

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

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE-MONTH PERIOD AND
YEAR ENDED DECEMBER 31, 2011
AND INDEPENDENT ACCOUNTANT'S LIMITED
REVIEW REPORT**

**THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2011**

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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 31 December 2011 and the related interim consolidated statements of income for the three months and the year then ended and the related interim consolidated cash flows statement for the year 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.

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.

Dammam, 26 Safar 1433 A.H.
Corresponding to January 20, 2012



Boodai & Alomar CPA

ADEL A. BOODAI
Certified Public Accountant
(License No. 303)

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)

		As at December 31,	
	Note	2011 (Unaudited)	2010 (Audited)
Assets			
Current assets			
Cash and cash equivalents		390,676	241,576
Short-term bank deposit		1,330	133,133
Accounts receivable		1,820,927	1,556,968
Inventories		1,049,647	922,012
Prepayments and other receivables		52,033	31,451
		<u>3,314,613</u>	<u>2,885,140</u>
Non-current assets			
Investments in associates		228,717	295,246
Property, plant and equipment		784,702	837,942
Intangible assets		10,873	7,060
Deferred income tax assets		11,686	11,264
Other non-current assets		56,822	34,252
		<u>1,092,800</u>	<u>1,185,764</u>
Total assets		<u>4,407,413</u>	<u>4,070,904</u>
Liabilities			
Current liabilities			
Short-term borrowings		1,120,387	887,193
Current maturity of long-term borrowings		81,006	32,834
Current maturity of liabilities against capital leases		12,186	12,188
Accounts payable		577,691	445,778
Accrued and other liabilities		289,129	387,822
Zakat and tax payable		148,395	190,571
		<u>2,228,794</u>	<u>1,956,386</u>
Non-current liabilities			
Long-term borrowings		224,501	75,102
Liabilities against capital leases		-	12,186
Employee termination benefits		89,903	92,870
Warranty provisions		48,578	50,447
Other non-current liabilities		10,139	4,652
		<u>373,121</u>	<u>235,257</u>
Total liabilities		<u>2,601,915</u>	<u>2,191,643</u>
Equity			
Equity attributable to shareholders of the Company:			
Share capital		1,155,000	1,155,000
Statutory reserve		148,678	133,553
Retained earnings	5	348,992	387,669
Currency translation differences		(17,178)	7,613
Total shareholders' equity		<u>1,635,492</u>	<u>1,683,835</u>
Minority interest		170,006	195,426
Total equity		<u>1,805,498</u>	<u>1,879,261</u>
Total liabilities and equity		<u>4,407,413</u>	<u>4,070,904</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	Three-month period ended		Year ended December 31,	
		December 31,		2011	
		2011	2010	2011	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Sales	4	1,021,727	793,013	3,562,631	3,077,498
Cost of sales		(850,297)	(634,389)	(2,919,742)	(2,350,926)
Gross profit		171,430	158,624	642,889	726,572
Operating expenses					
Selling and marketing		(20,947)	(27,354)	(87,592)	(98,166)
General and administrative		(56,069)	(59,681)	(231,017)	(235,753)
Income from operations		94,414	71,589	324,280	392,653
Other income (expenses)					
Share in net (loss) income of associates		(10,613)	1,298	(11,360)	2,536
Financial charges, net		(19,589)	(13,124)	(72,289)	(53,895)
Other	3	(7,463)	320	(11,107)	(36,569)
Income before foreign income tax, zakat and minority interest		56,749	60,083	229,524	304,725
Foreign Income tax		(7,033)	(3,781)	(18,315)	(21,756)
Zakat	6	(14,238)	(24,744)	(51,240)	(83,750)
Income before minority interest		35,478	31,558	159,969	199,219
Minority interest		(1,004)	(4,471)	(8,721)	(34,117)
Net income for the period / year		34,474	27,087	151,248	165,102
Earnings (loss) per share (Saudi Riyals):					
• Operating income		0.82	0.62	2.81	3.40
• Non-operating loss		(0.52)	(0.39)	(1.50)	(1.97)
• Net income for the period / year		0.30	0.23	1.31	1.43

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
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Year ended December 31,	
	2011 <i>(Unaudited)</i>	2010 <i>(Audited)</i>
Cash flow from operating activities		
Net income for the year	151,248	165,102
<u>Adjustments for non-cash items</u>		
Share in net income of associates	11,360	(2,536)
Gain on disposal of investments	(12,959)	(2,475)
Depreciation, amortization and provisions	151,188	127,337
Deferred income tax charges	(1,107)	1,561
Income applicable to minority interest	8,721	34,117
<u>Changes in working capital</u>		
Accounts receivable	(391,203)	(111,071)
Inventories	(174,971)	(132,431)
Prepayments and other receivables	(24,368)	4,373
Accounts payable	181,343	37,117
Accrued and other liabilities	(59,938)	28,493
Employee termination benefits	(2,117)	(3,081)
Net cash generated (utilized in) from operating activities	<u>(162,803)</u>	<u>146,506</u>
Cash flow from investing activities		
Short-term bank deposit	131,803	(133,133)
Proceeds from disposal of non-current assets held for sale	-	16,866
Proceeds from disposal of investments	34,098	32,670
Investments	(4,642)	-
Dividends received from associates	1,027	8,860
Purchase of property, plant and equipment	(80,274)	(48,709)
Other non-current assets	(29,991)	(3,598)
Net cash generated from (utilized in) investing activities	<u>52,021</u>	<u>(127,044)</u>
Cash flow from financing activities		
Change in short-term borrowings	284,078	(5,298)
Proceeds from long-term borrowings	215,530	25,895
Repayments of long-term borrowings	(43,471)	(55,459)
Repayments of liabilities against capital leases	(12,187)	(12,188)
Dividends paid	(173,250)	(115,500)
Dividends paid by subsidiaries to minority interest	(15,315)	(35,234)
Board of Directors' fee paid	(1,550)	(1,467)
Changes in minority interest and other	6,047	(3,959)
Net cash generated from (utilized in) financing activities	<u>259,882</u>	<u>(203,210)</u>
Net increase in cash and cash equivalents	149,100	(183,748)
Cash and cash equivalents at beginning of the year	<u>241,576</u>	<u>425,324</u>
Cash and cash equivalents at end of the year	<u>390,676</u>	<u>241,576</u>

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)

Notes to the interim consolidated financial statements

For the three-month period and year ended December 31, 2011

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

The Saudi Arabian Amiantit Company (the "Company" or "SAAC") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The Group is principally engaged in manufacturing and selling various types of pipes and related products, licensing of related technologies and supply of pipe manufacturing machines, and water management services including related consultancy, engineering and operations.

The Company is a joint stock company, registered in the Kingdom of Saudi Arabia, operating under Commercial Registration No. 2050002103 issued in Dammam on 17 Rabi'I 1388 AH (June 13, 1968). The registered address of the Company is P.O. Box 589, First Industrial Area, Dammam 31421, Kingdom of Saudi Arabia.

During 2011, the group has:

- sold its wholly owned subsidiary in South Africa for Saudi Riyals 7.9 million which were received during the year ended December 31, 2011.
- the majority shareholder of the Latin American entities has exercised its right, under an agreement signed earlier, to acquire the equity interests held by the Group for Saudi Riyals 25.9 million. The legal formalities for this sale transaction have been completed during the year ended December 31, 2011.

The above sales of investments and other assets have resulted in a gain of Saudi Riyals 12.4 million to the Group for the year ended December 31, 2011.

- formally completed the liquidation of its subsidiary Amitech USA, generating a net gain over 2011 of Saudi Riyals 2.3 million.

During 2010, the group has:

- sold the equity interests held in two subsidiaries and an associate for an aggregate amount of Saudi Riyals 49.6 million which resulted in a net gain of Saudi Riyals 2.5 million.
- terminated plans for the commencement of commercial operations of Amiantit Bahrain Holding Ltd. W.L.L. ("ABH"), a limited liability company registered in Bahrain. ABH was formed during 2009, however, no manufacturing facility had been set up and ABH had not commenced any commercial operations.

These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2010.

The accompanying interim consolidated financial statements were authorized for issue by the Company's management on January 19, 2012.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of derivative financial instruments to fair value, and in compliance with the Standard of Accounting for Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. Significant accounting policies adopted by the Group for preparing such interim consolidated financial statements are consistent with the accounting policies described in the 2010 annual audited consolidated financial statements of the Group.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management makes estimates and assumptions concerning the future which, by definition, seldom equal the related actual results.

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the interim consolidated financial statements

For the three-month period and year ended December 31, 2011

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.3 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "Intangible assets" in the balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, which is adjusted subsequently for impairment loss, if any.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currencies

(a) Reporting currency

These interim consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

Cumulative adjustments resulting from the translations of the financial statements of the foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of equity.

Dividends received from foreign subsidiaries and associates are translated at the exchange rate in effect at the transaction date.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

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2.7 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

At December 31, 2011 approximately 36% (2010: 39%) of accounts receivable were related to government projects.

2.8 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads.

2.9 Non-current assets held for sale

Non-current assets held for sale are assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Liabilities associated with non-current assets held for sale are presented separately under current liabilities in the balance sheet.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, except construction in progress which is stated at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the cost of the related assets to their estimated useful lives.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.11 Deferred charges

Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the balance sheet, include certain indirect construction costs and pre-operating expenses which are amortized over periods which do not exceed seven years.

2.12 Patents, trademarks and licenses

Expenditure to acquire patents, trademarks and licenses, included under "Intangible assets" is capitalized and amortized using the straight-line method over their useful lives, but not exceeding twenty years.

2.13 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. 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 the increased carrying amount should 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 income statement. Impairment losses recognized on intangible assets are not reversible.

2.14 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

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2.15 Capital leases

The Group accounts for property, plant and equipment acquired under capital leases by recording the assets and the related liabilities. These amounts are determined on the basis of the present value of minimum lease payments. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation on assets under capital leases is charged to the income statement by applying the straight-line method at the rates applicable to the related assets.

2.16 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2.17 Provisions

Warranty provisions - The Group offers warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Warranty provisions are charged to "Cost of sales" in the income statement.

Onerous contracts - Provision against onerous contracts are recognized when the Group expects that the costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Such provisions are charged to "Cost of sales" in the income statement.

2.18 Zakat and tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income tax. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest.

Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company and its Saudi Arabian subsidiaries withhold tax on certain transactions with non-resident parties, including dividend payments to foreign shareholders of the Saudi Arabian subsidiaries, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income tax in their respective countries of domicile which are charged to the income statement.

Deferred income tax are recognized on all major temporary differences between financial income and taxable income during the period in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry forward losses are recognized to the extent that it is probable that future taxable income will be available against such carry-forward tax losses. Deferred income tax are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2.19 Employee termination benefits

Employee termination benefits required by the Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the income statement.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile.

2.20 Revenues

Sales are recognized upon delivery of products or on the performance of services. Revenues on long-term contracts are recognized on the percentage of completion basis. Revenues are shown net of certain expenses and after eliminating sales within the Group.

THE SAUDI ARABIAN AMIANTIT COMPANY AND SUBSIDIARIES

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Notes to the interim consolidated financial statements

For the three-month period and year ended December 31, 2011

(All amounts in Saudi Riyals thousands unless otherwise stated)

2.21 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

2.22 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the shareholders of the Company.

2.23 Derivative financial instruments

Derivative financial instruments are initially recorded at cost, if any, and are re-measured to their fair values at subsequent reporting dates. Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in the income statement as they arise and the resulting positive and negative fair values are reported under current assets and liabilities, respectively, in the balance sheet.

2.24 Operating leases

Rental expense under operating leases are charged to the income statement over the period of the respective lease.

2.25 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of their net income to a statutory reserve until such reserve equals 50% of share capital. The statutory reserve in the accompanying interim consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

2.26 Earnings (loss) per share

Earnings (loss) per share for the three-month period and year ended December 31, 2011 and 2010 has been computed by dividing the operating income, non-operating loss and net income for each periods by weighted average number of 115,500,000 shares outstanding at December 31, 2011 and 2010.

3 Other (expenses) income

	Three-month period ended December 31,		Year ended December 31,	
	2011	2010	2011	2010
Impairment (losses) reversals against investments, plant and equipment and intangible assets	(12,591)	8,612	(31,355)	(27,846)
Gain on sale of investments	545	2,731	9,802	2,475
Provision for settlement of claims	563	3,450	2,748	3,450
Foreign exchange (loss) gain	(3,184)	72	(7,468)	(4,036)
Miscellaneous income (expenses)	7,204	(14,545)	15,166	(10,612)
	<u>(7,463)</u>	<u>320</u>	<u>(11,107)</u>	<u>(36,569)</u>

4 Segment information

The Group operates principally in the following business segments:

- (i) Manufacturing and selling various types of pipes;
- (ii) Development and licensing of technologies related to production of various types of pipes, construction and supply of related pipe manufacturing machines; and
- (iii) Water management and related consultancy, engineering and operations.

Selected financial information as of December 31, 2011 and 2010 and for the years then ended, summarized by the above business segments, was as follows:

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(All amounts in Saudi Riyals thousands unless otherwise stated)

	Pipe manufacturing	Technology	Water management	Total
2011				
Sales	3,080,887	24,505	457,239	3,562,631
Net income (loss)	147,042	(10,611)	14,817	151,248
Total assets	3,979,614	78,535	349,264	4,407,413

	Pipe manufacturing	Technology	Water management	Total
2010				
Sales	2,604,935	50,514	422,049	3,077,498
Net income (loss)	169,239	(3,969)	(168)	165,102
Total assets	3,596,175	86,176	388,553	4,070,904

The Group's operations are conducted in Saudi Arabia, Europe and certain other geographical areas. Selected financial information as of December 31, 2011 and 2010 and for the years ended, summarized by geographic area, was as follows:

	Saudi Arabia	Europe	Other countries	Total
2011				
Sales	2,146,859	1,292,007	123,765	3,562,631
Non-current assets:				
Property, plant and equipment	478,712	226,267	79,723	784,702
Other non-current assets	234,833	33,254	40,011	308,098
2010				
Sales	1,676,755	1,196,120	204,623	3,077,498
Non-current assets:				
Property, plant and equipment	498,079	241,682	98,181	837,942
Other non-current assets	258,172	19,835	69,815	347,822

5 Dividends

The shareholders have approved a dividend of 1.5 per share, amounting to Saudi Riyals 173.3 million, in their meeting held on February 27, 2011. Such dividends were fully paid during the first quarter of 2011.

6 Contingencies and commitments

- (i) The Group was contingently liable for bank guarantees issued in the normal course of the business amounting Saudi Riyals 500.4 million at December 31, 2011 (2010: Saudi Riyals 534.0 million). SAAC, collectively with other shareholders of an associate, is also contingently liable for a corporate guarantee amounting to Saudi Riyals 260.0 million in relation to borrowing facilities of the associates.
- (ii) SAAC and certain Saudi Arabian subsidiaries have received additional zakat and income tax assessments for years 2002 to 2009. Based on inquiries received and discussions held with the DZIT, the Group's management has agreed on certain add-backs in zakat fillings related to such years and, accordingly, the required provisions have been recorded in the accompanying interim consolidated financial statements. Certain foreign subsidiaries have outstanding assessments related to income tax and other local taxes in their respective countries of domicile. Such assessments are in various stages of appeal process. Group management believes that no material gain or loss will arise upon the ultimate resolution of these matters. Certain foreign subsidiaries also have contingent carry over tax benefits.
- (iii) The capital expenditure contracted by the Group but not yet incurred till December 31, 2011 was approximately Saudi Riyals 24.0 million (2010: Saudi Riyals 13.6 million).