

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND AUDITORS' REPORT (LIMITED REVIEW)
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)**

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FOR THE THREE MONTHS ENDED MARCH 31, 2013**

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**AUDITORS' REPORT (LIMITED REVIEW)
ON CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the stockholders
NAMA Chemicals Company
Al-Jubail, Saudi Arabia.

Scope of Review

We have reviewed the consolidated interim balance sheet of NAMA Chemicals Company (Saudi Joint Stock Company) and subsidiaries as of March 31, 2013 and the related consolidated interim statements of operations and cash flows for the three months then ended, and notes 1 to 11 which form an integral part of these consolidated interim financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standard of auditing applicable to interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial information 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.

Review Results

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

Other Matters

We draw attention to note 9 to the consolidated interim financial statements with respect to Hassad Project and Others.

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18 Jumada I, 1433
April 10, 2012



NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)
CONSOLIDATED INTERIM BALANCE SHEET
AS OF MARCH 31, 2013

	Note	2013 SR 000 (Un-audited)	2012 SR 000 (Un-audited)
ASSETS			
Current assets			
Cash and cash equivalents		99,294	104,738
Time deposits		-	50
Trade receivables		170,195	166,595
Inventories		86,512	77,442
Prepayments and other receivables		21,733	25,298
Total current assets		377,734	374,123
Non-current assets			
Time deposits		92,900	92,900
Available for sale investments		161,741	161,179
Other non-current asset		9,557	10,000
Costs of projects under development	3	103,195	267,263
Property, plant and equipment	9	1,793,605	1,536,236
Intangible assets		29,012	29,644
Total non-current assets		2,190,010	2,097,222
TOTAL ASSETS		2,567,744	2,471,345
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings		41,026	66,276
Current portion of long term debts		97,500	44,350
Accounts payable		143,782	124,408
Accrued expenses and other payables		82,308	66,194
Total current liabilities		364,616	301,228
Non-current liabilities			
Long term debts		812,202	734,000
End-of-service indemnities		23,140	20,976
Interest rate swap		11,276	14,882
Total non-current liabilities		846,618	769,858
Stockholders' equity			
Share capital	1	1,285,200	1,285,200
Statutory reserve	4	-	273,382
Revaluation surplus		99,241	98,679
Foreign currency translation adjustments		(508)	(413)
Accumulated losses		(27,423)	(256,589)
Total stockholders' equity		1,356,510	1,400,259
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		2,567,744	2,471,345

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

NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	2013	2012
	SR 000	SR 000
	<u>(Un-audited)</u>	<u>(Un-audited)</u>
Sales	205,594	205,399
Cost of sales	<u>(197,496)</u>	<u>(180,458)</u>
Gross profit	8,098	24,941
Selling and marketing expenses	<u>(16,024)</u>	<u>(14,936)</u>
General and administrative expenses	<u>(7,779)</u>	<u>(5,807)</u>
(Loss) income from operations	(15,705)	4,198
Financial expenses	<u>(6,515)</u>	<u>(5,379)</u>
Investment income, net	189	238
Change in interest rate swap position	13	36
Other (expense) income, net	<u>(1,402)</u>	<u>919</u>
Net (loss) income before zakat	(23,420)	12
Zakat (note 5)	<u>(2,004)</u>	<u>(4,465)</u>
NET LOSS	<u>(25,424)</u>	<u>(4,453)</u>
(Loss) earnings per share - note 6		
Loss per share from net loss (in SR)	<u>(0.20)</u>	<u>(0.03)</u>
Loss per share from continuing main operations (in SR)	<u>(0.19)</u>	<u>(0.04)</u>
(Loss) earnings per share from other operations (in SR)	<u>(0.01)</u>	<u>0.01</u>
Weighted average number of shares	<u>128,520,000</u>	<u>128,520,000</u>

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

NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

	2013 SR 000 (Unaudited)	2012 SR 000 (Unaudited)
OPERATING ACTIVITIES		
Net (loss) income before zakat	(23,420)	12
Adjustments for:		
Depreciation	19,718	17,165
Amortization	2,461	1,412
End-of-service indemnities	887	1,102
Change in interest rate swap position	(13)	-
Changes in operating assets and liabilities:		
Trade receivables	(26,236)	(29,935)
Inventories	32,936	36,094
Prepayments, other receivables and other non-current asset	(8,613)	(848)
Accounts payable, accrued expenses and other payables	19,709	38,760
Cash from operations	17,429	63,762
End-of-service indemnities paid	(660)	(247)
Zakat paid	-	(2,227)
Net cash from operating activities	16,769	61,288
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(17,906)	(62,749)
Additions to cost of projects under development	(2,965)	(10,650)
Additions to the intangible assets	-	(24,697)
Net cash used in investing activities	(20,871)	(98,096)
FINANCING ACTIVITIES		
Change in short term borrowings	(1,376)	6,932
Drawdown of long-term debts	-	86,662
Repayment of long term debts	-	(74,662)
Net cash (used in) from financing activities	(1,376)	18,932
Net change in cash and cash equivalents	(5,478)	(17,876)
Foreign exchange difference on foreign operations	(47)	65
Cash and cash equivalents, January 1	104,819	122,549
CASH AND CASH EQUIVALENTS, MARCH 31	99,294	104,738
Non cash transaction:		
Cost of projects under development transferred to property, plant and equipment	-	72,381

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

NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013

1. ORGANIZATION AND ACTIVITIES

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under the commercial registration number 2055007420. The share capital of the Company amounts to SR 1,285.2 million divided into 128.52 million shares of SR 10 each.

The subsidiaries of NAMA are as follows:

Al-Jubail Chemical Industries Co. ("JANA"), a limited liability company, is owned 95% by NAMA and 5% by NAMA Industrial Investment Company, a subsidiary of NAMA. On February 25, 2012 the Board of Directors of NAMA resolved to increase the share capital of JANA by SR 109 million from SR 666 million to SR 775 million by way of transfer of loans payable to NAMA to share capital. The legal formalities associated with the increase in the share capital were completed during 2012.

Arabian Alkali Company ("SODA"), a limited liability company, is owned 90% by NAMA and remaining 10% by JANA.

NAMA Industrial Investment Company, a limited liability company, is owned 95% by NAMA and 5% by SODA.

NAMA Europa GMBH, a limited liability company incorporated in Switzerland, is owned 99% by NAMA Industrial Investment Company and 1% by NAMA. The shareholding was notified in the commercial registry in Bern vide - CH-036.4.041.685-8.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate and manage industrial projects in the petrochemical and chemical fields.

The Group incurs costs on projects under construction and development and subsequently establishes a separate company for each project that has its own commercial registration. Costs incurred by the Group are transferred to the separate company when it is established.

As of March 31, 2013, property, plant and equipment of SR 1,793.6 million (2012: SR 1,536.2 million) include costs of SR 390.9 million (2012: SR 76.8 million) incurred by the Company on the expansion of Epoxy plant capacity from 60,000 metric tons to 120,000 metric tons. Borrowing cost capitalized during the period amounted to SR 1.5 million (2012: SR 0.6 million). Management of the Company believes that this capacity expansion has the ability to provide the entity with future economic benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with the Standard for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants in the Kingdom of Saudi Arabia. Significant accounting policies adopted by the Group are summarized as follows:

Accounting estimates

Preparing consolidated interim financial statements requires management to use assumptions and estimates which have an impact over the consolidated interim balance sheet and consolidated interim statement of operations. The actual results may differ from these estimates.

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

Accounting convention

The consolidated interim financial statements are prepared under the historical cost convention, except for derivatives and investments in securities which are stated at fair value.

Principles of consolidation

The consolidated interim financial statements include the financial statements of NAMA and its subsidiaries which are owned above 50% after eliminating significant inter-company balances and transactions between the Company and its subsidiaries.

Investments

Investments in financial instruments are classified according to the Group's intent with respect to these securities.

Investments in companies whose shares are not readily marketable and in which NAMA owns less than 20% of the share capital are accounted for at cost. Impairment in value is recorded in the period in which the impairment is determined and charged to the consolidated interim statement of operations. Dividends are recorded when received.

Investments in investment funds and marketable securities are classified as available for sale and are stated at market value. Changes in market value are credited or debited to stockholders' equity. The carrying amount of such investments is reduced to recognize any impairment in the value of the individual investment.

Revenue recognition

Sales are recognized upon delivery of goods to customers. Investment income, principally commissions on time deposits, is recognized on an accruals basis.

Expenses

Selling and distribution expenses principally comprise of costs incurred in the sale and distribution of the Group's products and services. All other expenses are classified as general and administrative expenses.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits and highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are carried at their original amount less provision made for doubtful accounts. An allowance for doubtful accounts 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.

Inventories

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

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

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 consolidated statement of operations as they arise.

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is already recognized in the balance sheet. The gain or loss from the change in the fair value of the hedging instrument is recognized immediately in the consolidated statement of operations. At the same time, the carrying amount of the hedged item is adjusted for the corresponding gain or loss since the inception of the hedge, which is also immediately recognized in the consolidated statement of operations.

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

Intangible assets

Intangible assets principally represent pre-operating costs, deferred charges, front-end fee and enterprise resource planning (ERP) solution program implementation costs. The pre-operating costs and ERP solution program implementation costs are amortized on the straight-line method over 5 to 7 years from date of commencement of commercial operations of the consolidated subsidiary. The front-end fee charged by lenders of loans is amortized over the term of the loans.

Deferred charges principally represent pre-operating costs incurred, prior to commencement of commercial operations of the projects. These charges are reduced by the revenue generated by the sale of products manufactured during the commissioning stage. Deferred charges are amortized on the straight-line method over seven years from the dates of commencement of commercial operations of the projects.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. 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:

	<u>Years</u>
Buildings and improvements on lease land	20 - 40
Plant and machinery	5 - 30
Vehicles	4
Furniture, fixtures and office equipment	5 - 10

Borrowing costs

Borrowing costs directly attributable to cost of projects under development 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 investment of specific borrowings pending their expenditure on the project under construction is deducted from the borrowing costs eligible for capitalization.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS ENDED MARCH 31, 2013

Impairment

As of each balance sheet date, the Group reviews the carrying amounts of their 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 (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but 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 periods. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

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

The Company's books of accounts are maintained in Saudi Arabian Riyals. Assets and liabilities of the foreign subsidiary are re-translated in Saudi Arabian Riyals at the exchange rate in effect at the date of consolidated interim balance sheet. The components of foreign subsidiary's equity accounts, except retained earnings are translated at the exchange rates in effect at the dates when the related items originated. The elements of foreign subsidiary's statement of income are translated using the weighted average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiary's financial statements into Saudi Arabian Riyals are reported as a separate component of equity attributable to stockholders of the Company in the consolidated interim financial statements.

Provision for obligation

A provision is recognized in the consolidated interim balance sheet 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.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labour law, are provided in the consolidated interim financial statements based on the employees' length of service.

Zakat

NAMA and its subsidiaries are subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia ("DZIT"). The foreign subsidiary is subject to tax regulations in the country of incorporation. Zakat is recorded at the quarter end based on quarter end figures and any difference between the estimate and the actual is adjusted at the fourth quarter. Any difference between the estimate and final assessment is recorded when settled.

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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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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 income on a straight-line basis over the term of the operating lease.

Segmental 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. Because the Group carries out its activities in the Kingdom of Saudi Arabia and abroad reporting is provided by products and geographical segment.

3. COST OF PROJECTS UNDER DEVELOPMENT

The balance of cost of projects under development mainly comprised the head office building and employee housing project.

Construction related costs as of March 31, 2013 comprise construction costs under various agreements and directly attributable costs to bring the asset to the location and working condition necessary for it to be capable of operating in a manner intended by the management. Directly attributable costs includes employee benefits, site preparation costs, construction costs and borrowing costs. Borrowing cost capitalized during the period amounted to SR 0.7 million (2012: SR nil).

4. STATUTORY RESERVE

In accordance with its Articles of Association and the Regulations for Companies in the Kingdom of Saudi Arabia, NAMA allocates 10% of its net income each year to form a statutory reserve until such reserve equals 50% of its share capital. This reserve is not available for dividend distributions.

The stockholders in their general assembly meeting dated April 9, 2012 resolved to use the statutory reserve to absorb the accumulated losses. Accordingly, Board of Directors in their meeting dated December 5, 2012 resolved to offset the accumulated losses of SR 273.381 million against statutory reserve.

5. ZAKAT

The Group has yet to receive the final zakat assessments for the years from 2000 through 2011 as these are still under study by the DZIT, except for subsidiaries (JANA) and (SODA) for which the final zakat assessments for the years from 2003 through 2011 and from 2008 through 2011 respectively are under study by the DZIT.

Management of the Group is confident that final assessments of the Company and subsidiaries for the above outstanding years will be favorable and will not result in significant additional liabilities to the Group.

6. EARNINGS (LOSS) PER SHARE

Loss per share from net loss are computed by dividing net loss for the periods by the weighted average number of shares outstanding during the periods.

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Loss per share from the continuing main operations is computed by dividing operating loss after finance charges and zakat for the periods by the weighted average number of shares outstanding during the periods.

(Loss) earnings per share from other operations are computed by dividing the total investment income and other income (expenses), net over the weighted average number of shares outstanding during the periods.

7. SEGMENTAL ANALYSIS

(a) As of March 31, analysis of sales, operating income and net assets by activities:

	Sales		Operating income		Net assets	
	For the three months ended March 31, 2013 SR 000	For the three months ended March 31, 2012 SR 000	For the three months ended March 31, 2013 SR 000	For the three months ended March 31, 2012 SR 000	As of March 31, 2013 SR 000	As of March 31, 2012 SR 000
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Epoxi resin products	199,444	188,836	4,550	4,357	443,986	548,640
Chlor Alkali products	52,868	49,905	(19,011)	1,273	163,370	(18,145)
Others	-	-	(1,244)	(1,432)	1,359,222	1,403,042
	252,312	238,741	(15,705)	4,198	1,966,578	1,933,537
Inter-company eliminations	(46,718)	(33,342)	-	-	(610,068)	(533,278)
Total	205,594	205,399	(15,705)	4,198	1,356,510	1,400,259

Nama Chemicals Company and NAMA Industrial Investment Company have been grouped as part of "Others" as these are mainly holding companies.

(b) As of March 31, analysis of sales and operating income by geographical location:

	Sales		Operating income	
	For the three months ended March 31, 2013 SR 000	For the three months ended March 31, 2012 SR 000	For the three months ended March 31, 2013 SR 000	For the three months ended March 31, 2012 SR 000
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Local sales	64,494	58,249	(3,906)	2,438
Export sales	187,818	180,492	(10,555)	3,191
Others	-	-	(1,244)	(1,432)
	252,312	238,741	(15,705)	4,198
Inter-company eliminations	(46,718)	(33,342)	-	-
Total	205,594	205,399	(15,705)	4,198

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
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8. COMMITMENTS AND CONTINGENCIES

As of March 31, 2013, the Group has outstanding letters of credit and letters of guarantee of SR 20.03 million (2012: SR 19.72 million) issued in the normal course of business.

As of March 31, the Group had the following capital commitments:

	2013	2012
	SR 000	SR 000
	(Un-audited)	(Un-audited)
Commitments for the acquisition/construction of property, plant and equipment	38,460	158,380

9. GENERAL

(i) Hassad Project

As of March 31, 2013, property, plant and equipment of SR 1,793.6 million (2012: SR 1,536.2 million) include costs of SR 1,156.8 million (2012: SR 1,004.0 million) incurred by the Company on the development and construction of Hassad Plant. Hassad Plant cost includes SR 174.3 million relating to the Calcium chloride plant and SR 75 million relating to infrastructure development costs incurred for the future expansion, which were mainly capitalized in the last quarter of 2012.

In last quarter of 2011, management hired a third party to undertake an impairment review of Hassad project. This impairment report was based on certain assumptions and outcome of future events. Based on the results of report, management recognized an impairment loss of SR 144.8 million. Updated impairment review was carried out by a third party in the last quarter of 2012. The review was conducted based on the business plan prepared by the management which includes among other things aggressive assumptions regarding the growth in sales, higher capacity utilizations, and increase in profits etc. Based on the results of the report, management has determined that no further impairment loss is required. It would be difficult at this stage to foresee under the existing circumstances whether or not such assumptions used in the impairment review will crystallize in the future.

Management is confident of the viability of the Hassad project and believes that its assets have the ability to provide the Company with future economic benefits and the carrying value of these assets will accordingly be recovered through future cash flows and hence no further impairment is required.

(ii) Others

As of March 31, 2013, property, plant and equipment also includes SR 9.3 million (2012: SR 10.6 million) representing costs incurred and advance paid in respect of Caustic Soda expansion project of SODA. The Board of Directors has decided to freeze the capacity enhancement project due to non-availability of additional raw materials for the production of Caustic Soda. Management of the subsidiary believes that these costs incurred and advances paid has the ability to provide the entity with economic benefits in future as some of the equipment purchased for this project will be utilized for the replacement of existing equipment and the remaining will be capitalized as capital spare parts for future replacement or expansion project.

As of March 31, 2013, property, plant and equipment also includes SR 9 million (2012: SR 9 million) representing advances paid to a contractor on the expansion of Epoxy plant capacity from 60,000 metric tons to 120,000 metric tons project, the contract was terminated in 2010 and similar scope was awarded to

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another contractor. The management is still in the process of analyzing this advance against the services performed by the original contractor and materials received.

10. RESULTS OF INTERIM PERIOD

The results of the interim period are not audited and therefore, they may not give an accurate indication of the annual operating results.

11. COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to conform to the presentation in current period.