ALUJAIN CORPORATION
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015
AND INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

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LIMITED REVIEW REPORT April 20, 2015

To the Shareholders of Alujain Corporation
(A Saudi Joint Stock Company)

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Alujain Corporation (the "Company") and its subsidiary (collectively referred to as the "Group") as of March 31, 2015 and the interim consolidated statements of income, cash flows and changes in equity for the three-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our limited review in accordance with the standard of 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 information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less 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.

Review conclusion

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

PricewaterhouseCoopers

By: ________________
Ali A. Alotaibi
Licence Number 379

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محاسبون قانونيون
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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
(All amounts in Thousand Saudi Riyals unless otherwise stated)

	Note	As at March 31, 2015 (Unaudited)	As at March 31, 2014 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents		**334,986**	260,117
Murabaha investments		**-**	12,000
Accounts receivable		**180,609**	246,417
Due from related parties		**25,818**	16,489
Inventories		**230,945**	337,235
Prepayments and other receivables		**57,211**	66,323
		829,569	938,581
Non-current assets			
Investments	3	**81,425**	48,428
Projects under study		**-**	251
Deferred charges		**14,576**	20,824
Property, plant and equipment		**2,396,654**	2,419,639
		2,492,655	2,489,142
Total assets		**3,322,224**	3,427,723
Liabilities			
Current liabilities			
Short-term loans		**-**	18,750
Current portion of long-term loans	4	**231,860**	244,670
Accounts payable		**48,463**	130,352
Accrued and other liabilities		**205,516**	219,014
Due to related parties		**2,357**	173
Zakat provision		**17,096**	16,488
		505,292	629,447
Non-current liabilities			
Long-term loans	4	**1,200,009**	1,425,955
Derivatives financial instruments		**41,531**	47,703
Employee termination benefits		**24,433**	19,599
		1,265,973	1,493,257
Total liabilities		**1,771,265**	2,122,704
Equity			
Equity attributable to shareholders of the Company:			
Share capital	5	**692,000**	692,000
Statutory reserve	6	**39,993**	24,732
Retained earnings		**187,260**	66,744
Cumulative changes in fair values of derivatives		**(22,002)**	(23,021)
Total shareholders' equity		**897,251**	760,455
Non-controlling interest		**653,708**	544,564
Total equity		**1,550,959**	1,305,019
Total liabilities and equity		**3,322,224**	3,427,723

The notes on pages 7 to 15 form an integral part of these interim consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Interim consolidated income statement
(All amounts in Thousand Saudi Riyals unless otherwise stated)

	Note	Three-month period ended March 31, 2015 (Unaudited)	2014 (Unaudited)
Sales		**220,700**	452,752
Cost of sales		**(205,658)**	(384,142)
Gross profit		**15,042**	68,610
Operating expenses			
Selling and distributions		**(4,543)**	(5,079)
General and administrative		**(13,786)**	(12,751)
(Loss) / income from operations		**(3,287)**	50,780
Other income / (expenses)			
Share in loss of a joint venture	3	**(3,934)**	-
Financial charges	4	**(16,033)**	(18,467)
Projects development costs		**(1,205)**	(1,479)
Foreign currency exchange gain		**813**	779
Change in fair value of derivatives		**1,071**	947
Amortization of deferred charges		**(1,562)**	(1,562)
Amortization of deferred financial charges		**(1,479)**	(1,479)
Impairment of available-for-sale investments		**(111)**	(610)
Other income		**560**	105
(Loss) / income before zakat and non-controlling interest		**(25,167)**	29,014
Zakat		**(2,141)**	(900)
(Loss) / income before non-controlling interest		**(27,308)**	28,114
Non-controlling interest		**10,478**	(13,340)
Net (loss) / income for the period		**(16,830)**	14,774
Earnings per share (Saudi Riyals)			
(Loss) / income from operation	7	**(0.05)**	0.73
Net (loss) / income for the period	7	**(0.24)**	0.21

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ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement
(All amounts in Thousand Saudi Riyals unless otherwise stated)

	Three-month period ended March 31,	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flow from operating activities		
Net (loss) / income for the period	**(16,830)**	14,774
Adjustments for non-cash items		
Depreciation	**44,656**	43,958
Amortization of deferred charges and deferred financial charges	**3,041**	3,041
Impairment of available-for-sale investments	**111**	610
Zakat provision	**2,141**	900
Change in fair value of derivatives	**(1,071)**	(947)
Income from Murabaha investments	**-**	(30)
(Loss) / income attributable to non-controlling interest	**(10,478)**	13,340
Share in loss of a joint venture	**3,934**	-
Employee termination benefits provision	**1,665**	1,283
Changes in working capital:		
Accounts receivable	**136,307**	72,993
Due from related parties	**(8,824)**	(1,336)
Inventories	**54,559**	(24,050)
Prepayments and other receivables	**20,745**	(11,796)
Accounts payable	**(69,582)**	2,631
Accrued and other liabilities	**5,432**	5,603
Employee termination benefits paid	**(210)**	(880)
Due to related parties	**1,025**	(3,098)
Zakat paid	**(7,139)**	-
Net cash generated from operating activities	**159,482**	116,996
Cash flow from investing activities		
Additions of investments in joint ventures	**(48,000)**	-
Redemption of Murabaha investments	**-**	3,030
Purchase of property, plant and equipment	**(112,027)**	(6,844)
Cash utilized in investing activities	**(160,027)**	(3,814)
Cash flow from financing activities		
Short-term loan	**(73,221)**	(123,746)
Cash utilized in financing activities	**(73,221)**	(123,746)
Net decrease in cash and cash equivalents	**(73,766)**	(10,564)
Cash and cash equivalents at beginning of the period	**408,752**	270,681
Cash and cash equivalents at end of the period	**334,986**	260,117

The notes on pages 7 to 15 form an integral part of these interim consolidated financial statements.

ALUJAIN CORPORATION
(A Saudi Joint Stock Company)
Interim consolidated statement of changes in equity
(All amounts in Thousand Saudi Riyals unless otherwise stated)

	Note	Three-month period ended March 31, 2015 (Unaudited)	Three-month period ended March 31, 2014 (Unaudited)
EQUITY			
Equity attributable to shareholders of the company:			
Capital	5	**692,000**	692,000
Statutory reserve	6		
January 1		**39,993**	23,255
Transfer from retained earnings		**-**	1,477
March 31		**39,993**	24,732
Cumulative changes in fair values of derivatives			
January 1		**(18,584)**	(20,963)
Fair value adjustments		**(3,418)**	(2,058)
March 31		**(22,002)**	(23,021)
Retained earnings			
January 1		**204,090**	53,447
(Loss) / income for the period		**(16,830)**	14,774
Transfer to statutory reserve		**-**	(1,477)
March 31		**187,260**	66,744
Total shareholders' equity		**897,251**	760,455
Non-controlling interest			
January 1		**666,724**	532,751
Net (loss) / income for the period attributable to non-controlling interest		**(10,478)**	13,340
Movement during the period		**(2,538)**	(1,527)
March 31		**653,708**	544,564
Total equity		**1,550,959**	1,305,019

The notes on pages 7 to 15 form an integral part of these interim consolidated financial statements.

1 General information

Alujain Corporation (the "Company") and its subsidiary (collectively the "Group") consist of the Company and its subsidiary National Petrochemical Industrial Company (NATPET) and is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia under Ministerial Decision No. 694, dated Jamad Thani 15, 1412H (corresponding to December 21, 1991). The Company obtained its Commercial Registration on Rajab 3, 1412H (corresponding to January 7, 1992). The registered office of the Company is P.O. Box 50575, Jeddah 21533, Kingdom of Saudi Arabia.

The objectives of the Company are to promote and invest in metal and petrochemical industries and other industrial projects.

The accompanying interim consolidated financial statements include the accounts of the Company and its subsidiary, NATPET in which the Company owns 57.4% ownership interest (2013: 57.4%). NATPET is in the business of manufacturing and selling Polypropylene. NATPET's Polypropylene (PP) Complex in Yanbu Industrial City commenced commercial production on August 6, 2010.

During the quarter ended March 31, 2015, the Group announced that, in line with the normal industrial practice, NATPET Propylene and Polypropylene Complex in Yanbu Industrial City is shut down for a period of approximately 32 days starting January 25, 2015 for turnaround procedures and for implementing the production and equipment enhancement.

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, unless otherwise stated.

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 accounting standards promulgated by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Period of the consolidated financial statements

The interim consolidated financial statements for the period ended March 31, 2015 have been prepared in accordance with SOCPA's Standard of Interim Financial Reporting, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the period are recognized during the period. The accompanying interim consolidated financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present fair statements of financial position, results of operations and cash flows. The interim results of operations for three-month period ended March 31, 2015 may not represent proper indication for the annual results of the operations. The interim consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended December 31, 2014.

2.3 Critical accounting estimates and judgments

The preparation of interim consolidated 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 date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates and judgments 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.

2 Summary of significant accounting policies (continued)

2.4 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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. Also, subsidiaries are not consolidated if the control is temporary; such subsidiaries are accounted for using the equity method of accounting.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. 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, to the extent any, is reported under "intangible assets" in the accompanying balance sheet. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates and joint venture

Associates are entities over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. A joint venture entity is an entity in which two or more ventures have an interest, under a contractual arrangement that establishes joint control over the entity. Investments in associates and joint venture are accounted for using the equity method of accounting and are initially recognized at cost.

The Group's share of its associates and joint venture post-acquisition income or losses is recognized in the interim consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the associates and joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognized in the interim consolidated income statement.

(c) Available-for-sale investments

Available-for-sale investments principally consist of less than 20% equity investments in certain quoted/unquoted investments including investments in mutual funds. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the interim consolidated financial statements date. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

2 Summary of significant accounting policies (continued)

2.4 Investments (continued)

(c) Available-for-sale investments (continued)

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and

(ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. If the fair value as mentioned above is not available, the cost shall be the most appropriate, subjective and reliable alternative for the fair value of the securities. Accordingly, the Company carries unquoted securities at cost less impairment.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as fair value reserve until the investment is disposed.

2.5 Foreign currency translations

(a) Reporting currency

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

(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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim consolidated income statement, except for the qualifying cash flow hedge.

2.6 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against 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. Such provisions are charged to the interim consolidated income statement and reported under "General and administrative expenses". When accounts receivable are uncollectible, they are written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited in the interim consolidated income statement.

2.7 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.

2.8 Murabaha investments

Murabaha investments include investment with banks and other short-term highly liquid investments with original maturities of three months or more but not more than one year from the purchase date.

2.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Depreciation is charged to the interim consolidated income statement, using the straight-line method to allocate the costs of the related assets to their residual values over the following estimated useful lives:

(All amounts in Thousand Saudi Riyals unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.9 Property, plant and equipment (continued)

	Number of years
• Leasehold improvements	3 - 10
• Buildings	20
• Vehicles	4
• Furniture and fixtures	5 - 10
• Office equipment	5 - 10
• Computers	3 - 4
• Plant and equipment	10 - 20
• Laboratory and safety tools	5 - 10

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

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

The cost of planned turnaround are deferred and amortized over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the previously unamortized deferred costs are immediately expensed and the new turnaround costs are amortized over the period likely to benefit from such cost.

2.10 Deferred charges

Costs that are not of benefit beyond the current period are charged to the interim consolidated income statement, while costs that will benefit future periods are capitalized. Deferred charges in the accompanying interim consolidated balance sheet, include certain construction costs which are amortized over periods which do not exceed seven years.

2.11 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.12 Impairment of non-financial assets

Non-financial assets subject to amortization 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-financial 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 periods. A reversal of an impairment loss is recognized as income immediately in the interim consolidated income statement. Impairment losses recognized on intangible assets are not reversible.

2 Summary of significant accounting policies (continued)

2.13 Projects in progress

Projects in progress are stated at cost and are provided for to the extent that they may not be recoverable on the basis of a review of each project and an assessment of the outcome. Project costs are written-off when a project is no longer considered viable.

2.14 Borrowings

Borrowings are recognized equivalent to the proceeds received, net of transaction costs and front end fees 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 interim consolidated income statement. Upfront fees paid on borrowings are amortized over the term of the loan.

2.15 Accounts payable and accruals

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

2.16 Provisions

Provisions are recognized, when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

2.17 Zakat

The Company and its Saudi Arabian subsidiary are subject to zakat in accordance with the regulations of the Department of Zakat and Income Taxes (DZIT). Provision for zakat for the company and its Saudi Arabian subsidiary is charged to the interim consolidated 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 subsidiary withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian income tax law.

2.18 Operating leases

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

2.19 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Group and charged to the interim consolidated income statement. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative periods of service, as stated in the laws of Saudi Arabia.

2.20 Derivative financial instruments and hedging

The Group uses derivative financial instruments (interest rate swaps) to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the interim consolidated income statement.

2 Summary of significant accounting policies (continued)

2.20 Derivative financial instruments and hedging (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documents include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately in the interim consolidated income statement.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects income statement, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

2.21 Segment reporting

(a) Business segment

A business segment is a group of assets and operations:

(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 a group of assets and operations 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.

2.22 Revenue recognition

Revenues are recognized upon delivery of products and customer acceptance. Revenues are shown net of discounts and after eliminating sales within the Group.

Dividend income is recognized when the right to receive payment is established.

2.23 Selling, distribution, general and administrative expenses

Selling, distribution, 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, distribution, general and administrative expenses and production costs, when required, are made on a consistent basis.

(All amounts in Thousand Saudi Riyals unless otherwise stated)

2 Summary of significant accounting policies (continued)

2.24 Reclassifications

A reclassification has been made in the comparative March 31, 2014 interim consolidated financial statements for better presentation of the financial position of the Group.

3 Investments

	As at March 31	
	2015	2014
Investments in joint ventures (a)	**71,003**	37,000
Investment in an associate (b)	**9,055**	9,816
Available-for-sale investment (c)	**1,367**	1,612
	81,425	48,428

(a) Investments in joint ventures

	As at March 31	
	2015	2014
Bonar Natpet Company (*)	**18,003**	32,000
Natpet Schulman Specialty Plastic Compounding L.L.C. (**)	**53,000**	5,000
	71,003	37,000

Movement in the investments in joint ventures is as follows:

	As at March 31	
	2015	2014
January 1	**26,937**	37,000
Share in loss of a joint venture	**(3,934)**	-
Additions	**48,000**	-
March 31	**71,003**	37,000

(*) NATPET has signed a joint venture agreement with an entity based in the Netherlands to set up a manufacturing plant in Yanbu for producing staple fiber and non-woven textiles. NATPET owns 50% stake in the joint venture. The joint venture obtained its commercial registration in October 2012. The joint venture has signed a loan agreement with SIDF during 2013 amounting to Saudi Riyals 76.6 million in order to finance its project. NATPET has provided a corporate guarantee of 50% of the loan amount to SIDF.

(**) During 2013, NATPET has signed a joint venture agreement with a world class plastic compounder based in United States through its entity in the Netherlands to set up a manufacturing plant in Yanbu to produce polypropylene compounds. The Company owns 50% stake in the joint venture. The legal formalities for forming and registering the joint venture in Saudi Arabia were formalized during first quarter of 2014, however, as of March 31, 2015, the operations have not yet commenced. The joint venture was registered with a share capital of Saudi Riyal 10 million in the first quarter of 2014. The joint venture has increased its share capital to Saudi Riyals 106 million and the Company has paid Saudi Riyals 48 million against its share of investment in the increased capital in January 2015. The activities on site have not yet commended other than land preparation. The joint venture has signed a loan agreement with SIDF during 2015 amounting to Saudi Riyals 100 million in order to finance its project. NATPET has provided corporate guarantee of 50% of the loan amount to SIDF.

(b) Investment in an associate

	As at March 31	
	2015	2014
January 1	**9,055**	9,816
March 31	**9,055**	9,816

(All amounts in Thousand Saudi Riyals unless otherwise stated)

3 **Investments** (continued)

(b) Investment in an associate (continued)

The Company's investment in an associate represents its equity ownership in Zain Industries Company (Zain) an associated company. The Company has an ownership percentage of 49.38% as of March 31, 2015 (2014: 52.21%). Zain started commercial operations during late 2010.The Group does not have and never had other than temporary control over Zain, therefore, the Group never consolidated Zain. The share of profit/loss of the associate during the years 2015 and 2014 are insignificant to the Group.

(c) Available-for-sale investment

The movement in the available-for-sale investment for the periods ended March 31 is as follows:

	As at March 31	
	2015	2014
January 1	**1,478**	2,222
Impairment of available-for-sale investment	**(111)**	(610)
March 31	**1,367**	1,612

Available-for-sale investment at March 31, 2015 and 2014, principally represents the Company's investment in a Saudi Closed Joint Stock Company. The fair value of the investments could not be determined immediately, therefore, these investments are accounted for at cost less impairment.

4 **Long-term loans**

NATPET has signed loan agreements certain financial institutions in order to finance the construction of its plant. The loan balance is comprised of the following as of March 31:

	As at March 31	
	2015	2014
Commercial banks' syndication (a)	**854,820**	944,490
Public Investment Fund (PIF) loan (b)	**450,000**	525,000
Saudi Industrial Development Fund (SIDF) loan (c)	**120,000**	200,000
Others	**21,645**	21,645
	1,446,465	1,691,135
Less: Deferred financial charges (d)	**(14,596)**	(20,510)
	1,431,869	1,670,625
Less: Current portion of long-term loans	**(231,860)**	(244,670)
Non-current portion of long term loans	**1,200,009**	1,425,955

(a) In July 2013 NATPET signed an Islamic Facility Agreement of Saudi Riyals 1 billion with a Syndication of Commercial Banks. The proceeds of these Facilities were used to fully repay the Islamic Bridge Facility loan of Saudi Riyals 974 million that was outstanding then. The loan carries borrowing cost at commercial rates. This facility is secured through second charge on NATPET plant and machinery. NATPET has entered into a concurrent interest rate swap contract with local commercial banks to hedge the variable interest rate cash flows on the commercial banks' syndication loan.

(b) NATPET has signed a loan agreement with Public Investment Fund (PIF) in June 2008 for a loan of USD 125 million (Saudi Riyals 468.75 million) which was fully drawn in 2008. The subsidiary company signed an additional loan agreement with PIF on January 5, 2010 for an amount of USD 75 million (Saudi Riyals 281.25 million) which was fully drawn during 2010. The term loan is repayable in 20 bi-annual installments starting from June 30, 2011.

(All amounts in Thousand Saudi Riyals unless otherwise stated)

4 **Long-term loans** (continued)

(c) NATPET has signed a loan agreement with SIDF in August 2006 for an amount of Saudi Riyals 400 million which was fully drawn. The SIDF loan carries upfront fees amounting to Saudi Riyals 30 million, which was recorded as deferred financial charges net of borrowing. The balance of Saudi Riyals 3.6 million as at March 31, 2015 (2014: Saudi Riyals 6.8 million), is being amortized over the term of the loan on a straight line basis. The SIDF term loan is repayable in 13 bi-annual installments starting in July 2010 and is secured by a mortgage over the plant and machinery of the project, corporate guarantees and a comfort letter.

(d) The movement of deferred financial charges is as follows:

	As at March 31	
	2015	2014
January 1	**16,075**	21,989
Amortization during the year	**(1,479)**	(1,479)
March 31	**14,596**	20,510

5 **Share capital**

The share capital of the Company as of March 31, 2015 was comprised of 69,200,000 shares at Saudi Riyals 10 per share.

6 **Statutory reserve**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to allocate 10% of its net income each year to a statutory reserve, until such reserve equals 50% of its share capital. During the three-month period ended March 31, 2014, the Company transferred Saudi Riyals 1.4 million to statutory reserve (2015: Nil). This reserve is not available for distribution to the shareholders.

7 **Earnings per share**

Earnings per share have been computed by dividing the operating income and net income for such periods by the number of weighted average shares outstanding during the periods.

8 **Segment information**

The Group conducts its business in Saudi Arabia (one geographical region) and produces polypropylene (mainly one product) for various industrial use. Accordingly, segment information is not applicable.