CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) AND AUDITORS' LIMITED REVIEW REPORT

FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2015

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES (SAUDI JOINT STOCK COMPANY) CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITORS' LIMITED REVIEW REPORT FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2015



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LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES (SAUDI JOINT STOCK COMPANY)

Scope of limited review:

We have reviewed the accompanying consolidated interim balance sheet of Advanced Petrochemical Company (the "Company"), a Saudi Joint Stock Company and its subsidiaries (collectively referred to as the "Group") as at 30 September 2015, the related consolidated interim statement of income for the three and nine months periods then ended and consolidated interim statement of cash flows for the nine months period then ended. These consolidated interim financial statements have been prepared by the Group's management and submitted to us together with the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards, 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.

Conclusion of limited review:

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

for Ernst & Young

Abdulaziz Saud Atshubaibi Certified Public Accountant Registration No. 339

2 Muharram 1437H 15 October 2015 Alkhobar

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CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 30 SEPTEMBER 2015

(All amounts in Saudi Riyals thousands unless otherwise stated)

value of the second of the sec	Note	2015	2014
ASSETS			300000
CURRENT ASSETS			
Cash and cash equivalents		267,829	515,800
Trade receivables		289,274	306,680
Prepayments and other receivables		25,363	42,289
Inventories	2-	126,877	119,736
TOTAL CURRENT ASSETS	-	709,343	984,505
NON-CURRENT ASSETS			
Available for sale investments		632,725	195,533
Investment in unconsolidated subsidiaries	1	376	1,900
Investment in an associated company	4	400,831	******
Property, plant and equipment	W	2,124,788	2,119,970
Intangible assets		73,931	28,244
Other non-current assets	5	26,130	28,340
TOTAL NON-CURRENT ASSETS	820	3,258,781	2,373,987
TOTAL ASSETS	-	3,968,124	3,358,492
LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES			
Accounts payable, accruals and other liabilities		263,568	371,624
Zakat and income tax provision		15,285	15,185
Dividends payable	6	127,703	168,518
Current portion of term loans	750	40,000	158,333
TOTAL CURRENT LIABILITIES	25	446,556	713,660
NON-CURRENT LIABILITIES			
Term loans		60,000	399,167
Sukuk		998,154	:
Employees' terminal benefits and other benefits	-	42,960	34,142
TOTAL NON-CURRENT LIABILITIES	-	1,101,114	433,309
TOTAL LIABILITIES		1,547,670	1,146,969
SHAREHOLDERS' EQUITY			
Share capital	1	1,639,950	1,639,950
Statutory reserve		281,835	261,822
Unrealized losses on available for sale investments		(44,725)	(4,007)
Retained earnings		543,394	313,758
TOTAL SHAREHOLDERS' EQUITY		2,420,454	2,211,523
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2	3,968,124	3,358,492
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KHALIFA A. AL-MULHEM ABDULLATIM. AL-GARAW	л.	MOHAMMED H.	OAUTANI
Chairman of the Board President & CEO		Finance and Accoun	

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



CONSOLIDATED INTERIM STATEMENT OF INCOME (UN-AUDITED) FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2015 Advanced (All amounts in Saudi Riyals thousands unless otherwise stated)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2015	2014	2015	2014
Sales	631,979	819,760	1,835,293	2,296,560
Cost of sales	(383,664)	(614,068)	(1,211,863)	(1,747,603)
GROSS PROFIT	248,315	205,692	623,430	548,957
EXPENSES				
Selling and distribution	(2,524)	(3,860)	(7,285)	(11,875)
General and administrative	(5,244)	(4,930)	(21,730)	(18,392)
INCOME FROM MAIN OPERATIONS	240,547	196,902	594,415	518,690
Financial charges	(5,217)	(2,882)	(13,161)	(9,067)
Realized gains/(losses) on sale of available for	183	34,572	(4,158)	40,216
sale investments, net Other (expense)/income, net	(1,337)	146	(6,569)	985
Share of results of an associated company	(1,557)	140	(3,579)	
NET INCOME FOR THE PERIOD	234,176	228,738	566,948	550,824
Earnings per share from main operations	1.467	1.201	3.625	3,163
Earnings per share from net income	1.428	1,395	3.457	3,359
Weighted average number of shares outstanding (in thousands)	163,995	163,995	163,995	163,995

KHALIFA A. AL-MULHEM Chairman of the Board

ABDULLAH M. AL-GARAWI President & CEO

MOHAMMED H. QAHTANI Finance and Accounting Manager



CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

(All amounts in Saudi Riyals thousands unless otherwise stated)

September 2015	
4015	2014
	2014
566,948	550,824
300,740	550,024
123,950	122,341
33,026	31,490
225	30
4,158	(40,216)
13,161	9,067
9,603	8,995
3,579	85 11 233
754,650	682,531
10000000000000000000000000000000000000	18-2-3048.000
(91,222)	(40,686)
(A)	(24,775)
	25,459
(11,698)	29,931
651,769	672,460
(2,883)	(3,344)
(9,621)	(7,036)
(22,144)	(17,436)
617,121	644,644
(495,087)	(159,324)
(181,534)	26 E
(88,017)	(2,152)
(79,911)	(79,851)
7	116
2,050	
(842,492)	(241,211)
(20,000)	(22,500)
(369,004)	(409,026)
(1,800)	95 8 8
(390,804)	(431,526)
	651,769 (2,883) (9,621) (22,144) 617,121 (495,087) (181,534) (88,017) (79,911) 7 2,050 (842,492) (20,000) (369,004) (1,800)



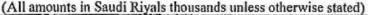
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED) FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the nine months period ended 30	
	September 2015	2014
DECREASE IN CASH AND CASH EQUIVALENTS	(616,175)	(28,093)
Cash and cash equivalents at the beginning of the period	884,004	543,893
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	267,829	515,800
Supplemental non-cash transactions:		
Dividends declared during the period and not yet paid	122,981	164,957
Unrealized (loss)/gain on available for sale investments	(16,734)	4,007
Zakat and income tax provision charged to retained	275	V2007-0-00
earnings	15,811	15,361
Accrued board of directors' remunerations	1,350	
Amortization of prepaid financing costs related to Sukuk	519	-

KHALIFA A AL-MULHEM Chairman of the Board ABDULLAH M, AL-GARAWI President & CEO MOHAMMED H. QAHTANI Finance and Accounting Manager

NOTES TO THE COSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2015





1. ORGANIZATION AND ACTIVITIES

Advanced Petrochemical Company (the "Company") is a Saudi joint stock company, registered in Dammam, Kingdom of Saudi Arabia under commercial registration number 2050049604 dated 27 Sha'ban 1426H (corresponding to 1 October 2005). The paid up share capital of the Company is SR 1,639,950,000 divided into 163,995,000 shares of SR 10 each.

The consolidated interim financial statements as of 30 September 2015 include the financial statements of the Company and the following subsidiaries (collectively referred to as the "Group"):

	Effective
22	ownership
	100%

Advanced Renewable Energy Company ("AREC") -- note a Advanced Global Investment Company ("AGIC")

vanced Global Investment Company ("AGIC")

Notes:

- a- 5% of this investment is held under a related party's name on behalf of the Group.
- b- Advanced Global Holding Limited ("AGHL") which is a 100% owned investment has not been consolidated in this interim financial statements for the period ended 30 September 2015 (2014: same) due to the absence of any activities during the period.
- c- Both AREC and AGIC have not been consolidated in the comparative period due to the absence of any activities during the comparative period. Accordingly, they have been accounted for under the equity basis on the comparative statements.

The Group is licensed to engaged in production and selling Polypropylene, Polysilicon and Polysilicon downstream products which includes Photovoltaic cells and Photovoltaic, and establishing, operating and investing in industrial projects including petrochemical, chemical, basic and conversion industries and industries relating to renewable energy within and outside Kingdom of Saudi Arabia.

2. BASIS OF CONSOLIDATION

The consolidated interim financial statements include the interim financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date the Group obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The interim financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-Group balances, transactions, income and expenses and profit and loss resulting from intra-Group transactions that are recognized as assets, are eliminated in full.

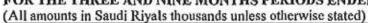
3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The consolidated interim financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of available for sale investments.







3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the consolidated interim 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 interim financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are considered reasonable in the given circumstances of the Group.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash on hand, short term Murabaha that is readily convertible into known amounts of cash and have original maturities of three months or less.

Trade receivables

Trade receivables are stated at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when the collection of the trade receivables amount is considered doubtful. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value, with due allowance for obsolete or slow moving items. Cost is determined as follows:

Raw materials, consumables and spare parts

- purchase cost on a weighted average basis.

Production in progress and finished products

 cost of direct materials and labor plus attributable overheads based on a normal level of activity.

Available for sale investments

After initial recognition, investments purchased neither with the intention of being held to maturity nor for trading purposes are classified as available for sale investments and are measured at fair value. Unrealized gains and losses are reported as a separate component of shareholders' equity until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported in shareholders' equity is included in the interim consolidated statement of income for the period.

Investment in unconsolidated subsidiaries

Investment in unconsolidated subsidiaries are accounted for under the equity method.

Investment in an associated company

Investment in an associated company is accounted for under the equity method.

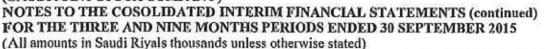
Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment of value. Construction work in progress is not depreciated. The cost of other property, plant and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

Improvements on assets are amortized on a straight-line basis over the shorter of the useful life of the improvement or the related assets.

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES

(SAUDI JOINT STOCK COMPANY)





3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Expenditure for repair and maintenance are charged to the consolidated interim statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

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

	Years
	-
Plants	20
Buildings	33
Machinery and equipment	10
Furniture, fixtures and office equipment	3 - 8
Catalysts	2 - 8
Laboratory and safety equipment	5
Vehicles and trucks	4 - 10
Leasehold improvements	10

Capital spare parts

Capital spare-parts which are considered essential to ensure continuous plant operation, are classified under tangible assets, and are depreciated using the straight-line method over 20 years. The following two conditions must apply to all capitalized spare-parts:

- They are not readily available in the market, or unavailable.
- Their manufacturing requires an extended time to complete.

Intangible assets

Planned turnaround costs are deferred and amortized over the period until the date of next planned turnaround. Should unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the previously unamortized deferred costs are immediately expensed and the new turnaround costs are deferred and amortized over the period likely to benefit from such costs. Deferred costs is included under the intangible assets in the consolidated interim balance sheet.

The amortization expenses are included under cost of sales in the consolidated interim statement of income.

Other intangible assets are amortized over a period not exceeding seven years.

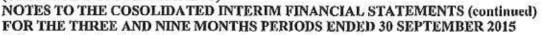
Impairment of non-current assets

The Group reviews the carrying values of its non-current assets for impairment when events or circumstances indicate that carrying value may not be recoverable. If such indicators exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The carrying value of the asset (or cash generating unit) is reduced to the recoverable value when the recoverable value is below the carrying value. Impairment loss is recognized as expense when incurred.

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES

(SAUDI JOINT STOCK COMPANY)



(All amounts in Saudi Rivals thousands unless otherwise stated)



3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets (continued)

Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. The reversal of impairment loss is recognized as income once identified.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

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

Zakat and income tax

Zakat and income tax are provided for in the consolidated interim financial statements based on the period share of the estimated zakat and income tax for the whole year. Differences between the estimated zakat and income tax for the interim period and the provision that is calculated based on the detailed calculation at year end are accounted for at that time.

The liability is charged to retained earnings. Accordingly, amounts reimbursable by the shareholder of such zakat and income tax are credited to retained earnings as well. Additional amounts, if any, that may become due on finalization of an assessment are accounted for at that time.

Employees' terminal benefits and other benefits

Employees' terminal benefits

Provision is made for amounts payable under the Group's policies applicable to employees accumulated periods of service at the consolidated interim balance sheet date.

Employees' saving plan

The Group maintains an employees' saving plan for its Saudi employees. The contributions from the participants are deposited in separate bank account and liability is established for these contributions. The Group's contribution under the saving plan is charged to the consolidated interim statement of income.

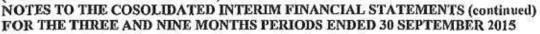
Dividends are recognized as a liability at the time of their approval by the General Assembly, Interim dividends are recorded as and when approved by the Board of Directors.

Revenue recognition

For international markets, all products are sold to the marketers, while for local markets (Saudi Arabia and GCC countries) the products are sold directly by the Group. Upon delivery to the marketers, sales are recorded at provisional sales prices that are later adjusted based upon actual selling prices received by the marketers from third parties, after deducting the costs of shipping and marketing fees etc. Adjustments are made, as they become known to the Group. Sales in local markets are recognized upon delivery of products to customers.

ADVANCED PETROCHEMICAL COMPANY AND ITS SUBSIDIARIES

(SAUDI JOINT STOCK COMPANY)







3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses other than cost of sales, financial charges and realized losses on available for sale investments are classified as general and administrative expenses.

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

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee.

Operating leases are charged to consolidated interim statement of income on a straight-line basis over the term of the operating lease.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction for a long period or production of a qualifying asset, are capitalized as part of the cost of that asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

Earnings per share

Basic earnings per share from net income are calculated by dividing the net income for the period by the weighted average number of shares outstanding at period end.

Basic earnings per share from main operations are calculated by dividing income from main operations for the period by the weighted average number of shares outstanding at period end.

Foreign currency transactions

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated interim balance sheet date. All differences are taken to the consolidated interim statement of income.

Segmental Analysis

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

As substantial portion of the Group's sales are made through marketers, substantially all of the Group's sales are conducted outside the Kingdom of Saudi Arabia. Accordingly, segmental analysis by geographical and operating segment has not been presented.

Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

NOTES TO THE COSOLIDATED INTERIM FINANCIAL STATEMENTS (continued) FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2015



(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Results of interim period

The Group has made all necessary adjustments which are important in order to present fairly in all material respects the consolidated interim financial position and results of operations. The consolidated interim financial results may not be considered an accurate basis for the actual results for the whole year

4. INVESTMENT IN AN ASSOCIATED COMPANY

On 3 September 2014, the Board of Directors of the Company approved the equity investment in PDH Plant with SK Gas (the "JV Co."), for the production of Propylene in South Korea, through its subsidiary AGIC. The total cost of the project is expected to be approximately US\$ 1 billion (SR 3.75 billion) and the project is financed 40% by equity from shareholders and 60% by the JV Co. through borrowing from lenders. AGIC will own 35% equity stake which will be financed and guaranteed by the Company. Total commitment for investment in the associate is approximately US\$ 140 million (SR 525 million) out of which US\$ 107.98 million (SR 404.9 million) have been paid up to 30 September 2015 and the remaining approximate amount of US\$ 32.02 million (SR 120.1 million) will be paid by the end of first quarter of 2016. The project has commenced the construction activities and it is scheduled to start the commercial production in the first half of 2016, with a designed capacity of 600,000 metric tons (MT) per annum.

5. OTHER NON-CURRENT ASSETS

Other non-current assets primarily represent balances related to Employee Share Ownership Program ("ESOP"). During 2012, the Board of Directors approved an ESOP which provides a 5 year service benefits to eligible employees effective I June 2012. These employees, subject to their subscription to ESOP and meeting the underlying conditions, are given an option to buy the Group's shares, at an agreed exercise price, at a future date (the "Vesting Date") once they become fully entitled to the shares. The ESOP cost is recognized as an expense over the period in which the service conditions are fulfilled by the employees.

In relation to ESOP, the Company purchased its shares at SR 30 million through a local financial institution under a custody arrangement and these shares are held by the local financial institution as the Group at no point will become legal owner. The value of such shares has been recorded under other non-current assets. The eligible employees will repay the exercise price of the shares to the Group at the Vesting Date.

6. DIVIDENDS

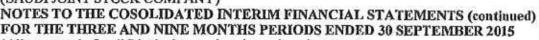
On 10 September 2015, the Board of Directors resolved to distribute interim cash dividends for the third quarter of 2015 of SR 0.75 per share (totaling SR 123 million).

On 26 May 2015, the Board of Directors resolved to distribute interim cash dividends for the second quarter of 2015 of SR 0.75 per share (totaling SR 123 million).

On 10 March 2015, the Board of Directors resolved to distribute interim cash dividends for the first quarter of 2015 of SR 0.75 per share (totaling SR 123 million).

On 25 November 2014, the Board of Directors proposed to distribute final cash dividends of SR 0.75 per share (totaling to SR 123 million) for the fourth quarter of 2014. This has been approved by the General Assembly in their meeting held on 17 March 2015.

In September 2014, the Board of Directors resolved to distribute second interim cash dividends for the third quarter of 2014 of SR 1 per share (totaling SR 163.9 million).





(All amounts in Saudi Riyals thousands unless otherwise stated)

6. DIVIDENDS (continued)

In June 2014, the Board of Directors resolved to distribute interim cash dividends for the first half of 2014 of SR 1.25 per share (totaling SR 205 million).

In November 2013, the Board of Directors proposed to distribute final cash dividends of SR 1.25 per share (totaling to SR 205 million) for the year 2013. This has been approved by the General Assembly in their meeting held in February 2014.

7. COMMITTMENTS

Capital commitments contracted but not yet incurred amounted to SR 186.9 million in respect of the employees home ownership program (2014: SR 283 million).

The Group has signed an agreement for the purchase of 80,000 MT per annum of propylene (an intermediate product) which have been used in the production of polypropylene since 1 October 2014.

8. CONTINGENCIES

The Group's banker has given payment guarantees on behalf of the Group in favor of Saudi Aramco for the propane and sales gas supply agreements and others amounting to SR 452.03 million (2014: SR 452.03 million).

The Group has been filing its annual Zakat & Income Tax returns with the Department of Zakat and Income Tax (the "DZIT") for the years from 2005 to 2014. However, there's no assessment received so far from the DZIT with respect of those years.

The Zakat base has been computed based on the Group's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. However, the zakat regulations in Saudi Arabia are subject to different interpretations and a new zakat regulations is expected to be announced in due course. Accordingly, the assessments to be raised by the DZIT for those years, could be different from the returns filed by the Company.

9. COMPARATIVE FIGURES

Certain of the prior period's amounts have been reclassified to conform with the presentation in the current period.