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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2013

INDEX **PAGE**

ERNST & YOUNG

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REVIEW REPORT

To the shareholders of Saudi Industrial Investment Group
(A Saudi Joint Stock Company)

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Industrial Investment Group (the "Company") - a Saudi Joint Stock- Company and its subsidiaries (the "Group") as at 30 June 2013, the related interim consolidated statement of income for the three and six month periods ended 30 June 2013, and interim consolidated statements of cash flows and changes in equity for the six-month period then ended. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data 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

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

For Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
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PROFESSIONAL LICENCE No. 45
ERNST & YOUNG

Riyadh: 9 Ramadan 1434H
(17 July 2013)

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

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30 June 2013
(Amounts in SR '000)

	Note	2013	2012 (Restated, note 16)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**1,087,551**	1,995,555
Amounts due from related parties		**296,608**	-
Accounts receivable, prepayments and other assets		**557,979**	96,770
Inventories		**836,498**	163,046
TOTAL CURRENT ASSETS		**2,778,636**	2,255,371
NON-CURRENT ASSETS			
Employee loans		**29,173**	11,884
Deferred charges		**91,054**	127,527
Subordinated loan to jointly controlled projects		**75,000**	75,000
Projects under construction	4	**62,187**	18,861,570
Investments in jointly controlled projects	5	**3,170,329**	2,760,783
Property, plant and equipment		**18,780,372**	1,419
TOTAL NON-CURRENT ASSETS		**22,208,115**	21,838,183
TOTAL ASSETS		**24,986,751**	24,093,554
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable, accruals and other liabilities		**604,960**	24,338
Amounts due to related parties		**69,444**	-
Short term loan	6	**430,000**	-
Current portion of term loans	8	**357,751**	207,292
Zakat provision	7	**149,424**	140,816
TOTAL CURRENT LIABILITIES		**1,611,579**	372,446
NON-CURRENT LIABILITIES			
Long term accounts payable		-	334,630
Term loans	8	**12,893,331**	13,192,643
Subordinated loan from non-controlling partner	9	**1,000,548**	408,611
Employees' terminal benefits		**16,506**	11,451
TOTAL NON-CURRENT LIABILITIES		**13,910,385**	13,947,335
TOTAL LIABILITIES		**15,521,964**	14,319,781
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	10	**4,500,000**	4,500,000
Statutory reserve		**362,245**	308,378
Retained earnings		**1,045,684**	1,024,533
TOTAL SHAREHOLDERS' EQUITY		**5,907,929**	5,832,911
Non-controlling interest		**3,556,858**	3,940,862
TOTAL EQUITY		**9,464,787**	9,773,773
TOTAL LIABILITIES AND EQUITY		**24,986,751**	24,093,554

The attached notes 1 to 18 form part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three and six months periods ended 30 June 2013
(Amounts in SR '000)

	Note	*For the three month period ended 30 June*		*For the six month period ended 30 June*	
		2013	*2012 (Restated, note 16)*	***2013***	*2012 (Restated, note 16)*
Sales		**1,144,228**	-	**1,833,331**	-
Cost of sales		**(921,377)**	-	**(1,438,087)**	-
GROSS PROFIT		**222,851**	-	**395,244**	-
Share in earnings of jointly controlled projects, net		**237,938**	124,142	**312,588**	353,846
Selling and distribution expenses		**(78,744)**	(1,005)	**(131,516)**	(1,005)
General and administrative expenses		**(63,132)**	(43,018)	**(123,475)**	(67,836)
INCOME FROM MAIN OPERATIONS		**318,913**	80,119	**452,841**	285,005
Financial charges		**(49,024)**	-	**(100,711)**	-
Other income		**1,028**	3,916	**3,198**	10,156
INCOME BEFORE NON-CONTROLLING INTEREST AND ZAKAT		**270,917**	84,035	**355,328**	295,161
Non-controlling interest share in net (income) loss of the subsidiaries		**(19,182)**	31,782	**(19,291)**	49,867
INCOME BEFORE ZAKAT		**251,735**	115,817	**336,037**	345,028
Zakat	7	**(21,527)**	(14,965)	**(45,942)**	(43,082)
NET INCOME FOR THE PERIOD		**230,208**	100,852	**290,095**	301,946
EARNINGS PER SHARE FOR THE PERIOD (SR)	11				
Attributable to the income from main operations		**0,71**	0,18	**1,01**	0,63
Attributable to the net income		**0,51**	0,22	**0,64**	0,67

The attached notes 1 to 18 form part of these interim consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six month period ended 30 June 2013
(Amounts in SR '000)

	2013	*2012 (Restated, note 16)*
OPERATING ACTIVITIES		
Income before zakat	**336,037**	345,028
Adjustments for:		
Depreciation and amortization	**421,041**	929
Employees' terminal benefits, net	**2,056**	1,504
Share in earnings of jointly controlled projects, net	**(312,588)**	(353,846)
Non-controlling interest share in net income (loss) of the subsidiaries	**19,291**	(49,867)
	465,837	(56,252)
Changes in operating assets and liabilities:		
Accounts receivable, prepayments and others assets	**(235,838)**	68,868
Inventories	**(407,394)**	(106,942)
Related parties	**(105,563)**	-
Accounts payable, accruals and other liabilities	**158,777**	62,203
Zakat paid	**(25,608)**	(32,809)
Net cash used in operating activities	**(149,789)**	(64,932)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(489)**	(676)
Dividends received from a jointly controlled project	**318,747**	187,500
Addition of investment in jointly controlled projects	**(266,250)**	(288,768)
Projects under construction	**-**	(787,041)
Net cash from (used in) investing activities	**52,008**	(888,985)
FINANCING ACTIVITIES		
Term loans (paid) received, net	**(207,293)**	63,157
Short term loans received	**430,000**	-
Dividends paid	**(450,000)**	(450,000)
Subordinated loan from non-controlling partner	**236,252**	-
Subordinated loan to jointly controlled projects	**-**	393,752
Net cash from financing activities	**8,959**	6,909
DECREASE IN CASH AND CASH EQUIVALENTS	**(88,822)**	(947,008)
Cash and cash equivalents at the beginning of the period	**1,176,373**	2,942,563
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,087,551**	1,995,555

The attached notes 1 to 18 form part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2013
(Amounts in SR '000)

	Attributable to the shareholders' equity					
	Share capital	*Statutory reserve*	*Retained earnings*	*Total*	*Non-controlling interest*	*Total*
Balance as at 31 December 2011 (Audited)	4,500,000	308,378	1,174,387	5,982,765	3,990,729	9,973,494
Net income for the period	-	-	301,946	301,946	(49,867)	252,079
Declared dividends	-	-	(450,000)	(450,000)	-	(450,000)
Board of directors remuneration	-	-	(1,800)	(1,800)	-	(1,800)
Balance as at 30 June 2012 (Unaudited)	4,500,000	308,378	1,024,533	5,832,911	3,940,862	9,773,773
Balance as at 31 December 2012 (Audited)	4,500,000	362,245	1,207,389	6,069,634	3,537,567	9,607,201
Net income for the period	-	-	290,095	290,095	19,291	309,386
Declared dividends (note 17)	-	-	(450,000)	(450,000)	-	(450,000)
Board of directors remuneration	-	-	(1,800)	(1,800)	-	(1,800)
Balance as at 30 June 2013 (Unaudited)	**4,500,000**	**362,245**	**1,045,684**	**5,907,929**	**3,556,858**	**9,464,787**

The attached notes 1 to 18 form part of these interim consolidated financial statements.

1. ORGANIZATION AND ACTIVITIES

Saudi Industrial Investment Group (the "Company") is a Saudi joint stock company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1010139946 dated 10 Sha'aban 1416H (corresponding to 1 January 1996).The Company was formed pursuant to the Ministry of Commerce and Industrial's resolution numbered 291 dated 29 Jumad Thani 1416 H (corresponding to 23 November 1995).

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

2. BASIS OF CONSOLIDATION

These interim consolidated financial statements include the interim financial statements of the Company and its subsidiaries (the "Group"), as adjusted by the elimination of significant inter-company balances and transactions.

The financial statements of the subsidiaries are prepared using accounting policies which are consistent with those of the Company. The financial statements of the subsidiary companies are consolidated from the date on which the Company is able to exercise effective management control over the subsidiary companies. A subsidiary is an entity in which the Company has a direct or indirect equity investment of more than 50% or over which it exercise effective management control.

Non- controlling interest in the net assets of consolidated subsidiaries is identified separately from the Company's shareholder equity therein. Non- controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The subsidiary companies are as follows:

	Shareholding %		Country of Incorporation
	2013	2012	
National Petrochemical Company ("Petrochem")*	**50**	50	Saudi Arabia
Saudi Nylon Company, Saudi Benzene Company, Saudi Paraxylene Company and Saudi Cyclohexane Company (the "Local entities")**	-	100	Saudi Arabia

* The subsidiaries of Petrochem are as follows:

	Shareholding %		Country of Incorporation
	2013	2012	
Saudi Polymers Company ("SPCo")	**65**	65	Saudi Arabia
Gulf Polymers Distribution Company FZCO ("GPDCo")	**65**	65	United Arab of Emirates

** During the year 2010, the Company has resolved to liquidate the Local Entities, having their purpose been achieved, i.e. incorporation of Petrochem. Legal formalities of liquidation were completed during fourth quarter 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim consolidated financial statements have been prepared in accordance with the Standard on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies adopted by Group in preparing its interim consolidated financial statements, summarized below - except for the accounting policy related to the accounting for the Group investment in jointly controlled entities (note 16)- are consistent with those used in preparing annual audited consolidated financial statements for the year ended 31 December 2012. The interim consolidated financial statements and the accompanying notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended 31 December 2012. The figures in these interim consolidated financial statements are rounded to nearest thousand.

Accounting convention
The interim consolidated financial statements are prepared under the historical cost convention.

Use of estimates
The preparation of 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents consists of bank balances, cash on hand, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less when placed.

Accounts receivable
Accounts receivable are stated at the invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when the collection of the receivable amount is considered doubtful. Bad debts are written off as incurred.

Inventories
Inventories are stated at the lower of cost and market value. Cost is determined as follows:

Raw materials, spares and catalysts -	purchase cost on a weighted average basis.
Work in progress and Finished goods -	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Project under construction
Projects under construction appear at cost until the asset is ready for their intended use, thereafter; it is capitalized on the related assets. Project under construction include the cost of contractors, materials, services, borrowing, salaries and other overhead allocated on systematic basis.

Deferred charges / amortization
Deferred charges comprise agency and upfront fees on term loans and are amortized over the period of the related loans. The amortization is capitalized in the cost of the plant under construction up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment/Depreciation

Property, plant and equipment are stated at cost net of accumulated depreciation except for Platinum (precious metal) which is stated at cost. Expenditure for maintenance and repairs is expensed, while expenditure for improvement is capitalized. Depreciation of property, plant and equipment is provided over the estimated useful lives of the applicable assets using the straight- line method. Leasehold improvements are depreciated over the shorter of the estimated useful life or the term of the lease.

The estimated useful lives for the calculation of depreciation are as follows:

Plant and equipments	5- 25 years	Vehicles	4 years
Buildings	20 years	Leasehold improvements	5 years
Office equipment and furniture	3.33-10 years		

Investment in jointly controlled projects

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

Impairment of non-current assets

The Group periodically reviews the carrying amounts of its long term assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. 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.

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

Where an impairment subsequently reverses, the carrying amount of the asset or the cash generating unit 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 been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized as income immediately in the interim consolidated statement of income.

Accounts payable and accruals

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

Provisions

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

Zakat and income tax

Zakat is provided in accordance with the Regulations of the Directorate of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia and on accrual basis. The provision is charged to the interim consolidated statement of income. Differences, if any, resulting from the final Zakat assessments are adjusted in the year of their finalization. The foreign partner in subsidiaries is subject to income tax which is included in non-controlling interest in the interim consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' terminal benefits
Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the interim consolidated balance sheet date.

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

Statutory reserve
In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income in each year. The Company may resolve to discontinue such transfers when it builds up a reserve equal to one half of the capital. The reserve is not available for distribution.

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

Revenue recognition
Sales represent the invoiced value of goods supplied and is recognized when the significant risks and rewards of the ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on the delivery to the customer.

The Group share in the jointly controlled projects result is accounted under equity method.

Expenses
Selling expenses are those that specifically relate to delivery and marketing. All other expenses –except cost of sales- are allocated on a consistent basis to general and administrative expenses in accordance with allocation factors determined as appropriate by the management.

Operating leases
Operating leases payments are recognised as expense in the interim consolidated statement of income on a straight line basis over the lease term.

Foreign currencies
Transactions in foreign currencies are translated into Saudi Riyals at the rate prevailing at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies at the interim consolidated balance sheet date are retranslated at the rate prevailing at that date. All differences are taken to the interim consolidated statement of income.

Assets and liabilities of the consolidated subsidiaries denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the interim consolidated balance sheet date. Revenues and expenses of the consolidated subsidiaries denominated in foreign currencies are translated into Saudi Riyals at average exchange rates during the interim period. Component of equity, other than retained earnings, are translated at the rates prevailing at the date of their occurrence. Exchange differences arising from such translations, if material, are included in the cumulative translation adjustment account under equity in the interim consolidated balance sheet.

Segment reporting
A segment is a distinguishable component of the Group that is engaged either 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. The Head Office segment incorporates the financial information related to activities under construction.

4. PROJECTS UNDER CONSTRUCTION

This item comprises cost of construction works of Saudi polymers project (the "Plant") and the Conversion projects. The plant has completed its trial operation and announced its commercial production during the fourth quarter of 2012. Therefore, the balances related to the plant construction after this announcement have been transferred to the property, plant and equipment. The plant thereafter announced that it has ceased its commercial production due to some technical problems in some of its units. The plant announced the gradual resumption of its commercial production during the first quarter from the current year. At 30 June 2013 the plant announced to unscheduled disruption of production and this may continue for three weeks.

5. INVESTMENTS IN JOINTLY CONTROLLED PROJECTS

These comprises the Company's investments in the following companies which are incorporated and operating in the Kingdom of Saudi Arabia:

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

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

(Amounts in SR '000)	**2013**	2012
At the beginning of the period	**2,910,238**	2,305,669
Share of income (*)	**312,588**	353,846
Addition (**)	**266,250**	288,768
Dividends	**(318,747)**	(187,500)
At the end of the period	**3,170,329**	2,760,783

(*) During the first quarter of 2013, there was scheduled and un-scheduled cessation in these projects for the purpose of the regular maintenance, this has impacted the financial results for the period.

(**) Represents the proposed increase in the capital of Petrochemical Conversion Company based on the decision of the partners.

6. SHORT TERM LOAN

Petrochem has obtained a short-term Islamic financing (Tawarrq) from a local commercial bank, the loan carry commission at normal commercial rates and is repayable on 30 November 2013.

7. ZAKAT

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

Zakat returns have been filed with the Department of Zakat and Income Tax ("DZIT") for all prior years up to 2011. The DZIT has raised the final zakat assessments up to 2006 and the Company has agreed on DZIT's assessments up to 2001. The Company has filed an appeal against the assessments for the years 2002 and 2003 before the Higher Appeal Committee, also, the Company appealed before DZIT for the years 2004 to 2006 against disallowance of certain items included in the assessments which resulted in a difference of SR 24.4 million and SR 17.5 million, respectively. As per the management's assessment, the Company has made a provision for items under appeal of SR 34 million.

7. ZAKAT - continued

As for Petrochem, zakat returns have been filed with the Department of Zakat & Income Tax (DZIT) for all prior years up to 2011, and zakat was settled accordingly. The DZIT has raised the final zakat assessments up to 2010. Petrochem has filed an appeal against the assessment for the year 2008 before the Higher Appeal Committee, with differences of SR 53 million. The appeal is still pending. Based on the zakat consultant's opinion, the management believes that the ultimate outcome of this appeal will be in the favor of Petrochem.

In addition to the above, Petrochem and its zakat consultant have filed an appeal against the assessment for the year 2010 before the DZIT against some items excluded from that assessment which resulted in a difference of SR 74 million. The management believes that the ultimate outcome of this appeal will be in the favor of Petrochem.

8. TERM LOANS

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

The loans are secured by various guarantees including the pledge of the true plants and equipment and pledge on bank accounts of the plant. These loans carry commission at normal commercial rates with identical risks. The Borrower is required to comply with covenants stipulated for in all the loan facility agreements.

9. SUBORDINATED LOAN FROM THE NON-CONTROLLING PARTNER

This item represents portion of Arabian Chevron Petrochemical Company Limited (the "non-controlling partner") in the non-interest bearing loan granted to SPCo. The repayment of the loan is subject to terms set out in the SIDF loan agreement.

10. SHARE CAPITAL

Share capital is divided into 450 million shares (2012: 450 million shares). Each share is SR 10.

11. EARNINGS PER SHARE

Earnings per share are calculated by dividing income from main operations and net income for the period by the number of outstanding shares.

12. INTERIM RESULTS

The interim results of operations for the interim periods may not be an accurate indication of the annual results of operations.

13. CONTINGENT LIABILITIES

During the normal course of business, the Group's bankers have issued, on its behalf, bank guarantees amounted to SR 3.2 billion (2012: SR 3.2 billion). Some of these contingent liabilities are secured partially or in full against cash security or cash margin.

14. SEGMENTAL INFORMATION

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

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

- Saudi Chevron Philips Company ("SCP")
  Engaged in produce and sell aromatics, solvents and cyclohexane.

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

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

- Head office
  Represents Head Office operation and related activities under construction.

For the six months ended at 30 June 2013

Amounts in SR '000	SCP	JCP	Petrochem	Head office	Elimination and reconciliation of financial statements consolidation	**Total**
Sales	-	-	1,833,331	-	-	**1,833,331**
Gross margin	-	-	395,244	-	-	**395,244**
Net income (loss)	279,709	26,605	9,503	(34,304)	8,582	**290,095**
Total assets	1,392,054	970,901	21,073,531	6,857,206	(5,306,941)	**24,986,751**
Total liabilities	-	-	15,418,451	105,896	(2,383)	**15,521,964**

For the six months ended at 30 June 2013 (Restated, note 16)

Amounts in SR '000	SCP	JCP	Petrochem	Head office	Elimination and reconciliation of financial statements consolidation	Total
Sales	-	-	-	-	-	-
Gross margin	-	-	-	-	-	-
Net income (loss)	266,590	96,163	(114,840)	(23,487)	77,520	301,946
Total assets	1,594,639	811,411	20,473,697	6,261,819	(5,048,012)	24,093,554
Total liabilities	-	-	14,236,291	95,604	(12,114)	14,319,781

15. CAPITAL COMMITMENTS

There is no approved capital expenditure by the board of directors during the current period (2012: Nil).

16. CHANGES IN ACCOUNTING POLICIES

In May 2011, the International Accounting Standard Board (IASB) issued its International Financial Reporting Standard (IFRS 11), Joint Arrangements. IFRS 11 requires entities to account for its investments in joint ventures using the equity method and removes the proportionate consolidation set out in International Accounting Standard (IAS 31), Interest in Joint Ventures, which has been previously adopted by Saudi Organization for Certified Public Accountants ("SOCPA") and applied by the Company in 2012 and prior years. The Company's share in assets, liabilities, income and expenses of joint ventures is consolidated on line to line basis of each item with their corresponding items in the Group financial statements. IFRS 11 is effective for the annual periods starting on or after 1 January 2013. The Company chosen to adopt this standard with effect from the first quarter of the current year and the comparative figure has been restated to conform with current period presentation as required by the standard.

Following is the effect of this restatement in comparative figures:

Amounts in SR '000	Total as Previously Reported SR	Adjustment SR	As Restated SR
a) Effect in the interim consolidated balance sheet			
Current assets	3,960,311	(1,704,940)	2,255,371
Non-current assets	21,845,902	(7,719)	21,838,183
Current liabilities	(1,117,708)	745,262	(372,446)
Non-current liabilities	(14,914,732)	967,397	(13,947,335)
b) Effect in the interim consolidated statement of income			
- For the six month period ended 30 June 2012			
Revenue	2,412,422	(2,412,422)	-
Cost of sales	(1,973,317)	1,973,317	-
Gross profit	439,105	(439,105)	-
Income from main operation	292,556	(7,551)	285,005
- For the three month period ended 30 June 2012			
Revenue	1,172,214	(1,172,214)	-
Cost of sales	(1,007,968)	1,007,968	-
Gross profit	164,246	(164,246)	-
Income from main operation	83,536	(3,417)	80,119

17. DISTRIBUTION OF NET INCOME

On 3 Safar 1434H (corresponding to 16 December 2012) the board of directors recommended the general assembly to distribute cash dividends at 10% of nominal value of share (SR 1 per share) with total dividends of SR 450 million for the year ended 2012.
The shareholders have approved this proposal during the general assembly dated 4 Jumada Al-Thani 1434H (corresponding to 14 April 2013).

18. COMPARATIVE FIGURES

In addition to the restatements set out in note 16 above. Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.