>
<td>(1,201)</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>(9,027)</td>
</tr>
<tr>
<td>Profits from Operations</td>
<td>77,373</td>
</tr>
<tr>
<td>The Company’s Share of Net Profit of Subsidiary</td>
<td>16,195</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>(12,053)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,297</td>
</tr>
<tr>
<td>Profit before Zakat</td>
<td>82,812</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>-</td>
</tr>
<tr>
<td>Zakat</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>-</td>
</tr>
<tr>
<td>Net Profit</td>
<td>76,812</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>171,666</td>
<td>167,854</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(136,449)</td>
<td>(137,709)</td>
</tr>
<tr>
<td>Gross Profits</td>
<td>35,217</td>
<td>30,146</td>
</tr>
<tr>
<td>Selling &amp; Marketing Expenses</td>
<td>(1,179)</td>
<td>(1,966)</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>(2,305)</td>
<td>(2,611)</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>31,734</td>
<td>25,568</td>
</tr>
<tr>
<td>Financial Charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Revenues</td>
<td>636</td>
<td>49</td>
</tr>
<tr>
<td>Profit before Tax</td>
<td>32,370</td>
<td>25,617</td>
</tr>
<tr>
<td>Minority Interest</td>
<td>(135)</td>
<td>(134)</td>
</tr>
<tr>
<td>Taxes</td>
<td>(2,247)</td>
<td>(1,783)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>29,989</td>
<td>23,701</td>
</tr>
</tbody>
</table>

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.
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 comparison 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 drawdown 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

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 comparison 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 drawdown 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.
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>
<thead>
<tr>
<th>Consolidated Cash Flow (,000 Riyals)</th>
<th>The Six-Months Period Ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011G</td>
</tr>
<tr>
<td>Net Cash from Operating Activities</td>
<td>93,987</td>
</tr>
<tr>
<td>Net Cash used in Investing Activities</td>
<td>(58,099)</td>
</tr>
<tr>
<td>Net Cash from (used in) Financing Activities</td>
<td>(59,972)</td>
</tr>
<tr>
<td>Net Change in Cash &amp; Cash Equivalents</td>
<td>(24,084)</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents at the beginning of Period</td>
<td>36,403</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents as at 30 June</td>
<td>12,319</td>
</tr>
</tbody>
</table>

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 basis amounted to 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 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

<table>
<thead>
<tr>
<th>Consolidated Cash Flow (,000 Riyals)</th>
<th>The Six-Months Period Ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011G</td>
</tr>
<tr>
<td>Net Cash from Operating Activities</td>
<td>55,687</td>
</tr>
<tr>
<td>Net Cash used in Investing Activities</td>
<td>(3,937)</td>
</tr>
<tr>
<td>Net Cash from (used in) Financing Activities</td>
<td>(29,873)</td>
</tr>
<tr>
<td>Net Change in Cash &amp; Cash Equivalents</td>
<td>21,878</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents at the beginning of Period</td>
<td>18,614</td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents as at 30 June</td>
<td>50,492</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>(Saudi Riyals)</th>
<th>Declared Dividend</th>
<th>Paid Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010G</td>
<td>2011G</td>
</tr>
<tr>
<td>Cash Dividends for 2009G</td>
<td>204,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>204,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Cash Dividends for 2010G</td>
<td>102,000,000</td>
<td>76,303,335</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25,696,665</td>
</tr>
<tr>
<td>Cash Dividends for the Period Ending 30 September 2011G</td>
<td>66,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>66,000,000</td>
</tr>
<tr>
<td>In-kind Dividends representing 82% of NCC (Jordan) capital in the second quarter of 2011G</td>
<td>240,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>240,000,000</td>
</tr>
<tr>
<td>Cash Dividends for the forth quarter of 2011G</td>
<td>37,800,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37,800,000</td>
</tr>
<tr>
<td>Cash Dividends for the first quarter of 2012G</td>
<td>37,800,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37,800,000</td>
</tr>
<tr>
<td>Cash Dividends for the second quarter of 2012G</td>
<td>28,980,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28,980,000</td>
</tr>
</tbody>
</table>

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 2009:
  o On 07/04/2010, 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 2009.

• Dividends distributed for the financial year ended 31 December 2010:
  o On 13/02/2011, the Ordinary General Assembly of the Company approved the distribution of dividends, which had been distributed during the first half of 2010, totaling in the amount of SAR 102 million at SAR 0.85 per share.

• Dividends distributed for the financial year ended 31 December 2011:
  o On 21/05/2011, 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).
  o On 10/04/2012, the Ordinary General Assembly approved the distribution of dividends, which had been distributed in the third quarter of 2011 at SAR 0.55 per share and the distribution of dividends for the fourth quarter of 2011 at SAR 0.30 per share; the total cash dividends paid during the year 2011 amounted to a total of SAR 103.8 million.

• Dividends distributed for the period ended 30 June 2012:
  o On 10/04/2012, 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 2012:
    - On 15/04/2012, the Board of Directors approved the distribution of dividends for the first quarter of 2012 totaling in the amount of SAR 37.8 million at SAR 0.30 per share.
    - On 05/08/2012, the Board of Directors approved the distribution of dividends for the second quarter of 2012 totaling in the amount of 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 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 2009, 2010 and the first nine months of 2011. Moreover, the Company has sent a letter to SIDF dated 06/07/1433H (corresponding to 27/05/2012) 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 2012, 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, marketer, 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 2012. 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 2012. 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 2012. 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

<table>
<thead>
<tr>
<th>.000 Saudi Riyals</th>
<th>Operational Expenditures</th>
<th>Capital Expenditure on Line II</th>
<th>Repayment of Debt and Related Charges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering Expenses</td>
<td>28,000,000</td>
<td></td>
<td></td>
<td>28,000,000</td>
</tr>
<tr>
<td>Arab National Bank Loans:</td>
<td></td>
<td></td>
<td></td>
<td>661,535,000</td>
</tr>
<tr>
<td>- Short-term Murabaha Loan</td>
<td></td>
<td>300,370,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bridge Loan</td>
<td></td>
<td>361,165,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Saudi Industrial Development Fund Loan</td>
<td></td>
<td>31,370,000</td>
<td>31,370,000</td>
<td></td>
</tr>
<tr>
<td>Line II Financing</td>
<td></td>
<td></td>
<td></td>
<td>179,095,000</td>
</tr>
<tr>
<td>Payments to CNBM for Construction of Clinkerization Unit</td>
<td></td>
<td></td>
<td>52,267,500</td>
<td></td>
</tr>
<tr>
<td>Payments to Wärtsilä for Expansion of Power Station</td>
<td></td>
<td></td>
<td>16,806,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operational Expenditures</td>
<td>Capital Expenditure on Line II</td>
<td>Repayment of Debt and Related Charges</td>
<td>Total</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>--------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Heavy Equipment</td>
<td>24,771,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Tank</td>
<td>13,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Housing Facilities</td>
<td>25,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working Capital</td>
<td>47,250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>75,250,000</td>
<td>131,845,000</td>
<td>692,905,000</td>
<td>900,000,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Offering Expenses (,000 Riyals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial advisors, lead manager, selling agents and underwriter fees</td>
</tr>
<tr>
<td>Other advisors fees</td>
</tr>
<tr>
<td>Marketing, printing and distribution expenses</td>
</tr>
<tr>
<td>Other expenses</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Total (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of loans from Arab National Bank</td>
<td>661,535,000</td>
</tr>
<tr>
<td>- Short-term murabaha loan</td>
<td>300,370,000</td>
</tr>
<tr>
<td>- Bridge loan</td>
<td>361,165,000</td>
</tr>
<tr>
<td>Repayment of Loan from the Saudi Industrial Development Fund</td>
<td>31,370,000</td>
</tr>
<tr>
<td>Line II Financing</td>
<td>179,095,000</td>
</tr>
<tr>
<td>- Payment to CNBM for Construction of Clinkerization Unit</td>
<td>52,267,500</td>
</tr>
<tr>
<td>- Payment to Wärtsila for Expansion of Power Station</td>
<td>16,806,500</td>
</tr>
<tr>
<td>- Heavy equipment</td>
<td>24,771,000</td>
</tr>
<tr>
<td>- Fuel tank</td>
<td>13,000,000</td>
</tr>
<tr>
<td>- Employee Housing Facilities</td>
<td>25,000,000</td>
</tr>
<tr>
<td>- Working Capital</td>
<td>47,250,000</td>
</tr>
<tr>
<td>Total</td>
<td>872,000,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Breakdown of the Capital Expenditure for Line II Project (SAR)</th>
<th>Sources of Financing (SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value of Contract with CNBM for Construction of Clinkerization Unit 308,250,000</td>
<td>Internal Cash 86,404,137</td>
</tr>
<tr>
<td>Total Value of the Contract with Wärtsilä for Expansion of Power Station 74,250,000</td>
<td>Bank Financing 237,145,863</td>
</tr>
<tr>
<td>Heavy Equipment 24,771,000</td>
<td>Proceeds from the Offering 131,845,000</td>
</tr>
<tr>
<td>Construction of Fuel Tank 13,000,000</td>
<td></td>
</tr>
<tr>
<td>Employee Housing Facilities 25,000,000</td>
<td></td>
</tr>
<tr>
<td>Pre-Operational Expenses 10,124,000</td>
<td></td>
</tr>
<tr>
<td>Total 455,395,000</td>
<td>Total 455,395,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>(SAR)</th>
<th>Sources of Funds</th>
<th>(SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNBM</td>
<td>228,617,991</td>
<td>Internal Cash</td>
<td>86,404,137</td>
</tr>
<tr>
<td>Wärtsilä</td>
<td>7,425,000</td>
<td>Bank Financing (Bridge Loan from Arab National Bank)</td>
<td>159,762,854</td>
</tr>
<tr>
<td>Pre-Operational Expenses</td>
<td>10,124,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>246,166,191</td>
<td>Total</td>
<td>246,166,191</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Expected Costs</th>
<th>(SAR)</th>
<th>Sources of Funds</th>
<th>(SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNBM</td>
<td>79,632,009</td>
<td>Bank Financing (Bridge Loan from Arab National Bank)</td>
<td>77,383,009</td>
</tr>
<tr>
<td>Wärtsilä</td>
<td>66,825,000</td>
<td>Proceeds from the Offering</td>
<td>131,845,000</td>
</tr>
<tr>
<td>Other Payments</td>
<td>62,771,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>209,228,009</td>
<td>Total</td>
<td>209,228,009</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Type of Service</th>
<th>Value of Contract (,000 SAR)</th>
<th>Value of Contract (,000 USD)</th>
<th>Actual Costs (,000 SAR)</th>
<th>Forecasted Costs (,000 SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>Offshore</td>
<td>135,412</td>
<td>36,110</td>
<td>92,122</td>
<td>43,290</td>
</tr>
<tr>
<td>Transportation</td>
<td>Offshore</td>
<td>12,375</td>
<td>3,300</td>
<td>8,418</td>
<td>3,957</td>
</tr>
<tr>
<td>Electro-Mechanical Erections and Commissioning (Main Plant)</td>
<td>Offshore</td>
<td>36,684</td>
<td>9,782</td>
<td>24,390</td>
<td>12,294</td>
</tr>
<tr>
<td>Project Design, Management and Others</td>
<td>Offshore</td>
<td>29,430</td>
<td>7,848</td>
<td>24,679</td>
<td>4,751</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>308,250</td>
<td>82,200</td>
<td>228,618</td>
<td>79,632</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Value of Contract (,000 SAR)</th>
<th>Value of Contract (,000 €)</th>
<th>Actual Costs (,000 SAR)</th>
<th>Forecasted Costs (,000 SAR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Portion of the Contract Payment</td>
<td>54,450</td>
<td>11,000</td>
<td>5,445</td>
<td>49,005</td>
</tr>
<tr>
<td>Onshore Portion of the Contract Payment</td>
<td>19,800</td>
<td>4,000</td>
<td>1,980</td>
<td>17,820</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>74,250</td>
<td>15,000</td>
<td>7,425</td>
<td>66,825</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>SAR</th>
<th>2011G</th>
<th>2012G</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract with CNBM for Construction of the Clinkerization Unit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance Payment (10%)</td>
<td>30,825,000</td>
<td>-</td>
<td>30,825,000</td>
<td></td>
</tr>
<tr>
<td>Final Payment (10%)</td>
<td>-</td>
<td>30,825,000</td>
<td>30,825,000</td>
<td></td>
</tr>
<tr>
<td>Equipment &amp; Materials</td>
<td>17,152,059</td>
<td>101,077,941</td>
<td>118,230,000</td>
<td></td>
</tr>
<tr>
<td>Site Constructions</td>
<td>50,713,162</td>
<td>77,656,838</td>
<td>128,370,001</td>
<td></td>
</tr>
<tr>
<td><strong>Total Value of the Contract with CNBM for Construction of Clinkerization Unit</strong></td>
<td>98,690,221</td>
<td>209,559,779</td>
<td>308,250,000</td>
<td></td>
</tr>
<tr>
<td><strong>Contract with Wärtsilä for Expansion of Power Station</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid Part of the Contract-Offshore</td>
<td>5,445,000</td>
<td>49,005,000</td>
<td>54,450,000</td>
<td></td>
</tr>
<tr>
<td>Paid Part of the Contract-Onshore</td>
<td>1,980,000</td>
<td>17,820,000</td>
<td>19,800,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Value of the Contract with Wärtsilä for Expansion of Power Station</strong></td>
<td>7,425,000</td>
<td>66,825,000</td>
<td>74,250,000</td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heavy Equipment</td>
<td>-</td>
<td>24,771,000</td>
<td>24,771,000</td>
<td></td>
</tr>
<tr>
<td>Fuel Tank</td>
<td>-</td>
<td>13,000,000</td>
<td>13,000,000</td>
<td></td>
</tr>
<tr>
<td>Employee Housing Facilities</td>
<td>-</td>
<td>25,000,000</td>
<td>25,000,000</td>
<td></td>
</tr>
<tr>
<td>Pre-Operating Expenses</td>
<td>-</td>
<td>10,124,000</td>
<td>10,124,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Value of Other Expenses</strong></td>
<td>-</td>
<td>72,895,000</td>
<td>72,895,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Use of Funds</strong></td>
<td>106,115,221</td>
<td>349,279,779</td>
<td>455,395,000</td>
<td></td>
</tr>
</tbody>
</table>

### Sources of Funds

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>SAR</th>
<th>2011G</th>
<th>2012G</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Cash</td>
<td>71,115,221</td>
<td>15,288,916</td>
<td>86,404,137</td>
<td></td>
</tr>
<tr>
<td>Bank Financing</td>
<td>35,000,000</td>
<td>202,145,863</td>
<td>237,145,863</td>
<td></td>
</tr>
<tr>
<td>Proceeds from the Offering</td>
<td>-</td>
<td>131,845,000</td>
<td>131,845,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Value of Financing Sources</strong></td>
<td>106,115,221</td>
<td>349,279,779</td>
<td>455,395,000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company
Table 167: Schedule of Interim Expenses for the Construction of Line II

<table>
<thead>
<tr>
<th>Description</th>
<th>CNBM</th>
<th>Wärtsilä</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures Incurred</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Quarter of 2011G</td>
<td>30,825,000</td>
<td>-</td>
<td>-</td>
<td>30,825,000</td>
</tr>
<tr>
<td>Third Quarter of 2011G</td>
<td>18,272,085</td>
<td>-</td>
<td>-</td>
<td>18,272,085</td>
</tr>
<tr>
<td>Fourth Quarter of 2011G</td>
<td>49,593,137</td>
<td>7,425,000</td>
<td>-</td>
<td>57,018,137</td>
</tr>
<tr>
<td>First Quarter of 2012G</td>
<td>65,293,915</td>
<td>-</td>
<td>-</td>
<td>65,293,915</td>
</tr>
<tr>
<td>Second Quarter of 2012G</td>
<td>64,633,854</td>
<td>-</td>
<td>10,124,000</td>
<td>74,757,854</td>
</tr>
<tr>
<td><strong>Total Expenditures Incurred</strong></td>
<td>228,617,991</td>
<td>7,425,000</td>
<td>10,124,000</td>
<td>246,166,991</td>
</tr>
<tr>
<td><strong>Expected Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Quarter of 2012G</td>
<td>27,364,509</td>
<td>50,018,500</td>
<td>-</td>
<td>77,383,009</td>
</tr>
<tr>
<td>Fourth Quarter of 2012G</td>
<td>52,267,500</td>
<td>16,806,500</td>
<td>62,771,000</td>
<td>131,845,000</td>
</tr>
<tr>
<td><strong>Total Expected Costs</strong></td>
<td>79,632,009</td>
<td>66,825,000</td>
<td>62,771,000</td>
<td>209,228,009</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Year 2011G</td>
<td>98,690,221</td>
<td>7,425,000</td>
<td>-</td>
<td>106,115,221</td>
</tr>
<tr>
<td>Financial Year 2012G</td>
<td>209,559,779</td>
<td>66,825,000</td>
<td>72,895,000</td>
<td>349,279,779</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>308,250,000</td>
<td>74,250,000</td>
<td>72,895,000</td>
<td>455,395,000</td>
</tr>
</tbody>
</table>

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, AlKhobarah 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, AlKhobarah 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 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.


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.
Share Purchase Agreement with AlRaydah for Contracting, General Trade and Rehabilitation of Industrial Projects Company

On 15 December 2011, 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 30/09/2011 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.

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% of its shares to public subscription and listing the shares on the Saudi Stock Exchange ("Tadawul"). 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.

---

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:

<table>
<thead>
<tr>
<th>No.</th>
<th>permit</th>
<th>Issuing Authority</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial License</td>
<td>Ministry of Commerce &amp; Industry</td>
<td>Issued on 09/06/1431H (corresponding to 23/05/2010G)</td>
</tr>
<tr>
<td>2</td>
<td>Electricity Generation License</td>
<td>Electricity and Cogeneration Regulatory Authority</td>
<td>To be applied for upon completion of contraction works</td>
</tr>
<tr>
<td>3</td>
<td>Environmental Approval License</td>
<td>General Presidency of Meteorology and Protection of the Environment</td>
<td>To be applied for upon completion of contraction works</td>
</tr>
<tr>
<td>4</td>
<td>Safety and Security clearance</td>
<td>General Directorate of Civil Defense</td>
<td>To be applied for upon completion of contraction works</td>
</tr>
</tbody>
</table>

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 Shariah 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 Shariah-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 300,000,000 as 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 USS 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
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

<table>
<thead>
<tr>
<th>Policy</th>
<th>Policy No.</th>
<th>Cover Limit (SAR)</th>
<th>Insurer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery breakdown</td>
<td>MBD/5801345</td>
<td>690,350,170</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Property All Risks</td>
<td>PAR/5809538</td>
<td>1,328,645,012</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Public Liability</td>
<td>PLS/5803499</td>
<td>10,000,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Plant and Equipment All Risks</td>
<td>PES/5802061</td>
<td>46,426,304</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Workman Compensation</td>
<td>WCA/5802699</td>
<td>1,500,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Motor</td>
<td>MOC/5845839</td>
<td>5,000,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Money</td>
<td>MON/5804836</td>
<td>3,250,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Fidelity</td>
<td>FGI/5802368</td>
<td>1,000,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Group Life and Accident</td>
<td>GRL/5803879</td>
<td>20,000,000</td>
<td>Medgulf</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>8202782</td>
<td>250,000 per person</td>
<td>Bupa</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Liabilities (.000 Riyals)</th>
<th>FY Ended 31 December</th>
<th>The 3-Months Period Ended in 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009G</td>
<td>2010G</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term</td>
<td>469,402</td>
<td>437,783</td>
</tr>
<tr>
<td>Current Portion of Long-Term Loan</td>
<td>-</td>
<td>33,500</td>
</tr>
<tr>
<td>Long-Term</td>
<td>200,000</td>
<td>166,500</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>669,402</td>
<td>637,783</td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-up Share Capital</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Statutory Reserve</td>
<td>25,907</td>
<td>54,403</td>
</tr>
<tr>
<td>Special Reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>231,759</td>
<td>180,826</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td>857,666</td>
<td>835,229</td>
</tr>
</tbody>
</table>

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.
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.

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.O.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>
<thead>
<tr>
<th>Underwriter</th>
<th>Underwritten Offer Shares</th>
<th>Price</th>
<th>Percentage of Offer Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab National Investment Company</td>
<td>90,000,000</td>
<td>SAR 10</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Offering Expenses</th>
<th>Offering Expenses (,000 Riyals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial advisors, lead manager, selling agents and underwriter fees</td>
<td>21,950,000</td>
</tr>
<tr>
<td>Other advisors fees</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Marketing, printing and distribution expenses</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Other expenses</td>
<td>600,000</td>
</tr>
<tr>
<td>Total</td>
<td>28,000,000</td>
</tr>
</tbody>
</table>

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 likely 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;
- 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
AUDITORS’ REPORT TO THE SHAREHOLDERS 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 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. These 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-Toalmi
Certified Public Accountant
Registration No. 354

Riyadh: 5 Rable Al Thani 1431 H
(21 March 2010)
### CONSOLIDATED BALANCE SHEET

**As at 31 December 2009**

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>153,718,849</td>
</tr>
<tr>
<td>Account receivable and prepayments</td>
<td>5</td>
<td>39,688,782</td>
</tr>
<tr>
<td>Inventories</td>
<td>6</td>
<td>118,217,592</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>311,625,223</td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred charges</td>
<td>7</td>
<td>23,480,000</td>
</tr>
<tr>
<td>Projects in progress</td>
<td>8</td>
<td>252,733,733</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>9</td>
<td>1,016,762,188</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT ASSETS</strong></td>
<td></td>
<td>1,292,975,921</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>1,604,601,144</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>10</td>
<td>67,817,719</td>
</tr>
<tr>
<td>Short term loans</td>
<td>11</td>
<td>469,401,713</td>
</tr>
<tr>
<td>Current portion of term loan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Zakat</td>
<td>12</td>
<td>7,730,513</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td>544,949,945</td>
</tr>
<tr>
<td><strong>NON CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loan</td>
<td>11</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Employees’ terminal benefits</td>
<td></td>
<td>1,985,274</td>
</tr>
<tr>
<td><strong>TOTAL NON CURRENT LIABILITIES</strong></td>
<td></td>
<td>201,985,274</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>746,935,219</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid-up capital</td>
<td>13</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td></td>
<td>25,906,593</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td></td>
<td>231,759,332</td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS’ EQUITY</strong></td>
<td></td>
<td>857,665,925</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</strong></td>
<td></td>
<td>1,604,601,144</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Note</th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444,591,581</td>
<td>20,500,101</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(245,384,950)</td>
<td>(11,111,235)</td>
</tr>
<tr>
<td>GROSS PROFIT</td>
<td>199,206,631</td>
<td>9,388,866</td>
</tr>
</tbody>
</table>

EXPENSES

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Selling and distribution</td>
<td>(5,077,648)</td>
<td>(1,380,864)</td>
</tr>
<tr>
<td>15</td>
<td>General and administration</td>
<td>(14,297,117)</td>
<td>(1,101,058)</td>
</tr>
<tr>
<td>17</td>
<td>INCOME FROM MAIN OPERATIONS</td>
<td>179,831,866</td>
<td>6,906,944</td>
</tr>
<tr>
<td>11</td>
<td>Financial expenses</td>
<td>(17,874,285)</td>
<td>(4,069,041)</td>
</tr>
<tr>
<td>16</td>
<td>Pre-operating expenses</td>
<td>(2,300,591)</td>
<td>(10,481,745)</td>
</tr>
<tr>
<td>17</td>
<td>Net result of experimental period</td>
<td>12,581,681</td>
<td>72,877,960</td>
</tr>
<tr>
<td>18</td>
<td>Other income</td>
<td>5,255,256</td>
<td>9,488,047</td>
</tr>
<tr>
<td>12</td>
<td>INCOME BEFORE ZAKAT AND TAX</td>
<td>177,493,927</td>
<td>74,722,165</td>
</tr>
<tr>
<td>12</td>
<td>Zakat</td>
<td>(4,500,000)</td>
<td>(1,900,000)</td>
</tr>
<tr>
<td>12</td>
<td>Tax related to foreign subsidiary</td>
<td>(1,330,513)</td>
<td>-</td>
</tr>
<tr>
<td>19</td>
<td>NET INCOME FOR THE YEAR</td>
<td>171,663,414</td>
<td>72,822,165</td>
</tr>
</tbody>
</table>

EARNINGS PER SHARE:

<table>
<thead>
<tr>
<th>Description</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributable to main and continuing operations</td>
<td>1.50</td>
<td>0.06</td>
</tr>
<tr>
<td>Attributable to net income for the year</td>
<td>1.43</td>
<td>0.61</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before zakat and income tax</td>
<td>177,493,927</td>
<td>74,722,165</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>69,540,817</td>
<td>13,430,171</td>
</tr>
<tr>
<td>Provision for employees' terminal benefits</td>
<td>871,738</td>
<td>890,417</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(30,303,028)</td>
<td>(85,422,858)</td>
</tr>
<tr>
<td>Receivables and prepayments</td>
<td>(27,648,787)</td>
<td>40,616,171</td>
</tr>
<tr>
<td>Accounts Payable and accruals</td>
<td>(2,311,119)</td>
<td>11,413,590</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>187,643,548</td>
<td>55,649,656</td>
</tr>
<tr>
<td>INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects in progress</td>
<td>(131,307,424)</td>
<td>(410,034,091)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(10,133,753)</td>
<td>(26,694,553)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(141,441,177)</td>
<td>(436,728,744)</td>
</tr>
<tr>
<td>FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds of short term loans</td>
<td>749,839,038</td>
<td>659,517,624</td>
</tr>
<tr>
<td>Repayment of short term loans</td>
<td>(819,795,283)</td>
<td>(431,048,127)</td>
</tr>
<tr>
<td>Board of directors remuneration</td>
<td>(1,400,000)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash (used in) from financing activities</td>
<td>(71,356,245)</td>
<td>228,469,497</td>
</tr>
<tr>
<td>DECREASE IN CASH AND CASH EQUIVALENTS</td>
<td>(25,153,874)</td>
<td>(152,609,591)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>178,872,723</td>
<td>331,482,314</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 4)</td>
<td>153,718,849</td>
<td>178,872,723</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Paid-up Capital SR</th>
<th>Statutory reserve SR</th>
<th>Retained earnings SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 31 December 2007</td>
<td>600,000,000</td>
<td>1,458,035</td>
<td>13,122,311</td>
<td>614,580,346</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72,822,165</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>-</td>
<td>7,282,216</td>
<td>(7,282,216)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 31 December 2008</td>
<td>600,000,000</td>
<td>8,740,251</td>
<td>78,662,260</td>
<td>687,402,511</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>171,663,414</td>
</tr>
<tr>
<td>Board of Directors remuneration</td>
<td>-</td>
<td>-</td>
<td>(1,400,000)</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>-</td>
<td>17,166,342</td>
<td>(17,166,342)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 31 December 2009</td>
<td>600,000,000</td>
<td>25,906,593</td>
<td>231,759,332</td>
<td>857,665,925</td>
</tr>
</tbody>
</table>

The attached notes 1 to 25 form part of these consolidated financial statements
Northern Region Cement Company and its Subsidiary
(Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2009

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.
Northern Region Cement Company and its Subsidiary  
(Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2009

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 its activity inside and outside the Kingdom 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 EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>38,335,849</td>
<td>23,844,983</td>
</tr>
<tr>
<td>Murabaha deposits</td>
<td>115,383,000</td>
<td>155,027,740</td>
</tr>
<tr>
<td></td>
<td>153,718,849</td>
<td>178,872,723</td>
</tr>
</tbody>
</table>

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Trade accounts receivable</td>
<td>14,701,309</td>
<td>5,825,664</td>
</tr>
<tr>
<td>Advances to supplier</td>
<td>11,962,510</td>
<td>221,087</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>5,453,530</td>
<td>4,852,157</td>
</tr>
<tr>
<td>Reserve amounts for letters of guarantee (Note 20)</td>
<td>1,852,526</td>
<td>480,308</td>
</tr>
<tr>
<td>Other</td>
<td>5,718,907</td>
<td>660,779</td>
</tr>
<tr>
<td></td>
<td>39,688,782</td>
<td>12,039,995</td>
</tr>
</tbody>
</table>
6. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production in progress</td>
<td>37,299,855</td>
<td>49,031,272</td>
</tr>
<tr>
<td>Raw materials</td>
<td>45,611,483</td>
<td>22,086,623</td>
</tr>
<tr>
<td>Spare parts</td>
<td>28,980,313</td>
<td>6,787,345</td>
</tr>
<tr>
<td>Finished goods</td>
<td>6,325,941</td>
<td>4,249,844</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>-</td>
<td>5,759,480</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>118,217,592</td>
<td>87,914,564</td>
</tr>
</tbody>
</table>

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 Turaiif 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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Estimated Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>from 13 to 33 years</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>from 5 to 10 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4 years</td>
</tr>
<tr>
<td>Water wells</td>
<td>5 years</td>
</tr>
<tr>
<td>Electronic equipment, furniture and office equipment</td>
<td>5 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Land SR</th>
<th>Building SR</th>
<th>Machinery and Equipments SR</th>
<th>Electronic equipment, furniture and office equipment SR</th>
<th>Motor Vehicles SR</th>
<th>Water wells SR</th>
<th>Total 2009 SR</th>
<th>Total 2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>18,518,667</td>
<td>404,100,763</td>
<td>641,729,121</td>
<td>12,097,324</td>
<td>7,290,204</td>
<td>805,000</td>
<td>1,084,541,079</td>
<td>23,540,832</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>301,679</td>
<td>6,589,859</td>
<td>805,088</td>
<td>2,437,126</td>
<td>-</td>
<td>10,133,752</td>
<td>57,470,760</td>
</tr>
<tr>
<td>Transfer from projects in progress</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,003,529,487</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>18,518,667</td>
<td>404,402,442</td>
<td>648,318,980</td>
<td>12,902,412</td>
<td>9,727,330</td>
<td>805,000</td>
<td>1,094,674,831</td>
<td>1,084,541,079</td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the beginning of the year</td>
<td>-</td>
<td>2,263,770</td>
<td>9,398,654</td>
<td>387,595</td>
<td>2,146,289</td>
<td>13,417</td>
<td>14,209,725</td>
<td>811,655</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>-</td>
<td>12,242,835</td>
<td>47,441,150</td>
<td>2,511,470</td>
<td>1,346,463</td>
<td>161,000</td>
<td>63,702,918</td>
<td>13,398,070</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>-</td>
<td>14,506,605</td>
<td>56,839,804</td>
<td>2,899,065</td>
<td>3,492,752</td>
<td>174,417</td>
<td>77,912,643</td>
<td>14,209,725</td>
</tr>
<tr>
<td>Net book amounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2009</td>
<td>18,518,667</td>
<td>389,895,837</td>
<td>591,479,176</td>
<td>10,003,347</td>
<td>6,234,578</td>
<td>630,583</td>
<td>1,016,762,188</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2008</td>
<td>18,518,667</td>
<td>401,836,993</td>
<td>632,330,467</td>
<td>11,709,729</td>
<td>5,143,914</td>
<td>791,583</td>
<td>11,070,331,353</td>
<td></td>
</tr>
</tbody>
</table>
Northern Region Cement Company and its Subsidiary
(Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2009

The depreciation charged for the year is allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>63,198,874</td>
<td>536,014</td>
</tr>
<tr>
<td>General and administration expenses (Note 15)</td>
<td>438,153</td>
<td>247,207</td>
</tr>
<tr>
<td>Pre-operating expenses</td>
<td>65,891</td>
<td>246,265</td>
</tr>
<tr>
<td>Experimental period cost *</td>
<td>-</td>
<td>12,368,584</td>
</tr>
<tr>
<td></td>
<td>63,702,918</td>
<td>13,398,070</td>
</tr>
</tbody>
</table>

* This item represents the depreciation charges for property, plant and equipment that are ready for use only.

10. ACCOUNTS PAYABLE AND ACCRUALS

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account payable</td>
<td>54,372,573</td>
<td>47,849,894</td>
</tr>
<tr>
<td>Accrued expenses and other payables</td>
<td>7,545,549</td>
<td>9,580,738</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>4,336,095</td>
<td>3,452,973</td>
</tr>
<tr>
<td>Accrued commissions on loans (note 11)</td>
<td>1,563,502</td>
<td>9,245,233</td>
</tr>
<tr>
<td></td>
<td>67,817,719</td>
<td>70,128,838</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Equity</td>
<td>687,402,511</td>
<td>614,580,346</td>
</tr>
<tr>
<td>Term loan</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Book value of long term assets</td>
<td>(1,321,956,234)</td>
<td>(1,083,104,829)</td>
</tr>
<tr>
<td>Provisions at the beginning balance</td>
<td>1,113,536</td>
<td>185,253</td>
</tr>
<tr>
<td></td>
<td>(433,440,187)</td>
<td>(268,339,230)</td>
</tr>
<tr>
<td>Zakatable income</td>
<td>178,365,644</td>
<td>75,689,004</td>
</tr>
<tr>
<td>Zakat base</td>
<td>(255,074,543)</td>
<td>(192,650,226)</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Opening balance</td>
<td>1,900,000</td>
<td>127,339</td>
</tr>
<tr>
<td>Provided during the year</td>
<td>4,500,000</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>-</td>
<td>(127,339)</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>6,400,000</td>
<td>1,900,000</td>
</tr>
</tbody>
</table>
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 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: nil).

Movements in provision during the year

The movement in the tax provisions for the year, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided during the year</td>
<td>1,330,513</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>1,330,513</td>
<td>-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>2,049,011</td>
<td>830,671</td>
</tr>
<tr>
<td>Cargo and shipping</td>
<td>1,975,873</td>
<td>-</td>
</tr>
<tr>
<td>Advertisement and others</td>
<td>1,052,764</td>
<td>550,193</td>
</tr>
<tr>
<td></td>
<td>5,077,648</td>
<td>1,380,864</td>
</tr>
</tbody>
</table>
Northern Region Cement Company and its Subsidiary  
(Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2009

15. GENERAL AND ADMINISTRATION EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>11,906,898</td>
<td>701,084</td>
</tr>
<tr>
<td>Postage and</td>
<td>472,072</td>
<td>34,116</td>
</tr>
<tr>
<td>communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>460,902</td>
<td>14,902</td>
</tr>
<tr>
<td>Depreciation (Note 9)</td>
<td>438,153</td>
<td>247,207</td>
</tr>
<tr>
<td>Rent</td>
<td>133,137</td>
<td>31,979</td>
</tr>
<tr>
<td>Government fees</td>
<td>94,073</td>
<td>22,801</td>
</tr>
<tr>
<td>Other</td>
<td>791,942</td>
<td>48,969</td>
</tr>
</tbody>
</table>

**Total** 14,297,177 1,101,058

16. PRE-OPERATING EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2009 SR</th>
<th>2008 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>968,195</td>
<td>6,587,918</td>
</tr>
<tr>
<td>Rent</td>
<td>109,140</td>
<td>383,371</td>
</tr>
<tr>
<td>Government fees</td>
<td>104,641</td>
<td>252,879</td>
</tr>
<tr>
<td>Advertisement</td>
<td>90,592</td>
<td>127,531</td>
</tr>
<tr>
<td>Depreciation</td>
<td>65,891</td>
<td>246,265</td>
</tr>
<tr>
<td>Others</td>
<td>962,132</td>
<td>2,883,781</td>
</tr>
</tbody>
</table>

**Total** 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).
Northern Region Cement Company and its Subsidiary
(Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2009

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 31 December 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 Turaiif City in which the experimental period ended by the end of 2008 (Note 1).

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales in experimental period</td>
<td>49,530,953</td>
<td>123,473,343</td>
</tr>
<tr>
<td>Cost of sales in experimental period</td>
<td>(36,949,272)</td>
<td>(50,595,383)</td>
</tr>
<tr>
<td>Net result of experimental period</td>
<td>12,581,681</td>
<td>72,877,960</td>
</tr>
</tbody>
</table>

18. OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain from foreign currency exchange</td>
<td>2,753,834</td>
<td>2,909,793</td>
</tr>
<tr>
<td>Commissions on Murabaha deposits</td>
<td>596,270</td>
<td>5,246,707</td>
</tr>
<tr>
<td>Other</td>
<td>1,905,152</td>
<td>1,331,547</td>
</tr>
<tr>
<td></td>
<td>5,255,256</td>
<td>9,488,047</td>
</tr>
</tbody>
</table>

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. CONTINGENT LIABILITIES 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.
Northern Region Cement Company and its Subsidiary  
(Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2009

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:

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Adjustment and eliminations of the consolidation SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>439,869,724</td>
<td>49,661,177</td>
<td>(44,939,320)</td>
<td>444,591,581</td>
</tr>
<tr>
<td>Gross profit</td>
<td>194,484,774</td>
<td>4,721,857</td>
<td>-</td>
<td>199,206,631</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>171,663,414</td>
<td>13,672,433</td>
<td>(13,672,433)</td>
<td>171,663,414</td>
</tr>
<tr>
<td>Net book value of property, plant and equipment</td>
<td>1,011,099,555</td>
<td>5,662,633</td>
<td>-</td>
<td>1,016,762,188</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,581,787,786</td>
<td>301,588,241</td>
<td>(278,774,883)</td>
<td>1,604,601,144</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>724,121,861</td>
<td>284,368,228</td>
<td>(261,554,870)</td>
<td>746,935,219</td>
</tr>
</tbody>
</table>

|                     |                           |                                |                                                   |          |
| 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
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 Aawal 6, 1432
February 9, 2011

Audit, Tax, Consulting, Financial Advisory.
## NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

### CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents 3</td>
<td>63,669,191</td>
<td>153,718,849</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td>13,892,727</td>
<td>10,365,214</td>
</tr>
<tr>
<td>Inventories 4</td>
<td>208,037,961</td>
<td>118,217,592</td>
</tr>
<tr>
<td>Prepaid expenses and other assets 5</td>
<td>25,423,963</td>
<td>24,987,473</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>311,023,842</td>
<td>307,289,128</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net 6</td>
<td>1,217,994,251</td>
<td>1,016,762,188</td>
</tr>
<tr>
<td>Projects under construction 7</td>
<td>17,796,706</td>
<td>252,733,733</td>
</tr>
<tr>
<td>Deferred expenses 9</td>
<td>20,545,008</td>
<td>23,480,000</td>
</tr>
<tr>
<td>Goodwill</td>
<td>486,706</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,256,822,671</td>
<td>1,292,975,921</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,567,846,513</td>
<td>1,600,265,049</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Murabahas 8</td>
<td>437,782,778</td>
<td>469,401,713</td>
</tr>
<tr>
<td>Current portion of long-term loan 9</td>
<td>33,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>33,436,509</td>
<td>54,372,573</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities 10</td>
<td>17,273,839</td>
<td>9,109,051</td>
</tr>
<tr>
<td>Zakat and income tax 11</td>
<td>15,140,504</td>
<td>7,730,513</td>
</tr>
<tr>
<td>Accrued dividends 18</td>
<td>25,696,665</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>562,830,295</td>
<td>540,613,850</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan 9</td>
<td>166,500,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td>2,949,912</td>
<td>1,985,274</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>169,449,912</td>
<td>201,985,274</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>732,280,207</td>
<td>742,599,124</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up share capital 1</td>
<td>600,000,000</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Statutory reserve 12</td>
<td>54,402,936</td>
<td>25,906,593</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>180,826,415</td>
<td>231,759,332</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>835,229,351</td>
<td>857,665,925</td>
</tr>
<tr>
<td>Minority interest</td>
<td>336,955</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>835,566,306</td>
<td>857,665,925</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>1,567,846,513</td>
<td>1,600,265,049</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>SR 2010</th>
<th>SR 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>893,970,287</td>
<td>444,591,581</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(573,006,190)</td>
<td>(245,384,950)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>320,964,097</td>
<td>199,206,631</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>13</td>
<td>(4,581,905)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>14</td>
<td>(23,451,845)</td>
</tr>
<tr>
<td>Operating income</td>
<td>292,930,347</td>
<td>179,831,866</td>
</tr>
<tr>
<td>Pre-operating expenses</td>
<td>-</td>
<td>(2,300,591)</td>
</tr>
<tr>
<td>Net revenues of experimental production</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>8 and 9</td>
<td>(15,065,352)</td>
</tr>
<tr>
<td>Other income</td>
<td>15</td>
<td>17,893,390</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ZAKAT AND INCOME TAX AND MINORITY INTEREST</strong></td>
<td></td>
<td><strong>295,758,385</strong></td>
</tr>
<tr>
<td>Minority’s share in net losses of a subsidiary</td>
<td></td>
<td>47,412</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ZAKAT AND INCOME TAX</strong></td>
<td></td>
<td><strong>295,805,797</strong></td>
</tr>
<tr>
<td>Zakat</td>
<td>11</td>
<td>(6,000,000)</td>
</tr>
<tr>
<td>Income tax of a subsidiary</td>
<td>11</td>
<td>(4,842,371)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td></td>
<td><strong>284,963,426</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before zakat and income tax</td>
<td>295,805,797</td>
<td>177,493,927</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>66,505,468</td>
<td>69,540,817</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td>964,638</td>
<td>871,738</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>(5,632,830)</td>
<td>-</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(3,527,513)</td>
<td>(7,992,523)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(89,820,369)</td>
<td>(30,303,028)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(436,490)</td>
<td>(18,994,229)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(20,936,064)</td>
<td>6,743,766</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>8,164,788</td>
<td>(9,716,920)</td>
</tr>
<tr>
<td>Zakat and income tax paid</td>
<td>(3,432,380)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>247,655,045</td>
<td>187,643,548</td>
</tr>
</tbody>
</table>

| 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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Paid up share capital SR</th>
<th>Statutory reserve SR</th>
<th>Retained earnings SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1, 2009</td>
<td>1 600,000,000</td>
<td>8,740,251</td>
<td>78,662,260</td>
<td>687,402,511</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>-</td>
<td>-</td>
<td>171,663,414</td>
<td>171,663,414</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>12</td>
<td>-</td>
<td>17,166,342</td>
<td>(17,166,342)</td>
</tr>
<tr>
<td>Board of Directors’ remuneration</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td>Balance at December 31, 2009</td>
<td>600,000,000</td>
<td>25,906,593</td>
<td>231,759,332</td>
<td>857,665,925</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>-</td>
<td>-</td>
<td>284,963,426</td>
<td>284,963,426</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>12</td>
<td>-</td>
<td>28,496,343</td>
<td>(28,496,343)</td>
</tr>
<tr>
<td>Dividends</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(306,000,000)</td>
</tr>
<tr>
<td>Board of Directors’ remuneration</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td>Balance at December 31, 2010</td>
<td>600,000,000</td>
<td>54,402,936</td>
<td>180,826,415</td>
<td>835,229,351</td>
</tr>
</tbody>
</table>
NORTHERN REGION CEMENT COMPANY  
(A SAUDI CLOSED JOINT STOCK COMPANY)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>13 – 40</td>
<td>13 – 33</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5 – 20</td>
<td>5 – 10</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Furniture, fixtures and office equipment</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Water wells</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at banks</td>
<td>63,669,191</td>
<td>38,335,849</td>
</tr>
<tr>
<td>Time deposits</td>
<td>-</td>
<td>115,383,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>63,669,191</td>
<td>153,718,849</td>
</tr>
</tbody>
</table>

4. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>66,559,040</td>
<td>6,325,941</td>
</tr>
<tr>
<td>Work in progress</td>
<td>59,874,851</td>
<td>37,299,855</td>
</tr>
<tr>
<td>Spare parts</td>
<td>42,525,647</td>
<td>28,980,313</td>
</tr>
<tr>
<td>Raw materials</td>
<td>39,078,423</td>
<td>45,611,483</td>
</tr>
<tr>
<td></td>
<td>208,037,961</td>
<td>118,217,592</td>
</tr>
</tbody>
</table>
5. PREPAID EXPENSES AND OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>13,353,063</td>
<td>11,962,510</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>9,721,187</td>
<td>5,453,530</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>544,405</td>
<td>1,852,526</td>
</tr>
<tr>
<td>Accrued revenues on time deposits</td>
<td>-</td>
<td>4,907,366</td>
</tr>
<tr>
<td>Others</td>
<td>1,805,308</td>
<td>811,541</td>
</tr>
<tr>
<td></td>
<td>25,423,963</td>
<td>24,987,473</td>
</tr>
</tbody>
</table>

6. PROPERTY, PLANT AND EQUIPMENT, NET

<table>
<thead>
<tr>
<th></th>
<th>Land SR</th>
<th>Buildings SR</th>
<th>Machinery and equipment SR</th>
<th>Vehicles SR</th>
<th>Furniture, fixtures and office equipment SR</th>
<th>Water wells SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 1, 2010</td>
<td>18,518,667</td>
<td>404,402,442</td>
<td>648,318,980</td>
<td>9,727,330</td>
<td>12,902,412</td>
<td>805,000</td>
<td>1,094,674,831</td>
</tr>
<tr>
<td>Additions</td>
<td>8,177,405</td>
<td>2,029,336</td>
<td>14,502,467</td>
<td>176,490</td>
<td>2,163,526</td>
<td>-</td>
<td>27,049,224</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1,327,186)</td>
<td>-</td>
<td>(252,000)</td>
<td>(1,579,186)</td>
<td>-</td>
<td>(252,000)</td>
<td>239,332,501</td>
</tr>
<tr>
<td>Transfers from projects under construction</td>
<td>5,016,716</td>
<td>66,582,660</td>
<td>159,577,727</td>
<td>-</td>
<td>6,726,620</td>
<td>1,428,778</td>
<td>1,359,477,370</td>
</tr>
<tr>
<td>December 31, 2010</td>
<td>30,385,602</td>
<td>473,014,438</td>
<td>822,399,174</td>
<td>9,651,820</td>
<td>21,792,558</td>
<td>2,233,778</td>
<td>1,359,477,370</td>
</tr>
</tbody>
</table>

|                                | Accumulated depreciation |         |               |               |                                             |                |            |
|                                | January 1, 2010           | -       | 14,506,605    | 56,839,804    | 3,492,752                                   | 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                                   | 1,095,570      | 1,217,994,251 |
|                                | December 31, 2009         | 18,518,667 | 389,895,837  | 591,479,176   | 6,234,578                                   | 10,003,347     | 1,016,762,188 |


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:

<table>
<thead>
<tr>
<th>Project</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head Office building project</td>
<td>7,617,302</td>
<td>4,785,200</td>
</tr>
<tr>
<td>S.A.P project</td>
<td>3,937,500</td>
<td>3,937,500</td>
</tr>
<tr>
<td>Fuel reservoir project</td>
<td>3,589,150</td>
<td>3,589,150</td>
</tr>
<tr>
<td>Northern Cement Company of Jordan</td>
<td>-</td>
<td>231,096,369</td>
</tr>
<tr>
<td>Clinker Tower project</td>
<td>-</td>
<td>4,105,198</td>
</tr>
<tr>
<td>Others</td>
<td>2,652,754</td>
<td>5,220,316</td>
</tr>
<tr>
<td></td>
<td>17,796,706</td>
<td>252,733,733</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses and other payables</td>
<td>16,429,357</td>
<td>7,545,549</td>
</tr>
<tr>
<td>Others</td>
<td>844,482</td>
<td>1,563,502</td>
</tr>
<tr>
<td></td>
<td>17,273,839</td>
<td>9,109,051</td>
</tr>
</tbody>
</table>
11. ZAKAT AND INCOME TAX

The principal elements of the zakat base as at December 31, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>625,906,593</td>
<td>687,402,511</td>
</tr>
<tr>
<td>Adjusted net income before zakat</td>
<td>296,723,023</td>
<td>178,365,644</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>(1,296,261,998)</td>
<td>(1,321,956,234)</td>
</tr>
<tr>
<td>One year passed loans</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>6,283,407</td>
<td>1,113,536</td>
</tr>
<tr>
<td>Spare parts</td>
<td>(42,525,647)</td>
<td>(28,980,313)</td>
</tr>
<tr>
<td>Negative zakat base</td>
<td>(209,874,622)</td>
<td>(284,054,856)</td>
</tr>
</tbody>
</table>

The movement in zakat and income tax provision is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Zakat SR</th>
<th>Income tax SR</th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at, January 1</td>
<td>6,400,000</td>
<td>1,330,513</td>
<td>7,730,513</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>6,000,000</td>
<td>4,842,371</td>
<td>10,842,371</td>
<td>5,830,513</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(2,101,867)</td>
<td>(1,330,513)</td>
<td>(3,432,380)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at, December 31</td>
<td>10,298,133</td>
<td>4,842,371</td>
<td>15,140,504</td>
<td>7,730,513</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>1,584,511</td>
<td>2,049,011</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,969,076</td>
<td>1,975,873</td>
</tr>
<tr>
<td>Others</td>
<td>1,028,318</td>
<td>1,052,764</td>
</tr>
<tr>
<td></td>
<td>4,581,905</td>
<td>5,077,648</td>
</tr>
</tbody>
</table>

## 14. GENERAL AND ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>18,101,372</td>
<td>11,906,838</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,065,978</td>
<td>472,072</td>
</tr>
<tr>
<td>Depreciation</td>
<td>823,498</td>
<td>438,153</td>
</tr>
<tr>
<td>Professional fees</td>
<td>801,319</td>
<td>460,902</td>
</tr>
<tr>
<td>Rent</td>
<td>594,041</td>
<td>133,137</td>
</tr>
<tr>
<td>Government fees</td>
<td>141,685</td>
<td>94,073</td>
</tr>
<tr>
<td>Others</td>
<td>1,923,952</td>
<td>791,942</td>
</tr>
<tr>
<td></td>
<td>23,451,845</td>
<td>14,297,117</td>
</tr>
</tbody>
</table>

## 15. OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2010 SR</th>
<th>2009 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customs claims</td>
<td>8,761,507</td>
<td>-</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>5,632,830</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange variances</td>
<td>2,616,226</td>
<td>2,753,834</td>
</tr>
<tr>
<td>Commissions on time deposits</td>
<td>157,240</td>
<td>596,270</td>
</tr>
<tr>
<td>Others</td>
<td>725,587</td>
<td>1,905,152</td>
</tr>
<tr>
<td></td>
<td>17,893,390</td>
<td>5,255,256</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at and for the year ended December 31, 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>1,165,151,631</td>
<td>402,694,882</td>
<td>1,567,846,513</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>662,792,507</td>
<td>69,487,700</td>
<td>732,280,207</td>
</tr>
<tr>
<td>Sales</td>
<td>528,012,589</td>
<td>365,957,698</td>
<td>893,970,287</td>
</tr>
<tr>
<td>Gross profit</td>
<td>245,737,640</td>
<td>75,226,457</td>
<td>320,964,097</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>221,103,958</td>
<td>63,859,468</td>
<td>284,963,426</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>974,421,612</td>
<td>243,572,639</td>
<td>1,217,994,251</td>
</tr>
<tr>
<td>As at and for the year ended December 31, 2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>1,298,676,808</td>
<td>301,588,241</td>
<td>1,600,265,049</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>458,230,896</td>
<td>284,368,228</td>
<td>742,599,124</td>
</tr>
<tr>
<td>Sales</td>
<td>394,930,404</td>
<td>49,661,177</td>
<td>444,591,581</td>
</tr>
<tr>
<td>Gross profit</td>
<td>194,484,774</td>
<td>4,721,857</td>
<td>199,206,631</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>157,990,981</td>
<td>13,672,433</td>
<td>171,663,414</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,011,099,555</td>
<td>5,662,633</td>
<td>1,016,762,188</td>
</tr>
</tbody>
</table>

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.
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.
**Emphasis of a Matter**

We would like to 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 of 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
Bafr A. Abulkhair & Co.

Bafr A. Abulkhair
License No. 101
Rabih Al-Thani 19, 1433
March 12, 2012
**CONSOLIDATED BALANCE SHEET**

**AS AT DECEMBER 31, 2011**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>143,540,728</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td>4</td>
<td>201,818,116</td>
</tr>
<tr>
<td>Inventories</td>
<td>5</td>
<td>30,823,712</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td></td>
<td>30,823,712</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>391,280,329</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>6</td>
<td>1,925,851,625</td>
</tr>
<tr>
<td>Projects under construction</td>
<td>7</td>
<td>146,722,125</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>8</td>
<td>22,260,012</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>9</td>
<td>506,157,403</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>1,867,991,165</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>2,259,271,494</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Murabahas</td>
<td>9</td>
<td>335,000,000</td>
</tr>
<tr>
<td>Current portion of a long-term loan</td>
<td>10</td>
<td>80,000,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>7,776,592</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>11</td>
<td>17,522,247</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>12</td>
<td>13,053,101</td>
</tr>
<tr>
<td>Accrued dividends</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>453,351,940</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan</td>
<td>10</td>
<td>350,000,000</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td></td>
<td>3,680,342</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>353,680,342</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>807,032,282</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up share capital</td>
<td>1</td>
<td>1,260,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>13</td>
<td>19,022,369</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>96,401,316</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td></td>
<td>1,375,423,685</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>76,815,527</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>1,452,239,212</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td></td>
<td>2,259,271,494</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>586,754,911</td>
<td>893,970,287</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(349,457,451)</td>
<td>(573,006,190)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>237,297,460</td>
<td>320,964,097</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>14</td>
<td>(5,609,983)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>15</td>
<td>(32,073,628)</td>
</tr>
<tr>
<td>Operating income</td>
<td>199,613,849</td>
<td>292,930,347</td>
</tr>
<tr>
<td>Gains from revaluation of an investment</td>
<td>8</td>
<td>66,186,120</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>9 and10</td>
<td>(20,088,670)</td>
</tr>
<tr>
<td>Other income</td>
<td>16</td>
<td>13,841,473</td>
</tr>
<tr>
<td>INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST</td>
<td>259,552,772</td>
<td>295,758,385</td>
</tr>
<tr>
<td>Non-controlling interest’s share in net income (losses) of a subsidiary</td>
<td>(5,638,034)</td>
<td>47,412</td>
</tr>
<tr>
<td>INCOME BEFORE ZAKAT AND INCOME TAX</td>
<td>253,914,738</td>
<td>295,805,797</td>
</tr>
<tr>
<td>Zakat</td>
<td>12</td>
<td>(3,000,000)</td>
</tr>
<tr>
<td>Income tax of the subsidiary</td>
<td>12</td>
<td>(4,720,404)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>246,194,334</td>
<td>284,963,426</td>
</tr>
<tr>
<td>Earnings per share (SR):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From operating income</td>
<td>19</td>
<td>1.58</td>
</tr>
<tr>
<td>From net income</td>
<td>19</td>
<td>1.95</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>OPERATING ACTIVITIES</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before zakat and income tax</td>
<td>253,914,738</td>
<td>295,805,797</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>65,027,314</td>
<td>66,505,468</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td>730,430</td>
<td>964,638</td>
</tr>
<tr>
<td>Gains from revaluation of an investment</td>
<td>(66,186,120)</td>
<td>-</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>(430,680)</td>
<td>(5,632,830)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(1,205,046)</td>
<td>(3,527,513)</td>
</tr>
<tr>
<td>Inventories</td>
<td>6,219,845</td>
<td>(89,820,369)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(5,399,749)</td>
<td>(436,400)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(25,659,917)</td>
<td>(20,936,064)</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>248,408</td>
<td>8,164,788</td>
</tr>
<tr>
<td>Zakat and income tax paid</td>
<td>(9,807,807)</td>
<td>(3,432,380)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>217,451,416</td>
<td>247,655,045</td>
</tr>
</tbody>
</table>

| 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**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Paid up share capital SR</th>
<th>Statutory reserve SR</th>
<th>Retained earnings SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 1, 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>600,000,000</td>
<td>25,906,593</td>
<td>231,759,332</td>
<td>857,665,925</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>284,963,426</td>
<td>284,963,426</td>
</tr>
<tr>
<td><strong>Transfer to statutory reserve</strong></td>
<td>13</td>
<td>-</td>
<td>28,496,343</td>
<td>(28,496,343)</td>
</tr>
<tr>
<td><strong>Cash dividends</strong></td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(306,000,000)</td>
</tr>
<tr>
<td><strong>Board of Directors’ remuneration</strong></td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(1,400,000)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2010</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>600,000,000</td>
<td>54,402,936</td>
<td>180,826,415</td>
<td>835,229,351</td>
</tr>
<tr>
<td><strong>Increase in share capital</strong></td>
<td>1</td>
<td>600,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income for the year</strong></td>
<td>-</td>
<td>-</td>
<td>246,194,334</td>
<td>246,194,334</td>
</tr>
<tr>
<td><strong>Transfer to statutory reserve</strong></td>
<td>13</td>
<td>-</td>
<td>24,619,433</td>
<td>(24,619,433)</td>
</tr>
<tr>
<td><strong>Distribution of dividends in kind</strong></td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(240,000,000)</td>
</tr>
<tr>
<td><strong>Increase in share capital through transfer from statutory reserve</strong></td>
<td>13</td>
<td>60,000,000</td>
<td>(60,000,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash dividends</strong></td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>(66,000,000)</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2011</strong></td>
<td>1,260,000,000</td>
<td>19,022,369</td>
<td>96,401,316</td>
<td>1,375,423,685</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country</th>
<th>Legal status</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cement Company (i)</td>
<td>Hashemite Kingdom of Jordan</td>
<td>Public Joint Stock Company</td>
<td>91.19 100</td>
</tr>
<tr>
<td>Diar Najd for Counter Exchange (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100 -</td>
</tr>
<tr>
<td>Sama Company – Al Yamama (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100 -</td>
</tr>
<tr>
<td>Abr Khaleej Company (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100 -</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>13 – 40</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5 – 20</td>
</tr>
<tr>
<td>Furniture, fixtures and office equipment</td>
<td>5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4</td>
</tr>
<tr>
<td>Water wells</td>
<td>5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at banks</td>
<td>116,872,420</td>
<td>55,378,131</td>
</tr>
<tr>
<td>Checks under collection</td>
<td>26,668,308</td>
<td>8,291,060</td>
</tr>
<tr>
<td></td>
<td>143,540,728</td>
<td>63,669,191</td>
</tr>
</tbody>
</table>

4. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>32,305,861</td>
<td>66,559,040</td>
</tr>
<tr>
<td>Goods under production</td>
<td>302,995</td>
<td>59,874,851</td>
</tr>
<tr>
<td>Spare parts</td>
<td>85,232,144</td>
<td>42,525,647</td>
</tr>
<tr>
<td>Raw materials</td>
<td>83,977,116</td>
<td>39,078,423</td>
</tr>
<tr>
<td></td>
<td>201,818,116</td>
<td>208,037,961</td>
</tr>
</tbody>
</table>

5. PREPAID EXPENSES AND OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid and deferred expenses</td>
<td>17,464,516</td>
<td>9,721,187</td>
</tr>
<tr>
<td>Insurance claims *</td>
<td>6,134,852</td>
<td>-</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>1,062,888</td>
<td>13,353,063</td>
</tr>
<tr>
<td>Security deposits</td>
<td>550,471</td>
<td>544,405</td>
</tr>
<tr>
<td>Others</td>
<td>5,610,985</td>
<td>1,805,308</td>
</tr>
<tr>
<td></td>
<td>30,823,712</td>
<td>25,423,963</td>
</tr>
</tbody>
</table>

* 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.
NORTHERN REGION CEMENT COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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:

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second line project</td>
<td>120,369,482</td>
<td>-</td>
</tr>
<tr>
<td>Head Office building</td>
<td>23,872,752</td>
<td>7,617,302</td>
</tr>
<tr>
<td>S.A.P project</td>
<td>105,333</td>
<td>3,937,500</td>
</tr>
<tr>
<td>Fuel reservoir project</td>
<td>-</td>
<td>3,589,150</td>
</tr>
<tr>
<td>Others</td>
<td>2,374,558</td>
<td>2,652,754</td>
</tr>
<tr>
<td></td>
<td>146,722,125</td>
<td>17,796,706</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses and other payables</td>
<td>15,307,950</td>
<td>16,429,357</td>
</tr>
<tr>
<td>Others</td>
<td>2,214,297</td>
<td>844,482</td>
</tr>
<tr>
<td></td>
<td>17,522,247</td>
<td>17,273,839</td>
</tr>
</tbody>
</table>

12. ZAKAT AND INCOME TAX

The principal elements of the zakat base as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>1,254,402,936</td>
<td>625,906,593</td>
</tr>
<tr>
<td>Adjusted net income before zakat</td>
<td>249,494,084</td>
<td>296,723,023</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>(1,851,858,878)</td>
<td>(1,296,261,998)</td>
</tr>
<tr>
<td>Loans exceeding one year</td>
<td>430,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Provisions</td>
<td>8,282,609</td>
<td>6,283,407</td>
</tr>
<tr>
<td>Spare parts</td>
<td>(75,231,312)</td>
<td>(42,525,647)</td>
</tr>
<tr>
<td></td>
<td>15,089,439</td>
<td>(209,874,622)</td>
</tr>
</tbody>
</table>
12. ZAKAT AND INCOME TAX (Continued)

The movement in provision for zakat and income tax for the Company and its subsidiaries is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Zakat SR</th>
<th>Income tax SR</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>10,298,133</td>
<td>4,842,371</td>
<td>15,140,504</td>
<td>7,730,513</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>3,000,000</td>
<td>4,720,404</td>
<td>7,720,404</td>
<td>10,842,371</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(4,965,436)</td>
<td>(4,842,371)</td>
<td>(9,807,807)</td>
<td>(3,432,380)</td>
</tr>
<tr>
<td>Balance at December 31</td>
<td>8,332,697</td>
<td>4,720,404</td>
<td>13,053,101</td>
<td>15,140,504</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>1,548,494</td>
<td>1,584,511</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,535,264</td>
<td>1,969,076</td>
</tr>
<tr>
<td>Others</td>
<td>2,526,225</td>
<td>1,028,318</td>
</tr>
<tr>
<td></td>
<td>5,609,983</td>
<td>4,581,905</td>
</tr>
</tbody>
</table>
# 15. GENERAL AND ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>18,752,290</td>
<td>18,101,372</td>
</tr>
<tr>
<td>Professional fees</td>
<td>3,856,046</td>
<td>801,319</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,698,753</td>
<td>823,498</td>
</tr>
<tr>
<td>Government fees</td>
<td>1,274,961</td>
<td>141,685</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,058,613</td>
<td>1,065,978</td>
</tr>
<tr>
<td>Rent</td>
<td>795,882</td>
<td>594,041</td>
</tr>
<tr>
<td>Others</td>
<td>4,637,083</td>
<td>1,923,952</td>
</tr>
<tr>
<td></td>
<td><strong>32,073,628</strong></td>
<td><strong>23,451,845</strong></td>
</tr>
</tbody>
</table>

# 16. OTHER INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance claims</td>
<td>6,134,852</td>
<td>-</td>
</tr>
<tr>
<td>Foreign exchange variances</td>
<td>3,363,328</td>
<td>2,616,226</td>
</tr>
<tr>
<td>Customs claims</td>
<td>986,401</td>
<td>8,761,507</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>430,680</td>
<td>5,632,830</td>
</tr>
<tr>
<td>Others</td>
<td>2,926,212</td>
<td>882,827</td>
</tr>
<tr>
<td></td>
<td><strong>13,841,473</strong></td>
<td><strong>17,893,390</strong></td>
</tr>
</tbody>
</table>
17. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies as at December 31:

<table>
<thead>
<tr>
<th>Commitment</th>
<th>2011 SR</th>
<th>2010 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>510,017</td>
<td>628,498</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>21,302,157</td>
<td>18,000,000</td>
</tr>
<tr>
<td>Capital commitments on projects under construction</td>
<td>308,250,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at and for the year ended December 31, 2011</td>
<td>2,161,791,411</td>
<td>97,480,083</td>
<td>2,259,271,494</td>
</tr>
<tr>
<td>Total assets</td>
<td>786,367,726</td>
<td>20,664,556</td>
<td>807,032,282</td>
</tr>
<tr>
<td>Sales</td>
<td>379,365,301</td>
<td>207,389,610</td>
<td>586,754,911</td>
</tr>
<tr>
<td>Gross profit</td>
<td>162,041,948</td>
<td>75,255,512</td>
<td>237,297,460</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>189,800,854</td>
<td>56,393,480</td>
<td>246,194,334</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>957,386,845</td>
<td>235,464,780</td>
<td>1,192,851,625</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at and for the year ended December 31, 2010</td>
<td>1,556,401,182</td>
<td>11,445,331</td>
<td>1,567,846,513</td>
</tr>
<tr>
<td>Total assets</td>
<td>721,171,831</td>
<td>11,108,376</td>
<td>732,280,207</td>
</tr>
<tr>
<td>Sales</td>
<td>528,012,589</td>
<td>365,957,698</td>
<td>893,970,287</td>
</tr>
<tr>
<td>Gross profit</td>
<td>245,737,640</td>
<td>75,226,457</td>
<td>320,964,097</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>221,103,958</td>
<td>63,859,468</td>
<td>284,963,426</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>974,421,612</td>
<td>243,572,639</td>
<td>1,217,994,251</td>
</tr>
</tbody>
</table>

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
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.

[Signature]

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>160,577,186</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td></td>
<td>20,779,426</td>
</tr>
<tr>
<td>Inventories</td>
<td>4</td>
<td>184,426,502</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>5</td>
<td>37,125,418</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>402,908,532</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipments, net</td>
<td>6</td>
<td>1,182,588,634</td>
</tr>
<tr>
<td>Projects under construction</td>
<td>7</td>
<td>200,079,271</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td></td>
<td>43,878,270</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>506,157,403</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>1,932,703,578</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>2,335,612,110</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Murabahas</td>
<td>9</td>
<td>385,000,000</td>
</tr>
<tr>
<td>Current portion of a long-term loan</td>
<td>10</td>
<td>55,000,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>23,275,587</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>11</td>
<td>10,187,519</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>12</td>
<td>15,307,653</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>488,770,759</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan</td>
<td>10</td>
<td>350,000,000</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td></td>
<td>4,238,181</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>354,238,181</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>843,008,940</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up share capital</td>
<td>1</td>
<td>1,260,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>13</td>
<td>19,022,369</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>135,866,302</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td></td>
<td>1,414,888,671</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>77,714,499</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>1,492,603,170</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td></td>
<td>2,335,612,110</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>152,737,868</td>
<td>173,357,668</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(102,034,810)</td>
<td>(108,769,396)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>50,703,058</td>
<td>65,588,272</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>14</td>
<td>(954,974)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>15</td>
<td>(5,810,404)</td>
</tr>
<tr>
<td>Operating income</td>
<td>43,937,680</td>
<td>58,989,111</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>9 and10</td>
<td>(1,961,122)</td>
</tr>
<tr>
<td>Other income</td>
<td>16</td>
<td>653,876</td>
</tr>
<tr>
<td>INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST</td>
<td></td>
<td>42,630,434</td>
</tr>
<tr>
<td>Non-controlling interest’s share in net income of a subsidiary</td>
<td></td>
<td>(910,896)</td>
</tr>
<tr>
<td>INCOME BEFORE ZAKAT AND INCOME TAX</td>
<td></td>
<td>41,719,538</td>
</tr>
<tr>
<td>Zakat</td>
<td>12</td>
<td>(1,500,000)</td>
</tr>
<tr>
<td>Income tax of the subsidiary</td>
<td>12</td>
<td>(754,552)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td></td>
<td>39,464,986</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before zakat and income tax</td>
<td>41,719,538</td>
<td>55,421,862</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>16,902,029</td>
<td>16,182,902</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td>557,839</td>
<td>307,169</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>(112,846)</td>
<td>(2,779)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(5,681,653)</td>
<td>(7,276,784)</td>
</tr>
<tr>
<td>Inventories</td>
<td>17,391,614</td>
<td>7,304,726</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(6,301,706)</td>
<td>6,510,861</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>15,498,995</td>
<td>(6,748,082)</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>(7,334,728)</td>
<td>(12,103,392)</td>
</tr>
<tr>
<td>Zakat and income tax paid</td>
<td>-</td>
<td>(4,842,370)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>72,639,082</td>
<td>54,754,113</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions of property, plant and equipment</td>
<td>(6,758,237)</td>
<td>(1,223,549)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>232,045</td>
<td>6,320</td>
</tr>
<tr>
<td>Additions of projects under construction</td>
<td>(53,357,146)</td>
<td>(6,184,263)</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>(21,618,258)</td>
<td>(17,973,469)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(81,501,596)</td>
<td>(25,374,961)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of long-term Murabahas</td>
<td>(25,000,000)</td>
<td>(52,363,332)</td>
</tr>
<tr>
<td>Proceeds from short-term loans</td>
<td>50,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>898,972</td>
<td>36,105</td>
</tr>
<tr>
<td><strong>Net cash from (used in) financing activities</strong></td>
<td>25,898,972</td>
<td>(52,327,227)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>17,036,458</td>
<td>(22,948,075)</td>
</tr>
<tr>
<td>Cash and cash equivalents, January 1</td>
<td>143,540,728</td>
<td>63,669,191</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, DECEMBER 31</strong></td>
<td>160,577,186</td>
<td>40,721,116</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Paid up share capital SR</th>
<th>Statutory reserve SR</th>
<th>Retained earnings SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Balance at January 1, 2011</td>
<td>600,000,000</td>
<td>54,402,936</td>
<td>180,826,415</td>
</tr>
<tr>
<td></td>
<td>Net income for the three-month period (unaudited)</td>
<td>-</td>
<td>-</td>
<td>53,214,678</td>
</tr>
<tr>
<td></td>
<td>Balance at March 31, 2011</td>
<td>600,000,000</td>
<td>54,402,936</td>
<td>234,041,093</td>
</tr>
<tr>
<td></td>
<td>Share capital increase</td>
<td>1</td>
<td>600,000,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net income for the period from April 1 to December 31, 2011</td>
<td>-</td>
<td>-</td>
<td>192,979,656</td>
</tr>
<tr>
<td></td>
<td>Transfer to statutory reserve</td>
<td>13</td>
<td>-</td>
<td>24,619,433</td>
</tr>
<tr>
<td></td>
<td>Dividends in-kind</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Increase in share capital through transfer from statutory reserve</td>
<td>13</td>
<td>60,000,000</td>
<td>(60,000,000)</td>
</tr>
<tr>
<td></td>
<td>Cash dividends</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Balance at December 31, 2011</td>
<td>1,260,000,000</td>
<td>19,022,369</td>
<td>96,401,316</td>
</tr>
<tr>
<td></td>
<td>Net income for the three-month period</td>
<td>-</td>
<td>-</td>
<td>39,464,986</td>
</tr>
<tr>
<td></td>
<td>Balance at March 31, 2012</td>
<td>1,260,000,000</td>
<td>19,022,369</td>
<td>135,866,302</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country</th>
<th>Legal status</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cement Company (i)</td>
<td>Hashemite Kingdom of Jordan</td>
<td>Public Joint Stock Company</td>
<td>91.19 100</td>
</tr>
<tr>
<td>Diar Najd for Counter Exchange (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100          -</td>
</tr>
<tr>
<td>Sama Company – Al Yamama (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100          -</td>
</tr>
<tr>
<td>Abr Al Khaleej Company (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100          -</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>13 – 40</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5 – 20</td>
</tr>
<tr>
<td>Furniture, fixtures and office equipment</td>
<td>5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4</td>
</tr>
<tr>
<td>Water wells</td>
<td>5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at banks</td>
<td>135,992,450</td>
<td>40,721,116</td>
</tr>
<tr>
<td>Checks under collection</td>
<td>24,584,736</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160,577,186</strong></td>
<td><strong>40,721,116</strong></td>
</tr>
</tbody>
</table>
4. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Finished goods</td>
<td>32,061,425</td>
<td>68,323,112</td>
</tr>
<tr>
<td>Goods under production</td>
<td>302,995</td>
<td>52,883,525</td>
</tr>
<tr>
<td>Spare parts</td>
<td>75,909,956</td>
<td>43,058,388</td>
</tr>
<tr>
<td>Raw materials</td>
<td>43,396,006</td>
<td>36,468,210</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>32,756,120</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>184,426,502</td>
<td>200,733,235</td>
</tr>
</tbody>
</table>

5. PREPAID EXPENSES AND OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Prepaid and deferred expenses</td>
<td>1,732,798</td>
<td>5,789,223</td>
</tr>
<tr>
<td>Insurance claims *</td>
<td>7,455,482</td>
<td>-</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>20,163,163</td>
<td>10,512,233</td>
</tr>
<tr>
<td>Others</td>
<td>7,773,975</td>
<td>2,611,646</td>
</tr>
<tr>
<td></td>
<td>37,125,418</td>
<td>18,913,102</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th></th>
<th>Land SR</th>
<th>Buildings SR</th>
<th>Machinery and equipment SR</th>
<th>Vehicles SR</th>
<th>Furniture, fixtures and office equipment SR</th>
<th>Water wells SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 1, 2012</td>
<td>20,515,208</td>
<td>490,181,398</td>
<td>846,172,729</td>
<td>12,609,608</td>
<td>27,848,281</td>
<td>1,801,444</td>
<td>1,399,128,668</td>
</tr>
<tr>
<td>Additions</td>
<td>237,756</td>
<td>121,441</td>
<td>5,771,193</td>
<td>12,066</td>
<td>615,781</td>
<td>-</td>
<td>6,758,237</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(210,374)</td>
<td>-</td>
<td>(210,374)</td>
</tr>
<tr>
<td>March 31, 2012</td>
<td>20,752,964</td>
<td>490,302,839</td>
<td>851,943,922</td>
<td>12,411,300</td>
<td>28,464,062</td>
<td>1,801,444</td>
<td>1,405,676,531</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 1, 2012</td>
<td>-</td>
<td>41,210,391</td>
<td>146,089,701</td>
<td>7,047,346</td>
<td>11,298,873</td>
<td>630,732</td>
<td>206,277,043</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>-</td>
<td>3,561,172</td>
<td>11,236,073</td>
<td>492,737</td>
<td>1,522,467</td>
<td>89,580</td>
<td>16,902,029</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(91,175)</td>
<td>-</td>
<td>-</td>
<td>(91,175)</td>
</tr>
<tr>
<td>March 31, 2012</td>
<td>-</td>
<td>44,771,563</td>
<td>157,325,774</td>
<td>7,448,908</td>
<td>12,821,340</td>
<td>720,312</td>
<td>223,087,897</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 31, 2012</td>
<td>20,752,964</td>
<td>445,531,276</td>
<td>694,618,148</td>
<td>4,962,392</td>
<td>15,642,722</td>
<td>1,081,132</td>
<td>1,182,588,634</td>
</tr>
<tr>
<td>March 31, 2011</td>
<td>17,551,396</td>
<td>446,719,512</td>
<td>718,863,106</td>
<td>5,905,081</td>
<td>13,562,377</td>
<td>429,886</td>
<td>1,203,031,357</td>
</tr>
</tbody>
</table>

7. PROJECTS UNDER CONSTRUCTION

The Company concluded construction works’ completion agreements related to the Cement Factory in Turaiif City and the Head Office Building. The balance of projects under construction as at December 31 consists of the following:

<table>
<thead>
<tr>
<th>Project</th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second line project</td>
<td>164,157,652</td>
<td>5,642,051</td>
</tr>
<tr>
<td>Head Office building project</td>
<td>24,205,527</td>
<td>8,717,942</td>
</tr>
<tr>
<td>S.A.P project</td>
<td>3,998,700</td>
<td>3,998,700</td>
</tr>
<tr>
<td>Fuel reservoir project</td>
<td>3,589,150</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>11,716,092</td>
<td>2,033,126</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200,079,271</strong></td>
<td><strong>23,980,969</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Accrued expenses and other payables</td>
<td>7,260,216</td>
<td>4,709,595</td>
</tr>
<tr>
<td>Others</td>
<td>2,927,303</td>
<td>460,852</td>
</tr>
<tr>
<td></td>
<td>10,187,519</td>
<td>5,170,447</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Zakat</th>
<th>Income tax</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>Balance at January 1</td>
<td>8,332,697</td>
<td>4,720,404</td>
<td>13,053,101</td>
<td>15,140,504</td>
</tr>
<tr>
<td>Provision for the period</td>
<td>1,500,000</td>
<td>754,552</td>
<td>2,254,552</td>
<td>2,207,184</td>
</tr>
<tr>
<td>Paid during the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(4,842,370)</td>
</tr>
<tr>
<td>Balance at March 31</td>
<td>9,832,697</td>
<td>5,474,956</td>
<td>15,307,653</td>
<td>12,505,318</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>413,676</td>
<td>529,186</td>
</tr>
<tr>
<td>Depreciation</td>
<td>61,125</td>
<td>10,696</td>
</tr>
<tr>
<td>Others</td>
<td>480,173</td>
<td>568,890</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>954,974</td>
<td>1,108,772</td>
</tr>
</tbody>
</table>

15. GENERAL AND ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>3,445,520</td>
<td>3,472,484</td>
</tr>
<tr>
<td>Professional fees</td>
<td>484,816</td>
<td>430,409</td>
</tr>
<tr>
<td>Depreciation</td>
<td>455,106</td>
<td>331,191</td>
</tr>
<tr>
<td>Government fees</td>
<td>32,850</td>
<td>133,501</td>
</tr>
<tr>
<td>Rent</td>
<td>141,614</td>
<td>140,512</td>
</tr>
<tr>
<td>Others</td>
<td>1,250,498</td>
<td>982,292</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,810,404</td>
<td>5,490,389</td>
</tr>
</tbody>
</table>

16. OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange variances</td>
<td>22,754</td>
<td>326,029</td>
</tr>
<tr>
<td>Income from sale of property, plant and equipment, net</td>
<td>112,846</td>
<td>2,779</td>
</tr>
<tr>
<td>Others</td>
<td>518,276</td>
<td>769,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>653,876</td>
<td>1,098,417</td>
</tr>
</tbody>
</table>
17. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies as at March 31:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>1,218,572</td>
<td>14,336</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>2,995,000</td>
<td>7,995,000</td>
</tr>
<tr>
<td>Capital commitments on projects under construction</td>
<td>280,000,000</td>
<td>-</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the three-month period ended March 31, 2012 (audited)</td>
<td>2,233,623,504</td>
<td>101,988,606</td>
<td>2,335,612,110</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,233,623,504</td>
<td>101,988,606</td>
<td>2,335,612,110</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>818,734,833</td>
<td>24,274,107</td>
<td>843,008,940</td>
</tr>
<tr>
<td>Sales</td>
<td>81,137,993</td>
<td>71,599,875</td>
<td>152,737,868</td>
</tr>
<tr>
<td>Gross profit</td>
<td>38,119,097</td>
<td>12,583,961</td>
<td>50,703,058</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>30,321,960</td>
<td>9,143,026</td>
<td>39,464,986</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>950,041,858</td>
<td>232,546,776</td>
<td>1,182,588,634</td>
</tr>
</tbody>
</table>

For the three-month period ended March 31, 2011 (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>1,539,723,405</td>
<td>7,831,068</td>
<td>1,547,554,473</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>651,279,376</td>
<td>7,458,008</td>
<td>658,737,384</td>
</tr>
<tr>
<td>Sales</td>
<td>90,250,286</td>
<td>84,107,382</td>
<td>174,357,668</td>
</tr>
<tr>
<td>Gross profit</td>
<td>47,278,159</td>
<td>18,310,113</td>
<td>65,588,272</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>37,087,388</td>
<td>16,127,290</td>
<td>53,214,678</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>962,123,886</td>
<td>240,907,471</td>
<td>1,203,031,357</td>
</tr>
</tbody>
</table>

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
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 uneconsolidated, 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**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>173,616,005</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td></td>
<td>24,417,085</td>
</tr>
<tr>
<td>Inventories</td>
<td>4</td>
<td>184,895,300</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>5</td>
<td>40,315,257</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>423,243,647</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipments, net</td>
<td>6</td>
<td>1,194,507,483</td>
</tr>
<tr>
<td>Investment in an associate</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Projects under construction</td>
<td>7</td>
<td>273,971,241</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td></td>
<td>39,944,801</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>496,978,860</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>2,005,402,385</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>2,428,646,032</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term Murabahas</td>
<td>9</td>
<td>538,000,000</td>
</tr>
<tr>
<td>Current portion of a long-term loan</td>
<td>10</td>
<td>85,000,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>30,312,012</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>11</td>
<td>11,054,496</td>
</tr>
<tr>
<td>Zakat and income tax</td>
<td>12</td>
<td>9,612,704</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>673,979,212</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan</td>
<td>10</td>
<td>320,000,000</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td></td>
<td>4,152,895</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>324,152,895</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>998,132,107</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid up share capital</td>
<td>1</td>
<td>1,260,000,000</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>13</td>
<td>19,022,369</td>
</tr>
<tr>
<td>Special reserve</td>
<td>14</td>
<td>496,978,860</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>88,998,271</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td></td>
<td>1,421,309,830</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>9,204,095</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>1,430,513,925</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td></td>
<td>2,428,646,032</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>307,564,745</td>
<td>199,533,530</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(217,657,820)</td>
<td>(111,932,118)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>89,906,925</td>
<td>87,601,412</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>15 (2,498,751)</td>
<td>(1,201,036)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>16 (14,503,480)</td>
<td>(9,027,131)</td>
</tr>
<tr>
<td>Operating income</td>
<td>72,904,694</td>
<td>77,373,245</td>
</tr>
<tr>
<td>Company’s share in net income of an associate</td>
<td>-</td>
<td>16,195,312</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>9 and10 (4,408,580)</td>
<td>(12,053,298)</td>
</tr>
<tr>
<td>Other income</td>
<td>17 5,904,494</td>
<td>1,296,678</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ZAKAT, INCOME TAX AND NON-CONTROLLING INTEREST</strong></td>
<td>74,400,608</td>
<td>82,811,937</td>
</tr>
<tr>
<td>Non-controlling interest in net income of a subsidiary</td>
<td>(400,354)</td>
<td>-</td>
</tr>
<tr>
<td><strong>INCOME BEFORE ZAKAT AND INCOME TAX</strong></td>
<td>74,000,254</td>
<td>82,811,937</td>
</tr>
<tr>
<td>Zakat</td>
<td>12 (4,000,000)</td>
<td>(6,000,000)</td>
</tr>
<tr>
<td>Income tax of the subsidiary</td>
<td>12 (1,803,299)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>68,196,955</td>
<td>76,811,937</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before zakat and income tax</td>
<td>74,000,254</td>
<td>82,811,937</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>33,787,465</td>
<td>25,923,009</td>
</tr>
<tr>
<td>Gains from sale of property and equipment</td>
<td>(22,753)</td>
<td>-</td>
</tr>
<tr>
<td>End-of-service indemnities</td>
<td>472,553</td>
<td>568,522</td>
</tr>
<tr>
<td>Company’s share in net income of the subsidiary</td>
<td>-</td>
<td>(16,195,312)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>(9,319,312)</td>
<td>(53,090,461)</td>
</tr>
<tr>
<td>Inventories</td>
<td>16,922,816</td>
<td>9,878,185</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(9,491,545)</td>
<td>846,383</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>22,535,420</td>
<td>(5,441,864)</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>(6,467,751)</td>
<td>924,869</td>
</tr>
<tr>
<td>Due from an associate</td>
<td>-</td>
<td>52,496,993</td>
</tr>
<tr>
<td>Zakat and income tax paid</td>
<td>(9,243,696)</td>
<td>(4,735,436)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>113,173,451</td>
<td>93,986,825</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in a subsidiary</td>
<td>-</td>
<td>14,100,311</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>61,189,310</td>
<td>-</td>
</tr>
<tr>
<td>Additions to property, plant and equipment, and projects under construction</td>
<td>(162,811,639)</td>
<td>(59,508,809)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>141,953</td>
<td>-</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>(17,684,789)</td>
<td>(12,690,140)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(119,165,165)</td>
<td>(58,098,638)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of long-term loan</td>
<td>(25,000,000)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds (paid) from short-term Murabahas</td>
<td>203,000,000</td>
<td>(34,275,069)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(75,600,000)</td>
<td>-</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(67,611,432)</td>
<td>-</td>
</tr>
<tr>
<td>Accrued dividends</td>
<td>-</td>
<td>(25,696,665)</td>
</tr>
<tr>
<td>Special reserve</td>
<td>1,278,423</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash from (used in) financing activities</strong></td>
<td>36,066,991</td>
<td>(59,971,734)</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>30,075,277</td>
<td>(24,083,547)</td>
</tr>
<tr>
<td>Cash and cash equivalents, January 1</td>
<td>143,540,728</td>
<td>36,402,680</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, JUNE 30</strong></td>
<td>173,616,005</td>
<td>12,319,133</td>
</tr>
<tr>
<td>Appropriation of a special reserve through shares transferred from shareholders</td>
<td>52,010,767</td>
<td>-</td>
</tr>
<tr>
<td>Dividends in-kind – Note 8</td>
<td>-</td>
<td>240,000,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Paid up share capital</th>
<th>Statutory reserve</th>
<th>Special reserve</th>
<th>Retained earnings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR 600,000,000</td>
<td>SR 54,402,936</td>
<td></td>
<td></td>
<td>SR 835,229,351</td>
</tr>
<tr>
<td>Balance at January 1, 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income for the six-month period (unaudited)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>76,811,937</td>
<td>76,811,937</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>(240,000,000)</td>
<td>(240,000,000)</td>
</tr>
<tr>
<td>Balance at June 30, 2011 (unaudited)</td>
<td>SR 600,000,000</td>
<td>SR 54,402,936</td>
<td>-</td>
<td>17,638,352</td>
<td>SR 672,041,288</td>
</tr>
<tr>
<td>Share capital increase</td>
<td>1</td>
<td>SR 600,000,000</td>
<td>-</td>
<td>-</td>
<td>SR 600,000,000</td>
</tr>
<tr>
<td>Net income for the period from July 1 to June 31, 2011</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>169,382,397</td>
<td>169,382,397</td>
</tr>
<tr>
<td>Transfer to statutory reserve</td>
<td>13</td>
<td>-</td>
<td>SR 24,619,433</td>
<td>-</td>
<td>(24,619,433)</td>
</tr>
<tr>
<td>Increase in share capital through transfer from reserve</td>
<td>1 &amp; 13</td>
<td>SR 60,000,000</td>
<td>(SR 60,000,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>(66,000,000)</td>
<td>(66,000,000)</td>
</tr>
<tr>
<td>Balance at December 31, 2011</td>
<td>SR 1,260,000,000</td>
<td>SR 19,022,369</td>
<td>-</td>
<td>96,401,316</td>
<td>SR 1,375,423,685</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>(75,600,000)</td>
<td>(75,600,000)</td>
</tr>
<tr>
<td>Special reserve</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>SR 53,289,190</td>
<td>-</td>
</tr>
<tr>
<td>Net income for the six-month period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>SR 68,196,955</td>
<td>SR 68,196,955</td>
</tr>
<tr>
<td>Balance at June 30, 2012</td>
<td>SR 1,260,000,000</td>
<td>SR 19,022,369</td>
<td>SR 53,289,190</td>
<td>SR 88,998,271</td>
<td>SR 1,421,309,830</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country</th>
<th>Legal status</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Cement Company (i)</td>
<td>Hashemite Kingdom of Jordan</td>
<td>Public Joint Stock Company</td>
<td>91.19</td>
</tr>
<tr>
<td>Diar Najd for Counter Exchange (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100</td>
</tr>
<tr>
<td>Sama Company – Al Yamama (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100</td>
</tr>
<tr>
<td>Abr Al Khaleej Company (ii)</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100</td>
</tr>
<tr>
<td>Pan North Cement and Contraction Materials Company</td>
<td>UAE</td>
<td>Limited Liability Company</td>
<td>100</td>
</tr>
</tbody>
</table>
(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 intercompany 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:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>13 – 40</td>
</tr>
<tr>
<td>Machinery and equipments</td>
<td>5 – 20</td>
</tr>
<tr>
<td>Furniture, fixtures and office equipments</td>
<td>5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4</td>
</tr>
<tr>
<td>Water wells</td>
<td>5</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand and at banks</td>
<td>142,404,107</td>
<td>12,319,133</td>
</tr>
<tr>
<td>Checks under collection</td>
<td>31,211,898</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>173,616,005</td>
<td>12,319,133</td>
</tr>
</tbody>
</table>

4. INVENTORIES

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>44,543,696</td>
<td>52,082,864</td>
</tr>
<tr>
<td>Spare parts</td>
<td>72,042,192</td>
<td>47,931,750</td>
</tr>
<tr>
<td>Raw materials</td>
<td>40,598,988</td>
<td>38,270,311</td>
</tr>
<tr>
<td>Goods in transit</td>
<td>27,710,424</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>184,895,300</td>
<td>138,284,925</td>
</tr>
</tbody>
</table>

5. PREPAID EXPENSES AND OTHER ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>17,604,959</td>
<td>9,104,366</td>
</tr>
<tr>
<td>Insurance claims *</td>
<td>12,403,826</td>
<td>-</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>4,563,403</td>
<td>2,133,847</td>
</tr>
<tr>
<td>Others</td>
<td>5,743,069</td>
<td>6,148,587</td>
</tr>
<tr>
<td></td>
<td>40,315,257</td>
<td>17,386,800</td>
</tr>
</tbody>
</table>

* 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 Turaiif (KSA) during the year 2011 which has resulted to a decrease in the Company’s sales.
### 6. PROPERTY, PLANT AND EQUIPMENT, NET

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Machinery and equipment</th>
<th>Vehicles</th>
<th>Furniture, fixtures and office equipment</th>
<th>Water wells</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>January 1, 2012</td>
<td>20,515,208</td>
<td>490,181,398</td>
<td>846,172,729</td>
<td>12,609,608</td>
<td>27,848,281</td>
<td>1,801,444</td>
<td>1,399,128,668</td>
</tr>
<tr>
<td>Additions</td>
<td>237,757</td>
<td>125,379</td>
<td>7,627,234</td>
<td>215,264</td>
<td>710,383</td>
<td>-</td>
<td>8,916,017</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(210,375)</td>
<td>-</td>
<td>-</td>
<td>(210,375)</td>
</tr>
<tr>
<td>Transfer to projects under construction</td>
<td>-</td>
<td>24,074,216</td>
<td>2,572,290</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,646,506</td>
</tr>
<tr>
<td><strong>June 30, 2012</strong></td>
<td>20,752,965</td>
<td>514,380,993</td>
<td>856,372,253</td>
<td>12,614,497</td>
<td>28,558,664</td>
<td>1,801,444</td>
<td>1,434,480,816</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>January 1, 2012</td>
<td>-</td>
<td>41,210,391</td>
<td>146,089,701</td>
<td>7,047,346</td>
<td>11,298,873</td>
<td>630,732</td>
<td>206,277,043</td>
</tr>
<tr>
<td>Charge for the period</td>
<td>-</td>
<td>7,128,411</td>
<td>22,508,123</td>
<td>920,010</td>
<td>3,051,760</td>
<td>179,161</td>
<td>33,787,465</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(91,175)</td>
<td>-</td>
<td>-</td>
<td>(91,175)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
<td>SR</td>
</tr>
<tr>
<td>June 30, 2012</td>
<td>20,752,965</td>
<td>466,042,191</td>
<td>687,774,429</td>
<td>4,738,316</td>
<td>14,208,031</td>
<td>991,551</td>
<td>1,194,507,483</td>
</tr>
<tr>
<td>June 30, 2011 (Unaudited)</td>
<td>13,772,814</td>
<td>379,623,125</td>
<td>542,474,492</td>
<td>1,481,807</td>
<td>11,677,999</td>
<td>1,352,337</td>
<td>950,382,574</td>
</tr>
</tbody>
</table>

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 Turaiif City and the Head Office Building. The balance of projects under construction as at June 30 consists of the following:

<table>
<thead>
<tr>
<th>Project</th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second line project</td>
<td>273,237,258</td>
<td>42,371,897</td>
</tr>
<tr>
<td>Head Office building project</td>
<td>-</td>
<td>23,711,601</td>
</tr>
<tr>
<td>S.A.P project</td>
<td>-</td>
<td>4,838,550</td>
</tr>
<tr>
<td>Fuel reservoir project</td>
<td>-</td>
<td>3,589,150</td>
</tr>
<tr>
<td>Others</td>
<td>733,983</td>
<td>487,519</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273,971,241</td>
<td>74,998,717</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 (Unaudited) SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses and other payables</td>
<td>10,676,949</td>
<td>18,333,197</td>
</tr>
<tr>
<td>Others</td>
<td>377,547</td>
<td>47,363</td>
</tr>
<tr>
<td>Total</td>
<td>11,054,496</td>
<td>18,380,560</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Zakat SR</th>
<th>Income tax SR</th>
<th>2012 SR</th>
<th>2011 (Unaudited) SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1</td>
<td>8,332,697</td>
<td>4,720,404</td>
<td>13,053,101</td>
<td>10,298,133</td>
</tr>
<tr>
<td>Provision for the period</td>
<td>4,000,000</td>
<td>1,803,299</td>
<td>5,803,299</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Paid during the period</td>
<td>(4,523,292)</td>
<td>(4,720,404)</td>
<td>(9,243,696)</td>
<td>(4,735,436)</td>
</tr>
<tr>
<td>Balance at June 30</td>
<td>7,809,405</td>
<td>1,803,299</td>
<td>9,612,704</td>
<td>11,562,697</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>798,489</td>
<td>21,681</td>
</tr>
<tr>
<td>Depreciation</td>
<td>14,726</td>
<td>398,936</td>
</tr>
<tr>
<td>Others</td>
<td>1,685,536</td>
<td>780,419</td>
</tr>
<tr>
<td></td>
<td>2,498,751</td>
<td>1,201,036</td>
</tr>
</tbody>
</table>

16. GENERAL AND ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2012 SR</th>
<th>2011 SR (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees’ salaries and benefits</td>
<td>7,528,424</td>
<td>5,445,071</td>
</tr>
<tr>
<td>Office expenses</td>
<td>1,883,477</td>
<td>705,349</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,128,026</td>
<td>1,039,713</td>
</tr>
<tr>
<td>Depreciation</td>
<td>759,087</td>
<td>664,982</td>
</tr>
<tr>
<td>Government fees</td>
<td>789,660</td>
<td>145,450</td>
</tr>
<tr>
<td>Rent</td>
<td>643,262</td>
<td>143,749</td>
</tr>
<tr>
<td>Others</td>
<td>1,771,544</td>
<td>882,817</td>
</tr>
<tr>
<td></td>
<td>14,503,480</td>
<td>9,027,131</td>
</tr>
</tbody>
</table>
17. OTHER INCOME

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Insurance claims – Note 5</td>
<td>4,945,203</td>
<td>-</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>225,580</td>
<td>758,791</td>
</tr>
<tr>
<td>Others</td>
<td>733,711</td>
<td>537,887</td>
</tr>
<tr>
<td></td>
<td>5,904,494</td>
<td>1,296,678</td>
</tr>
</tbody>
</table>

18. COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and contingencies at June 31:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SR</td>
<td>(Unaudited)</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>3,946,184</td>
<td>2,079,846</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>11,295,000</td>
<td>17,995,000</td>
</tr>
<tr>
<td>Capital commitments on projects under construction</td>
<td>170,000,000</td>
<td>30,000,000</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>Kingdom of Saudi Arabia SR</th>
<th>Hashemite Kingdom of Jordan SR</th>
<th>Total SR</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the six-month period ended June 31, 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>2,397,374,473</td>
<td>31,271,559</td>
<td>2,428,646,032</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>976,064,643</td>
<td>22,067,464</td>
<td>998,132,107</td>
</tr>
<tr>
<td>Sales</td>
<td>146,065,523</td>
<td>161,499,222</td>
<td>307,564,745</td>
</tr>
<tr>
<td>Gross profit</td>
<td>59,423,629</td>
<td>30,483,296</td>
<td>89,906,925</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>965,128,309</td>
<td>229,379,174</td>
<td>1,194,507,483</td>
</tr>
</tbody>
</table>

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.