



**ADVANCED PETROCHEMICAL COMPANY
(FORMERLY ADVANCED POLYPROPYLENE COMPANY)
(SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2009**

**ADVANCED PETROCHEMICAL COMPANY
(FORMERLY ADVANCED POLYPROPYLENE COMPANY)
(SAUDI JOINT STOCK COMPANY)**

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AUDITORS' REPORT

To the stockholders
Advanced Petrochemical Company
(formerly Advanced Polypropylene Company)
Dammam, Saudi Arabia.

Scope of Audit


We have audited the balance sheet of Advanced Petrochemical Company (formerly Advanced Polypropylene Company) ("a Saudi Joint Stock Company"), as of December 31, 2009 and the related statements of income, stockholders' equity and cash flows for the year then ended, and notes 1 to 18 which form an integral part of these 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 financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company, 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 financial statements.

Deloitte & Touche
Bakr Abulkhair & Co.


Nasser M. Al-Sagga
License No. 322
27 Muharram, 1431
January 13, 2010



**ADVANCED PETROCHEMICAL COMPANY
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(SAUDI JOINT STOCK COMPANY)**



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**BALANCE SHEET
AS OF DECEMBER 31, 2009**

	Note	2009 SR	2008 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	296,254,452	216,367,369
Short term investments		12,306,572	-
Trade receivables		271,896,345	344,619,007
Other receivables, advances and prepayments	4	31,522,862	20,200,618
Inventories	5	221,185,620	194,652,235
Total current assets		833,165,851	775,839,229
Non-current assets			
Property, plants and equipment	6	2,497,900,480	2,642,972,438
Intangible assets	7	82,735,690	88,180,936
Total non-current assets		2,580,636,170	2,731,153,374
TOTAL ASSETS		3,413,802,021	3,506,992,603
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and other liabilities	8	261,434,464	171,679,218
Current portion of long term loan	9	140,000,000	125,000,000
Short term loan	9	93,750,000	187,500,000
Dividend payable		872,539	-
Total current liabilities		496,057,003	484,179,218
Non-current liabilities			
Long term loans	9	1,240,000,000	1,400,000,000
End-of-service indemnities	10	7,361,837	5,367,516
Total non-current liabilities		1,247,361,837	1,405,367,516
Stockholders' equity			
Share capital	1	1,413,750,000	1,413,750,000
Statutory reserve	15	34,117,989	21,405,598
Retained earnings	1	222,515,192	182,290,271
Total stockholders' equity		1,670,383,181	1,617,445,869
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		3,413,802,021	3,506,992,603

KHALIFA A. AL-MULHEM
Chairman of the Board

ALI A. AL-SHAHER
President & CEO

FAHAD A. AL-MIS'HAL
GM-Finance & Admin., CFO

The accompanying notes form an integral part of these financial statements

**ADVANCED PETROCHEMICAL COMPANY
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**STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2009**

	Note	2009 SR	2008 SR
Sales		1,466,827,746	1,459,175,680
Cost of sales		(1,248,900,176)	(1,179,654,669)
Gross profit		217,927,570	279,521,011
Selling and distribution expenses	12	30,284,470	16,536,490
General and administrative expenses	13	14,705,019	8,890,645
Operating income		172,938,081	254,093,876
Finance charges		(47,829,357)	(48,344,359)
Other income		2,015,189	4,399,061
NET INCOME		127,123,913	210,148,578
Earnings per share (note 16)			
Earnings per share from net income		0.90	1.49
Earnings per share from continuing main operations		0.89	1.46
Earnings per share from other operations		0.01	0.03
Weighted average number of shares		141,375,000	141,375,000

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**STATEMENT OF STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2009**

	Note	Share capital SR	Statutory reserve SR	Retained earnings SR	Total SR
January 1, 2008	1	1,413,750,000	390,740	2,300,742	1,416,441,482
Net income for the year		-	-	210,148,578	210,148,578
Transfer to statutory reserve	15	-	21,014,858	(21,014,858)	-
Zakat and income tax for the year	11	-	-	(9,144,191)	(9,144,191)
December 31, 2008		1,413,750,000	21,405,598	182,290,271	1,617,445,869
Net income for the year	1	-	-	127,123,913	127,123,913
Transfer to statutory reserve	15	-	12,712,391	(12,712,391)	-
Dividends	1	-	-	(70,687,500)	(70,687,500)
Zakat and income tax for the year	11	-	-	(3,499,101)	(3,499,101)
December 31, 2009		<u>1,413,750,000</u>	<u>34,117,989</u>	<u>222,515,192</u>	<u>1,670,383,181</u>

KHALIFA A. AL-MULHEM
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**ADVANCED PETROCHEMICAL COMPANY
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**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009**

	2009 SR	2008 SR
OPERATING ACTIVITIES		
Net income	127,123,913	210,148,578
Adjustments for:		
Depreciation and amortization	184,081,795	111,559,330
Finance charges	47,829,357	48,344,359
End-of-service indemnities	2,820,745	2,634,203
Changes in:		
Trade, other receivables, advances and prepayments	61,400,418	(355,438,781)
Inventories	(26,533,385)	(191,340,126)
Accounts payable and other liabilities	87,492,652	105,998,473
Cash from (used in) operating activities	484,215,495	(68,093,964)
End-of-service indemnities paid	(826,424)	(217,114)
Finance charges paid	(47,829,357)	(44,085,131)
Zakat and income tax paid	(1,236,507)	(1,066,917)
Net cash from (used in) operating activities	434,323,207	(113,463,126)
INVESTING ACTIVITIES		
Short term investments	(12,306,572)	-
Additions to property, plants and equipment	(10,757,018)	(360,888,756)
Increase in intangible assets	(22,807,573)	(40,526,340)
Net cash used in investing activities	(45,871,163)	(401,415,096)
FINANCING ACTIVITIES		
Drawdown of short term loan	-	187,500,000
Drawdown of long term loans	-	455,000,000
Repayment of short term loan	(93,750,000)	-
Repayment of long term loans	(145,000,000)	-
Dividends paid	(69,814,961)	-
Net cash (used in) from financing activities	(308,564,961)	642,500,000
Net change in cash and cash equivalents	79,887,083	127,621,778
Cash and cash equivalents, beginning of the year	216,367,369	88,745,591
CASH AND CASH EQUIVALENTS, DECEMBER 31	296,254,452	216,367,369

KHALIFA A. AL-MULHEM
Chairman of the Board

ALI A. AL-SHAIER
President & CEO

FAHAD A. AL-MIS'HAL
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The accompanying notes form an integral part of these financial statements

1. ORGANIZATION AND ACTIVITIES

Advanced Petrochemical Company (formerly Advanced Polypropylene 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 share capital of the Company is SR 1,413,750,000, divided into 141,375,000 shares of SR 10 each. The Company’s registered head office is at Dammam, Saudi Arabia.

The extraordinary shareholders’ meeting held on March 2, 2009 (5 Rabi I, 1430) approved the change of name of the Company to Advanced Petrochemical Company. The legal formalities to register the change were finalized during the year.

In July 2009 the Board of Directors of the Company approved interim dividend of SR 70.6 million by passing resolution through circulation and dividend payments commenced in August 2009. In December 2009, the Board of Directors of the Company resolved to recommend to the stockholders in general assembly meeting to pay a cash dividend for second half of 2009 of SR 70.6 million. After this recommendation the total dividend for 2009 will become SR 141.2 million.

The principal activity of the Company is to manufacture polypropylene. The Company’s Propane Dehydrogenation (“PDH”) and Polypropylene (“PP”) plants achieved mechanical completion in February 2008. Commissioning and performance test runs began on February 20 and 29, 2008 for PDH and PP Plants respectively and these plants started commercially viable production from May 1, 2008 and the Company declared its commercial production in August 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The 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 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 through the marketers, while for local markets (Saudi Arabia and GCC countries) the products are sold through the Company. 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 Company.



Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Company'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 cost of sales, 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.

Short term investments

Short term investments represent Islamic investments with maturities less than 12 months from the balance sheet date.

Property, plants and equipment

Property, plants and equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Plants	20
Capital spare parts	20
Buildings	33
Machinery and equipment	10
Furniture, fixtures and office equipment	4-8
Catofin catalysts	2-8
Laboratory and safety equipment	5
Vehicles	4
Leasehold improvements	10

Capital spare parts

Capital spare parts that are considered essential to ensure continuous plants operation, are classified under property, plants 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, 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 of any proceeds from sale of off-spec production during the testing phase. Such intangible assets will be amortized over a period not to exceed seven years beginning from May 1, 2008.



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.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its property, plants and equipment and intangible asset, 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 Company 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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

No impairment loss has been recognized from inception till December 31, 2009.

End-of-service indemnities

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

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 statement of income.

Zakat and income tax

The Company is subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accrual 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.

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 statement of income on a straight-line basis over the term of the operating lease.



Borrowing costs

Borrowing costs directly attributable to the projects under construction are added to the cost of that asset until such time as the asset 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.

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, 2009 and 2008, cash and cash equivalents consist entirely of cash and bank balances, including Islamic investment of SR 186 million (2008: SR 196 million).

4. OTHER RECEIVABLES, ADVANCES AND PREPAYMENTS

	2009	2008
	SR	SR
Advances to suppliers	15,906,037	14,464,504
Prepayments	7,865,475	3,440,149
Deposits	2,433,323	855,989
Others	5,318,027	1,439,976
	<u>31,522,862</u>	<u>20,200,618</u>

5. INVENTORIES

	2009	2008
	SR	SR
Finished goods	108,678,931	118,930,890
Semi finished goods	6,473,956	6,201,166
Spare parts	40,415,121	38,612,976
Catalyst	52,143,481	15,381,615
Others	13,474,131	15,525,588
	<u>221,185,620</u>	<u>194,652,235</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009

6. PROPERTY, PLANTS AND EQUIPMENT

	Plants		Capital spare parts		Buildings		Machinery & equipment		Furniture, fixtures & office equipment		Catalyst equipment		Laboratory & safety equipment		Vehicles improvements		Leasehold		Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Cost																			
January 1, 2009	2,595,549,502	32,443,582	49,026,098	7,461,721	6,105,697	39,774,531	14,103,806	2,803,712	232,492	2,747,501,141									
Additions	1,738,630	1,541,054	1,115,208	5,223,628	454,227	-	219,271	465,000	-	10,757,018									
December 31, 2009	2,597,288,132	33,984,636	50,141,306	12,685,349	6,559,924	39,774,531	14,323,077	3,268,712	232,492	2,758,258,159									
Depreciation																			
January 1, 2009	86,518,316	1,081,452	1,184,449	641,942	760,211	11,885,933	1,784,043	628,118	44,239	104,528,703									
Charge for year	129,742,748	1,680,223	1,982,435	1,635,963	938,248	15,847,910	3,555,673	425,239	20,537	155,828,976									
December 31, 2009	216,261,064	2,761,675	3,166,884	2,277,905	1,698,459	27,733,843	5,339,716	1,053,357	64,776	260,357,679									
Net book value																			
December 31, 2009	2,381,027,068	31,222,961	46,974,422	10,407,444	4,861,465	12,040,688	8,983,361	2,215,355	167,716	2,497,900,480									
December 31, 2008	2,509,031,186	31,362,130	47,841,649	6,819,779	5,345,486	27,888,598	12,319,763	2,175,594	188,253	2,642,972,438									

The Company has leased land for plants and buildings from the Royal Commission for Jubail and Yanbu at a nominal rent. The lease is for a term of 30 years, effective 9 Jumada I 1426H (June 16, 2005) and is renewable for a similar period under mutually agreed terms and conditions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009

7. INTANGIBLE ASSETS

	2009 SR	2008 SR
January 1, 2009	97,463,140	60,762,697
Additions	22,807,573	36,700,443
December 31, 2009	<u>120,270,713</u>	<u>97,463,140</u>
Amortization		
January 1, 2009	9,282,204	-
Charge for the year	28,252,819	9,282,204
December 31, 2009	<u>37,535,023</u>	<u>9,282,204</u>
Net book value		
December 31, 2009	<u>82,735,690</u>	<u>88,180,936</u>

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2009 SR	2008 SR
Accounts payable	117,559,129	45,076,367
Due to a related party	-	156,384
Retention payables	613,609	243,608
Advances from customers	-	9,236,909
Accrued expenses	131,768,163	107,734,981
Provision for zakat and income tax (note 11)	11,493,563	9,230,969
	<u>261,434,464</u>	<u>171,679,218</u>

9. BANK FACILITIES

<u>Short term loan</u>	2009 SR	2008 SR
Short term loan	<u>93,750,000</u>	<u>187,500,000</u>

The Company has obtained a short term working capital facility-Tawarq from a local bank of US\$ 50 million (2008: US\$ 50 million) SR 187.5 million (2008: SR 187.5 million) which carries interest at LIBOR plus a margin and is renewable annually.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Long term loans</u>	2009 SR	2008 SR
Saudi Industrial Development Fund ("SIDF") loan	380,000,000	400,000,000
Less: current portion	15,000,000	-
	<u>365,000,000</u>	<u>400,000,000</u>
GIB Murabaha	1,000,000,000	1,125,000,000
Less: current portion	125,000,000	125,000,000
	<u>875,000,000</u>	<u>1,000,000,000</u>
December 31	<u>1,240,000,000</u>	<u>1,400,000,000</u>

The Saudi Industrial Development Fund granted a loan to the Company for SR 400 million. This loan is secured by personal and corporate guarantees of some key shareholders and a mortgage on all present and future assets of the Company. The loan is payable in 13 unequal semi annual installments commencing 15 Sha'aban, 1431H (July 27, 2010). The loan agreement includes covenants to maintain financial ratios and restriction on capital expenditure during the loan period. SIDF charged a front-end fee of SR 28 million.

During 2007, the Company entered into a commercial facilities agreement (CFA) wherein the investment agent (Gulf International Bank) agreed to make to the purchaser (the Company) the facilities to finance the purchase of commodities from the nominated suppliers. On May 22, 2007, the agreement was transferred into a Murabaha agreement in order to be a Shar'iah compliant facility. 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. The facility will be repaid in 18 successive equal semi annual installments where the first repayment date is the date falling 6 months after the project completion date or the date falling 18 months after the scheduled project completion date.

10. END OF SERVICE INDEMNITIES

	2009 SR	2008 SR
Opening balance	5,367,516	2,090,142
Provision for the year	2,820,745	3,494,488
Utilization of provision	(826,424)	(217,114)
December 31	<u>7,361,837</u>	<u>5,367,516</u>



11. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2009 SR	2008 SR
Non-current assets	2,580,636,170	2,731,153,374
Non current liabilities	1,247,361,837	1,405,367,516
Share capital	1,413,750,000	1,413,750,000
Net income	127,123,913	210,148,578
Dividends paid	69,814,961	-
Spare parts	40,415,121	38,612,976

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

	2009 SR	2008 SR
Zakat		
Opening balance	9,230,969	1,127,302
Provision for the year	3,318,594	9,230,969
Over provision for prior years	-	(86,778)
Paid during the year	(1,056,000)	(1,040,524)
December 31	<u>11,493,563</u>	<u>9,230,969</u>
	2009 SR	2008 SR
Income tax		
Opening balance	-	26,393
Under provision for prior year	180,507	-
Paid during the year	(180,507)	(26,393)
December 31	<u>-</u>	<u>-</u>

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

	2009 SR	2008 SR
Zakat for the current year	3,318,594	9,230,969
Over provision for zakat in prior years	-	(86,778)
Under provision for income tax in prior year	180,507	-
Charged to retained earnings	<u>3,499,101</u>	<u>9,144,191</u>

No provision for income tax has been made as there is no taxable profit for the year ended December 31, 2009.

Outstanding assessments

The Company has submitted its zakat and income tax returns up to the year ended December 31, 2008, settled zakat and income tax as per the return and obtained the required certificates and official receipts.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2009**

12. SELLING AND DISTRIBUTION EXPENSES

	2009 SR	2008 SR
Packaging expenses	13,551,191	10,247,853
Terminal and handling expenses	16,731,590	6,202,672
Others	1,689	85,965
	<u>30,284,470</u>	<u>16,536,490</u>

13. GENERAL AND ADMINISTRATIVE EXPENSES

	2009 SR	2008 SR
Salaries and related benefits	8,223,725	7,342,897
Rent expenses	169,404	124,291
Professional charges	4,188,143	1,278,897
Depreciation	288,241	-
Others	1,835,506	144,560
	<u>14,705,019</u>	<u>8,890,645</u>

14. OPERATING LEASE CONTRACT

The Company has leased land from the Royal Commission for Jubail and Yanbu, for building the plants and other facilities at an annual rent of SR 0.6 million. This lease expires in the 1456H, with an option for renewal.

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

	2009 SR	2008 SR
Not later than one year	650,335	650,335
Year two	650,335	650,335
Year three	650,335	650,335
Year four	650,335	650,335
Year five	650,335	650,335
Later than five years	14,307,360	14,957,695
Net minimum lease payments	<u>17,559,035</u>	<u>18,209,370</u>

15. 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.

16. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the weighted average number of shares outstanding during the year ended December 31, 2009 amounting to 141.4 million shares (2008: 141.4 million shares).

Earnings per share from the continuing main operations are computed by dividing the operating income for the year by the weighted average number of shares outstanding.

Earning per share from other operations is computed by dividing the other income for the year by the weighted average number of shares outstanding.

17. COMMITMENTS AND CONTINGENCIES

	2009 SR	2008 SR
Capital Commitments	-	18,000,000
Contingencies		
Letters of guarantee (in favor of Saudi Aramco for the propane and gas sales supply agreements and Jubail Port Authority for the lease of land)	<u>325,387,500</u>	<u>378,417,188</u>

There is a contingency of SR 16 million arising from claims not acknowledged by the Company related to prior year sales price adjustments.

18. FAIR VALUES

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