



رؤية واضحة وآفاق واسعة  
Clear Vision & Expanding Horizons

التمني TASNEE

Annual Report 2006





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The Custodian of the Two Holy Mosques  
King Abdullah Bin Abdul Aziz



HRH Crown Prince Sultan Bin Abdul Aziz  
Deputy Prime Minister  
Minister of Defence and Aviation and Inspector General



## التصنيع TASNEE

The National Industrialization Company was established in the year 1405H (1985G) with a paid up capital of SR 600 million, as a first Saudi Joint-Stock Company wholly owned by the private sector. The company was set up with a strong belief that industrial business is the right choice for diversification of the economic base and pushing forward the development cycle in the Kingdom.

## VISION

A leading National & Regional Industrial Company in specialized fields, caring for the Environment and Quality in its products and operations, and keen on its responsibilities toward shareholders, customers, employees and society at large.

## MISSION

Achieving rewarding returns on shareholders' investments through the establishment of, or participation in, industrial projects and running them in a profitable way, which enhances the growth of the national economy, its diversification and the transfer of technology.





# Board of Directors



Eng. Mubarak Bin Abdullah Al-Khafrah  
Chairman of The Board



Eng. Tariq Bin Othman  
Al-Gassabi



Dr. Fahd Bin Abdullah  
Al-Mubarak



Dr. Ihsan Bin Ali  
Bu-Hulaiga



Dr. Moayyed Bin Issa  
Al-Qurtas



Eng. Abdullah Bin  
Abdulrahman Al-Tasan



Dr. Talal Bin Ali  
Al-Sha'ir



Dr. Salah Bin Jameel  
Malaika





# A Word from the Chairman

The Saudi economy has witnessed a great growth in the last year, benefiting from the continued global economic growth and the rise in oil revenues of which the largest part has been directed towards the domestic investment instead of consumer spending, and this was reflected positively on the general budget of the State for the current fiscal year, which is the highest budget for the Kingdom in its history. This has been accompanied by a rise in the private sector's share in the GNP, a matter that enhances the strength and diversity of the national economy.

The National Industrialization Company (TASNEE), which was founded by the private sector, has become, by the grace of God, one of the fortress edifices of the national economy, as it expands its operations from the local to the global arena, benefiting from its outstanding performance in various fields of activities. In addition, the past year has seen the completion of the merger between TASNEE and the National Petrochemical Industrialization Co., which makes a stronger and larger entity, and enhances its stature and strength in domestic and global markets. This comes in line with the global trend towards the creation of mega-companies and alliances to strengthen their positions in the world's economy system.

The focus on the establishment of chemical and petrochemical giant projects was clear strategic objective that has been activated and targeted by TASNEE, which becomes owner of a petrochemical complex in Jubail Industrial City, and possesses, with its strategic partners, a productive global project, with advanced technology and high capacity for the production of propylene and polypropylene.

Meanwhile, a large project is being implemented, currently, in the same complex for producing ethylene and polyethylene. Also in Yanbu Industrial City, another company of TASNEE affiliates i.e. the National Titanium Dioxide Company (CRISTAL), which has witnessed great development in the field of white pigment (titanium dioxide) production, is performing significant expansion of its plants, in addition to its constructive participation in one of the mining companies for extracting Rutile in Australia. As in the areas of metal, plastic and batteries industries, environmental protection and other products, TASNEE has endeavored to develop its projects to continue to grow and to serve the national economy and to achieve the goals for which it was created.

The building of partnerships and economic relations with international companies that possess technical expertise and strong presence in the global market is no less important than the building of factories. TASNEE has therefore established manufacturing relationships with major global companies. This is evident through its partnership with Basell in two main projects, in addition to investment and partnership relations with national and Gulf companies.

The vision of TASNEE is clear and its horizon is broad. This was reflected in the expansion of its operations on firm foundations and in the significant growth of its profits and assets, a matter that enables the Company's products to invade markets in more than 70 countries. However, we remain in a race against time to reach all countries of the world with our products. All these accomplishments have been achieved by the grace of God, and thanks to the support and guidance of our wise government and the support and dedication of the shareholders and employees of TASNEE and its sister companies.

Asking God, the Almighty, to bestow His blessings and good fortune upon us.



Eng. Mubarak Bin Abdullah Al-Khafarh



# Board of Directors Report

The Board of Directors of the National Industrialization Company is pleased to present its annual report for the fiscal year from April 1, 2006 until December 31, 2006 to the shareholders, accompanied by the audited financial statements and containing the most significant developments and the results of the projects activities. The Board notes that the extraordinary general assembly held on July 3, 2006 had decided to amend the Statute of the company for the financial year to run from January 1, and end on December 31, of each calendar year, provided that the current fiscal year ending in December 31, 2006. Accordingly, the consolidated financial lists for the period ending December 31, 2006, include the financial statements of National Industrialization Company (the main office) for a period of nine months and its subsidiaries for a period of twelve months.

By the grace of God the Almighty, the last year has been distinguished by good performance and several important achievements and we continue to further enhancing the company's position and strength through studying and construction of new projects. Following, is a review of the most important developments and achievements:

**First:** The acquisition process of the National Petrochemical Industrialization Company by the National Industrialization Company has been completed to form one entity under the name of (National Industrialization Company). Consequently, the capital of the National Industrialization Company has increased. The Extraordinary General Assembly has approved the process on Jumada II 7, 1427 H: corresponding July 3, 2006.

**Second :** The acquisition process of the National Metal Manufacturing & Casting Company (Maadanieh) of the full quota of partners in the Arabian Axles, Foundries & Spare Parts Company has been completed. Maadaniah, a joint stock company (traded in the market) was founded by Tasnee, and Tasnee is a major share holder in it. Arabian Axles, Foundries & Spare Parts is a limited liability company in which Tasnee is a major shareholder. It was for the purpose



of this acquisition measures to increase the capital (Maadanieh), and the issuance of the new shares to the partners of Maadanieh in Axles, Foundaries & Spare Parts Co. has been completed.

### Third: Affiliate Companies Performance:

#### 1) The National Titanium Dioxide Company (CRISTAL):

CRISTAL is considered to be the sole producer of titanium dioxide in the region and its plant is located in Yanbu Industrial City. The company's production has exceeded one hundred thousand tons in 2006. The company continues to expand its production program, and has invested in BEMAX, an Australian company working in the titanium dioxide (Rutile) raw material production mines, to secure some of the company's needs for the basic raw materials. The company has already started production and export.

#### 2) The Saudi Polyolefins Company :

The company operates two factories; namely the Propylene Plant and the Polypropylene Plant, with a production capacity of (455) thousand tons of propylene and (450) thousand tons of polypropylene per year. The National Industrialization Company owns (75%) of the capital of the company, while Basell owns (25%). The production in this project started early in 2004. The company is currently working on expanding the project so that the total capacity of the factory's production of polypropylene would reach more than (700,000) tons per year by the end of 2008.

#### 3) The National Lead Smelting Company (RASASS):

In 2006 the company has purchased a smelter in city of Jeddah, which puts the company at the forefront of the lead producers in the region, relying on used car batteries as raw materials. In addition to the production of this important material for battery industry, the company plays a positive role in protecting the environment on a scientific basis.

#### 4) Rowad National Plastic Company (ROWAD):

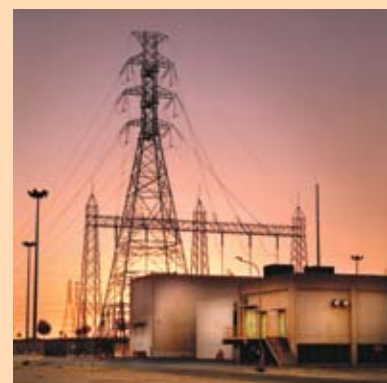
ROWAD is considered to be one of the largest companies specialized in plastic sheets production in the Kingdom. The company has diversified its products to include car batteries cases, paints plastic pails and recycled polypropylene material, benefiting from remnants of used car batteries and remnants of the polypropylene and polyolefin producing companies. In the year 2006, the company has established, in partnership with a foreign firm specialized in the field of Gio membranes. The production is expected to start by the end of 2007.

#### 5) The National Batteries Company (BATTARIAT):

The company is considered to be one of the largest car batteries factories in the region, and it is working to operate the full expansion, which was completed at end of 2006, to reach a production capacity of (2.4) million batteries annually, in addition the company started producing maintenance free batteries that do not require maintenance (SMF).

#### 6) The National Inspection & Technical Testing Co. (FAHSS):

The company is one of the leading companies specializing in the inspection,







calibration and technical testing of industrial installations and the award of international quality certificate ISO. In partnership with the German TUV-NORD, which is one of the largest international companies in this field, the company has established a subsidiary in Bahrain and branches in the United Arab Emirates, Qatar, Kuwait and Syria to cover the company's activities outside the Kingdom.

#### **7) The National Industrialization Petrochemical Marketing Company :**

The company, which was founded in 2002, is one of the most important private sector companies working in the field of petrochemicals marketing and sale including various grades of polypropylene and high & low density polyethylene. The main points of the company's strengths lie in the technical skills, the keenness to insure the customers' needs, the quality assurance and the reliable delivery in time. This has helped the company to occupy the forefront in the competition with other firms, and its products are exported, at the present time, under the banner of (TASNEE) to more than twenty-five countries, including countries in the Gulf region, the Middle East, Africa and the Indian subcontinent. The company is seeking to gain access to other markets in up to 50 countries in the world in the coming years.

#### **8) The National Operation & Industrial Services Co. (KHADAMAT)**

KHADAMAT is one of the Kingdom's biggest marketing companies in the field of plastic sheets and car batteries. The company has managed to expand its coverage of the Kingdom in the field of plastic sheets during this year and the number of batteries and plastic selling outlets exceeded (1500) outlet.

#### **Fourth: Future Projects:**

##### **1) The Ethylene and Polyethylene Project:**

The National Industrialization Company (TASNEE) is implementing this project in partnership with Sahara Petrochemical Company and the General Organization for Social Insurance from the Saudi side and a foreign partner,



which is one of the largest global companies in the field of Polyolefins i.e. Basell Polyolefins. The project will be established in the company's industrial complex in the Industrial City of Jubail and will annually produce one million tons (1.000.000) of ethylene, two hundred and eighty-five thousand tons (285.000) of propylene, and four hundred thousand tons (400.000) of high-density polyethylene, and four hundred thousand tons (400.000) of low-density polyethylene. The production will start in the second half of the year 2008 and the estimated total cost for this project is about nine thousand and five hundred million riyals (SR 9.5 billion). The project's implementation contract for carrying out the engineering works and early procurement was signed at the beginning of 2006 with the Italian Company TECNIMONT to build the two polyethylene plants, while the agreements on technical license for the two polyethylene plants were signed in 2005 with Basell Polyolefins Company. The agreement for starting the engineering work and early procurement for the ethylene plant was signed with the consortium of the German LINDE and the Korean Samsung using Linde's technology for ethylene manufacturing. More than (50%) of the project has been completed and TASNEE and Basell will undertake the marketing process of the project products.

## 2) Other projects :

TASNEE is currently negotiating with some companies, specialized in certain fields, such as production of Acetic acid and its derivatives and it examines the relevant available options, besides studying and developing some other specialized projects.

## 3) Increase of the company's capital:

TASNEE has announced its intention to increase its capital to finance future projects, by launching new shares for subscription by its shareholders only. TASNEE has signed an agreement with (HSBC) as financial adviser to prepare the study on the increase of the capital and the completion of the related procedures with the official bodies and management of shares subscription. The amount of the capital increase will be announced upon completion of this study and its approval by the Board of Directors and the concerned official bodies, to be presented to the General Assembly in its extraordinary session for approval.

## 4) Construction of the Company's Headquarters:

The company has started the first step for the design and construction of its headquarters on the northern ring road in Riyadh.

## Fifth: Operating Results for the Last Five Fiscal Years:

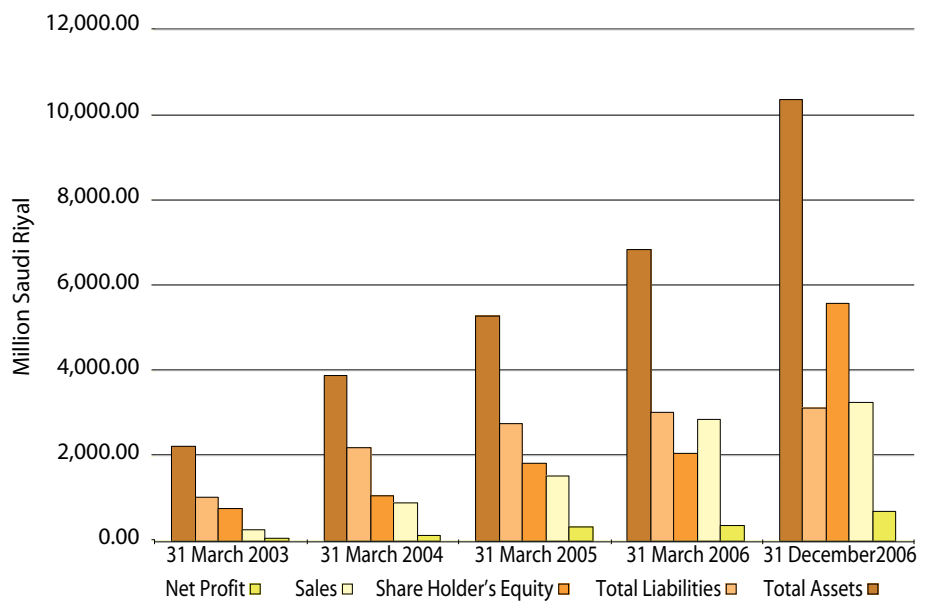
TASNEE enjoys a strong financial status and positive financial indicators that support its plans to expand its investments and strategic alliances for continued growth and to consolidate its position in domestic and global markets. The following table shows the business results of the last five fiscal years:







Year	Amount In Million Riyals				
	Total Assets	Total Liabilities	Share-holders Equity	Sales	Net Profit
March 31, 2003	2,227	1,016	725	250	54
March 31, 2004	3,885	2,192	1,057	903	136
March 31, 2005	5,269	2,765	1,815	1,541	317
March 31, 2006	6,839	3,018	2,067	2,846	370
December 31, 2006	10,357	3,118	5,567	3,241	693
Growth over five years	365%	207%	631%	1,196%	1,183%



#### Sixth: Financial Results:

The impact of the growth of TASNEE and the affiliate companies on its financial status is as follows:

##### Profits:

Net profit for the period from April 1, 2006 until 31 / 12 / 2006 amounted to (693,097,000) (six hundred and Ninety-three million, seventy-nine thousand riyals), (increase of 87% compared with the year ending March 2006).

##### Shareholders equity:

The equity of shareholders at the end of December 2006 amounted to (5,566,816,000) (five billion, five hundred and sixty-six million, eight hundred and sixteen thousand riyals), (increase of 169% from the year ending March 2006).

**Total assets:**

At the end of December 2006, assets amounted to (10,356,804,000) (ten billion three hundred and fifty-six million, eight hundred and four thousand riyals), (increase of 51% from the year ending March 2006).

**Seventh: Profit Distribution Policy:**

The General Assembly is authorized to distribute profits based on the recommendations of the Company's Board of Directors depending mainly on the amount of the net profits generated in each year, the expected expenditure on investments in future projects and the anticipated cash flow.

**Eighth : Recommendations of the Board of Directors in regards to Profits:**

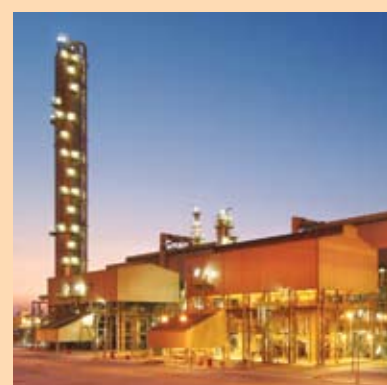
Amount in (SR. 000)	Statement
391,253	Profits transferred from the last year
(1,569)	Settlement of affiliate company profits
693,097	Current year profits after excluding Zakat
(69,310)	Amount transferred to statutory reserve
(233,049)	Profits proposed for distribution
(1,600)	Remunerations of the Members of the Board of Directors
778,822	Overall balance of profits as in the December 31, 2006

The Board of Directors issued its resolution regarding this matter, dated January 17, 2007 as follows:

- 1) Recommendation for cash profits to be distributed to shareholders at one riyal per share, i.e. (10%) of the capital.
- 2) Recommendation to increase the Company's capital from (2,330,490,500) to (SR 3,495,735,750), by offering 1 free share to each 2 shares, provided that this increase shall be paid from share premium, thus the number of shares will increase from (233,049,050) to (349,573,575) shares.
- 3) The eligibility to profits rights and shares offering shall be for the shareholders registered in the Company's records at the Securities Depository Center (Tadawul) at the end of the day of the Extraordinary General Assembly, and after approval by the official bodies and the General Assembly in its extraordinary meeting, which will be rescheduled later.

**Ninth : Members of the Board of Directors Allowance and Remuneration:**

The total amount paid to the Members of the Board of Directors of the National Industrialization Company, TASNEE, in the current fiscal year, versus allowance for attending 5 meetings of the Board of Directors, 4 Executive Committee meetings and 2 meetings of the Audit Committee, in addition to the remuneration paid to some Members of the Board for undertaking executive work at Company, is SR 2,687,720 (two million, six hundred and eighty-seven thousand, seven hundred and twenty).





As per Article No13 of the Statute of the Company, which identified the remuneration of the Members of the Board of Directors, the Board of Directors has proposed a remuneration of (SR 200,000) to each member at a total of (SR 1,600,000).

#### **Tenth : Composition of the Board of Directors:**

The Board of Directors of TASNEE is composed of:

<b>Name</b>	<b>Member-ship Category</b>	<b>Other contributing companies the Member involved in their Boards of Directors</b>
Mubarak Bin Abdullah Al-Khafrah	Executive Member	Industrialization and Sahara Company for Polyolefins, Malazth Insurance Company
Fahd bin Abdullah Al-Mubarak	Independent, Non-Executive Member	Telecommunications Union Company (Mobily), Saudi Dutch Bank
Mohammed Bin Ali Ihsan Bu-Hulaiga	Independent, Non-Executive Member	Malazth Insurance Company
Moayyed Bin Issa Al-Qurtas	Executive Member	Industrialization and Sahara Company for Polyolefins, Maadanieh Company, Industrialization & Energy Services Company
Abdullah Bin Abdulrahman Altasan	Independent, Non-Executive Member	Saudi Real Estate Company (Aqqariyah)
Talal Bin Ali Al-Sha'ir	Executive Member	
Saleh Bin Jamil Malaika	Independent, Non-Executive Member	

Understanding that Dr. Moayyed Al-Qurtas , has been appointed as Managing Director of the Company starting from July 1, 2006 and Dr. Saleh Malaika has been appointed to replace Eng. Tariq Al-Qassabi who resigned from the Board due to personal of circumstances. This appointment will be presented for approval by General Assembly in its next meeting.

#### **Eleventh: Governance:**

The Company is applying the majority of the provisions contained in the Corporate Governance Regulations, issued by the Capital Market Authority, and has begun to examine the possibility of applying the remaining provisions of these Regulations.

#### **Twelfth: Disclosures:**

- 1) TASNEE acknowledges that it has never been subject to any penalty, sanction, punishment or under reserve by the Capital Market Authority or by any other supervisory, regulatory or jurisdictions authority.



## **2) Conflict of interests:**

TASNEE acknowledges that no one of the Members of its Board of Directors has any interest directly or indirectly in business and contracts which are credited to the Company, and that all Members of its Board of Directors are not involved in any action that would compete with the Company, or any of the branches of its activities.

Moreover, the Company did not lend or guarantee any of the Board Members for any loan or obligation of any kind.

## **Thirteenth: Committees of the Board of Directors:**

### **1) Executive Committee :**

As per Regulations of the Executive Committee, which was established in the Company on June 7, 2004, consisting of the Chairman of the Board and three other Members, including the Managing Director, the Committee has held four meetings in this year. This Committee is entrusted with studying various topics of interest such as the strategic and work plans, submitting its recommendations to the Board of Directors and undertaking all the functions as described for it in the Company's bylaws.

### **2) Audit Committee :**

As per the Regulations of the Audit Committee, which was established in the Company on June 7, 2004 and consisting of three Independent Members of the Board of Directors, under the chairmanship of Mohammed Bin Ali Ihsan Bu-Hulaiga, the Committee has held two meetings this year. This Committee is concerned with exercising its powers to investigate any financial activity by the Company, maintain a system for internal control and adherence to the standards of audit adopted in the Kingdom, and to undertake all the functions as specified for it in the Company's bylaws. The results of the annual audit in regards to the effectiveness of internal control procedures proved that the Company's internal control system is prepared on sound foundations and has been implemented efficiently and professionally during the year 2006.

The two previous committees exercise their responsibilities and duties in regards to financial, legal and administrative powers as specified in the Company's bylaws and in each committee's regulations.

## **Fourteenth: Auditors of the Company:**

In its regular meeting held on July 3, 2006, the General Assembly has approved the appointment of Bakr Abulkhair & Company as auditors of the Company's accounts for the financial year ended December 31, 2006.

## **Fifteenth: Zakat and Statutory Payments:**

The Company's Zakat due for the year 2006 amounted to (1.309.000 riyals), while other statutory payments in this year amounted to (438.486 riyals).

## **Sixteenth: Social Contribution :**

TASNEE has provided contributions to support charitable, development and social work for the benefit of the country and its citizens and has tried to diversify the beneficiary groups.





The amount of contribution paid during the year 2006 amounted to (3.46) million Saudi riyals.

Following are the most significant contributions made by TASNEE during the year 2006:

1. 1,800,000 riyals, to support the programme to qualify girls to start their own businesses [that will be implemented by the General Organization for Technical Education and Vocational Training (GOTEVT)].
2. 1,000,000 riyals, for charity societies throughout the Kingdom.
3. 300,000 riyals, for printing more than 1 million information brochures on damages caused by drugs; these were distributed in the Kingdom through the National Charity Society for the protection against Drugs. In addition, TASNEE and some of its affiliate companies have provided support to some local symposiums and conferences related to their activities.

#### **Seventeenth: Manpower and Training:**

The number of the staff of TASNEE at its headquarters in December 31, 2006 has been 31 staff members, including 18 Saudi nationals. This number does not include the staff of the Company's branch in Jubail or the staff of its affiliate companies. TASNEE has concluded a number of agreements with the Human Resources Development Fund on behalf of its affiliate companies to support training and employment of 312 Saudi youths, recruit qualified nationals and carry out a number of specialized training courses.

#### **Eighteenth: Assurances of the Members of the Board of Directors**

Based on the information that came to our knowledge and on the auditor's report and the results of the current market data and the indicators of future we acknowledge that:

1. the accounting records were correctly prepared.
2. the internal control system is prepared on sound foundations and effectively implemented.
3. there is no doubt on the company's ability to continue its activities.

#### **Acknowledgement:**

The Chairman and the Members of the Board of Directors present their thanks and appreciation to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdul Aziz Al Saud and His Royal Highness Prince Sultan Bin Abdul Aziz Al Saud, Crown Prince, for their continued support to our national industries. Thanks are also extended to the Ministry of Commerce and Industry, Ministry of Petroleum & Mineral Resources, the Saudi Arabian Oil Company (Saudi Aramco), Saudi Industrial Development Fund, the Royal Commission for Jubail and Yanbu, the Capital Market Authority, the Economic Offset Program, the General Authority for Investment, the Saudi Development Fund, the Public Investment Fund and all other government departments for their continued support. Also the Board of Directors extend their thanks and gratitude to the honorable shareholders for their support and trust and to the staff of the Company for their fruitful efforts.





# A Word from the Chief Executive

As years are successively copious with achievements, TASNEE and its staff are proud of what the Company has accomplished in various fields of activities, which is reflected positively on the results of the Company's business. The Company has earned a sum of 693 million riyals as profit for the period from 01 / 04 / 2006 until 31 / 12 / 2006, and the Shareholders equity grew during the same period to reach more of the 5.5 billion riyals, while assets amounted to more than 10 billion riyals.

All sectors of TASNEE have participated in these achievements. In the Petrochemical Complex in Jubail, our first integrated project for propylene and polypropylene production continued to realize new achievements in connection with production capacity and efficiency. As for the ethylene and polyethylene production project, of which contracts were given to the German Linde, the Korean Samsung and the Italian Tecnimont, more than 50% of the project has been completed. The project is expected to begin production before the end of the year 2008. In the area of petrochemicals marketing the Petrochemical Marketing Company has expanded its activities to reach 25 countries.

One of the achievements of the past year was the significant development witnessed by the National Titanium Dioxide Company (CRISTAL), where production capacity exceeded one hundred thousand tons of titanium dioxide. CRISTAL is the only company that produces this material in the Middle East and it markets its products in more than 70 countries in the world. CRISTAL has continued to develop and has invested in the BEMAX Australian Company specialized in the production of rutile, i.e. the raw material for the production of titanium dioxide, a matter that would strengthen the stature of the company through its vertical integration, in addition to its recent expansion in global markets by acquiring the world's second largest producer of this important material.

The other TASNEE projects have also witnessed developments, namely the National Lead Smelting Company (RASASS), which has completed the expansion of its operations; this will enhance its position as the largest producer of lead in the region. The Rowad National Plastic Company (ROWAD) has also expanded its production through the establishment of a company for producing Geo membrane in partnership with a foreign company and will start production in the year 2007. Developments have also included the National Batteries Company (BATTARIAT), which has completed its expansions to produce 2.4 million batteries annually, including maintenance free batteries. The National Inspection & Technical Testing Co. Ltd. (FAHSS) has also completed the establishment of a subsidiary company in Bahrain and other branches in the United Arab Emirates, Qatar, Kuwait and Syria. The last year has also witnessed an expansion in the services of the National Operation & Industrialization services Co. (KHADAMAT), by increasing the selling outlets of plastic sheets and car batteries to reach more than 1,500 outlets.

TASNEE continues to study several future projects including the available options for implementing the acetic acid and derivatives project, in collaboration with several international companies. In addition to other large basic industries projects and secondary projects, with the aim of increasing the added value in the national economy and creating job opportunities therein.

These accomplishments have been achieved and the continued support of our wise government, the collaboration of TASNEE shareholders, the guidance of the distinguished Board of Directors and indeed the efforts of the staff of TASNEE.

Asking God, the Great and Almighty to provide us with success.

*Dr. Moayyed Ben Issa Al-Qurtas*





رؤية واضحة وآفاق واسعة  
Clear Vision & Expanding Horizons

# Financial Statements

# Consolidated Balance Sheet

AS OF DECEMBER 31, 2006

	Note	December 31, 2006 SR 000	March 31, 2006 SR 000
		(Note 1)	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,395,156	1,924,698
Short term investments		6,096	47,441
Accounts receivable	4	998,704	828,742
Inventories	5	499,036	487,745
Prepaid expenses and other assets	6	209,429	130,558
<b>Total current assets</b>		<b>3,108,421</b>	<b>3,419,184</b>
<b>Non-current assets</b>			
Investments in associated and other companies	7	2,483,083	278,450
Property and equipment	8	2,919,989	2,750,901
Intangible assets	1,9	1,739,572	156,918
Projects under construction	10	105,739	233,831
<b>Total non-current assets</b>		<b>7,248,383</b>	<b>3,420,100</b>
<b>TOTAL ASSETS</b>		<b>10,356,804</b>	<b>6,839,284</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short-term facilities	11	286,941	271,752
Current portion of long-term loans	12	426,575	406,206
Accounts payable	13	163,016	249,360
Accrued liabilities and other	14	332,797	230,313
<b>Total current liabilities</b>		<b>1,209,329</b>	<b>1,157,631</b>
<b>Non-current liabilities</b>			
Long-term loans	12	1,854,203	1,811,228
End-of-service indemnities	15	54,849	48,738
<b>Total non-current liabilities</b>		<b>1,909,052</b>	<b>1,859,966</b>
<b>Total liabilities</b>		<b>3,118,381</b>	<b>3,017,597</b>



# Consolidated Balance Sheet

(Continued)

AS OF DECEMBER 31, 2006

	Note	December 31, 2006 SR 000	March 31, 2006 SR 000
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	1	2,330,491	1,570,000
Statutory reserve	17	171,130	101,820
Unrealized gain from investments in securities available for sale		-	3,551
Share premium	1	2,053,324	-
Retained earnings		778,822	391,253
Proposed dividends	23	233,049	-
<b>Total shareholders' equity</b>		<b>5,566,816</b>	2,066,624
Minority interest		1,671,607	1,755,063
<b>Total equity</b>		<b>7,238,423</b>	3,821,687
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,356,804</b>	6,839,284

The accompanying notes form an integral part of these consolidated financial statements



# Consolidated Statement of Income

YEAR ENDED DECEMBER 31, 2006

	Note	December 31, 2006 SR 000	March 31, 2006 SR 000
		(Note 1)	
Sales		3,241,196	2,846,274
Cost of sales		(2,052,280)	(1,792,619)
<b>Gross profit</b>		<b>1,188,916</b>	1,053,655
Selling and marketing expenses	19	(152,405)	(145,331)
General and administrative expenses	20	(72,334)	(87,947)
Company's share in net income of associated companies		42,739	19,065
<b>Gross operating income</b>		<b>1,006,916</b>	839,442
Income from investments and other	18	104,038	50,688
Gain from sales of investments		-	12,180
Diminution in value of other investments		(20,852)	(7,381)
Finance charges		(114,592)	(101,986)
<b>Income before zakat and minority interests</b>		<b>975,510</b>	792,943
Zakat and income tax on subsidiaries		(48,160)	(41,202)
Minority interests in net income, loss of subsidiaries		(232,944)	(381,323)
Income before zakat		694,406	370,418
Zakat	16	(1,309)	-
<b>NET INCOME</b>		<b>693,097</b>	370,418
Earnings per share in Saudi Riyals	27	2.97	2.36

The accompanying notes form an integral part of these consolidated financial statements



# Consolidated Statement of Shareholders' Equity

YEAR ENDED DECEMBER 31, 2006

	Note	December 31, 2006 SR 000	March 31, 2006 SR 000
<b>Share capital</b>		<b>(Note 1)</b>	
Balance, April 1		<b>1,570,000</b>	981,250
Transfer from share premium		-	331,271
Transfer from retained earnings		-	257,479
Increase in capital	1	<b>760,491</b>	-
<b>Balance, December 31</b>		<b>2,330,491</b>	1,570,000
<b>Statutory reserve</b>			
Balance, April 1		<b>101,820</b>	64,778
Transfer from net income	17	<b>69,310</b>	37,042
<b>Balance, December 31</b>		<b>171,130</b>	101,820
<b>Unrealized gain from investments in securities available for sale</b>		-	3,551
<b>Share premium</b>			
Balance, April 1		-	331,271
Share premium issues during the year	1	<b>2,053,324</b>	-
Transfer to share capital		-	(331,271)
<b>Balance, December 31</b>		<b>2,053,324</b>	-
<b>Retained earnings</b>			
Balance, April 1		<b>391,253</b>	315,356
Adjustment in profits of subsidiary company		<b>(1,569)</b>	-
Transfer to share capital		-	(257,479)
Net income for the year		<b>693,097</b>	370,418
Transfer to statutory reserve	17	<b>(69,310)</b>	(37,042)
Proposed dividends	23	<b>(233,049)</b>	-
Board of directors' remuneration	23	<b>(1,600)</b>	-
<b>Balance, December 31</b>		<b>778,822</b>	391,253
<b>Proposed dividends</b>	23	<b>233,049</b>	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,566,816</b>	2,066,624

The accompanying notes form an integral part of these consolidated financial statements

# Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2006

	December 31, 2006 SR 000	March 31, 2006 SR 000
<b>OPERATING ACTIVITIES</b>	<b>(Note 1)</b>	
Net income	693,097	370,418
Adjustments for net income:		
Depreciation	211,079	187,807
Amortization	7,506	22,384
Company's share in net income of associated companies	(42,739)	(19,065)
Gain from sales of investments	-	(12,180)
End-of-service indemnities	14,198	10,883
Changes in operating assets and liabilities:		
Short term investment	41,345	(6,591)
Accounts receivable	(177,207)	(290,159)
Inventories	(42,498)	(70,319)
Prepaid expenses and other assets	(81,034)	(90,207)
Accounts payable	(82,375)	78,286
Accrued liabilities and other	104,191	(76,952)
End-of-services indemnities paid	(6,021)	(1,550)
<b>Net cash from operating activities</b>	<b>639,542</b>	<b>102,755</b>
<b>INVESTING ACTIVITIES</b>		
Purchase and disposal of investment in subsidiaries, net (note 22)	41,634	-
Investments in associated and other companies	(2,169,190)	(6,687)
Investments in Government Development Bonds	(5,341)	37,521
Additions to property and equipment	(445,807)	(277,338)
Disposal (additions) to projects under construction	128,092	(215,763)
Additions to intangible assets	(8,133)	(2,401)
Proceeds from sales of investments	2,176	13,116
Net disposal of property and equipment	304	51,081
Net disposal of intangible assets	668	-
<b>Net cash used in investment activities</b>	<b>(2,455,597)</b>	<b>(400,471)</b>



# Consolidated Statement of Cash Flows (Continued)

YEAR ENDED DECEMBER 31, 2006

	December 31, 2006 SR 000	March 31, 2006 SR 000
<b>FINANCING ACTIVITIES</b>		
Short-term facilities	15,189	263,969
Long-term loans	116,109	(21,921)
Dividends paid	-	(117,750)
Minority interests	1,155,215	1,065,592
<b>Net cash from financing activities</b>	<b>1,286,513</b>	<b>1,189,890</b>
<b>Net change in cash and cash equivalents</b>	<b>(529,542)</b>	<b>892,174</b>
Cash and cash equivalents, April 1	1,924,698	1,032,524
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>1,395,156</b>	<b>1,924,698</b>
<b>NON-CASH TRANSACTIONS</b>		
Share premium	(2,053,324)	-
Increase in share capital	(760,491)	(588,750)
Intangible assets	1,575,144	-
Minority interest	1,238,671	-
	-	(588,750)

The accompanying notes form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2006

## 1. ORGANIZATION AND ACTIVITIES

National Industrialization Company ("NIC") is a Saudi joint stock company (the "Company") registered in Riyadh on Shawwal 7, 1405H (corresponding to June 25, 1985) under Commercial Registration No. 1010059693. The Company was formed pursuant to the Ministerial Resolution No. 601 dated Thul Hijjah 24, 1404H. On July 3, 2006 the Extraordinary General Assembly approved the acquisition of the minority interest share in National Petrochemical Industrialization Company (NPIC) through a share swap ratio of 0.77 shares of NIC for each share of NPIC held by the minority interest and was merged effective January 1, 2006. Accordingly, 76,049 thousand shares were issued and the capital was increased by SR 760,491 thousand to become SR 2,330,491 thousand consisting of 233,049 thousand shares with a par value of SR 10 each (after the stock split). The shares have been issued based on the valuation of the Company's financial advisor which resulted in a share premium amounting to SR 2,053,324 thousand and a corresponding goodwill amounting to SR 1,575,144 thousand.

On July 3, 2006, the Extraordinary General assembly also approved to amend the Company's by-laws with respect to the fiscal year to start on January 1 and end on December 31 of each year with the current fiscal year-end to be December 31, 2006. Accordingly, the consolidated financial statements for the year ended December 31, 2006 include the financial statements of the Company for the nine month period and the subsidiary Companies for twelve month period.

The legal formalities for the amendment of the Company's articles of association with the Ministry of Commerce and Industry for these changes and the issuance of the new shares have been completed.

In accordance with the Capital Market Authority's announcement No.4/154/2006 dated Safar 27, 1427 (March 27, 2006) issued based upon the Council's of Ministers resolution to split the shares of joint stock companies, the par value of the shares has been split to SR 10 instead of SR 50.

The consolidated financial statements include the accounts of the Company and its subsidiaries in which the Company owns more than 50% equity interest or has control. The accompanying consolidated financial statements as of December 31, 2006 and March 31, 2006 include the following subsidiaries:





Company's Name	Legal Structure	Ownership percentage	
		December 31, 2006	March 31, 2006
Al-Rowad National Plastic Co. (Rowad)	Limited liability	<b>99.91</b>	99.91
National Industrialization Petrochemical Marketing Co. (1)	Limited liability	<b>99.91</b>	-
National Worldwide Industrial Advancement Company	Limited liability	<b>99.85</b>	98.53
National Gulf Company for Petrochemical Technology (1)	Limited liability	<b>99.85</b>	-
National Batteries Co. (Battariat)	Limited liability	<b>80.00</b>	80.00
Saudi Polyolefins Co. (1)	Limited liability	<b>75.00</b>	-
National Lead Smelting Co. (Rassas) and its Subsidiaries	Limited liability	<b>71.74</b>	71.74
The National Titanium Dioxide Co. (Cristal) and its Subsidiaries	Limited liability	<b>66.00</b>	66.00
National Operation and Industrial Services Co. (Khadamat)	Limited liability	<b>61.66</b>	61.66
National Inspection and Technical Testing Co. Ltd. (Fahs)	Limited liability	<b>57.94</b>	57.94
TUV – Middle East	Limited liability	<b>57.94</b>	57.94
Tasnee & Sahara Olefins Co.	Saudi joint stock	<b>60.45</b>	-
Arabian Axles and Foundries and Spare Parts Company Ltd.	Limited liability	-	55.41
National Petrochemical Industrialization Company Ltd. and its Subsidiaries	Saudi joint stock	-	50.66

(1) Subsidiaries of NPIC have been transferred to the Company.

The principal activities of the Company and its subsidiaries are investing in industrial projects, transfer of advanced industrial technology to the Kingdom, in particular, and to the Arab region, in general, in the areas of manufacturing, and transforming petrochemicals, and chemical, mechanical and engineering industries, and the management and ownership of petrochemical and chemical projects and marketing their products. The activities also include providing technical industrial services and manufacturing of steel and non-steel castings, production of towed wires, spring wires, steel wires for cables, twisted re-enforcement wires to carry the electrical conductors, twisted re-enforcement wires for concrete and welding wires. They also include production and marketing

of liquid batteries for vehicles and for various industrial uses and the production and marketing of lead, polypropylene and sodium sulfate; production of axles for trucks and trailers and spare parts of trucks and equipment. They also include conducting technical tests on industrial facilities, chemical, petrochemical and metal plants, and water desalination and electricity generating plants; setting up all types of plastic industries and production and marketing acrylic boards; and the production and marketing of titanium dioxide.

During the year ended December 31, 2006, Arabian Axles, Foundries & Spare Parts Co in which the company had 55.41% interest was merged with National Metal Manufacturing and Casting Co. (Maadaniyah), an associated company, and accordingly has not been included in the consolidated financial statements. The Company's interest in Maadaniyah increased from 29.21% to 35.46%.

Pursuant to the Ministerial resolution No. 860 dated Rabie Al-Thani 4, 1427, Tasnee & Sahara Olefins Co. (a Saudi joint stock company) was established with a capital of SR 2,400 million divided into 240,000 thousand shares of SR 10 each (after the stock split).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated financial statements have been prepared in accordance with the Standard of General Presentation and Disclosure issued by the Ministry of Commerce and Industry and in compliance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies applied by the Company are as follows:

### **Use of estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of NIC for the nine month period ended December 31, 2006 and its subsidiaries for the twelve month period ended December 31, 2006 based on the audited financial statements due to the change of the fiscal year (Note 1). As a result, the consolidated financial statements for the year ended December 31, 2006 do not include NIC (Head office) results for the period from January 1 to March 31, 2006 which is immaterial. For the purposes of preparing the consolidated financial statements, all significant inter-company transactions and balances between the subsidiaries and the Company have been eliminated.



**Changes in accounting policies**

During the 2005, the Saudi Organization for Certified Public Accountant (SOCPA), issued amendments to the intangible assets standard effective at the beginning of the year 2006. This amendment contained certain changes in the accounting for intangible assets at acquisition and during the subsequent periods. The standard states that intangible assets that do not have a definite useful life such as goodwill is measured at the end of each reporting period and reported in the financial statements at cost after being adjusted for impairment, if any. The Company ceased the amortization of the goodwill effective April 1, 2006 and consider the net book value as of March 2006 as cost and implemented the amended standard.

**Accounting convention**

The consolidated financial statements are prepared under the historical cost convention except for investments in securities available for sale measured at fair value and investments in associated companies accounted for under the equity method.

**Sales recognition**

Sales are recognized upon delivery of goods to customers and are stated net of trade or quantity discounts.

A subsidiary company markets its products through other subsidiaries owned by the shareholders (referred hereto as "the Marketers"). Sales are made directly to the end customers and to the Marketers in Europe. Sales made through distribution channels of the Marketers are recorded at provisional prices at the time of shipment of goods, and are subsequently adjusted based on actual selling prices received by the Marketers from their end customers, after deducting the cost of shipping, distribution and marketing. Adjustments are made as they become known to the subsidiary.

**Expenses**

Selling and marketing expenses principally comprise of costs incurred in the marketing and sale of the subsidiaries products. All other expenses are classified as general and administrative expenses.

General and administrative expenses include direct and indirect costs not specifically part of cost of sales as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of sales, when required, are made on a consistent basis.

**Cash and cash equivalents**

Cash and cash equivalents include cash, Islamic marabaha, and highly liquid investments with original maturities of three months or less.

**Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for finished goods and work in process, on the weighted average cost basis and includes cost of materials, labor and an appropriate proportion of direct overheads. All other inventories are valued on a weighted average cost basis.

### Investments in associated and other companies

Investments in companies which are at least 20% owned and in which National Industrialization Company exercises significant influence are recorded using the equity method of accounting, under which the investment is stated initially at cost and adjusted thereafter for the post acquisition change in National Industrialization Company's share of the net assets of the investee companies. These are referred to as associated companies. National Industrialization Company's share in the associated companies' net income for the year is included in the statement of income.

Investments of less than 20% for which there is no readily available market are stated at cost. The carrying amount of investments is reduced to recognize other than temporary diminution in value. Revenue is recognized from these investments upon declaration of dividends by the investee companies.

### Property and equipment

Property 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. The estimated useful lives of the principal classes of assets are as follows:

	Years
Buildings and constructions	30-33
Machinery and equipment	5-20
Tools	4-14
Furniture, fixtures and office equipment	3-10
Vehicles	4-5
Catalysts	1.5

### Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any objective indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

In the event where the estimated recoverable value is less than the book value, the book value is reduced to the recoverable amount and the difference is charged to the interim consolidated statement of income.

### Intangible assets

Intangible assets comprise the costs of obtaining financing loans, computer software, incorporation and pre-operating, goodwill and research and development.



Costs of financing are amortized using the straight-line method over the period of the loans.

Computer software costs are amortized using the straight-line method over a period of five years from the date of commencement of full operation.

Incorporation and pre-operating costs include lawyers' fees relating to the registration of companies, pre-production costs, recruitment expenses, and salaries of employees involved in the preparation of the production processes. These costs are amortized using the straight-line method over a period of seven years.

The goodwill represents the excess of the fair value of the Company's shares exchanged over the net assets acquired and is measured at the end of each fiscal period and reported at carrying value after being adjusted for impairment, if any.

Cost of research and development are charged to the statement of income once incurred, except for the clear and specified projects, in which their development costs can be recovered through the commercial activity generated by these projects. In this case, the development costs are considered intangible assets and are amortized using the straight-line method over a period of seven years.

#### **Borrowing costs**

Borrowing costs directly attributable to the project under construction relating to a subsidiary for the period until such time when the project is ready for its intended use are capitalized. Investment income earned on temporary investments of specifically borrowed funds that are pending expenditure on the projects under construction is deducted from the capitalized borrowing costs.

#### **Foreign currency translation**

Foreign currency transactions are translated into Saudi Riyal at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi riyal at the exchange rates prevailing at the end of the period. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income.

#### **End-of-service indemnities**

End-of-service indemnities, required by the Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service by the Company and by its subsidiaries as of the balance sheet date.

#### **Zakat**

The Company and its subsidiaries are subject to the regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Zakat is provided for on the accrual basis. Zakat is computed on the Zakat base or adjusted net income, whichever is higher. Any differences between the provisional and the



final assessments are recorded when the final assessment is approved and at which time the provision account is cleared.

#### Operating leases

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the operating lease. In the case of operating leases, substantially all the risks and rewards of ownership of the relevant assets in the lease agreement remain with the lessor.

### 3. CASH AND CASH EQUIVALENTS

	December 31, 2006 SR 000	March 31, 2006 SR 000
Cash and bank balances	296,959	238,145
Murabaha	1,098,197	1,686,553
	<b>1,395,156</b>	<b>1,924,698</b>

### 4. ACCOUNTS RECEIVABLE

	December 31, 2006 SR 000	March 31, 2006 SR 000
Accounts receivable – trade	487,550	365,361
Due from related party (Note 24)	518,060	469,340
Allowance for doubtful accounts	(6,906)	(5,959)
	<b>998,704</b>	<b>828,742</b>

### 5. INVENTORIES

	December 31, 2006 SR 000	March 31, 2006 SR 000
Finished goods	96,966	136,498
Raw materials	166,136	143,790
Supplies and spare parts	221,777	194,557
Work in process	14,157	12,900
	<b>499,036</b>	<b>487,745</b>



## 6. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2006 SR 000	March 31, 2006 SR 000
Prepaid expenses	32,549	27,828
Advances to suppliers	133,727	61,519
Refundable deposits	5,045	8,566
Accrued revenues	1,792	11,936
Employees' receivables	1,269	2,388
Other debit balances	35,047	18,321
	<b>209,429</b>	130,558

## 7. INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES

### a) Associated companies

	December 31, 2006 SR 000	March 31, 2006 SR 000
Book value of investments	2,319,465	190,209
Loans	4,356	4,356
	<b>2,323,821</b>	194,565
Provision for loans	(4,356)	(4,356)
Total investments in associated companies	<b>2,319,465</b>	190,209

The investments in associated companies comprise the following:

Company Name	Percentage of Ownership	
	December 31, 2006	March 31, 2006
National Packing Products Co. Ltd. (Watan-Pac)	42.60	42.60
National Environmental Preservation Co. (Bee'a'h)	32.33	32.33
Tunisia Saudi Trading Co. Ltd.	30	30
National Metal Manufacturing and Casting Co. (Maáдания)	35.46	29.21
Arab Pesticides Industries Co. (Mobeed)	25	25
Saudi Ethylene and Polyethylene Co.	45.34	-

Tasnee & Sahara Olefins Co. owns a 75% subsidiary, Saudi Ethylene and Polyethylene Co., (Saudi limited liability company), with a capital of SR 2,737 million which has been accounted for under the cost method as it is in the development stage and its first audited financial statements will be issued for the period ending December 31, 2007. The legal formalities for the registration of the company have been completed.

b) Other companies

	<b>December 31, 2006 SR 000</b>	<b>March 31, 2006 SR 000</b>
Investments in share capital of other companies	<b>221,039</b>	139,581
Provision for diminution in value of investments	<b>(57,421)</b>	(51,340)
<b>Total</b>	<b>163,618</b>	88,241

The investments in the capital of other companies comprise the following:

<b>Company Name</b>	<b>Percentage of Ownership</b>	
	<b>December 31, 2006</b>	<b>March 31, 2006</b>
Industrial Development Co.	<b>9</b>	9
Industrialization and Energy Services Co.	<b>5.62</b>	5.62
Madina Industrial Investment Co.	<b>5</b>	5
National Arabian Fibers Co. (Ibn Rushd)	<b>2.08</b>	2.08
Saudi Turkish Investment Holdings Inc.	<b>1.25</b>	1.25
National Industrialization Company for Industrial Investment	<b>95</b>	95
National Yanboo for Petrochemical (Yansab)	<b>0.4</b>	0.4

There were no operation for National Industrialization Company for Industrial Investment accordingly, the accounts of the company have not been consolidated in the accompanying consolidated financial statements. The capital of the company amounted to SR 500,000.



## 8. PROPERTY AND EQUIPMENT

	Buildings and constructions	Machinery and equipment	Tools	Furniture, fixtures	Vehicles	Computers	Projects under construction	Catalysts	Total
	SR 000								
<b>Cost</b>									
April 1, 2006	323,976	3,236,158	9,770	40,878	24,298	31,098	24,813	72,955	3,763,946
Additions	<b>43,786</b>	<b>364,811</b>	<b>303</b>	<b>3,151</b>	<b>3,646</b>	<b>6,715</b>	<b>8,971</b>	<b>14,424</b>	<b>445,807</b>
Disposals	<b>(3,914)</b>	<b>(29,547)</b>	<b>(1,414)</b>	<b>(5,094)</b>	<b>(536)</b>	<b>(4,476)</b>	-	-	<b>(44,981)</b>
Acquired upon purchase of subsidiary company	<b>6,148</b>	<b>9,305</b>	-	<b>92</b>	<b>494</b>	-	-	-	<b>16,039</b>
Elimination due to disposal of subsidiary company	<b>(32,094)</b>	<b>(110,462)</b>	-	<b>(2,402)</b>	<b>(1,587)</b>	<b>(886)</b>	-	-	<b>(147,431)</b>
December 31, 2006	<b>337,902</b>	<b>3,470,265</b>	<b>8,659</b>	<b>36,625</b>	<b>26,315</b>	<b>32,451</b>	<b>33,784</b>	<b>87,379</b>	<b>4,033,380</b>
<b>Depreciation</b>									
April 1, 2006	83,293	843,373	4,981	23,571	14,712	18,930	-	24,185	1,013,045
Additions	<b>10,514</b>	<b>146,681</b>	<b>550</b>	<b>3,830</b>	<b>4,242</b>	<b>4,121</b>	-	<b>41,141</b>	<b>211,079</b>
Disposals	<b>(3,914)</b>	<b>(29,532)</b>	<b>(1,360)</b>	<b>(4,908)</b>	<b>(498)</b>	<b>(4,465)</b>	-	-	<b>(44,677)</b>
Acquired upon purchase of subsidiary company	<b>137</b>	<b>1,590</b>	-	<b>23</b>	<b>215</b>	-	-	-	<b>1,965</b>
Elimination due to disposal of subsidiary company	<b>(13,171)</b>	<b>(51,589)</b>	-	<b>(2,096)</b>	<b>(1,165)</b>	-	-	-	<b>(68,021)</b>
December 31, 2006	<b>76,859</b>	<b>910,523</b>	<b>4,171</b>	<b>20,420</b>	<b>17,506</b>	<b>18,586</b>	-	<b>65,326</b>	<b>1,113,391</b>
<b>Net book value</b>									
December 31, 2006	<b>261,043</b>	<b>2,559,742</b>	<b>4,488</b>	<b>16,205</b>	<b>8,809</b>	<b>13,865</b>	<b>33,784</b>	<b>22,053</b>	<b>2,919,989</b>
March 31, 2006	240,683	2,392,785	4,789	17,307	9,586	12,168	24,813	48,770	2,750,901



## 9. INTANGIBLE ASSETS

	Pre-operating costs	Deferred Costs	Finance cost	Software im-plementation costs	Development costs	Goodwill	Total
	SR 000						
<b>Cost</b>							
April 1, 2006	34,315	4,034	33,217	8,141	21,750	133,609	235,066
Additions	<b>8,134</b>	-	-	-	-	<b>1,585,732</b>	<b>1,593,866</b>
Disposals	(135)	-	-	-	-	(667)	(802)
Acquired upon purchase of subsidiary company	<b>3,348</b>	-	-	-	-	-	<b>3,348</b>
Elimination due to disposal of subsidiary company	(17,762)	-	-	-	-	-	(17,762)
December 31, 2006	<b>27,900</b>	<b>4,034</b>	<b>33,217</b>	<b>8,141</b>	<b>21,750</b>	<b>1,718,674</b>	<b>1,813,716</b>
<b>Amortization</b>							
April 1, 2006	21,013	2,253	11,158	2,130	12,014	29,580	78,148
Disposals	(134)	-	-	-	-	-	(134)
Charge for the year	<b>3,184</b>	<b>421</b>	(165)	<b>1,632</b>	<b>2,434</b>	-	<b>7,506</b>
Acquired upon purchase of subsidiary company	<b>1,172</b>	-	-	-	-	-	<b>1,172</b>
Elimination due to disposal of subsidiary company	(12,548)	-	-	-	-	-	(12,548)
December 31, 2006	<b>12,687</b>	<b>2,674</b>	<b>10,993</b>	<b>3,762</b>	<b>14,448</b>	<b>29,580</b>	<b>74,144</b>
<b>Net book value</b>							
December 31, 2006	<b>15,213</b>	<b>1,360</b>	<b>22,224</b>	<b>4,379</b>	<b>7,302</b>	<b>1,689,094</b>	<b>1,739,572</b>
March 31, 2006	13,302	1,781	22,059	6,011	9,736	104,029	156,918



## 10. PROJECTS UNDER DEVELOPMENT

The balance of projects under development as of December 31, 2006, represents amounts paid for the Acetex and Methanol projects and for studies made for the development of other projects.

## 11. SHORT-TERM FACILITIES

	December 31, 2006 SR 000	March 31, 2006 SR 000
Overdraft	17,181	11,471
Short-term loans	267,624	251,816
Notes payable	2,136	8,465
	<b>286,941</b>	<b>271,752</b>

These facilities were issued against personal guarantees of the subsidiaries' partners and promissory notes. Also, certain facilities are guaranteed by the National Industrialization Company based on the Company's ownership in these companies.

## 12. LONG-TERM LOANS

	December 31, 2006 SR 000	March 31, 2006 SR 000
Saudi Industrial Development Fund (SIDF)	567,990	551,615
Commercial banks	1,712,788	1,665,819
	<b>2,280,778</b>	<b>2,217,434</b>
<b>Less:</b> Current portion	<b>426,575</b>	<b>406,206</b>
	<b>1,854,203</b>	<b>1,811,228</b>

The loans from Saudi Industrial Development Fund are repayable in semi annual unequal installments commencing on various dates. Finance charges paid in advance are deferred and amortized over the periods of the loans. Commercial loans are repayable in unequal installments and bear finance charges based on prevailing market rates.

The long-term loans are collateralized by mortgages and liens over the property and equipment of the related subsidiaries. Certain long-term loans are also secured by personal and corporate guarantees of the partners' according to their proportionate ownership in these companies. Some of the loan agreements include covenants to maintain certain financial ratios during the loan period.

### 13. ACCOUNTS PAYABLE

	December 31, 2006 SR 000	March 31, 2006 SR 000
Trade	152,116	234,517
Due to related parties	554	468
Due to contractors	2,251	3,955
Others	8,095	10,420
	<b>163,016</b>	<b>249,360</b>

### 14. ACCRUED LIABILITIES AND OTHER

	December 31, 2006 SR 000	March 31, 2006 SR 000
Accrued liabilities	189,515	90,023
Provision for zakat	50,424	30,999
Unclaimed dividends	37,789	40,764
Other payable and subscription surplus	26,693	26,523
Other provisions	11,589	28,093
Accrued tickets and vacations	16,787	13,911
	<b>332,797</b>	<b>230,313</b>

### 15. END-OF-SERVICE INDEMNITIES

	December 31, 2006 SR 000	March 31, 2006 SR 000
Balance, April 1	48,738	39,405
Payments during the year	(6,021)	(1,550)
Charge for the year	14,198	10,883
Elimination due to disposal of subsidiary company	(2,066)	-
Balance, December 31	<b>54,849</b>	<b>48,738</b>

### 16. ZAKAT

The Company and its subsidiaries, which are Saudi joint stock company and Saudi limited liability companies, present their zakat and income tax declarations to the Department of Zakat and Income Tax on an individual company basis.



The principal elements of the zakat base related to National Industrialization Company are as follows:

	<b>December 31, 2006 SR 000</b>	<b>March 31, 2006 SR 000</b>
Share capital	<b>2,330,491</b>	1,570,000
Statutory reserve	<b>101,820</b>	64,778
Share premium	<b>2,053,324</b>	-
Retained earnings	<b>391,253</b>	57,877
Adjusted net loss	<b>(13,135)</b>	(4,827)
Provisions	<b>11,839</b>	2,972
Long term loans	<b>75,000</b>	-
Property and equipment	<b>(57,947)</b>	(15,678)
Investments	<b>(3,073,583)</b>	(1,616,528)
Projects under development	<b>(69,292)</b>	(667)
Intangible assets	<b>(1,672,317)</b>	(97,173)
Zakat base	<b>77,453</b>	(39,246)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The zakat provision has been computed for the period from April 1 to December 31, 2006.

The movement in zakat provision of the National Industrialization Company is as follows:

	<b>December 31, 2006 SR 000</b>	<b>March 31, 2006 SR 000</b>
Balance, April 1	<b>2,606</b>	5,739
Payments during the year	-	(3,133)
Provision for the year	<b>1,309</b>	-
Zakat provision for National Industrialization Company	<b>3,915</b>	2,606
Zakat provision for the subsidiary companies	<b>46,509</b>	28,393
Balance, December 31	<b>50,424</b>	30,999

The Company received the final zakat assessments for the year ended March 31, 2003 which showed a difference of SR 856 thousand against which the Company has filed an objection. The Company has paid the zakat due for the years ended March 31, 2004 to March 31, 2006 based on zakat declarations but has not yet received the final zakat assessments for those years.

#### 17. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

#### 18. INCOME FROM INVESTMENTS AND OTHER

	December 31, 2006 SR 000	March 31, 2006 SR 000
Gain from murabaha and other	78,825	41,953
Foreign exchange differences	12,948	-
Income from development projects	4,450	-
Gain from sale of scrap	1,714	1,321
Dividends received	1,550	3,238
Technology rights and other	-	2,587
Other	4,551	1,589
	<b>104,038</b>	<b>50,688</b>

#### 19. SELLING AND MARKETING EXPENSES

	December 31, 2006 SR 000	March 31, 2006 SR 000
Salaries, wages and other benefits	13,601	11,203
Freight charges	110,383	105,691
Distributors' commissions	13,142	14,011
Depreciation and amortization	871	887
Advertising and publicity	2,309	2,283
Transportation and travel expenses	2,417	1,801
Telephone and postage	705	646
Rent	805	614
Others	8,172	8,195
	<b>152,405</b>	<b>145,331</b>



## 20. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2006 SR 000	March 31, 2006 SR 000
Salaries, wages and other benefits	46,851	46,430
Depreciation and amortization	5,378	12,370
Professional fees and consultation expenses	6,290	3,217
Rent	1,121	1,221
Advertising and printing	1,730	1,253
Charitable contributions and social acts	3,460	2,200
Currency exchange differences	13	10,458
Other	7,491	10,798
	<b>72,334</b>	<b>87,947</b>

## 21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company has provided guarantees to commercial banks and to the Saudi Industrial Development Fund based on the Company's related percentage of ownership in certain companies. The total guarantees amounted to approximately SR 116 million as of December 31, 2006 (March 31, 2006: approximately SR 109 million).

Certain subsidiaries have outstanding commitments and contingencies as of December 31, 2006 in the form of letters of credit and letters of guarantee amounting to SR 11 million (March 31, 2006: SR 54 million).

The subsidiary company has capital commitments as follows:

	December 31, 2006 SR 000	March 31, 2006 SR 000
Commitments related to project under construction	-	65,184
Commitments for the acquisition of property and equipment	<b>3,972,118</b>	22,709

## 22. PURCHASE/DISPOSAL OF SUBSIDIARIES

During the year ended December 31, 2006, the Company transferred its shares in Arabian Axles and Foundries and Spare Parts Company Ltd. to National Metal Manufacturing and Casting Co. (Ma'adaniah), (Note 1).

The following was the net assets of the subsidiary as of December 31, 2005:



	Amount SR'000
Cash and cash equivalent	1,616
Accounts receivable	7,405
Inventories	34,277
Prepaid expenses and others assets	2,163
Investments in Government Development Bonds	5,341
Property and equipment	79,410
Intangible assets	5,214
Accounts payable	(8,332)
Accrued liabilities and other	(3,307)
Current portion of long-term loans	(8,100)
Long-term loans	(44,665)
End-of-service indemnities	(2,066)
Net assets as at December 31, 2005	68,956
Cash and cash equivalents	(1,616)
	67,340

During the year, a subsidiary company purchased all the shares in Technical Tetravalent Lead Smelting Plant for a cash consideration of SR 27,000 thousand which resulted in a goodwill amounting to SR 10,589.

Following was the net assets of the subsidiary at acquisition date:

	Amount SR'000
Cash and cash equivalent	1,294
Accounts receivable	160
Inventories	3,070
Property and equipment, net	14,074
Pre operating expenses	2,176
Accounts payable	(4,363)
Net assets purchased	16,411
Goodwill resulting from acquisition	10,589
Purchased price	27,000
Cash and cash equivalent	(1,294)
Net	25,706



For the purpose of cash flow preparation, the following balances have been eliminated and the net effect of SR 41,634 thousand has been reflected as a separate line item in the consolidated statement of cash flows.

### 23. APPROPRIATION OF NET PROFIT

The Board of Directors has proposed the distribution from retained earnings and share premium as follows:

- Distribution of cash dividends to the shareholders amounting to SR 233,049 thousand which represents 10% of the share capital (SR 1 per share).
- Distribution of 1 bonus shares for every 2 shares held amounting to SR 1,165,245 thousand.
- Payment of SR 1,600 thousand as Board of Directors' remuneration.

### 24. BALANCES AND TRANSACTION WITH RELATED PARTIES

Saudi Polyolefin's Company has signed marketing and sales agreements with its foreign partner (referred to as the "Marketer"), whereby the Marketer have agreed to market its product quantities at prices in accordance with such an agreement. The agreement specify the marketing responsibilities, quantities to be marketed by the Marketer, territories in which the products are to be sold, the price formula, payment terms and others obligations.

Significant related party transactions consists of the following:

	<b>December 31, 2006 SR 000</b>	<b>March 31, 2006 SR 000</b>
Sales to marketers	<b>1,445,066</b>	1,198,978

Significant related party balances consists of the following:

	<b>December 31, 2006 SR 000</b>	<b>March 31, 2006 SR 000</b>
Trade receivables – Marketers and its subsidiary (Basel Asia Pacific Limited) – Note 4	<b>518,060</b>	469,340

### 25. SEGMENT INFORMATION

The activity of the Company (Head office) represents investments while subsidiary companies operate in the industrial and petrochemical sectors. The accounting policies adopted by these sectors are the same as stated in the significant accounting policies. The main markets of the petrochemical sector are in the Kingdom of Saudi Arabia, Europe, Middle East, and Asia while the other sectors are in the Kingdom of Saudi Arabia. The following is a selected financial information for these sectors:

	Industrial sector	Petro- chemical sector	Head office & service sector	Total
	SR 000			

#### Year ended December 31, 2006

Total assets	2,277,062	5,509,476	2,570,266	10,356,804
Total liabilities	1,384,923	1,310,722	422,736	3,118,381
Sales	1,056,735	2,050,381	134,080	3,241,196
Gross profit	350,695	810,503	27,718	1,188,916
Depreciation and amortization	73,285	142,657	2,643	218,585
Operating income	269,297	705,898	31,721	1,006,916
Capital expenditures	418,621	2,083,666	112,710	2,614,997
Intangible assets	1,450	7,350	1,574,477	1,583,277

#### Year ended March 31, 2006

Total assets	1,976,097	4,356,839	506,348	6,839,284
Total liabilities	1,145,477	1,580,715	291,405	3,017,597
Sales	1,045,194	1,704,986	96,094	2,846,274
Gross profit	375,584	657,514	20,557	1,053,655
Depreciation and amortization	80,868	120,255	9,068	210,191
Operating income	283,003	551,207	5,232	839,442
Capital expenditures	216,622	272,632	10,534	499,788
Intangible assets	-	1,746	655	2,401

## 26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the balance sheet principally include cash and cash equivalent, accounts receivables and other assets, accounts payable, borrowings and accrued and other liabilities.

**Credit risk** is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentration of credit risk. Cash is placed with banks with sound credit ratings.

**Commission rate risk** is the risk that the value of a financial instrument will fluctuate due to changes in market commission rates. The subsidiaries have no significant commission bearing assets but have commission-bearing liabilities at December 31, 2006. The Company manages its borrowings made at floating



rates by using floating-to-fixed interest rate swaps. Such commission rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with the counter party to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rate and floating rate commission amounts calculated by reference to the agreed notional principal amounts.

**Liquidity risk** is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

**Currency risk** is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company transactions are principally in Saudi riyals, Euro and U.S. Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not material.

**Fair value** is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

## 27. EARNINGS PER SHARE

Earnings per share has been computed on the basis of the number of shares which was 233,049 thousand shares as of December 31, 2006 (March 31, 2006: 157,000 thousand shares).

## 28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on February 25, 2007.

## 29. COMPARATIVE FIGURES

Certain figures for the year ended March 31, 2006 have been reclassified to conform with the presentation in the year ended December 31, 2006.

## AUDITORS' REPORT

Tel : +966 (1) 4630018  
Fax : +966 (1) 4630865  
www.deloitte.com  
Head Office: Riyadh


To the shareholders  
National Industrialization Company  
A Saudi Joint Stock Company  
Riyadh, Saudi Arabia

We have audited the accompanying consolidated balance sheet of National Industrialization Company (A Saudi Joint Stock Company) as of December 31, 2006, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, and notes 1 to 29 which form an integral part of these consolidated financial statements as prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all the necessary information and explanations. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Industrialization Company as of December 31, 2006, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these consolidated financial statements.

Deloitte & Touche  
Bakr Abulkhair & Co.

  
Bakr A. Abulkhair  
(License No. 101)  
Safar 7, 1428  
February 25, 2007





## Company's Directory



**NATIONAL TITANIUM DIOXIDE COMPANY LTD.  
(CRISTAL)**

**Foundation Date:** 20/3/1409 H

**Principal Partners:** National Industrialization Company 66%  
Gulf Investment Corporation 33%  
Dr. Talal Bin Ali Al Sha'er 01%.

**Objective & Activities:** Producing Titanium Dioxide pigments.

**Products:** Titanium Dioxide is the major substance used in painting, inks, plastic, rubber, paper, textile, ceramic tiles, cosmetics, pharmaceutical preparations and other industries.

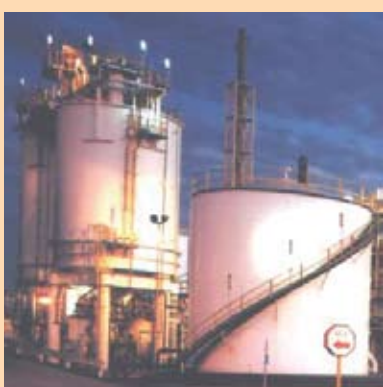
**Markets:** Industrial countries in Asia, Europe, America, Africa, Arab continent and Australia.

**Location:** The headquarters is situated in  
Al Baroom Tower – Jeddah.  
P.O. Box 21414 – Jeddah 31586  
Tel.: 6519883 – 6530104  
Fax: 6518757 – 6533382

**E-mail:** manabi@crystalarabia.com

**Website** www.crystalarabia.com

**Factory Location:** Yanbu Industrial City  
P.O. Box: 30320  
Tel.: 3212800 - Fax: 396018



## SUADI POLYOLEFINS COMPANY

**Foundation Date:** 7/7/1422 H

<b>Principal Partners:</b>	National Industrialization Company	75%
	Basell Middle East Holding Company	25%

**Objective & Activities:** Production of propylene and polypropylene with total capacity of 450,000 tpa each.

**Markets:** Various countries especially Europe, North & South America, Asia including Japan & China, Middle East and Africa.

**Location:** The factory is situated in Al-Jubail Industrial city within the principal complex constructed by the National Tasnee Petrochemicals Company.

**Address** P.O.Box 35579, Al Jubail 31961  
**E-mail:** Tel.: 341 6449 - Fax: 3419528

**E-mail:** [general@npic.com.sa](mailto:general@npic.com.sa)

**Website:** [www.nic.com.sa](http://www.nic.com.sa)



**TASNEE & SAHARA OLEFINS COMPANY**  
SAUDI JOINT STOCK COMPANY

**Foundation Date:** 8/4/1427 H

**Principal Partners:** National Industrialization Company 60.45%  
Sahra Petrochemical Company 32.55%  
General Organization for Social Insurance Est. 7%

**Objective & Activities:** Establishment, management, operation and acquisition of Petrochemical & Chemical projects, marketing their products and assume all relevant activities.

**Products:** Various types of chemicals and petrochemicals

**Markets:** Domestic, regional, Arab and international.

**Location:** The headquarters is situated in Riyadh  
Sitteen Street - Malaz  
Aqaria Building - Second Tower - 7th Floor  
P.O. Box 26707 - Riyadh 11496  
Tel.: 4767166 - Fax: 4770898

**E-mail:** general@nic.com

**Website** www.tasnee.com



## SAUDI ETHYLENE AND POLYETHYLENE COMPANY

**Foundation Date:** 8/4/1427 H

**Principal Partners:** Tasnee & Sahara Olefins Co. 75%  
Basell Middle East Holding Company 25%

**Objective & Activities:** Production and marketing of Chemical & Petrochemicals.

**Products:** Propylene, ethylene and polyethylene.

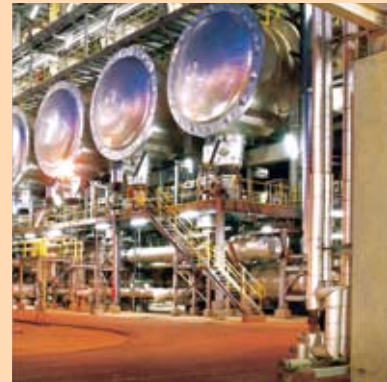
**Markets:** Domestic, regional and international.

**Location:** The factory is situated in Al-Jubail Industrial city within the principal complex constructed by the National Industrialization Company.

**Address:** P.O. Box 35579, Al-Jubail 31961  
**E-mail:** Tel.: 341 6449 - Fax: 3419528

**E-mail:** [general@npic.com.sa](mailto:general@npic.com.sa)

**Website:** [www.nic.com.sa](http://www.nic.com.sa)





## NATIONAL INDUSTRIALIZATION PETROCHEMICAL MARKETING COMPANY

**Foundation Date:** 6/9/1422 H

**Principal Partners:** National Industrialization Company 97%  
National Gulf Co. for Petrochemical Technology 3%

**Objective & Activities:**

- Assume marketing for others.
- Trading & Distribution agencies.
- Inspection & Survey Services.
- Packing Services.
- Marketing propylene, polypropylene and petrochemicals.

**Markets:** Kingdom of Saudi Arabia, Gulf States, India, Pakistan, Iran, Middle East, and Africa.

**Location:** The company's headquarters is located in Riyadh City, Sitteen street, Malaz  
2nd Aqaria Building  
Tower 1, 2nd Floor  
P.O. Box 26707, Riyadh 11496  
Tel.: 4734559 - Fax: 4734580

**E-mail:** [marketing@tasneepetrochemicals.com](mailto:marketing@tasneepetrochemicals.com)

**Website:** [www.tasneepetrochemicals.com](http://www.tasneepetrochemicals.com).







**ROWAD NATIONAL PLASTIC COMPANY LTD.  
(ROWAD)**

**Foundation Date:** 28/08/1412 H

**Principal Partners:** National Industrialization Company 97%  
Worldwide Industrial Advancement Co. 3%

**Objective & Activities:** Manufacturing & marketing high quality plastics.

**Products:** Various thickness, sizes and colours of polycarbonate sheets (Al Rowad, Mastersheet, Royalstick), crystal sheet, acrylic sheets, ABS sheets, polystyrene sheets, polyethylene sheets, car batteries containers, recycled granules, paints pails.

**Markets:** Kingdom of Saudi Arabia, GCC Countries, Arab countries and some Asian & European countries.

**Location:** Riyadh Factory  
2nd Industrial City Riyadh  
P.O. Box 29452 Riyadh – 11457  
Tel.: 265 1966 - Fax : 265 1973  
Dammam Factory  
2nd Industrial City, Dammam  
P.O. Box 14164 Dammam 31424

**E-mail:** info@alrowad.biz

**Website:** www.alrowad.biz



## ROWAD MEMBRANES INDUSTRIAL CO.

**Foundation Date:** 15/4/1427 H

<b>Principal Partners:</b>	Rowad National Plastic Company	70%
	Golden Trade Company	15%
	Wasu Technology Company	15%

**Objective & Activities:** Production and manufacture of various industrial membranes.

**Products:** Industrial membranes.

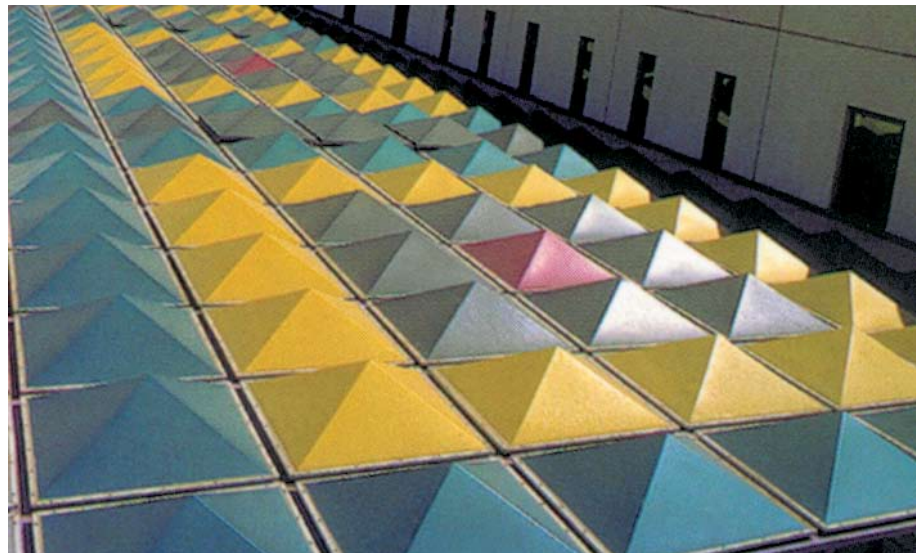
**Markets:** Kingdom of Saudi Arabia, GCC Countries, Arab countries and Africa.

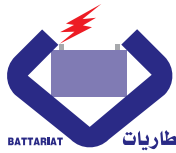
**Location:** Dammam

**Company Address:** P.O.Box 29452 Riyadh – 11457  
Tel.: 265 1966 - Fax : 265 1973

**E-mail:** info@alrowad.biz

**Website** www.alrowad.biz





## NATIONAL CAR BATTERIES CO. (BATTARIAT)

**Foundation Date:** 8/5/1413 H

**Principal Partners:**

National Industrialization Company	80%
Ba Naem Establishment	10%
Mr. Saed Mohammad Basmeih	10%

**Objective & Activities:** Production of automotive and industrial batteries.

**Products:** Trade marked automotive batteries.

**Markets:** Kingdom of Saudi Arabia and the neighbouring countries.

**Location:** 2nd Industrial City  
3rd Stage – Riyadh  
P.O. Box 177, Riyadh 11383  
Kingdom of Saudi Arabia  
Tel.: 2650019 – Fax: 2650057

**E-mail:** nbc@battariat.com

**Website:** www.battariat.com





**NATIONAL LEAD SMELTING CO.  
(RASASS)**

**Foundation Date:** 25/10/ 1410 H

**Principal Partners:** National Industrialization Company 71.72%.  
Dallah for Industrial Investment Company 23.72%  
Mr. Ahmad Bin Mohammad Aqil Al Shehri. 4.54%

**Objective & Activities:** Recycling of used car batteries, and production of lead, polypropylene, and sodium sulphate from these.

**Products:** Lead, Polypropylene, Sodium Sulphate.

**Markets:** Saudi Arabia, GCC countries, Yemen, Jordan and Pakistan.

**Location:** 2nd Industrial Zone, 3rd Stage, Riyadh.  
P.O. Box 43169, Riyadh 11561  
Tel.: 265 2424 - Fax: 265 2223

**E-mail:** info@Rassas.com.sa







## NATIONAL OPERATION AND INDUSTRIAL SERVICES CO. (KHADAMAT)

**Foundation Date:** 29/7/1406 H

**Principal Partners:** National Industrialization Company 61.67%  
Group of Businessmen 38.33%

**Objective & Activities:** Marketing, Sale and distribution of industrial products, including car batteries, plastic sheets, imports & exports, trading agencies for industrial products, investment in industrial services fields including environment preservation services, quality services and & technical testing.

**Markets:** Domestic & regional markets.

**Location:** Al Akaria Building, Tower 1  
Sitteen Street, Malaz, Riyadh  
P.O. Box 86868, Riyadh 11632  
Tel.: (01) 4762800 - Fax: (01) 4760088.

**E-mail:** khadamatbp@hotmail.com





## NATIONAL INSPECTION & TECHNICAL TESTING CO. LTD. (FAHSS)

**Foundation Date:** 29/7/1406 H

**Principal Partners:** National Industrialization Company 57.94%  
Other Partners 42.06%

**Objective & Activities:** Provision of industrial services in testing & inspection, calibration & maintenance, quality and environment management systems (ISO), Foods Management Services (HACCP) Health & Safety and Information Technology.

**Services:**

- Quality Management Services Systems as per ISO (9000) series.
- Environment Management Systems as per ISO (9000) series.
- Occupational Health & Safety (OHSAS 18001).
- Food Safety management systems (HACCP).
- Inspection and issue certificates as per the EU Standards (CE Mar, and other inspection & technical testing procedures).

**Markets:** Kingdom of Saudi Arabia.

**Location:** Headquarters  
P.O. Box 8993, Dammam 31481 - Kingdom of Saudi Arabia  
Tel.: 8281835 - Fax: 8281267  
E-mail: sales@fahss.com - info@fahss.com  
Website: www.fahsstuv.com

**Branches:** **Technical inspection & Testing branch (TUV Al Jubail)**  
P.O. Box 10771, Al Jubail 31961 - Kingdom of Saudi Arabia  
Tel.: 3622997, 3615658 - Fax: 3624580  
E-mail: info@fahsstuv.com  
Website: www.fahsstuv.com

**Gulf Laboratory for Calibration & Standardization (GEMS)**  
P.O. Box 10166 Al-Jubail 31961 - Kingdom of Saudi Arabia  
Tel.: 3419453, 3419452, 3419451 - Fax: 3417628  
Email: info@gems\_calibration.com  
Website: www.gems\_calibration.com





## RWTUV MIDDLE EAST "RWTUV-ME"

**Foundation Date:** 8/3/1425 H

**Principal Partners:** National Industrialization Company 57.94%  
Other Partners 42.06%

**Objective & Activities:** Provision of industrial services in testing & inspection, quality and environment management systems (ISO), Foods Management Services (HACCP) Health & Safety and Information Technology.

**Services:**

- Quality Management Services Systems as per ISO (9000) series.
- Environment Management Systems as per ISO (9000) series.
- Occupational Health & Safety (OHSAS 18001).
- Food Safety management systems (HACCP).
- Inspection and issue certificates as per the EU Standards (CE Mar, and other inspection & technical testing procedures).

**Markets:** GCC and Arab countries.

**Location: Headquarters**  
P.O. Box 26674 - Manama - Bahrain  
Tel.: 973-1 7877391 - Fax: 973-1 7877392  
E-mail: tuvbahrain@tuv1.com  
Website: www.tuv1.com

**Branches: Abu Dhabi Branch**  
P.O. Box 46030 - Abu Dhabi - UAE  
Tel.: 971-2 4478500 - Fax: 971-2 4478600  
E-mail: rwtuvgis@eim.ae

**Dubai Branch**  
P.O. Box 79122 - Dubai - UAE  
Tel.: 971-4 3456431 - Fax: 971-4 3456373  
E-mail: rwtuvdxb@eim.ae





**NATIONAL PACKING PRODUCTS COMPANY LTD.  
(WATAN PAC)**

**Foundation Date:** 19/4/1404 H

**Principal Partners:**

Asir Company	50.4%
National Industrialization Company	42.6%
Other Businessmen	7%

**Objective & Activities:** Production and marketing of corrugated cartons.

**Products:** Production of corrugated carton for all sectors and usages.

**Markets:** Kingdom of Saudi Arabia, GCC & Arab countries (Jordan, Syria and Yemen).

**Location:** 2nd Industrial City  
P.O. Box 25817, Riyadh 11476  
Tel.: 2652211 - Fax: 2652483





**NATIONAL METAL MANUFACTURING & CASTING CO.  
(MAADANIAH)**

(Traded Saudi Joint Stock)

**Foundation Date:** 16/05/1411 H.

**Principal Partners:** National Industrialization Company 35.46%  
Other shareholders 64.54%.

**Objective & Activities:** Manufacturing wires & metal products.

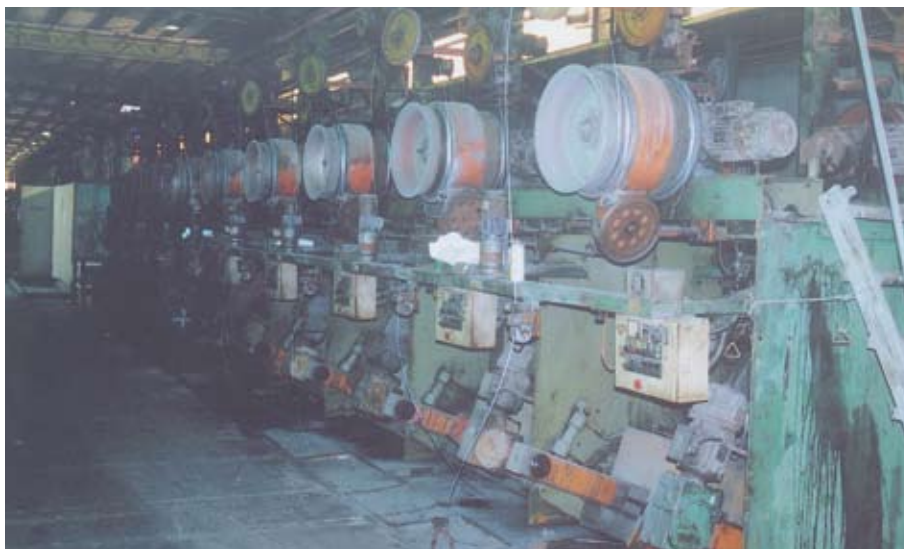
**Products:** Steel wires for precast concrete, high carbonated galvanized wires, low carbonated galvanized wires, iron frames & spring wires for mattresses, welding wires, screws, various kinds and sizes of nails.

**Markets:** Kingdom of Saudi, GCC Countries, Arab States, UK, Italy, Pakistan and Iran.

**Location:** Al-Jubail Industrial City.  
P.O. Box 10882,  
Al-Jubail Industrial City 31961  
Tel. 3588000 - Fax : 3583831

**E-mail:** natmetal@natmetalco.com

**Website** www.natmetalco.com





## NATIONAL ENVIRONMENTAL PRESERVATION CO. (BEE'AH)

**Foundation Date:** 28/7/1408

**Principal Partners:** National Industrialization Company 32.33%  
Other Partners 67.67%

**Objective & Activities:**

1. Collection, transportation and removal all types of waste.
2. Clear oil & chemical pollution.
3. Cleaning cities.
4. Environmental studies.
5. Pollution monitoring, and environmental engineering & design.
6. Management and operation of various processing and purification units.

**Services** Transport and handling of hazardous waste, and management & operation of various handling and purification units.

**Markets:** Kingdom of Saudi Arabia and GCC countries.

**Location:** Secondary Industries Area, Sector P.  
189 Road, Al Jubail Industrial City  
P.O. Box 10628  
Al-Jubail Industrial City 31961  
Tel.: 35880088 - Fax: 3588584

**E-mail:** info@beeah.com

**Website:** www.beeah.com









**التصنيع**  
**TASNEE**

**National Industrialization Company**

P.O. Box 26707 - Riyadh 11496 - Saudi Arabia

Tel.: 4767166 - Fax: 4770898

E-mail: [general@nic.com.sa](mailto:general@nic.com.sa)

Internet: <http://www.tasnee.com>