

**THE SAUDI ARABIAN AMIANTIT COMPANY
AND SUBSIDAIRIES
(A Saudi Joint Stock Company)**

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH AND
SIX-MONTH PERIODS ENDED JUNE 30, 2010
AND INDEPENDENT ACCOUNTANTS' LIMITED
REVIEW REPORT

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2010

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INDEPENDENT ACCOUNTANTS LIMITED REVIEW REPORT

To the shareholders of
The Saudi Arabian Amiantit Company
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim consolidated balance sheet of The Saudi Arabian Amiantit Company and Subsidiaries (the Group) as at 30 June 2010 and the related interim consolidated statements of income for the three months and six months period then ended and the related interim consolidated cash flows statement for the six months period then ended including the related notes (1) to (6). These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us with all information and explanations which we required. The interim consolidated financial statements for the six months period ended 30 June 2009 by other independent accountants who issued their limited review report dated on 14 July 2009 without any qualifications.

We conducted our limited review in accordance with the standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters.

This review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements of the Group for them to be in conformity with accounting standards generally accepted in the kingdom of Saudi Arabia appropriate to the circumstances of the Group.

Boodai & Alomar Co.

Omar I. Alomar
Certified Public Accountant
(License No. 396)



Sha'aban 03, 1431
July 15, 2010

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | June 30,2010 <i>(Unaudited)</i> | December 31, 2 <i>(Audited)</i> | June 30,2009 <i>(Unaudited)</i> |
|--|------|---------------------------------------|---------------------------------------|---------------------------------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 395,102 | 425,324 | 502,153 |
| Accounts receivable | 2 | 1,551,673 | 1,460,529 | 1,625,013 |
| Inventories | | 630,754 | 774,967 | 889,601 |
| Prepayments and other receivables | | 40,026 | 40,705 | 65,829 |
| Non-current assets held for sale | 1 | 49,185 | 66,458 | - |
| | | <u>2,666,740</u> | <u>2,767,983</u> | <u>3,082,596</u> |
| Non-current assets | | | | |
| Investments in associates | | 325,947 | 341,453 | 313,201 |
| Property, plant and equipment | | 829,481 | 909,432 | 930,872 |
| Intangible assets | | 7,553 | 7,509 | 17,950 |
| Deferred income tax assets | | 10,768 | 13,798 | 15,896 |
| Other non-current assets | | 14,268 | 15,928 | 10,553 |
| | | <u>1,188,017</u> | <u>1,288,120</u> | <u>1,288,472</u> |
| Total assets | | <u>3,854,757</u> | <u>4,056,103</u> | <u>4,371,068</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Short-term borrowings | | 774,121 | 900,343 | 1,201,733 |
| Current maturity of long-term borrowings | | 35,469 | 42,621 | 38,165 |
| Current maturity of liabilities against capital leases | | 12,188 | 12,188 | 12,188 |
| Accounts payable | | 401,092 | 403,722 | 457,336 |
| Accrued and other liabilities | | 452,596 | 370,621 | 504,604 |
| Zakat and tax payable | | 122,051 | 155,211 | 122,838 |
| Liabilities associated with non-current assets held for sale | 1 | 24,194 | 9,751 | - |
| | | <u>1,821,711</u> | <u>1,894,457</u> | <u>2,336,864</u> |
| Non-current liabilities | | | | |
| Long-term borrowings | | 70,007 | 92,184 | 82,652 |
| Liabilities against capital leases | | 18,281 | 24,374 | 30,469 |
| Employee termination benefits | | 94,205 | 96,550 | 102,705 |
| Warranty provisions | | 48,834 | 37,658 | 30,945 |
| Other non-current liabilities | | 7,569 | 24,624 | 33,208 |
| | | <u>238,896</u> | <u>275,390</u> | <u>279,979</u> |
| Total liabilities | | <u>2,060,607</u> | <u>2,169,847</u> | <u>2,616,843</u> |
| Equity | | | | |
| Equity attributable to shareholders of the Company: | | | | |
| Share capital | | 1,155,000 | 1,155,000 | 1,155,000 |
| Statutory reserve | | 117,043 | 117,043 | 96,795 |
| Retained earnings | 5 | 334,646 | 356,044 | 262,342 |
| Currency translation differences | | (39,653) | 23,532 | 124 |
| Total shareholders' equity | | <u>1,567,036</u> | <u>1,651,619</u> | <u>1,514,261</u> |
| Minority interest | | 227,114 | 234,637 | 239,964 |
| Total equity | | <u>1,794,150</u> | <u>1,886,256</u> | <u>1,754,225</u> |
| Total liabilities and equity | | <u>3,854,757</u> | <u>4,056,103</u> | <u>4,371,068</u> |
| Contingencies and commitments | 6 | | | |

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated income statement
(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | For three-month periods ended June 30, | | For six-month periods ended June 30, | |
|--|------|---|----------------------------|---|----------------------------|
| | | 2010 <i>(Unaudited)</i> | 2009 <i>(Unaudited)</i> | 2010 <i>(Unaudited)</i> | 2009 <i>(Unaudited)</i> |
| Sales | 4 | 812,183 | 897,714 | 1,544,924 | 1,744,618 |
| Cost of sales | | (608,446) | (647,766) | (1,133,647) | (1,287,398) |
| Gross profit | | 203,737 | 249,948 | 411,277 | 457,220 |
| Operating expenses | | | | | |
| Selling and marketing | | (23,829) | (21,102) | (47,622) | (43,912) |
| General and administrative | | (66,961) | (77,859) | (125,016) | (151,266) |
| Income from operations | | 112,947 | 150,987 | 238,639 | 262,042 |
| Other income (expenses) | | | | | |
| Share in net income (loss) of associates | | 5,132 | (2,420) | 4,446 | 5,350 |
| Financial charges | | (12,677) | (33,589) | (28,590) | (57,741) |
| Other | 3 | (19,730) | (44,149) | (47,935) | (68,449) |
| Income before foreign income tax, zakat and minority interest | | 85,672 | 70,829 | 166,560 | 141,202 |
| Foreign income tax | | (9,221) | (10,016) | (13,898) | (17,295) |
| Zakat | | (21,260) | (6,825) | (36,006) | (14,625) |
| Income before minority interest | | 55,191 | 53,988 | 116,656 | 109,282 |
| Minority interest | | (9,628) | (13,479) | (21,087) | (20,757) |
| Net income for the period | | 45,563 | 40,509 | 95,569 | 88,525 |
| Earning (loss) per share (Saudi Riyals): | | | | | |
| • Operating income | | 0.98 | 1.31 | 2.07 | 2.27 |
| • Non-operating loss | | (0.59) | (0.96) | (1.24) | (1.50) |
| • Net income for the period | | 0.39 | 0.35 | 0.83 | 0.77 |

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement
For six-month period ended June 30, 2010
(All amounts in Saudi Riyals thousands unless otherwise stated)

| | 2010 <i>(Unaudited)</i> | 2009 <i>(Unaudited)</i> |
|--|----------------------------|----------------------------|
| Cash flow from operating activities | | |
| Net income for the period | 95,569 | 88,525 |
| <u>Adjustments for non-cash items</u> | | |
| Share in net income of associates | (4,446) | (5,350) |
| Depreciation, amortization and provisions | 116,201 | 187,478 |
| Deferred income tax charge | 986 | 646 |
| Income applicable to minority interest | 21,087 | 20,757 |
| Loss on disposal of a subsidiary | 287 | - |
| <u>Changes in working capital</u> | | |
| Accounts receivable | (155,880) | 50,529 |
| Inventories | 109,801 | 190,162 |
| Prepayments and other receivables | (4,016) | 3,494 |
| Accounts payable | 13,369 | 29,757 |
| Accrued and other current liabilities | 39,549 | (18,752) |
| Employee termination benefits | (515) | 4,281 |
| Net cash generated from operating activities | <u>231,992</u> | <u>551,527</u> |
| Cash flow from investing activities | | |
| Proceeds from disposal of subsidiary | 2,100 | - |
| Investments | - | (37,050) |
| Dividends received from associates | 8,860 | 9,626 |
| Purchase of property, plant and equipment | (11,147) | (49,468) |
| Intangible assets and other | 1,776 | 3,553 |
| Net cash generated from (utilized in) investing activities | <u>1,589</u> | <u>(73,339)</u> |
| Cash flow from financing activities | | |
| Decrease in short-term borrowings | (104,507) | (238,360) |
| Proceeds from long-term borrowings | - | 28,501 |
| Repayments of long-term borrowings | (32,393) | (29,074) |
| Repayments of liabilities against capital leases | (6,093) | (6,093) |
| Dividends paid | (115,500) | (57,750) |
| Dividends paid by subsidiaries to minority interest | (7,493) | (9,121) |
| Board of Directors' fee paid | (1,467) | (1,800) |
| Changes in minority interest and other | 3,650 | 8,523 |
| Net cash utilized in financing activities | <u>(263,803)</u> | <u>(305,174)</u> |
| Net change in cash and cash equivalents | (30,222) | 173,014 |
| Cash and cash equivalents at beginning of period | <u>425,324</u> | <u>329,139</u> |
| Cash and cash equivalents at end of period | <u>395,102</u> | <u>502,153</u> |

The notes from 1 to 6 form an integral part of these interim consolidated financial statements.

