

**Saudi Industrial Investment Group
and Its Subsidiary
(A Saudi Joint Stock Company)**

Interim Consolidated Financial Statements

**For the three and six months period ended
June 30, 2015
and limited review report**

SAUDI INDUSTRIAL INVESTMENT GROUP AND ITS SUBSIDIARY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS INDEX
For the three and six months period ended 30 June 2015

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LIMITED REVIEW REPORT

To the shareholders of Saudi Industrial Investment Group
(A Saudi Joint Stock Company)
Riyadh-Kingdom of Saudi Arabia

Scope of review

We have reviewed the interim consolidated balance sheet of **Saudi Industrial Investment Group** – a Saudi Joint Stock Company – and its subsidiary as at 30 June 2015, the related interim consolidated statement of income for the three and six months then ended, and the related interim consolidated statements of cash flows and changes in equity for the six-months then ended, including the related notes from 1 to 15. These interim consolidated financial statements are the responsibility of the Company's management and have been prepared by them and presented to us together with all the information and explanations which we required.

We conducted our limited review in accordance with Saudi Organization for Certified Public Accountants (SOCPA) standards on interim financial information. 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 a limited review is substantially less than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of 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 interim consolidated financial statements for them to be in conformity with generally accepted accounting principles in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.,

Gihad Al-Amri
Certified Public Accountant
Registration No. 362



Shawal 5, 1436 H
July 21, 2015 G

Saudi Industrial Investment Group and Its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (Unaudited)

As at 30 June 2015

(Amounts in SR '000)

	Note	2015	2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,997,358	2,045,365
Short time deposits		530,000	450,000
Receivables, prepayments and other receivables		1,083,277	954,348
Due from related parties	3	219,358	294,661
Inventories	4	1,102,371	1,153,952
TOTAL CURRENT ASSETS		4,932,364	4,898,326
NON-CURRENT ASSETS			
Employee loans		63,902	52,607
Deferred charges		44,155	62,522
Subordinated loan to jointly controlled ventures		658,125	352,500
Investments in jointly controlled ventures	5	3,348,009	3,237,861
Property, plant and equipment		17,415,228	18,050,025
TOTAL NON-CURRENT ASSETS		21,529,419	21,755,515
TOTAL ASSETS		26,461,783	26,653,841
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other accruals		627,221	724,270
Due to related parties	3	213,811	172,327
Short term loan		-	600,000
Current portion of long term loans	7	1,225,961	1,135,500
Zakat provision	6	305,882	170,569
TOTAL CURRENT LIABILITIES		2,372,875	2,802,666
NON-CURRENT LIABILITIES			
Sukuk	8	1,070,000	1,070,000
Non-current portion of long term loans	7	10,174,116	11,400,080
Subordinated loan from non-controlling partner	9	1,131,797	1,131,797
Employees end of service benefits		54,527	28,957
TOTAL NON-CURRENT LIABILITIES		12,430,440	13,630,834
TOTAL LIABILITIES		14,803,315	16,433,500
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	1	4,500,000	4,500,000
Statutory reserve		526,987	433,654
Retained earnings		1,799,516	1,417,224
TOTAL SHAREHOLDERS' EQUITY		6,826,503	6,350,878
Non-controlling interests		4,831,965	3,869,463
TOTAL EQUITY		11,658,468	10,220,341
TOTAL LIABILITIES AND EQUITY		26,461,783	26,653,841

The attached notes from 1 to 15 form part of these interim consolidated financial statements

Saudi Industrial Investment Group and Its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED INCOME STATEMENT (Unaudited)
For the three and six month periods ended 30 June 2015
(Amounts in SR '000)

		<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
	<i>Note</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Net sales		1,967,024	1,965,813	3,737,777	3,675,767
Cost of sales		(1,228,880)	(1,404,824)	(2,560,068)	(2,658,621)
GROSS PROFIT		738,144	560,989	1,177,709	1,017,146
Share in earnings of jointly controlled ventures	5	199,842	121,558	287,720	332,064
Selling and marketing expenses		(106,177)	(113,072)	(248,912)	(229,270)
General and administrative expenses		(69,796)	(85,792)	(136,143)	(146,682)
INCOME FROM MAIN OPERATIONS		762,013	483,683	1,080,374	973,258
Financial charges		(43,035)	(40,170)	(74,702)	(82,067)
Other income		2,076	876	5,041	2,762
INCOME BEFORE NON- CONTROLLING INTERESTS AND ZAKAT		721,054	444,389	1,010,713	893,953
Non-controlling interest share in net income of subsidiary		(340,251)	(218,150)	(465,669)	(375,147)
INCOME BEFORE ZAKAT		380,803	226,239	545,044	518,806
Zakat		(41,685)	(16,194)	(80,187)	(48,041)
NET INCOME FOR THE PERIOD		339,118	210,045	464,857	470,765
BASIC EARNINGS PER SHARE FROM (SR)					
Income from main operations		1.69	1.07	2.04	2.16
Net income		0.75	0.47	1.03	1.05

The attached notes from 1 to 15 form part of these interim consolidated financial statements

Saudi Industrial Investment Group and Its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED CASH FLOWS (Unaudited)

For the six month period ended 30 June 2015

(Amounts in SR '000)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before zakat	545,044	518,806
Adjustments to reconcile net income before zakat to net cash provided by operating activities:		
Depreciation and amortization	411,045	413,333
Employees end of service benefits, net	19,666	6,892
Share in income of jointly controlled ventures	(287,720)	(332,064)
Non-controlling interests share in net income of a subsidiary	465,669	375,147
 (Increase) decrease in operating assets and liabilities:		
Receivables, prepayments and other receivables	10,448	(175,406)
Inventories	140,768	(222,995)
Related parties, net	(15,350)	(68,043)
Accounts payable, accrued expenses and other accruals	34,093	98,893
Zakat paid	(23,660)	(53,645)
Net cash provided by operating activities	<u>1,300,003</u>	<u>560,918</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Addition of property, plant and equipment	(80,864)	(81,521)
Dividends received from jointly controlled ventures	93,750	328,131
Short term deposits	29,000	(450,000)
Net cash provided by (used in) investing activities	<u>41,886</u>	<u>(203,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Term loans proceeds (repayment), net	-	712,245
Dividends	(450,000)	(450,000)
Board of directors remuneration	(1,800)	(1,800)
Non-current portion of long term loans	(648,212)	-
Subordinated loan to jointly controlled ventures	(123,750)	(82,500)
Current portion of term loans	80,458	-
Net cash (used in) provided by financing activities	<u>(1,143,304)</u>	<u>177,945</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>198,585</u>	<u>535,473</u>
Cash and cash equivalents at the beginning of the period	<u>1,798,773</u>	<u>1,509,892</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>1,997,358</u></u>	<u><u>2,045,365</u></u>

The attached notes from 1 to 15 form part of these interim consolidated financial statements

Saudi Industrial Investment Group and Its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six month period ended 30 June 2015

(Amounts in SR '000)

	Share capital	Statutory reserve	Retained earnings	Total	Non- controlling interests	Total
Balance as at 1 January 2015	4,500,000	526,987	1,786,459	6,813,446	4,366,296	11,179,742
Net income for the period	-	-	464,857	464,857	465,669	930,526
Declared dividends (note 14)	-	-	(450,000)	(450,000)	-	(450,000)
Board of directors remuneration	-	-	(1,800)	(1,800)	-	(1,800)
Balance as at 30 June 2015	4,500,000	526,987	1,799,516	6,826,503	4,831,965	11,658,468
Balance as at 1 January 2014	4,500,000	433,654	1,398,259	6,331,913	3,494,316	9,826,229
Net income for the period	-	-	470,765	470,765	375,147	845,912
Declared dividends (note 14)	-	-	(450,000)	(450,000)	-	(450,000)
Board of directors remuneration	-	-	(1,800)	(1,800)	-	(1,800)
Balance as at 30 June 2014	4,500,000	433,654	1,417,224	6,350,878	3,869,463	10,220,341

The attached notes from 1 to 15 form part of these interim consolidated financial statements

Saudi Industrial Investment Group and Its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

1. ORGANIZATION AND ACTIVITIES

Saudi Industrial Investment Group (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010139946 dated 10 Sha'aban 1416H (corresponding to 1 January 1996). The Company was formed pursuant to the Ministry of Commerce and Industry's resolution number 610 dated 10 Jumad Al-Ula 1416 H (corresponding to 5 October 1995).

The Company is engaged in enhancing the growth and development of the industrial base of the Kingdom, specifically the petrochemicals industry, opening more channels for the exportation of the products and more ways for private sector in the Kingdom to enter into other industries by using petrochemical products after obtaining the required licenses from the relevant authorities.

The Company's share capital amounts to SR 4,500,000,000 and consists of 450,000,000 shares with par value of SR 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared under the historical cost convention, except for investments which are stated in following paragraphs, on the accruals basis of accounting in accordance with generally accepted accounting principles applicable in the Kingdom of Saudi Arabia. The Company has applied the same accounting policies and principles for preparing these interim consolidated financial statements. Significant accounting policies adopted in the preparation of these interim consolidated financial statements are summarized below:

Basis of Consolidation

For the purposes of consolidation, intra-Group transactions and balances are eliminated between the Company and its subsidiary, and non-controlling interests (the Company's other partners in the consolidated subsidiary) are calculated based on the subsidiary's net assets and net income.

The figures in these interim consolidated financial statements are rounded to the nearest thousand.

The subsidiary company included in these interim consolidated financial statements is as follows:

	Shareholding %		Country of Incorporation
	2015	2014	
National Petrochemical Company ("Petrochem")*	50	50	Saudi Arabia
* The subsidiaries of Petrochem are as follows:			
	Shareholding %		Country of Incorporation
	2015	2014	
Saudi Polymers Company ("SPCo")	65	65	Saudi Arabia
Gulf Polymers Distribution Company FZCO ("GPDCo")	65	65	United Arab Emirates

Accounting Estimates

The preparation of interim consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and judgments which might affect the valuation of recorded assets, liabilities and the disclosure of contingencies in the notes to the interim consolidated financial statements at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the best information available to the management at the date of issuing the consolidated interim financial statements, the actual end results might differ from those estimates.

Saudi Industrial Investment Group and Its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

Accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. The significant areas of estimation uncertainty and critical adjustments in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are as follows:

- estimated useful economic lives and residual values of property, plant and equipment
- estimated cost of long term contracts
- provisions for doubtful debts
- provisions and accruals

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances and deposits with banks, and all highly liquid investments with maturity of 90 days or less from their acquisition date.

Accounts Receivable

Accounts receivable is stated net of provisions. Provision is made for accounts receivable where recovery is considered doubtful by the management.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined as follows:

Raw materials, spare parts and catalysts	- purchase cost on the weighted average basis.
Work in progress & finished goods	- cost of direct materials and labor plus attributable overheads based on a normal level of activity

Investments in subsidiaries

Investments in subsidiaries are consolidated where the Company has control, which usually represents over 50% of their capitals.

Deferred Charges

Deferred charges comprise agency and upfront fees on term loans and are amortized over the period of the related loans. The amortization is capitalized in the cost of the plant under construction, until the project is ready for its intended use, and thereafter, is charged to the interim consolidated statement of income.

Borrowing Costs

Borrowing costs that are directly attributable to the construction of an asset are capitalized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed, and thereafter, are charged to the interim consolidated statement of income.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. Assets sold or otherwise disposed of and the related accumulated depreciation is removed from the accounts at the time of disposal. The estimated operational useful lives are as follows:

Plant and equipment	5- 25 years
Buildings	20 years
Office equipment and furniture	3.33-10 years
Vehicles	4 years
Leasehold improvements	5 years or the term of lease, whichever is shorter

Saudi Industrial Investment Group and Its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

Investment in jointly controlled ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, i.e the strategic financial and operating policies and decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each party has an interest are referred to as jointly controlled ventures. The Group's share in the jointly controlled ventures is accounted for under the equity method whereby the Group's share in the jointly controlled ventures is carried in the interim consolidated balance sheet at cost as adjusted by post-incorporation changes in the Group's share in the net assets of the jointly controlled ventures, less impairment in the value of the investment, if any.

Impairment of Non-Current Assets

At each balance sheet date, the carrying amounts of non-current assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized as an expense in the interim consolidated statement of income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income.

Zakat and Income Tax

Zakat is provided for in accordance with the Regulations of the Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia and on the accruals basis. The provision is charged to the interim consolidated statement of income on an estimated basis during interim periods, and will be accurately calculated in the annual financial statements. Differences, if any, resulting from the final Zakat assessments are adjusted in the year of their finalization. Foreign partners in subsidiaries are subject to income tax, which is included in non-controlling interest in the interim consolidated financial statements, if applicable.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle these obligation are both probable and may be measured reliably.

Employees' End of Service Benefits

Employees' end of service benefits, required by Saudi Arabian Labor Law, is provided in the interim consolidated financial statements based on the employees' length of service.

Statutory Reserve

In accordance with the Company's Articles of Association, 10% of annual net income is required to be set aside to form a statutory reserve until such reserve equals 50% of paid-in capital, at which time the Company may discontinue such transfers. The reserve is not currently available for distribution to the Shareholders.

Saudi Industrial Investment Group and Its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

Dividends

Final dividends are recorded as liabilities at the time of their approval by the Shareholders' General Assembly. Interim dividends are recorded as and when approved by the Board of Directors.

Revenue recognition

Revenue is recognized when the service is provided and an invoice is issued to the client; other income is recognized when incurred.

The Group's share in the results of jointly controlled ventures is accounted for under the equity method.

Expenses

All direct expenses related to revenue recognition including salaries, wages, cost of goods and indirect costs which are related to revenue, are recorded as cost of revenues. Selling and marketing expenses includes salaries, marketing and distribution expenses and indirect costs which are related to selling and marketing. All other expenses are recorded as general and administrative and expenses. Shared expenses are allocated between cost of revenues and general, administrative and selling distribution expenses, and are made on a consistent basis.

Foreign Currencies Transaction

The Company maintains its accounts in Saudi Riyals. Transactions denominated in foreign currencies are converted into Saudi Riyals at rates prevailing at the dates of such transactions. Monetary assets and liabilities recorded in foreign currencies are converted into Saudi Riyals at rates prevailing on the balance sheet date. Gains and losses from settlement and translation of foreign currencies are included in the interim consolidated statement of income.

Financial statements of foreign subsidiaries of the Company are translated into Saudi Riyals by using exchange rates prevailing on the balance sheet date for assets and liabilities, and average exchange rates for revenues, expenses, gains and losses. The remaining shareholders' equity, except retained earnings, is translated into Saudi Riyals using the prevailing exchange rate at the inception date for each item. Translation differences are recognized as a separate line item within the shareholders' equity.

Earnings per share

Earnings per share are calculated by using the weighted average number of shares outstanding during the period. The Company's share capital consists of common shares only.

3. RELATED PARTIES TRANSACTIONS

The following are the details of major related parties transactions during the period:

Amounts in SR '000		<i>Amount of transactions</i>	
<i>Related party</i>	<i>Nature of transactions</i>	<i>2015</i>	<i>2014</i>
Non-controlling partner in a subsidiary company	Marketing fees	(97,368)	(98,446)
Affiliate companies	Services provided	(166,756)	(166,010)
	Sales	126,643	256,578
	Purchases	(451,950)	(686,962)

Amounts due from / to related parties are shown in the interim consolidated balance sheet.

**Saudi Industrial Investment Group and Its Subsidiary
(A Saudi Joint Stock Company)**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

4. INVENTORIES

Amounts in SR '000

	2015	2014
Finished goods	592,409	709,108
Spare parts	328,309	291,315
Raw materials	127,171	153,529
Catalysts	54,482	-
	<u>1,102,371</u>	<u>1,153,952</u>

5. INVESTMENTS IN JOINTLY CONTROLLED VENTURES

These comprise the Company's investments in the following companies which are incorporated as limited liability companies and operating in the Kingdom of Saudi Arabia:

Joint venture	Shareholding %
Saudi Chevron Philips Company ("SCP")	50
Jubail Chevron Philips Company ("JCP")	50
Petrochemical Conversion Company ("PCC") (*)	50

The following summarize the investments movement during the period ended 30 June:

Amounts in SR '000	2015	2014
At the beginning of the period	3,154,039	3,233,928
Share of income	287,720	332,064
Dividends	(93,750)	(328,131)
At the end of the period	<u>3,348,009</u>	<u>3,237,861</u>

(*) The Group announced during 2014, the commencing of operations in some of PCC's plants.

6. ZAKAT

Zakat is provided and charged to the interim consolidated statement of income on an estimated basis. Differences resulting from the final zakat calculation are adjusted at the year end.

The Company has filed zakat returns with the Department of Zakat and Income Tax ("DZIT") for all prior years up to 2013. The DZIT has raised the zakat assessments up to 2006 and the Company has agreed on DZIT's assessments up to 2001. The Company has filed an appeal against the assessments for the years 2002 and 2003 before the Higher Appeal Committee against certain items disallowed by the DZIT which resulted in a difference of SR 24.4 million. The Higher Appeal Committee issued its ruling, reducing the claim amount to SR 12.4 million and the Company has filed an appeal against the ruling before the Board of Grievances. The Company also appealed before The Preliminary Appeal Committee against zakat assessments for the years 2004 to 2006 against disallowance of certain items which resulted in a difference of SR 17.5 million. The Committee issued its ruling, reducing the claim to SR 16.8 million. The Company has paid the amount of SR 5.7 million and appealed before the Higher Appeal Committee against the amount of SR 11.1 million. As per the management's assessment, the Company has made adequate provision against items under appeals.

Saudi Industrial Investment Group and Its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

As for Petrochem, zakat returns have been filed with the DZIT for all prior years up to 2013, and zakat was settled accordingly.

Petrochem and its zakat consultant have filed an appeal against the zakat claim for the year 2010 which resulted in a difference of SR 74.42 million. The Committee has issued its ruling, reducing the claim by the amount of SR 74.10 million. Petrochem and the DZIT appealed against the ruling before the Higher Appeal Committee. The management of Petrochem believes that the ultimate outcome of this appeal will be in the favor of Petrochem.

Petrochem and its zakat consultant have filed an appeal against the zakat claim raised by the DZIT for the year 2012, which resulted in a difference of SR 35 million. The management of Petrochem believes that provisions made are adequate to cover any differences that may arise from this claim.

7. TERM LOANS

The balance of term loan represents the utilized amounts from term loan facilities obtained by SPCo ("the Borrower") from a syndicate of local and foreign commercial banks, Public Investment Fund ("PIF") and Saudi Industrial Development Fund ("SIDF"), to finance its project.

The loans are secured by pledges over the machinery and equipment and bank accounts of the project. These loans carry commission at normal commercial rates with identical risks. The Borrower is required to comply with covenants stipulated in all of the loan facility agreements

8. SUKUK

On 25 Shaban 1435H (corresponding to 23 June 2014 G), Petrochem issued Sukuk amounting to SR 1.2 billion at par value of SR 1,000,000 each with no discount or premium. The Sukuk issuance bears a variable rate of return at SIBOR plus 1.7 % margin, payable semi-annually. The Sukuk is due at maturity at par value on its expiry date of 20 Shawal 1440 H (corresponding to 23 June 2019G).

The Sukuk balance in this interim consolidated financial statements amounting to SR 1,070 million represents the value of Sukuk issued after eliminating the value of the Group's investment in these Sukuk.

9. SUBORDINATED LOAN FROM NON-CONTROLLING PARTNER

This item represents Arabian Chevron Philips Petrochemical Company Limited's (the "non-controlling partner") share in the subordinated loan, which is a commission free loan granted to SPCo. The repayment of the loan is subject to terms set out in the SIDF loan agreement.

10. SEGMENTAL INFORMATION

These are attributable to the business segment approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process.

The Group's operations consist of the following business segments:

- Saudi Chevron Philips Company ("SCP")
Engaged in producing and selling of aromatics, solvents and cyclohexane.
- Jubail Chevron Philips Company ("JCP")
Engaged in manufacturing and selling styrene, mogas blend stock, aromatic benzene, fuel oil, ethyl benzene, ethylene, propylene, liquefied petroleum gas and aromax feed.
- Petrochem

Saudi Industrial Investment Group and Its Subsidiary
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

Engaged in the development, establishment, operation, management and maintenance of petrochemical, gas, petroleum and other industrial plants, wholesale and retail trading in petrochemical materials and products.

- Petrochemical Conversion Company ("PCC")

Engaged in nylon 6.6 production, nylon compounds, and other by-products.

- Head office

Represents Head Office operations.

For the period ended 30 June 2015

Amounts in SR '000	SCP	JCP	Petrochem	PCC	Head office	Elimination and reconciliation of financial statements on consolidation	Total
Sales	-	-	3,737,777	-	-	-	3,737,777
Gross profit	-	-	1,177,709	-	-	-	1,177,709
Net income (loss)	189,666	139,497	407,229	(41,443)	(26,478)	(203,615)	464,857
Total assets	1,134,195	1,348,873	22,299,722	864,941	6,944,226	(6,130,174)	26,461,783
Total liabilities	-	-	14,816,512	-	117,727	(130,924)	14,803,315

For the period ended 30 June 2014

Amounts in SR '000	SCP	JCP	Petrochem	PCC	Head office	Elimination and reconciliation of financial statements on consolidation	Total
Sales	-	-	3,675,767	-	-	-	3,675,767
Gross profit	-	-	1,017,146	-	-	-	1,017,146
Net income (loss)	258,606	72,547	338,051	-	(38,563)	(159,875)	470,765
Total assets	1,117,418	1,216,750	22,569,621	-	7,370,986	(5,620,934)	26,653,841
Total liabilities	-	-	16,470,728	-	93,872	(131,100)	16,433,500

11. CAPITAL COMMITMENTS

The balance of unused capital expenditure approved by the board of directors in connection with the construction of the additional units and facilities for SPCo's plant is SR 238 million (2014: SR 232 million).

12. CONTINGENT LIABILITIES

During the normal course of business, the Group's bankers have issued, on its behalf, bank guarantees amounting to SR 2,618 million (2014: SR 2,618 million), which included SR 860 million (2014: SR 860 million) from SPCo to the benefit of Saudi Aramco Company for the feedstock cost.

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13. **INTERIM RESULTS**

All necessary adjustments have been made by the Company's management to present fairly the interim consolidated financial statements for the Company and its Subsidiary as at 30 June 2015 and the results of its interim consolidated operations for the six months then ended. The results of operations for the interim period may not be an accurate indication of the actual consolidated results for the full year.

14. **BORD OF DIRECTORS RECOMMENDATION OF DIVIDENDS**

On 26 Safar 1434H (corresponding to 18 December 2014 G) the Board of Directors recommended to the General Assembly to distribute cash dividends at 10% of the par value of the share (SR 1 per share) with total dividends of SR 450 million for the year 2014.

The Shareholders approved this proposal during the General Assembly dated 1 Jumad Al-thani 1436H (corresponding to 8 April 2015 G).

On 14 Safar 1434H (corresponding to 17 December 2013 G) the Board of Directors recommended to the General Assembly to distribute cash dividends at 10% of the par value of the share (SR 1 per share) with total dividends of SR 450 million for the year 2013.

The Shareholders approved this proposal during the General Assembly dated 1 Rajeb 1435H (corresponding to 30 April 2014 G).

15. **COMPARATIVE FIGURES**

Certain comparatives figures have been reclassified to reflect the current year presentation.