SAHARA PETROCHEMICALS COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2013 AND LIMITED REVIEW REPORT

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pwc

LIMITED REVIEW REPORT April 16, 2013

To the shareholders of Sahara Petrochemicals Company
(A Saudi Joint Stock Company)

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Sahara Petrochemicals Company and its subsidiary (collectively referred to as the "Group") as of March 31, 2013 and the related interim consolidated statements of income and cash flows for the three-month period then ended, and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our limited review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review conclusion

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

PricewaterhouseCoopers

By:__________________
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SAHARA PETROCHEMICALS COMPANY
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)	March 31, 2012 (Unaudited)
Assets				
Current assets				
Cash and cash equivalents		**1,279,884**	985,977	1,024,152
Trade accounts receivable		**348,611**	408,935	334,967
Inventories		**287,423**	301,318	218,958
Prepayments and other receivables		**58,975**	59,629	89,589
		1,974,893	1,755,859	1,667,666
Non-current assets				
Investments in and advances to associates		**2,866,047**	2,925,842	2,744,596
Project development costs		**45,749**	60,004	56,076
Property, plant and equipment		**3,635,538**	3,671,658	3,832,489
Intangible assets		**92,361**	91,340	54,120
		6,639,695	6,748,844	6,687,281
Total assets		**8,614,588**	8,504,703	8,354,947
Liabilities				
Current liabilities				
Short-term borrowings		**110,269**	56,310	-
Current maturity of long-term borrowings		**200,758**	200,758	190,759
Accounts payable		**115,213**	169,629	114,044
Accrued and other liabilities		**219,095**	231,733	226,852
Dividends payable	3	**219,398**	-	-
Zakat payable		**58,119**	42,102	29,181
		922,852	700,532	560,836
Non-current liabilities				
Long-term borrowings		**1,863,371**	1,889,324	1,993,719
Derivative financial instruments		**56,182**	61,934	80,195
Employee termination benefits		**33,135**	32,095	26,812
		1,952,688	1,983,353	2,100,726
Total liabilities		**2,875,540**	2,683,885	2,661,562
Equity				
Equity attributable to shareholders of the Company:				
Share capital		**4,387,950**	4,387,950	4,387,950
Statutory reserve		**102,235**	102,235	81,790
Fair value reserve		**(49,212)**	(53,526)	(83,506)
Retained earnings		**885,421**	981,595	839,516
Total shareholders' equity		**5,326,394**	5,418,254	5,225,750
Non-controlling interests		**412,654**	402,564	467,635
Total equity		**5,739,048**	5,820,818	5,693,385
Total liabilities and equity		**8,614,588**	8,504,703	8,354,947
Contingencies and commitments	4			

The notes from 1 to 4 form an integral part of these interim consolidated financial statements.

SAHARA PETROCHEMICALS COMPANY
(A Saudi Joint Stock Company)
Interim consolidated income statement
For the three-month period ended March 31, 2013
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2013 (Unaudited)	2012 (Unaudited)
Sales		**521,003**	355,454
Cost of sales		**(443,603)**	(392,896)
Gross margin		**77,400**	(37,442)
Operating expenses			
Selling and marketing		**(23,715)**	(15,048)
General and administrative		**(11,047)**	(5,230)
Income (loss) from operations		**42,638**	(57,720)
Other (expenses) income			
Share in net income of associates		**123,299**	105,345
Financial charges		**(18,799)**	(23,324)
Right issue costs		**-**	(165)
Other		**3,451**	3,504
Income before zakat and non-controlling interests		**150,589**	27,640
Zakat		**(17,000)**	(4,600)
Income before non-controlling interests		**133,589**	23,040
Non-controlling interests		**(8,165)**	18,886
Net income for the period		**125,424**	41,926
Earnings (loss) per share (Saudi Riyals):	2.21		
• Operating income (loss)		**0.10**	(0.13)
• Net income for the period		**0.29**	0.10

The notes from 1 to 4 form an integral part of these interim consolidated financial statements.

SAHARA PETROCHEMICALS COMPANY
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement
For the three-month period ended March 31, 2013
(All amounts in Saudi Riyals thousands unless otherwise stated)

	2013 (Unaudited)	2012 (Unaudited)
Cash flow from operating activities		
Net income for the period	125,424	41,926
Adjustments for non-cash items		
Depreciation and amortization	51,959	48,206
Gain on disposal of property, plant and equipment	-	(30)
Share in net income of associates	(123,299)	(105,345)
Income (loss) applicable to non-controlling interests	8,165	(18,886)
Changes in working capital		
Accounts receivable	60,324	101,434
Prepayments and other receivables	1,140	(1,541)
Inventories	13,895	(471)
Accounts payable	(54,416)	(12,369)
Accrued and other liabilities	(14,838)	13,278
Zakat payable	16,017	4,600
Employee termination benefits	1,040	1,378
Net cash generated from operating activities	85,411	72,180
Cash flow from investing activities		
Investments	-	(8,798)
Dividends received from associates	183,094	-
Projects development costs	6,876	-
Purchase of property, plant and equipment	(6,380)	(2,725)
Proceeds from disposal of property, plant and equipment	-	1,477
Intangible assets and other	(3,100)	-
Net cash generated from (utilized in) investing activities	180,490	(10,046)
Cash flow from financing activities		
Increase in short-term borrowings	53,959	-
Repayments of long-term borrowings	(25,953)	(35,573)
Net cash generated from (utilized in) financing activities	28,006	(35,573)
Net increase in cash and cash equivalents	293,907	26,561
Cash and cash equivalents at beginning of period	985,977	997,591
Cash and cash equivalents at end of period	1,279,884	1,024,152

The notes from 1 to 4 form an integral part of these interim consolidated financial statements.

1 General information

Sahara Petrochemicals Company (the "Company") is a Saudi Joint Stock Company and registered in the Kingdom of Saudi Arabia, operating under Commercial Registration ("CR") No. 1010199710 issued in Riyadh on 19 Jumada'I 1425 H (July 7, 2004). The registered address of the Company is P.O. Box 251, Riyadh 11411, Kingdom of Saudi Arabia.

The Company is principally involved in investing in industrial projects, especially in the petrochemicals and chemical fields and to own and execute projects necessary to supply raw materials and utilities.

The accompanying interim consolidated financial statements include the accounts of the Company and its subsidiary 'Al Waha Petrochemicals Company ("Al Waha")', (collectively the "Group"), a Saudi limited liability company operating under CR No. 2055007751 issued in Dammam on 9 Shaban 1427 H (September 3, 2006), and is owned 75% by the Company and 25% by Basell Arabian Investment ("Basell"). Al Waha produces propylene as primary feedstock for the production of polypropylene.

The Group also holds equity interests in associates which are primarily involved in manufacturing of Petrochemicals products.

The accompanying interim consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair statement of the financial position, results of operations and cash flows. The interim results of the operations for the three-month period ended March 31, 2013 may not represent a proper indication for the annual results of operations. These interim consolidated financial statements and notes should be read in conjunction with the annual audited consolidated financial statements and the related notes for the year ended December 31, 2012.

The accompanying interim consolidated financial statements were approved by the Company's management on April 15, 2013.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of derivative financial instruments to fair value, and in compliance with the Standard of Accounting for Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. Significant accounting policies adopted by the Group for preparing such interim consolidated financial statements are consistent with the accounting policies described in the 2012 annual audited consolidated financial statements of the Group.

2.2 Critical accounting estimates and judgments

The preparation of interim consolidated financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

2.3 Foreign currency translations

(a) Reporting currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim consolidated income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.5 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the income statement and reported under "General and administrative expenses". When an account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the income statement.

2.6 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Appropriate provisions are made for slow moving and redundant inventories.

2.7 Investments

(a) Subsidiaries

Subsidiary is an entity over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group and is de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, which is adjusted subsequently for impairment loss, if any.

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

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

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

2.8 Projects development costs

Projects development costs represent professional fees charged by legal advisors and financial consultants for setting up of new companies to undertake various new industrial projects. Also, it includes the assets acquired that will be transferred to the new companies. Upon successful incorporation of the new companies, related costs are transferred to the respective companies in which the Group will have equity interest.

2.9 Property, plant and equipment

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

	Number of years
• Buildings and leasehold land improvements	33
• Plant and machinery	10 - 25
• Furniture, fixtures and office equipment	3 - 10
• Motor vehicles	4

Leasehold land improvements are amortised on a straight line basis over the shorter of its useful life or the term of the lease.

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

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

2.10 Intangible assets

Deferred charges - Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the accompanying consolidated interim balance sheet include front-end fees paid on loans from Saudi Industrial Development Fund ("SIDF") and advances against Islamic facilities. Such charges are amortized over the term of loan from SIDF and advances against Islamic facilities.

Turnaround costs - Intangible assets also include turn around costs which are deferred and amortized over the period until the date of the next planned turnaround. Should an unexpected turnaround occur prior to the previously envisaged date of planned turnaround, then the previously unamortized deferred costs are immediately expensed and the new turnaround costs are amortized over the period likely to benefit from such costs.

Software costs - Expenditure to acquire computer software and licenses are capitalized and amortized using the straight-line method over the useful life of four years. Licenses are carried at costs less accumulated amortization.

2.11 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the income statement. Impairment losses recognized on intangible assets are not reversible.

2.12 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

2.13 Accounts payable and accruals

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

2.14 Zakat and tax

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT"). Provision for zakat for the Company and zakat related to the Company's ownership in Al Waha is charged to the income statement. Foreign shareholder of Al Waha is subject to income taxes. Provision for income tax is charged to non controlling interest in the accompanying balance sheet.

Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Group withholds tax on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, including dividends payments to the foreign shareholder of Al Waha, as required under the Saudi Arabian Income Tax Law.

2.15 Employee termination benefits

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

2.16 Derivative financial instruments

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of income as they arise.

A cash flow hedge is a hedge of exposure to variability in cash flows relating to recognized asset or liability, an unrecognised firm commitment or a forecasted transaction. To the extent the hedge is effective; the portion of the gain or loss on the hedging instrument is recognized initially directly in the shareholders' equity. Subsequently the amount is included in the statement of income in the same period or periods during which the hedged item affects net profit or loss. For hedges of forecasted transaction, the gain or loss on the hedging instrument will adjust the recorded carrying amount of the acquired asset or liability.

2.17 Revenues

Sales are recorded at net provisional price upon delivery of the products to the marketing affiliate. The net provisional price is subsequently adjusted to actual selling price as reported by the marketing affiliate net of selling, distribution and marketing expenses. Other sales are recognized at the time of delivery of the product at the loading terminals.

2.18 Selling, marketing and general and administrative expenses

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

2.19 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Company.

2.20 Operating leases

Rental expenses under operating leases are charged to the income statement over the period of the respective lease. Rental income is recognized on the accrual basis in accordance with the terms of the contracts.

2.21 Earnings (loss) per share

Earnings (loss) per share for the three-month periods ended March 31, 2013 and March 31, 2012 has been computed by dividing the operating income and net income for each period by weighted average number of 438,795,000 shares outstanding during such periods.

2.22 Reclassification

Certain amounts in the comparative 2012 interim consolidated financial statements have been reclassified to conform to 2013 presentation.

3 Dividends

The Company's shareholders have approved a dividend of Saudi Riyal 0.5 per share, amounting to Saudi Riyals 219.4 million, in their meeting held on March 30, 2013.

4 Contingencies and commitments

(i) The Group was contingently liable for bank guarantees issued in the normal course of the business amounting Saudi Riyals 456.7 million at March 31, 2013.

(ii) The capital expenditure contracted by the Group but not yet incurred till March 31, 2013 was approximately Saudi Riyals 28.5 million.