ADVANCED PETROCHEMICAL COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2014

INDEX

	PAGE
Auditors' report	1
Consolidated balance sheet	2
Consolidated statement of income	3
Consolidated statement of changes in stockholders' equity	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6 - 18

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AUDITORS' REPORT

To the stockholders
Advanced Petrochemical Company
Dammam, Saudi Arabia.

Scope of Audit

We have audited the consolidated balance sheet of Advanced Petrochemical Company ("the Company") a Saudi Joint Stock Company and Subsidiaries ("the Group") (note 1) as of December 31, 2014 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended, and notes 1 to 25 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 in the Kingdom of Saudi Arabia. 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 principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Group 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.

Nasser M. Al-Sagga
License No. 322
14 Rabi' II, 1436
February 3, 2015

ADVANCED PETROCHEMICAL COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

المتقدمة
Advanced

	Note	2014	2013
Assets			
Current assets			
Cash and cash equivalents	3	**884,004**	543,893
Trade receivables		**198,052**	265,994
Inventories	4	**123,348**	145,195
Available for sale investments	5	**154,372**	-
Prepayments and other receivables	6	**28,931**	16,757
Total current assets		**1,388,707**	971,839
Non-current assets			
Other non-current assets	7	**28,180**	29,202
Investment in unconsolidated subsidiaries	8	**376**	1,900
Investment in an associate	9	**222,876**	-
Intangible assets	10	**21,305**	57,478
Property, plant and equipment	11	**2,169,059**	2,162,605
Total non-current assets		**2,441,796**	2,251,185
TOTAL ASSETS		**3,830,503**	3,223,024
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Long term loans - current portion	13	**30,000**	125,000
Accounts payable and other liabilities	12	**292,513**	356,922
Dividend payable		**4,722**	3,561
Total current liabilities		**327,235**	485,483
Non-current liabilities			
Long term loans	13	**90,000**	455,000
Sukuk	14	**1,000,000**	-
End-of-service indemnities	15	**36,240**	28,491
Total non-current liabilities		**1,126,240**	483,491
Stockholders' equity			
Share capital	1	**1,639,950**	1,639,950
Statutory reserve	20	**281,835**	206,740
Unrealized loss on available for sale investments	5	**(32,149)**	-
Retained earnings		**487,392**	407,360
Total stockholders' equity		**2,377,028**	2,254,050
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,830,503**	3,223,024

KHALIFA A. AL-MULHEM	ABDULLAH M. AL-GARAWI	KHALID F. AL OTAIBI
Chairman of the Board	President & CEO	GM-Finance & Admin.

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

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ADVANCED PETROCHEMICAL COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

المتقدمة
Advanced

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2014	2013
Sales		**3,036,376**	2,785,602
Cost of sales		**(2,255,642)**	(2,174,152)
Gross profit		**780,734**	611,450
Selling and distribution expenses	17	**(15,339)**	(16,765)
General and administrative expenses	18	**(30,281)**	(29,180)
Operating income		**735,114**	565,505
Finance charges	13,14	**(13,216)**	(14,718)
Realized gain on available for sale investments, net		**27,089**	-
Share of loss in an associate	9	**(530)**	-
Other income, net		**2,496**	6,074
NET INCOME		**750,953**	556,861
Earnings per share (note 21)			
Earnings per share from net income (SR)		**4.579**	3.396
Earnings per share from continuing main operations (SR)		**4.402**	3.359
Earnings per share from other operations (SR)		**0.177**	0.037
Weighted average number of shares		**163,995,000**	163,995,000

KHALIFA A. AL-MULHEM
Chairman of the Board

ABDULLAH M. AL-GARAWI
President & CEO

KHALID F. AL OTAIBI
GM-Finance & Admin.

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

ADVANCED PETROCHEMICAL COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

المتقدمة
Advanced

	Note	Share capital	Statutory reserve	Unrealized loss on available for sale investments	Retained earnings	Total
January 1, 2013		1,639,950	151,054	-	251,628	2,042,632
Net income for the year		-	-	-	556,861	556,861
Transfer to statutory reserve	20	-	55,686	-	(55,686)	-
Dividends	22	-	-	-	(327,990)	(327,990)
Zakat and income tax for the year	16	-	-	-	(17,453)	(17,453)
December 31, 2013		1,639,950	206,740	-	407,360	2,254,050
Net income for the year		-	-	-	750,953	750,953
Transfer to statutory reserve	20	-	75,095	-	(75,095)	-
Dividends	22	-	-	-	(573,983)	(573,983)
Zakat and income tax for the year	16	-	-	-	(21,843)	(21,843)
Change in fair value	5	-	-	(32,149)	-	(32,149)
December 31, 2014		1,639,950	281,835	(32,149)	487,392	2,377,028

KHALIFA A. AL-MULHEM
Chairman of the Board

ABDULLAH M. AL-GARAWI
President & CEO

KHALID F. AL OTAIBI
GM-Finance & Admin.

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ADVANCED PETROCHEMICAL COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

المتقدمة
Advanced

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(All amounts in Saudi Riyals thousands unless otherwise stated)

	2014	2013
OPERATING ACTIVITIES		
Net income	750,953	556,861
Adjustments for:		
Depreciation and amortization	208,567	207,631
Loss on disposal of property, plant and equipment	30	344
Share of loss in an associate	530	-
Realized gain on available for sale investments, net	(27,089)	-
Finance charges	13,216	14,718
End-of-service indemnities	11,688	10,293
Changes in:		
Trade receivables	67,942	16,770
Inventories	21,847	(4,447)
Prepayments, other receivables and other non-current assets	(11,152)	4,792
Accounts payable and other liabilities	(69,415)	(25,223)
Cash from operating activities	967,117	781,739
End-of-service indemnities paid	(3,939)	(3,720)
Finance charges paid	(12,569)	(16,160)
Zakat and income tax paid	(17,484)	(8,795)
Net cash from operating activities	933,125	753,064
INVESTING ACTIVITIES		
Movement in available for sale investments, net	(159,432)	-
Movement in investment in unconsolidated subsidiaries, net	1,524	-
Addition to investment in an associate	(223,406)	-
Additions to property, plant and equipment	(168,780)	(110,502)
Proceeds from disposal of property, plant and equipment	116	322
Increase in intangible assets	(10,214)	(1,168)
Net cash used in investing activities	(560,192)	(111,348)
FINANCING ACTIVITIES		
Repayment of short term loans	-	(187,500)
Proceeds from long term loans	40,000	80,000
Repayment of long term loans	(500,000)	(125,000)
Proceeds from issue of sukuk	1,000,000	-
Dividend paid	(572,822)	(327,616)
Net cash used in financing activities	(32,822)	(560,116)
Net change in cash and cash equivalents	340,111	81,600
Cash and cash equivalents, January 1	543,893	462,293
CASH AND CASH EQUIVALENTS, DECMBER 31	884,004	543,893
Non-cash transactions:		
Unrealized loss on available for sale investments	(32,149)	-
Zakat and income tax provisions charged to stockholders' equity accounts	21,843	17,453

KHALIFA A. AL-MULHEM	ABDULLAH M. AL-GARAWI	KHALID F. AL OTAIBI
Chairman of the Board	President & CEO	GM-Finance & Admin.

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

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ORGANIZATION AND ACTIVITIES

Advanced Petrochemical Company (the "Company") is a Saudi joint stock company, registered in Saudi Arabia under commercial registration number 2050049604 dated 27 Sha'ban, 1426H (October 1, 2005). The registered address of the Company is P.O. Box 7215, Dammam 31462, Kingdom of Saudi Arabia. The share capital of the Company is SR 1,639,950,000 divided into 163,995,000 shares of SR 10 each.

The consolidated financial statements as of December 31, 2014 include the financial statements of the Company and the following subsidiaries (the "Group"):

	Effective ownership
Advanced Renewable Energy Company ("AREC")	100%
Advanced Global Investment Company ("AGIC")	100%

Advanced Petrochemical Company and its subsidiaries are engaged in manufacturing and selling polypropylene, production of polysilicon and polysilicon downstream products which includes photovoltaic cells and photovoltaic, and investment in industrial projects including petrochemical, chemical, basic and conversion industries and industries relating to renewable energy and to establish operate and own industrial projects both within and outside the Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The following is a summary of significant accounting policies applied by the Group:

Accounting convention
The consolidated financial statements are prepared under the historical cost convention except for available for sale investments that are presented at fair value.

Principles of consolidation
The consolidated financial statements include the financial statements of the Company and subsidiaries controlled by the Company as of December 31. Control is achieved where the Company has the power to govern the financial and operating policies of the investee company so as to obtain benefits from its activities.

Total income of subsidiaries is attributed to the stockholders of the Company. All significant inter-group transactions and balances between group enterprises have been eliminated in preparing the consolidated financial statements.

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 contingencies 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.

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 through 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.

Expenses
Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products. All other expenses 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.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined for work in progress and finished goods, on a 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.

Trade receivables
Trade receivables are carried at their original amount less provision made for doubtful debts. An allowance for doubtful debts is established when there is significant doubt that the Group will be able to collect all amounts due according to the original terms of trade receivables.

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. 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. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Years
Plants	20
Capital spare parts	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 that are considered essential to ensure continuous plant operation, are classified under property, plant and equipment, and are depreciated using the straight line method in accordance with applicable rates. Spare parts are capitalized if they are not readily available in the market or unavailable, and their manufacturing requires an extended time to complete.

Intangible assets
Intangible assets comprise of establishment costs, sukuk issuance costs, listing costs and expenses incurred prior to commencement of commercially viable production which is expected to provide benefits in future periods. These costs also include plants testing and commissioning costs net off any proceeds from sale of off-spec production during the testing phase. Intangible assets are amortized over a period not exceeding seven years. Sukuk issuance costs are amortized over the term of the sukuk.

Planned turnaround costs 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.

Investments
Available for sale investments
Investments in financial instruments are classified according to Group's intent with respect to these securities. Investments in discretionary portfolios and marketable securities classified as available for sale are stated at fair value and unrealized gains or losses thereon are included in the stockholders' equity. The carrying amount of such investment is reduced to recognize any impairment in the value of the individual investment. Gains and losses from sale of investments are included in the consolidated statement of income.

Investments in subsidiaries
A subsidiary is an enterprise that is controlled by the Group by governing the financial and operating policies.

Investments in associates
An associate is an enterprise in which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Investments in associates are accounted for using the equity method in the accompanying consolidated financial statements. When fair values are not readily determinable, carrying amounts are considered to approximate fair values.

Impairment
At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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.

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 losses are recognized as an expense immediately.

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

Accounts payable and accruals
Liabilities are recognized for amounts to be paid in the future for goods when risks and rewards attributable to goods are transferred to the Group or services are received, whether or not billed to the Group.

Provision for obligations
A provision is recognized in the consolidated financial statements when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Borrowing costs
Borrowing costs directly attributable to cost of projects under construction are added to the cost of the project until such time as the project is ready for its intended use. Investment income earned on temporary investments of specific borrowings pending their expenditure on the project under construction is deducted from the borrowing costs eligible for capitalization.

Employee benefits
End-of-service indemnities
End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the consolidated financial statements based on the employees' length of service.

Employees home ownership program
The Group has a home ownership program that offers eligible Saudi employees' home ownership opportunities.

Costs incurred on the construction of houses are accumulated and recorded as construction in progress under property, plant and equipment till the time the construction is completed. When the houses are allocated to the employees', the respective costs are transferred from the property, plant and equipment to other non-current assets. Costs of the unallocated houses are capitalized and depreciated. Down payments and installments of purchase price received from the eligible employees' are adjusted against non-current assets. The title will be transferred to the eligible employees upon receipt of full purchase price.

Dividends
Dividends are recorded in the consolidated financial statements in the year in which they are approved.

Foreign currency translation
Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the balance sheet date. Exchange gains or losses are credited or charged to consolidated statement of income.

Zakat and income tax
The Group is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. The Company and subsidiaries files separate zakat and income tax returns individually. Zakat and income tax are provided on an accruals basis and charged to retained earnings. The zakat charge is computed on the Saudi stockholders' share in the zakat base. Income tax is computed on the foreign stockholders' share in the adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat and income tax charge in the retained earnings represents the zakat and income tax for the Company and its subsidiaries.

(All amounts in Saudi Riyals thousands unless otherwise stated)

Segmental reporting

(a) Business segment

A business segment is group of assets, operations or entities:
(i) engaged in revenue producing activities;
(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
(iii) financial information is separately available.

The Group is engaged in manufacturing of petrochemical products.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

The Group's operations are conducted principally in Saudi Arabia.

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. All other leases are classified as operating leases. Rentals payable under operating leases are charged to consolidated statement of income on a straight-line basis over the term of the operating lease.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturity of three months or less. As at December 31, 2014 and 2013, cash and cash equivalents consist of cash and bank balances of SR 90.9 million (2013: SR 99.0 million) and Islamic investments of SR 793.1 million (2013: SR 444.9 million).

4. INVENTORIES

	2014	2013
Finished goods	**27,195**	55,756
Semi-finished goods	**4,321**	18,720
Spare parts	**60,885**	54,563
Catalyst	**21,965**	7,096
Others	**8,982**	9,060
	123,348	145,195

The spare parts inventory primarily relates to plants and machinery and accordingly, this inventory is expected to be utilized over a period exceeding one year.

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. AVAILABLE FOR SALE INVESTMENTS

As of December 31, 2014, available for sale investments represent investments in discretionary portfolios and marketable securities managed by local financial institutions and are presented at fair value. These include unrealized loss of SR 32.15 million as of December 31, 2014.

6. PREPAYMENTS AND OTHER RECEIVABLES

	2014	2013
Advances to suppliers	**7,578**	2,613
Prepayments	**18,306**	9,425
Deposits	**2,222**	4,300
Others	**825**	419
	28,931	16,757

7. 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 June 1, 2012. These employees, subject to their subscription to ESOP and meeting the underlying conditions, are given an option to buy the Company'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 Company 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 Company at the completion of the vesting period.

8. INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

	Effective percentage of ownership		2014	2013
	2014	2013		
AREC	**100%**	100%	-	950
AGIC	**100%**	100%	-	950
Advanced Global Holding Limited ("AGHL")	**100%**	-	**376**	-
			376	1,900

(All amounts in Saudi Riyals thousands unless otherwise stated)

AREC and AGIC were formed in March 2012 and August 2012, respectively. As of December 31, 2013, the share capital contribution of these companies was kept in their respective bank accounts and there were no other assets or liabilities, including contingent liabilities at the balance sheet dates and they does not have any operations in 2012 and 2013. In 2013, value of investments in these companies was recorded at cost as the commercial operations of these companies were not started and non-consolidation did not have any material impact on the Company's financial statements. Consolidation of these companies started effective from January 1, 2014.

During the year, AGIC made 100% investment in AGHL, a limited liability company incorporated in Luxembourg in February 2014. The share capital contribution in AGHL was kept in its bank account and there were no other assets or liabilities, including contingent liabilities at the balance sheet date and AGHL does not have any operations for the reported period. AGIC will start consolidating the financial statements of AGHL upon commencement of its operations as non-consolidation currently does not have any material impact on the accompanying consolidated financial statements.

9. INVESTMENT IN AN ASSOCIATE

	2014	2013
January 1	-	-
Additions	223,406	-
Share of loss	(530)	-
December 31	222,876	-

The Board of Directors of the Company, during its meeting on September 3, 2014, 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 SR 525 million (US$ 140 million) out of which SR 223.4 million (US$ 59.6 million) have been paid up to December 31, 2014 and remaining approximate amount of SR 301.6 million (US$ 80.4 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.

10. INTANGIBLE ASSETS

	2014	2013
January 1	57,478	101,462
Additions	10,214	1,168
Amortization	(46,387)	(45,152)
December 31	21,305	57,478

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	Plants	Capital spare	Buildings	Machinery and equipment	Furniture, fixtures and office equipment	Catalyst	Laboratory and safety equipment	Vehicles and trucks	Leasehold improvements	Capital work-in-	Total
Cost											
January 1, 2014	2,657,630	68,766	61,966	34,208	7,618	122,720	14,883	5,834	380	93,585	3,067,590
Additions	10,525	3,119	1,648	4,816	953	-	673	851	-	146,195	168,780
Disposals	-	-	-	(195)	-	-	-	(653)	-	-	(848)
December 31, 2014	2,668,155	71,885	63,614	38,829	8,571	122,720	15,556	6,032	380	239,780	3,235,522
Depreciation											
January 1, 2014	742,236	12,221	11,997	16,813	5,169	98,395	14,659	3,308	187	-	904,985
Charge for the year	133,020	3,518	2,506	4,405	906	16,553	182	1,052	38	-	162,180
Disposals	-	-	-	(195)	-	-	-	(507)	-	-	(702)
December 31, 2014	875,256	15,739	14,503	21,023	6,075	114,948	14,841	3,853	225	-	1,066,463
Net book value											
December 31, 2014	1,792,899	56,146	49,111	17,806	2,496	7,772	715	2,179	155	239,780	2,169,059
December 31, 2013	1,915,394	56,545	49,969	17,395	2,449	24,325	224	2,526	193	93,585	2,162,605

As of December 31, 2014, Capital work in progress primarily represent costs incurred on construction of a housing project for the Group's employees which is expected to be completed in 2016, with an estimated cost of SR 367.5 million (2013: SR 364.0 million).

The Group has capitalized SR 2.0 million of financial charges during the year ended December 31, 2014 (2013: SR 0.9 million).

Buildings and plant facilities of the Group are constructed on a land leased under renewable operating lease agreements at nominal annual rent from the Royal Commission of Jubail and Yanbu for 30 Hijra years.

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2014	2013
Accounts payable	**118,421**	158,235
Accrued purchases	**113,719**	134,223
Advances from customers	**-**	1,682
Accrued expenses	**36,118**	33,666
Provision for zakat and income tax (note 16)	**21,618**	17,259
Customers' rebate	**1,812**	11,196
Others	**825**	661
	292,513	356,922

13. LONG TERM LOANS

	2014	2013
Murabaha loans	**120,000**	580,000
Less: current portion	**30,000**	125,000
	90,000	455,000

During 2013, the Group obtained Murabaha loan facility of Saudi Riyals 200 million from a local commercial bank to finance the housing project for its employees as explained under Note 11. Balance drawn and outstanding at December 31, 2014 against this facility amounted to SR 120 million (2013: SR 80 million). The loan will be repaid in 12 equal quarterly installments commencing from June 30, 2015.

During 2007, the Group entered into a commercial facilities agreement wherein the investment agent (Gulf International Bank "GIB") agreed to make available to the purchaser (the Group) the facilities to finance the purchase of commodities from the nominated suppliers. On May 22, 2007, the agreement was transferred into a Murabaha agreement for the purpose of being Shar'iah compliant. The total Murabaha agreement is US$ 330 million (SR 1,238 million) comprising of a total facility of US$ 300 million (SR 1,125 million) and the total standby facility of US$ 30 million (SR 112.5 million). The facility was due to be repaid in 18 successive equal semi-annual installments where the first repayment falls 6 months after the project completion date or 18 months after the scheduled project completion date. During 2011, the loan facility was transferred to Riyadh Bank (as investment agent) by GIB with the same repayment terms but with different covenants. In 2014, the Group fully repaid the outstanding facility amount by entering into an early maturity agreement with the bank.

The aggregate maturities of the loans as of December 31, are summarized as follows:

	2014	2013
Years ending December 31:		
2014	-	125,000
2015	**30,000**	138,333
2016	**40,000**	151,667
2017	**40,000**	151,667
2018	**10,000**	13,333
	120,000	580,000

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. SUKUK

On November 17, 2014, the Group issued its Sukuk amounting to SR 1 billion at a par value of SR 1 million each with no discount or premium. The Sukuk issuance bears a rate of return at SIBOR plus a specified margin, payable semi-annually in arrears. The Sukuk is due for payment in full at par value on its maturity date of November 17, 2019.

As of December 31, 2014, total outstanding amount under the Sukuk of SR 1 billion has been classified as non-current liability.

15. END-OF-SERVICE INDEMNITIES

	2014	2013
January 1	**28,491**	21,918
Provision for the year	**11,688**	10,293
Utilization of provision	**(3,939)**	(3,720)
December 31	**36,240**	28,491

16. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2014	2013
Non-current assets	**2,445,943**	2,251,185
Non current liabilities	**1,126,240**	483,491
Opening shareholders' equity	**2,254,050**	2,042,632
Net income	**750,953**	556,861
Dividends paid	**572,822**	327,616
Spare parts	**60,885**	54,563

The above represents the Company's unconsolidated elements. Some of these amounts have been adjusted in arriving at the Company's zakat charge for the year.

The movement in zakat and income tax provision is as follows:

	2014	2013
Zakat		
January 1	**15,516**	8,035
Provision for the year	**19,156**	15,516
Prior year zakat liabilities of subsidiaries	**49**	-
Payment made during the year	**(16,007)**	(8,225)
Under provision for prior year	**442**	190
December 31	**19,156**	15,516

(All amounts in Saudi Riyals thousands unless otherwise stated)

	2014	2013
Income tax		
January 1	1,743	566
Provision for the year	2,462	1,743
Payment made during the year	(1,477)	(570)
(Over) under provision for prior years	(266)	4
December 31	2,462	1,743

The charge for the year for zakat and income tax is as follows:

	2014	2013
Zakat for the current year	19,156	15,516
Income tax for the current year	2,462	1,743
Company's share of prior year zakat in subsidiaries	49	-
Under provision for zakat in prior years	442	190
(Over) under provision for income tax in prior years	(266)	4
Charged to retained earnings	21,843	17,453

Zakat and income tax is provided separately in each of the Group's subsidiaries and each subsidiary submits its zakat and income tax return to the DZIT independently. Zakat and income tax returns for the Company and Subsidiaries have been filed and paid for all years up to 2013 and zakat certificates have been received.

17. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31, 2014 essentially includes terminal and handling expenses amounting to SR 15.3 million (2013: SR 16.8 million).

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Salaries and related benefits	20,475	21,071
Professional charges	2,768	1,908
Depreciation	825	1,005
Rent	260	266
Directors' fees and remunerations	2,425	2,257
Advertising and promotions	1,102	1,555
Others	2,426	1,118
	30,281	29,180

(All amounts in Saudi Riyals thousands unless otherwise stated)

19. OPERATING LEASE ARRANGEMENTS

The Group has leased land from the Royal Commission for Jubail and Yanbu, for its building and plants facilities. Rental expenses for the year ended December 31, 2014 amounted to SR 0.65 million (2013: SR 0.65 million). The lease will expire in the year 1456 H, with the option for renewal.

Commitments for minimum lease payments under non-cancelable operating leases are as follows:

	2014	2013
Not later than one year	**650**	650
Year two	**650**	650
Year three	**650**	650
Year four	**650**	650
Year five	**650**	650
Later than five years	**11,058**	11,708
Net minimum lease payments	**14,308**	14,958

20. STATUTORY RESERVE

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

21. EARNINGS PER SHARE

Earnings per share from net income are computed by dividing net income for the year by the weighted average number of shares outstanding during the year. Outstanding number of shares at December 31, 2014 and 2013 were 163.995 million shares.

Earnings per share from the continuing main operations are computed by dividing the net income excluding other income-net, share of loss in an associate and realized gain on available for sale investments-net for the years by the weighted average number of shares outstanding.

Earnings per share from other operations are computed by dividing the other income-net, share of loss in an associate and realized gain on available for sale investments-net for the years by the weighted average number of shares outstanding.

22. DIVIDENDS

In February 2014, the stockholders of the Company approved a final cash dividend of SR 205 million (2013: SR 163.9 million) for the year 2013 in their general assembly meeting, held in February 2014, which was proposed by the Board of Directors during November 2013.

In June 2014, the Board of Directors of the Company approved an interim cash dividend for the first half of the year 2014 of SR 205 million (2013: SR 163.9 million).

In September 2014, the Board of Directors of the Company approved second interim cash dividend to the shareholders for the third quarter of the year 2014 amounting to SR 163.9 million (2013: SR Nil).

In November 2014, the Board of Directors of the Company proposed a final cash dividend amounting to SR 123 million for the fourth quarter of the year 2014, which will be paid during 2015 upon approval of stockholders.

23. CONTINGENCIES AND COMMITMENTS

a. The Group has issued letters of guarantee in favor of Saudi Aramco (for the propane and sales gas supply agreements) and others amounting to SR 452.03 million (2013: SR 452.03 million).

b. The capital expenditure contracted by the Group but not incurred till December 31, 2014 was approximately SR 228.2 million (2013: SR 293.4 million).

c. The Group has signed an agreement for the purchase of 80,000 MT per annum of propylene (an intermediate product) to be used in the production of polypropylene from October 1, 2014.

24. COMPARATIVE FIGURES

Certain figures for 2013 have been reclassified to conform to the presentation in the current year.

25. FAIR VALUES

The fair values of the Group's financial assets and liabilities approximate their carrying amounts.