

**SAUDI INDUSTRIAL INVESTMENT GROUP  
(A SAUDI JOINT STOCK COMPANY)**

**THE CONSOLIDATION FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003, 2004, 2005  
TOGETHER WITH SPECIAL AUDITORS' REPORT**



**Al Azem, Al Sudairy & Al Nemer  
Certified Public Accountants  
Affiliate of Horwath International**

**SPECIAL INDEPENDENT AUDITORS' REPORT**

**SHAREHOLDERS OF  
SAUDI INDUSTRIAL INVESTMENT GROUP  
(A Saudi Joint Stock Company)**

We have prepared the accompanying consolidated balance sheet of **SAUDI INDUSTRIAL INVESTMENT GROUP (A Saudi Joint Stock Company)** as of December 31, 2005, 2004, 2003 and the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and the notes from 1 to 16 which are an integral part of these consolidated financial statements. Our responsibility is to express our opinion on these consolidated financial statements based on our financial statements consolidation and its notes and the information and explanations we obtained which we considered necessary for the purposes of our consolidation. The financial statements for the years ended December 31, 2005 and 2004 for the Company and its affiliate (Saudi Chevron Phillips Company and Jubail Chevron Phillips Company which 50% of its shares owned by the Company) and financial statements for the year ended December 31, 2003 for the Company and its affiliate (Saudi Chevron Phillips Company) have been audited by other auditors who issued an unqualified opinion in their reports.

We consolidate financial statement congenital consolidation regarding to International standards for financial reports preparation which are doesn't conflict with Auditing standards in Saudi Arabia.

In our opinion, the consolidated financial statements referred to above:

1. Present fairly to disclosure and presentation requirements, the financial position of **SAUDI INDUSTRIAL INVESTMENT GROUP (A Saudi Joint Stock Company)** as of December 31, 2005, 2004, 2003 and the results of its operations for the year then ended which are these financial statement contain the Company and its affiliates (as mentioned above) and in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia which are suitable to the Company's operations as summarized in Note 2.
2. Comply with the Company's by-laws and the Company's primary in the financial statement preparation and presentation.

**Note:** we do not express an opinion on what these consolidated financial statements contains of data and information which was issue by other auditors, our responsibilities is to consolidate these financial statement only.



**AlAzem, AlSudairy & AlNemer  
Certified Public Accountants**



**Salman B. AlSudairy  
License No. 283**

14 Sha'ban 1427H (September 7, 2006)  
Riyadh, Saudi Arabia

**SAUDI INDUSTRIAL INVESTMENT GROUP**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED BALANCE SHEET**  
**DECEMBER 31, 2005, 2004, 2003**  
**(In Thousands Saudi Riyals)**

**ASSETS**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current Assets:			
Cash and bank balances	469,045	494,858	153,284
Accounts receivable	139,200	204,726	130,469
Inventory (Notes 2b and 3)	147,041	119,558	112,847
Short term investments (Note 2c)	757,038	787,829	680,703
Accrued Revenue	15,652	8,245	7,660
Prepayments and other assets	<u>235</u>	<u>41</u>	<u>60</u>
Total current assets	1,528,211	1,615,257	1,085,023
Deferred Expenses, net (Notes 2d and 4)	31,030	37,751	37,506
Projects Under Construction (Note 5)	871,157	198,426	82,875
Property and Equipment, net (Notes 2e and 6)	<u>770,325</u>	<u>823,646</u>	<u>876,932</u>
	<u>3,200,723</u>	<u>2,675,080</u>	<u>2,082,336</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current Liabilities:			
Accounts payable	126,031	94,677	45,199
Current portion of long term loans (Note 7)	59,044	101,051	76,300
Accrued expenses and other liabilities (Note 8)	<u>112,292</u>	<u>190,022</u>	<u>117,615</u>
Total current liabilities	297,367	385,750	239,114
Long Term Loans (Note 7)	570,000	370,812	378,572
End of Service Benefits (Note 2f)	<u>6,200</u>	<u>5,792</u>	<u>5,024</u>
Total liabilities	<u>873,567</u>	<u>762,354</u>	<u>622,710</u>
Shareholders' Equity:			
Paid-up capital (Note 9)	1,800,000	1,200,000	1,200,000
Statutory reserve (Note 10)	154,889	113,541	58,101
Retained earnings	<u>372,267</u>	<u>599,185</u>	<u>201,525</u>
Total shareholders' equity	<u>2,327,156</u>	<u>1,912,726</u>	<u>1,459,626</u>
	<u>3,200,723</u>	<u>2,675,080</u>	<u>2,082,336</u>

The accompanying notes from (1) to (16) are an integral part of these consolidated financial statements



**SAUDI INDUSTRIAL INVESTMENT GROUP**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2005, 2004, 2003**  
**(In Thousands Saudi Riyals)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Sales (Note 2g)	1,158,467	1,246,048	735,246
Costs of sales (Note 2i)	<u>(747,088)</u>	<u>(658,365)</u>	<u>(504,999)</u>
Gross profit	411,379	587,683	230,247
Selling and Marketing expenses (Note 2i)	(6,360)	(8,355)	(3,526)
General and administrative expenses (Notes 2i and 11)	(11,835)	(17,355)	(10,149)
Finance charges	(5,528)	(11,505)	(10,120)
Other income, net (Notes 2g and 12)	<u>37,738</u>	<u>16,842</u>	<u>6,189</u>
Net income before Zakat	425,394	567,310	212,641
Zakat (Note 2h)	<u>(10,605)</u>	<u>(14,220)</u>	<u>(5,316)</u>
Net income for the year	<u>414,789</u>	<u>553,090</u>	<u>207,325</u>

The accompanying notes from (1) to (16) are an integral part of these consolidated financial statements

**SAUDI INDUSTRIAL INVESTMENT GROUP**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2005, 2004, 2003**  
**(In Thousands Saudi Riyals)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Paid-up capital (Note 9):</b>			
Beginning of the year	1,200,000	1,200,000	550,000
Transfer from retained earnings	<u>600,000</u>	<u>-</u>	<u>650,000</u>
End of the year	<u>1,800,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
<b>Statutory reserve (Note 10):</b>			
Beginning of the year	113,541	58,101	15,567
Issuing allowance Transfer to statutory reserve	-	-	21,802
Transfer from retained earnings	<u>41,348</u>	<u>55,440</u>	<u>20,732</u>
End of the year	<u>154,889</u>	<u>113,541</u>	<u>58,101</u>
<b>Voluntary reserve:</b>			
Beginning of the year	-	-	7,783
Transfer to retained earnings	<u>-</u>	<u>-</u>	<u>(7,783)</u>
End of the year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Retained earnings:</b>			
Beginning of the year	599,185	201,525	104,466
Transfer to statutory reserve	(41,348)	(55,440)	(20,732)
Transfer from voluntary reserve	-	-	7,783
Transfer to paid-up capital	(600,000)	-	-
Dividend distribution	-	(96,000)	(60,000)
Board of directors bonuses	-	(2,200)	(2,200)
Prior years adjustments	(359)	(1,790)	(35,117)
Net income for the year	<u>414,789</u>	<u>553,090</u>	<u>207,325</u>
End of the year	<u>372,267</u>	<u>599,185</u>	<u>201,525</u>
<b>Total shareholders' Equity</b>	<u>2,327,156</u>	<u>1,912,726</u>	<u>1,459,626</u>

The accompanying notes from (1) to (16) are an integral part of these consolidated financial statements

**SAUDI INDUSTRIAL INVESTMENT GROUP**  
**(A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005, 2004, 2003**  
**(In Thousands Saudi Riyals)**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Cash Flows from Operating Activities:</b>			
Net income for the year	414,789	553,090	207,325
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation	57,015	56,089	56,529
Amortization	15,475	6,262	8,209
Prior years adjustments	(359)	(1,790)	(35,117)
End of Service Benefits	408	768	1,845
<b>Changes in assets and liabilities:</b>			
Accounts receivable	65,526	(74,257)	(65,957)
Inventory	(27,483)	(6,711)	(17,310)
Accrued Revenue	(7,407)	(585)	(5,175)
Prepayments and other assets	(194)	19	(3)
Accounts payable	31,354	49,478	(6,662)
Accrued expenses and other liabilities	(77,730)	72,407	79,126
Net cash provided by operating activities	<u>471,394</u>	<u>654,770</u>	<u>222,810</u>
<b>Cash Flows from Investing Activities:</b>			
Transfer and Purchase of property and equipment	(3,694)	(2,803)	(11,059)
Net change in short term investments	30,791	(107,126)	(580,703)
Net change in Deferred Expenses	(8,754)	(6,507)	(4,259)
Projects Under Studies and Construction	(672,731)	(115,551)	(55,701)
Net cash used in investing activities	<u>(654,388)</u>	<u>(231,987)</u>	<u>(651,722)</u>
<b>Cash Flows from Financing Activities:</b>			
Net change in loans	157,181	16,991	(86,945)
Issuing allowance Transfer to statutory reserve	-	-	21,802
Increase in capital	-	-	650,000
Dividend distribution	-	(96,000)	(60,000)
Board of directors bonuses	-	(2,200)	(2,200)
Net cash provided by (used in) financing activities	<u>157,181</u>	<u>(81,209)</u>	<u>522,657</u>
<b>Net (decrease) increase in cash and bank balances</b>	<b>(25,813)</b>	<b>341,574</b>	<b>93,745</b>
Cash and bank balances at beginning of the year	<u>494,858</u>	<u>153,284</u>	<u>59,539</u>
<b>Cash and bank balances at end of the year</b>	<b><u>469,045</u></b>	<b><u>494,858</u></b>	<b><u>153,284</u></b>

The accompanying notes from (1) to (16) are an integral part of these consolidated financial statements



**SAUDI INDUSTRIAL INVESTMENT GROUP**  
**(A Saudi Joint Stock Company)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005, 2004, 2003**  
**(In Thousands Saudi Riyals)**

**1. GENERAL**

Saudi Industrial Investment Group is a Saudi Joint Stock Company founded according to the decree No. 291 issued by the Ministry of Commerce dated 29/6/1416H (corresponding to 23/11/1995). The Company is registered in the Kingdom of Saudi Arabia under the commercial registration No. 1010139946 issued in Riyadh dated 10/8/1416H (corresponding to 1/1/1996). The paid up capital of the Company is 1.8 Billion Saudi Riyals comprising of 36 Million shares at a book value of Saudi Riyals 50 per share.

The principal activities of the Company are enhancing the growth and development of the industrial base of the Kingdom, namely, the petrochemicals industry, opening more ways to exporting the products of the industry and more ways for the private sector in the Kingdom to enter the industrial market depending on petrochemical products.

The accompanying consolidated financial statements for the years ended December 31, 2005, 2004 comprise the Company's accounts and it's Affiliates Company (Saudi Chevron Phillips Company Jubail Chevron Phillips Company) and in which the company owned 50% of the owner's equity of the affiliate Company without control; The consolidated financial statements for the year ended December 31, 2003 comprise the Company accounts and it's Affiliate Company (Saudi Chevron Phillips Company) in which the company owned 50% of the owner's equity of the affiliate Company's without control:

a) Saudi Chevron Phillips Company --

Saudi Chevron Phillips Company (S.C.P.C) is a Saudi limited liability mixed Company (capital S.R 655 million), located in Al Jubail Industrial City, Saudi Industrial Investment Group owned 50 % from S.C.P.C quotas and 50 % owned by Arabian Chevron Phillips Petrochemical Limited Company, The Company produced the following products:

- Benzene
- Cyclohexane
- Gasoline

b) Jubail Chevron Phillips Company --

Jubail Chevron Phillips Company (J.C.P.C) is a Saudi limited liability mixed Company under construction (capital S.R 300 million), located in Al Jubail Industrial City, Saudi Industrial Investment Group owned 50 % from J.C.P.C quotas and 50 % owned by Arabian Chevron Phillips Petrochemical Limited Company, The Company produced the following products:

- Propylene
- Styrene

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Saudi Arabia. The following is a summary of Company's significant accounting policies:

a) Consolidation base --

The accompanying consolidated financial statements comprise the Saudi Industrial Investment Group financial statement as of 31 December 2005, 2004, 2003 and its affiliates companies according to the audited financial statement for the affiliates companies as of 31 December 2005, 2004, 2003 for the consolidated purpose all affiliate balances and transaction were settled between the Company's and its affiliates.

The consolidated financial statements were made based on the congenital consolidation international criterion according to approval from Saudi Organization for Certified Public Accountants (SOCPA).

b) Inventory --

Inventories comprised of finished goods, work in process and raw materials and are stated at the lower of cost or estimated net realizable value. Costs of finished goods and work in process include raw materials, direct labor and manufacturing overheads. Costs of raw materials are arrived at using the weighted average method; appropriate provisions are made for slow moving and redundant inventories.

c) Short term investments --

Short term investments comprise investments in government bonds which are stated at cost. Gains are recognized when earned.

d) Deferred expenses --

Deferred expenses are amortized using the straight-line method over a period of 10 years.

e) Property and equipment --

Property and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Plant and equipments	5% - 17%
Buildings	5%
Furniture and fixtures	10% - 15%
Motor vehicles	25%

f) End of service benefits --

Benefits payable to the employees at the end of their services are provided for in accordance with the guidelines set by the Saudi Arabian Labor Law.

g) Revenue recognition --

Revenue is recognized when goods are delivered and invoices issued to customers. Other income is recorded when earned.

h) Zakat --

Zakat is a company obligation and Estimated Zakat is provided for in the accompanying financial statements and charged to the statement of income. difference between Zakat provision and final settlement is settled.



i) Expenses –

Expenses incurred by the Company comprise of selling and marketing expenses, general and administrative expenses, and production costs. Production costs include raw materials, direct labor and indirect manufacturing expenses. All expenses relating to marketing, selling and distribution of finished goods are classified under a separate line item as selling and marketing expenses. Other direct and indirect management expenses, which are not related to production or selling and marketing functions, are classified as general and administrative expenses. Un-allocated expenses, if any, are distributed between general and administrative expenses, selling and marketing expenses, and production costs using fixed basis. General and administrative, and selling and marketing expenses

j) Translation of foreign currencies --

The accompanying financial statements are denominated in Saudi Riyals. Appropriate exchange rates have been used to translate transactions or balances denominated in foreign currencies (if any). There were no material exchange gains or losses during the year.

**3. INVENTORY, NET**

Inventory comprised of the following as of December 31:

	<u>In Thousands Saudi Riyals</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Raw materials	5,539	4,480	3,662
Finished goods	61,564	27,157	33,004
Spare parts	6,350	6,908	6,685
Catalyst	<u>73,588</u>	<u>81,013</u>	<u>69,496</u>
	<u>147,041</u>	<u>119,558</u>	<u>112,847</u>

**4. DEFERRED EXPENSES, NET**

Deferred expenses comprised of the following as of December 31:

	<u>In Thousands Saudi Riyals</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Deferred expenses	67,901	67,901	63,406
Accumulated Amortization	<u>(36,871)</u>	<u>(30,150)</u>	<u>(25,900)</u>
	<u>31,030</u>	<u>37,751</u>	<u>37,506</u>

**5. PROJECTS UNDER CONSTRUCTION**

Projects under construction represent the Company's shares in the development of National Chevron Phillips project which is related to Saudi Chevron Phillips Company. The cost of this project is expected to exceed S.R 14.4 Billion in cost. This project is scheduled to be launched in the end of 2010, a part of projects under construction represents some construction works in Jubail Chevron Phillips Company.

## 6. PROPERTY AND EQUIPMENT, NET

Property and equipment comprised of the following at December 31:

	In Thousands Saudi Riyals				
	2005			2004	2003
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Plant and equipments	1,055,668	312,765	742,903	793,366	845,323
Buildings	35,480	10,527	24,953	26,726	28,369
Furniture and fixtures	9,656	8,473	1,183	2,133	2,795
Motor vehicles	<u>4,530</u>	<u>3,244</u>	<u>1,286</u>	<u>1,421</u>	<u>445</u>
	<u>1,105,334</u>	<u>335,009</u>	<u>770,325</u>	<u>823,646</u>	<u>876,932</u>

Depreciation was amounted to SR 57,015 and SR 56,089 and SR 56,529 (In Thousands Saudi Riyals) for the years ended December 31, 2005, 2004, 2003 respectively.

## 7. LONG TERM LOANS

Following is a summary of long term loans balances as of December 31:

	In Thousands Saudi Riyals		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public Investment Fund (PIF)	401,250	78,019	-
Total loans from consortium	205,626	264,375	274,105
SIDF	<u>22,168</u>	<u>129,469</u>	<u>180,767</u>
Total loans	629,044	471,863	454,872
Current portion:			
Loans from consortium	(36,876)	(56,250)	(37,500)
SIDF	<u>(22,168)</u>	<u>(44,801)</u>	<u>(38,800)</u>
Total Current portion of long term loans	<u>(59,044)</u>	<u>(101,051)</u>	<u>(76,300)</u>
Total long term loans	<u>570,000</u>	<u>370,812</u>	<u>378,572</u>

Long term loans represent loans granted to Saudi Chevron Phillips Company to finance its non working capital, these loans were granted against Plant and equipments mortgage and Saudi Industrial Investment Group guarantees equal to 50% from its share in Saudi Chevron Phillips Company capital and loans granted to Jubail Chevron Phillips Company to finance plant constructions.



## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprise the following as of December 31:

	In Thousands Saudi Riyals		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Accrued Zakat for the current year	10,605	14,220	5,316
Accrued Zakat for the years 97 and 98	5,454	5,454	5,454
Accrued Zakat for the Saudi Chevron Phillips Company 2002 profits	-	-	3,450
Accrued Zakat for the Saudi Chevron Phillips Company profits	5,734	7,075	2,644
Accrued Zakat for the Jubail Chevron Phillips Company profits	-	61	-
Accrued banks charges	3,014	694	-
Accrued dividends distribution	1,191	96,017	60,000
Accrued board of directors bonuses	-	2,200	2,200
Others	86,294	64,301	38,551
	<u>112,292</u>	<u>190,022</u>	<u>117,615</u>

## 9. PAID-UP CAPITAL

The paid up capital as of December 31, 2005 shows an increase of S.R 600,000,000. This increase by transfer 2004 retained earning as additional grant for Shareholder's.

According to the extra ordinary General Meeting dated 25/2/1424H (corresponding to 27/4/2003) it has been approved to increase capital from S.R 550,000,000 Million to S.R 1,200,000,000 Billion, and the Company complete all legal procedure for this increase.

## 10. STATUTORY RESERVE

In accordance with the Saudi Arabian Company's Regulations and the Company's Articles of Association, 10% of the annual net income is required to be transferred to a statutory reserve until this reserve equals 50% of the capital. This reserve is not available for dividend distribution.

## 11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised of the following for the years ended December 31:

	In Thousands Saudi Riyals		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Amortizations	6,198	6,262	6,199
Employees' salaries & benefits	3,087	2,543	2,187
Professional and legal fees	539	6,144	621
Depreciations	165	197	659
Rents	-	639	-
Subscriptions and fees	-	130	-
Others	1,846	1,440	483
	<u>11,835</u>	<u>17,355</u>	<u>10,149</u>

## 12. OTHER INCOME, NET

Other income comprised of the following for the years ended December 31:

	<u>In Thousands Saudi Riyals</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenue from Short term investments	26,555	12,717	6,259
Revenue from bank deposits	11,183	4,125	746
Loss on sale of property and equipment	-	-	(816)
	<u>37,738</u>	<u>16,842</u>	<u>6,189</u>

## 13. ZAKAT

- a) The company didn't obtain the final Zakat clearance certificates for all years since the inception till December 31, 2005.
- b) The company paid all Zakat accrued for the following years (In Thousands Saudi Riyals):

<u>Financial year</u>	<u>Zakat Dep. Assessment</u>	<u>Payment based on Company's assessment</u>
1996	3,275	3,275
1998	3,780	3,780
2000	262	262
2001	262	262

- c) The company provide objection on Zakat department assessment for the following years and still no answering from Zakat department about the objection (In Thousands Saudi Riyals):

<u>Financial year</u>	<u>Zakat Dep. Assessment</u>	<u>Payment based on Company's assessment</u>
1997	3,338	292
1999	1,395	321

- d) The company provide assessment for the following years and Zakat department still not issued the final Zakat assessment up to date (In Thousands Saudi Riyals):

<u>Financial year</u>	<u>Payment based on Company's assessment</u>
2002	29
2003	75
2004	259

- e) The company computed provision for Zakat difference for the Company's share in Saudi Chevron Phillips Company for the years 1997 and 1998 amounted S.R 5,454,000 according to the adjusted assessment which included on Zakat department letter No. 3/8584 dated 26/7/1424H (corresponding to 23/9/2003) which was objected on this letter by Saudi Chevron Phillips Company based on its letter No. 3/2884 dated 22/8/1424H (corresponding to 18/10/2003), and according to Saudi Chevron Phillips Company request from Zakat department to the objection be transfer to the Primary Dispute Committee if Zakat department reject the objection.
- f) The company paid S.R 2,311,658 to Saudi Chevron Phillips Company dated 12/1/2004 regarding its share in 2002 Zakat, A provision of S.R 3,450,000 was computed for and appears in the Accrued expenses and other liabilities balances in the consolidation financial statement.



# 14. ADJUSTMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

	Audited Financial Statement			Adjustments on the Audited Financial Statement			Consolidated financial statements after adjustments		
	(In Thousands Saudi Riyals)			(In Thousands Saudi Riyals)			(In Thousands Saudi Riyals)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
<u>Balance Sheet</u>									
Current assets	1,085,023	1,615,257	1,528,211	-	-	-	1,085,023	1,615,257	1,528,211
Due from affiliates	168,440	63,251	86,250	(168,440)	(63,251)	(86,250)	-	-	-
Investments in Affiliated Co.	647,057	1,177,761	1,466,765	(647,057)	(1,177,761)	(1,466,765)	-	-	-
Other non current assets	922,313	1,059,823	1,672,512	75,000	-	-	997,313	1,059,823	1,672,512
<b>Total Assets</b>	<b>2,822,833</b>	<b>3,916,092</b>	<b>4,753,738</b>	<b>(740,497)</b>	<b>(1,241,012)</b>	<b>(1,553,015)</b>	<b>2,082,336</b>	<b>2,675,080</b>	<b>3,200,723</b>
Current liabilities	239,114	385,750	312,367	-	-	(15,000)	239,114	385,750	297,367
Non current liabilities	552,035	439,855	647,450	(168,439)	(63,251)	(71,250)	383,596	376,604	576,200
Shareholders'/Partners' equity	2,031,684	3,090,487	3,793,921	(572,058)	(1,177,761)	(1,466,765)	1,459,626	1,912,726	2,327,156
<b>Total Liabilities and Shareholders' equity</b>	<b>2,822,833</b>	<b>3,916,092</b>	<b>4,753,738</b>	<b>(740,497)</b>	<b>(1,241,012)</b>	<b>(1,553,015)</b>	<b>2,082,336</b>	<b>2,675,080</b>	<b>3,200,723</b>
<u>Income Statement</u>									
Sales	735,246	1,246,048	1,158,467	-	-	-	735,246	1,246,048	1,158,467
Costs of sales	(504,999)	(658,365)	(747,088)	-	-	-	(504,999)	(658,365)	(747,088)
Revenue from Investments in Affiliated Co.	210,215	563,199	403,963	(210,215)	(563,199)	(403,963)	-	-	-
<b>Gross profit</b>	<b>440,461</b>	<b>1,150,891</b>	<b>815,342</b>	<b>(210,215)</b>	<b>(563,199)</b>	<b>(403,963)</b>	<b>230,247</b>	<b>587,683</b>	<b>411,379</b>
Selling and Marketing exp.	(3,526)	(8,355)	(6,360)	-	-	-	(3,526)	(8,355)	(6,360)
General and admin. Exp.	(10,149)	(17,355)	(11,835)	-	-	-	(10,149)	(17,355)	(11,835)
Finance charges	(10,120)	(11,505)	(5,528)	-	-	-	(10,120)	(11,505)	(5,528)
Other income	6,189	16,842	37,738	-	-	-	6,189	16,842	37,738
<b>Net income before Zakat</b>	<b>422,856</b>	<b>1,130,519</b>	<b>829,358</b>	<b>(210,215)</b>	<b>(563,199)</b>	<b>(403,963)</b>	<b>212,641</b>	<b>567,310</b>	<b>425,394</b>
Zakat	(5,316)	(14,220)	(10,605)	-	-	-	(5,316)	(14,220)	(10,605)
<b>Net income for the year</b>	<b>417,540</b>	<b>1,116,299</b>	<b>818,754</b>	<b>(210,215)</b>	<b>(563,199)</b>	<b>(403,963)</b>	<b>207,325</b>	<b>553,090</b>	<b>414,789</b>

## **15. RECLASSIFICATIONS**

Certain reclassifications have been made to the audited financial statements for the Company and its affiliate company for the year ended December 31, 2005, 2004, 2003 to conform to the classification used in the consolidation financial statements.

## **16. GENERAL**

The figures in the financial statements are rounded to the nearest thousand Saudi Riyal.