الصحراء للبتروكيماويات
sahara petrochemicals

RIGHTS ISSUE PROSPECTUS

SAHARA PETROCHEMICAL COMPANY

A Saudi Arabian Joint Stock Company formed under the Ministerial Resolution number 16249 dated 26/12/1424H (corresponding to 17/2/2004G) with Commercial Registration No. 1010199710

Offering of 105,030,000 shares through a Rights Issue at an Offer Price of SAR 10 comprising a par value of SAR 10 per share and no premium representing a SAR 1,050,300,000 increase in the Company's share capital (equivalent to an increase of 56.02%)
Offering Period from 8/9/1430H (corresponding to 29/8/2009G) to 17/9/1430H (corresponding to 7/9/2009G)

Sahara Petrochemical Company ("Sahara" or the "Company") is a Saudi Arabian joint stock company formed under the Ministerial Resolution number 16249 dated 26/12/1424H (corresponding to 17/2/2004G) with Commercial Registration Number 1010199710 dated 19/5/1425H (corresponding to 7/7/2004G). The share capital of the Company is SAR 1,875 million consisting of 187.5 million shares with a nominal value of SAR 10 each (each an "Existing Share" or collectively the "Existing Shares"), all of which are fully paid.

The Rights Issue (the "Offering") is to raise an amount of SAR 1,050,300,000 by issuing of 105.03 million new ordinary shares (the "Offer Shares" or the "New Shares") at a price of SAR 10 per share (the Offer Price") comprising a nominal value of SAR 10 per share and no premium to be fully paid upon subscription represents an increase in the Company's share capital from SAR 1,875.0 million to SAR 2,925.3 million and will be directed at and may be accepted by the registered holders of Existing Shares (each, an "Eligible Shareholder" and collectively referred to as the "Eligible Shareholders") as at the close of trading on Tadawul on the day of the Extraordinary General Assembly meeting on 1/9/1430H (corresponding 22/8/2009G) (the "Record Date"), on the basis of one New Share for every 1.7852 Existing Shares held by Eligible Shareholders (the "Rights Issue Subscription"). Eligible shareholders may apply for additional shares, if any, in a stand alone field under the same main subscription application. The Rights Issue shares will be allocated to Eligible Shareholders who applied to subscribe in proportion to the existing shares owned by them on the Record Date. The remaining number of the Offer Shares, if any, will be allocated to Eligible Shareholders who applied to subscribe for more than their allocated shares in proportion to the number of shares owned by them (see "Subscription Terms and Conditions" section). As for Eligible Shareholders who are entitled to fractional shares, the combined amount of fractional new shares will be sold in the open market. Upon completion of the Offering, the Company's share capital will be SAR 2,925.3 million and the number of the Company's shares will be 292.53 million. The net proceeds from the Offering will be used to partially finance New Projects, investments in shared services, employee home ownership program and payment of commission on bridge loans (see "Use of Proceeds" section). The Offering is fully underwritten (see "Underwriting" section).

The Board of Directors,on 4/7/1430H (corresponding to 27/6/2009G), recommended an increase in the Company's capital from SAR 1,875 million to SAR 2,925.3 million after obtaining the approval of the competent authorities. The extra-ordinary general assembly held on 1/9/1430H (corresponding to [22/8/2009G) has passed and approved the Board of Directors' recommendation.

The Offering will commence on 8/9/1430H (corresponding to 29/8/2009G) and will continue for a period of 10 days up to and including 17/9/1430H (corresponding to 7/9/2009G) (the "Offering Period"). Subscription to Offer Shares can be made through branches of each of the Receiving Banks ("Receiving Banks") during the Offering Period. In accordance with the instructions of Capital Market Authority (the "CMA" or the "Authority"), a mechanism will be adopted to compensate Eligible Shareholders who decide not to take up their rights (see "Subscription Terms and Conditions" section).

Excess of subscription monies, if any, will be refunded to Subscribers without any charge or withholding by the Lead Manager and receiving banks. Notification of the final allotment and refund of subscription monies, if any, will be made no later than 22/9/1430H (corresponding to 12/9/2009G) (see "Subscription Terms and Conditions").

The Company has only one class of Shares and every share carries the same voting rights. The New Shares being offered will be fully paid and will rank equally in all respects with Existing Shares. Each New Share entitles the holder to one vote and each shareholder ("Shareholder") with at least 20 Shares has the right to attend and vote at the general assembly meeting (the "General Assembly Meeting"). The New Shares will be entitled to receive dividends declared by the Company starting from the date of the commencement of the Offering Period and for the subsequent fiscal years (see "Dividend Record and Policy" section).

Existing Shares are currently traded on the Saudi Arabian Stock Exchange ("Tadawul" or "Exchange"). An application has been made to the CMA for the addition of the New Shares to the Official List, and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the CMA have been granted.Trading in the New Shares is expected to commence on Tadawul after the final allocation of the Offer Shares has been determined (see "Key Dates for Investors" section).

The Eligible Shareholders should read the entire prospectus and carefully consider the "Important Notice" and "Risk Factors" sections prior to making an investment decision in the New Shares offered hereby.

Financial Advisor, Lead Manager and Lead Underwriter

السعودي الهولندي المالية
Saudi Hollandi Capital

Co-Underwriter

شركة البلاد للاستثمار
ALBILAD INVESTMENT CO.

Receiving Banks

البنك السعودي الهولندي Saudi Hollandi Bank

NCB الأهلي

بنك الرياض riyad bank

Al Rajhi Bank مصرف الراجحي

SABB ساب

البنك السعودي للاستثمار The Saudi Investment Bank

البنك السعودي الفرنسي Banque Saudi Fransi

العربي anb

samba سامبا

This Prospectus includes details given in compliance with the Listing Rules of the CMA. The directors, whose names appear on page ii; collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.The Authority and the Saudi Arabian Stock Exchange take no responsibility for the contents of this document, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

This Prospectus is dated 2/9/1430H (corresponding to 23/8/2009G)

English Translation of the Official Arabic Language Prospectus

IMPORTANT NOTICE

This Prospectus provides full details of information relating to Sahara Petrochemical Company and the New Shares being offered. In applying for the Offer Shares, the Eligible Shareholders and investors will be treated as applying on the basis of the information contained in the Prospectus, copies of which are available for collection from the Receiving Banks or by visiting the Company's website (www.saharapcc.com), Saudi Hollandi Capital's website (www.shc.com.sa) and CMA's website (www.cma.org.sa).

Saudi Hollandi Capital ("SHC") has been appointed by the Company to act as Financial Adviser, Lead Manager and Lead Underwriter in relation to the Offer of New Shares described herein.

This Prospectus includes details given in compliance with the Listing Rules of the CMA. The Directors, whose names appear on page ii of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. While the Company and its advisors have made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while neither the Lead Manager nor the Company's advisors (except the industry research advisors) whose names appear on pages v and vi have any reason to believe that any of the market and industry information is materially inaccurate, the Financial Advisor has not independently verified the information contained in this prospectus about the market and the sectors. Therefore, no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Shares may be adversely affected by future developments such as inflation, financing costs, taxation, or other economic, political and other factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on part of Sahara or any of its affiliates or any of their advisers to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial position or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information herein, that the information is with regard to individual objectives, financial situations and needs.

The Rights Issue shall be confined to the Eligible Shareholders as at the close of the Record Date. The distribution of this Prospectus and the sale of the Offer Shares in any jurisdiction outside Saudi Arabia is expressly prohibited. The Company and Lead Manager require recipients of this Prospectus to inform themselves about and to observe all such restrictions.

FINANCIAL INFORMATION

The audited financial statements for the years ended 31 December 2006G, 2007G and 2008G and the notes thereto, each of which are incorporated elsewhere in the Prospectus, have been prepared in conformity with the accounting principles issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The Company publishes its financial statements in Saudi Arabian Riyals ("SAR").

FORECASTS AND FORWARD LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute "forward-looking-statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "may", "will", "should", or "are expected", "would be", "anticipates" or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an affect are described in more detail in other sections of this Prospectus (see "Risk Factors" section). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus.

Pursuant to the requirements of the Listing Rules, Sahara undertakes to submit a supplementary prospectus to the CMA if at any time after the Prospectus has been approved by the CMA and before admission to the Official List, Sahara becomes aware that: (1) there has been a significant change in material matters contained in the Prospectus or any document required by the Listing Rules, or (2) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, Sahara does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or might not occur at all. Eligible Shareholders and investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

CORPORATE DIRECTORY

Board of Directors

Name	Title	Nationality	Age	Status
H.E. Engineer Abdulaziz Abdullah Al-Zamil	Chairman	Saudi	64	Non-Executive
Eng. Esam Fouad Himdy	Managing Director	Saudi	52	Executive
Dr. Abdulrahman Abdullah Al-Zamil	Director	Saudi	63	Non-Executive
Satam A. Al-Harbi	Director	Saudi	32	Independent
Jabr Abdulrahman Al-Jabr	Director	Saudi	45	Independent
Rashid Saif Al-Ghurair	Director	UAE	33	Independent
Sultan Khalid Bin Mahfouz	Director	Saudi	37	Independent
Khalid A. Al-Abdullatif	Director	Saudi	47	Independent
Saeed Omer Qasim El-Esayi	Director	Saudi	44	Independent
Abdulrahman Hayel Saeed	Director	UAE	61	Independent
Tariq Mutlaq Al-Mutlaq	Director	Saudi	45	Independent

ISSUER DETAILS

Registered Office	**Sahara Petrochemical Company** P. O. Box 251 Riyadh 11411 Al Malaz District, Al-Farazdaq Road Kingdom of Saudi Arabia Tel: +966 1 472 5555, Fax: +966 1 476 6729 Website: www.saharapcc.com
Company's Representative	H.E. Engineer Abdulaziz Abdullah Al-Zamil P. O. Box 251 Riyadh 11411 Al Malaz District, Al Farazdaq Road Kingdom of Saudi Arabia Tel: +966 1 472 5555, Fax: +966 1 476 6729
Secretary to the Board of Directors	Hammad S. Al-Shammary P. O. Box 11166 Jubail Industrial City 31961 Kingdom of Saudi Arabia Tel: +966 3 341 6646, Fax: +966 3 340 0420 Email: shammaryhs@saharapcc.com

SHARE REGISTRAR

Abraj Attuwenya
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Kingdom of Saudi Arabia
Tel: +966 1 218 1200, Fax: +966 1 218 1220
Website: www.tadawul.com.sa

PRINCIPAL BANKERS OF SAHARA

Saudi Hollandi Bank
Prince Abdulaziz bin Musaed bin Jlawy Street
P.O .Box 1467, Riyadh 11431
Kingdom of Saudi Arabia
Tel: +966 1 401 0288, Fax: +966 1 403 1104
Website: www.shb.com.sa

Banque Saudi Fransi
Maathar Street
P.O .Box 56006, Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 1 404 2222, Fax: +966 1 404 2311
Website: www.alfransi.com

Bank Al Jazira
Khalid bin Alwalid Road
P.O.Box 6277, Jeddah 21442
Kingdom of Saudi Arabia
Tel: +966 2 651 8070, Fax: +966 2 653 2478
Website: www.baj.com.sa

Arab Banking Corporation
ABC Tower, Diplomatic Area
P.O.Box 5698, Manama
Kingdom of Bahrain
Tel: +973 1 754 3000, Fax: +973 1 753 3163
Website: www.arabbanking.com

The Saudi British Bank
Prince Abdulaziz bin Musaed bin Jlawy Street
P.O .Box 9084, Riyadh 11413
Kingdom of Saudi Arabia
Tel: +966 1 405 0677, Fax: +966 1 405 0660
Website: www.sabb.com.sa

Gulf International Bank
Al-Dowali Building, 3 Palace Avenue
P. O. Box 1017, Manama
Kingdom of Bahrain
Tel: +973 1 753 4000, Fax: +973 1 752 2633
Website: www.gibonline.com

PRINCIPAL PARTIES

Financial Advisor, Lead Manager and Lead Underwriter	**Saudi Hollandi Capital** Rashid Building, Ma'ather Street P.O.Box 1467 Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 1 276 7808 Fax: +966 1 276 6303 Website: www.shc.com.sa
Co-Underwriter	**Albilad Investment Company** Salah Aldeen Road, Malaz P.O.Box 140 Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 1 479 8663 Fax: +966 1 479 8453 Website: www.albiladinvest.com
Legal Advisor to the Transaction	**Freshfields Bruckhaus Deringer** The Exchange Building, 5th Floor Dubai International Financial Centre Sheikh Zayed Road P.O. Box 506 569 Dubai United Arab Emirates Tel: +971 4 509 9100 Fax: +971 4 509 9111 Website: www.freshfields.com
	The Law Firm of Salah Al-Hejailan Al-Dahna Center, 54 Al-Ahsa Street Malaz District P. O. Box 1454, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 1 479 2200 Fax: +966 1 479 1717 Website: www.hejailanlaw.com
Registered Auditors	**Deloitte & Touche Bakr Abulkhair & Company** Al-Fadl Building, King Saud Street Dammam Kingdom of Saudi Arabia Tel: +966 3 887 3937 Fax: +966 3 887 3931 Website: www.deloitte.com

Market Research Consultants

Jacobs Consultancy
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Fax: +44 20 7248 0467
Website: www.businessmonitor.com

All aforementioned parties have given and not withdrawn, as of the date of this prospectus, their written consent to the use of their name, logo, market data and research in this prospectus.

RECEIVING BANKS

	Saudi Hollandi Bank Prince Abdulaziz bin Musaed bin Jlawy Street P.O .Box 1467, Riyadh 11431 Kingdom of Saudi Arabia Tel: +966 1 401 0288, Fax: +966 1 403 1104 Website: www.shb.com.sa
	Banque Saudi Fransi Maathar Street P.O .Box 56006, Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 1 404 2222, Fax: +966 1 404 2311 Website: www.alfransi.com
	Al Rajhi Bank Olaya Road P.O.Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 1 462 9922, Fax: +966 1 462 4311 Website: www.alrajhibank.com.sa
	Riyad Bank King Abdulaziz Road P.O.Box 22622, Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 1 401 3030, Fax: +966 1 404 2618 Website: www.riyadbank.com
	National Commercial Bank King Abdulaziz Road P.O.Box 3555, Jeddah 11481 Kingdom of Saudi Arabia Tel: +966 2 649 3333, Fax: +966 2 643 7426 Website: www.alahli.com
	Samba Financial Group King Abdulaziz Road P.O.Box 833, Riyadh 11421 Kingdom of Saudi Arabia Tel: +966 1 477 4770, Fax: +966 1 479 9402 Website: www.samba.com
	The Saudi British Bank Prince Abdulaziz bin Musaed bin Jlawy Street P.O .Box 9084, Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 1 405 0677, Fax: +966 1 405 0660 Website: www.sabb.com.sa
	Arab National Bank P.O. Box 56921, Riyadh 11564 Kingdom of Saudi Arabia Tel: +966 1 402 9000, Fax: +966 1 402 7747 Website: www.anb.com.sa
	Saudi Investment Bank P.O. Box 3533, Riyadh 11481 Kingdom of Saudi Arabia Tel: +966 1 478 6000, Fax: +966 1 477 6781 Website: www.saib.com.sa

SUBSCRIPTION TERMS SUMMARY

Sahara or the Company	Sahara Petrochemical Company ("Sahara" or the "Company"), a Saudi Arabian joint stock company with Commercial Registration number 1010199710 dated 19/5/1425H
Paid in Capital	SAR 1,875,000,000 fully paid
Offering Size	SAR 1,050,300,000
Offer Price	SAR 10 per share
Total number of Issued Shares	187,500,000 fully paid ordinary shares
Number of New Shares	105,030,000 ordinary shares
Percentage of Increase in Capital	The Capital will be increased by SAR 1,050,300,000, representing a 56.02% increase in the Company's current authorized share capital.
Nominal Value	SAR 10 per share
Total value of New Shares	SAR 1,050,300,000
Number of Offer Shares underwritten	105,030,000 shares
Amount Underwritten	SAR 1,050,300,000
Minimum number of Offered Shares to be applied for	1 (one share)
Minimum subscription amount	SAR 10
Maximum number of Offered Shares to be applied for	None
Maximum subscription amount	None
Eligibility for New Shares	Company's Shareholders as at the Record Date ("Eligible Shareholders")
Allocation of New Shares	Each Eligible Shareholder is entitled to subscribe for the Rights Issue on the basis of one New Share for every 1.7852 Existing Shares he/she holds on the Record Date. The Rights Issue will be allotted to the Eligible Shareholders in proportion to the Existing Shares owned by them on the Record Date. Any remaining New Shares in the Rights Issue will be allotted to Eligible Shareholders who have subscribed to more than their proportionate share (see Subscription Terms and Conditions).
Use of Proceeds	The net proceeds of the Offering, after deducting the Offering's expenses (the "Net Proceeds"), will be distributed to Sahara to be used in its investment in the New Projects, investments in shared services, employee home ownership program and payment of commission on financing facilities. See risk factor entitled "Implementation Risk of Sahara's New Projects" on page 6.
Listing of Shares	An application has been made to the Authority for admission of the New Shares to the Official List, and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the Authority have been granted. Trading in the New Shares is expected to commence on the Exchange soon after the allocation of the New Shares (see "Key Dates for Investors").
Excess of Subscription Monies	The excess subscription amounts (if any) will be refunded to the subscribers without any commissions or deductions by the Lead Manager or the Receiving Banks.
Allocation Date	The share allocation notification and refunding of over subscription amounts, if any, will be completed no later than 22/9/1430H (corresponding to 12/9/2009G) (see section "Subscription Terms and Conditions").
Record Date/Offering Period	Record date is the close of business day on 1/9/1430H (corresponding to 22/8/2009G). The Offer and receiving of applications will commence on 8/9/1430H (corresponding to 29/8/2009G) and will remain open for a period of 10 calendar days up to and including 17/9/1430H (corresponding to 7/9/2009G).
Dilution of Non-Participating Shareholders	The total value and the percentage of the shares currently owned by Eligible Shareholders who do not exercise their right to subscribe to shares in this Offering will be subject to a reduction. In compliance with the CMA's requirements, Sahara has adopted a compensation mechanism to compensate the Non-Participating Shareholders.
Dividends	Holders of the New Shares will be entitled to receive any dividends declared by the Company from the date of the commencement of the Offering Period and for subsequent fiscal years (see section "Dividend Record and Policy").

Voting Rights	The Company has only one class of shares and no Shareholder has any preferential voting rights. Each New Share entitles the holder to one vote and each Shareholder holding at least 20 shares has the right to attend and vote at the General Assembly (see sections "Description of Shares" and "Summary of By-Laws").
Risk Factors	There are certain risks relating to an investment in this Offering. These risks are described in the "Risk Factors" section of this Prospectus which should be considered carefully prior to making an investment decision in the Offer Shares.
Subscription Process	The Offering will be directed at and may be accepted by Eligible Shareholders as at the Record Date, on the basis of one New Share for every 1.7852 Existing Shares held by Eligible Shareholders. The Rights Issue shares will be allocated to Eligible Shareholders who applied to subscribe in proportion to the existing shares owned by them on the Record Date. The remaining number of the Offer Shares, if any, will be allocated to Eligible Shareholders who applied to subscribe for more than their allocated shares in proportion to the number of shares owned by them. As for Eligible Shareholders who are entitled to fractional shares, the combined amount of fractional new shares will be sold in the open market. Shareholders registered in the Company's register at the last closing of Tadawul immediately preceding the commencement of the extraordinary general assembly meeting on 1/9/1430H (corresponding to 22/8/2009G) have the right to subscribe in additional number of New Shares and to cover those shares to which the priority right to subscribe was not exercised on. Subscription can only be through one of the following prices and the closest to the nearest number: 1) The price by which the new share was offered for subscription; 2) The price by which the new share was offered for subscription adding to it an amount equalling 30% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue; 3) The price by which the new share was offered for subscription adding to it an amount equalling 60% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue; or 4) The price by which the new share was offered for subscription adding to it an amount equalling 90% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue. The prices for additional shares will be as follows: SAR (10) per share, SAR (12) per share, SAR (14) per share and SAR (16) per share. Eligible shareholders cannot choose more than one price for additional shares.

KEY DATES FOR SUBSCRIBERS

Event	Date
Convene the Extraordinary Assembly Meeting and set the Date of Record to identify the Eligible Shareholders	1/9/1430H (corresponding to 22/8/2009G)
Offering Period	Starts on 8/9/1430H (corresponding to 29/8/2009G) and continue for a period of 10 calendar days up to close of business on 17/9/1430H (corresponding to 7/9/2009G)
Notification of Final Allotment and Refund (If any)	22/9/1430H (corresponding to 12/9/2009G)
Start date of Trading of the Rights Issue Shares in Tadawul	It is expected to start upon completion of all relevant regulatory procedures. Dates will be announced in Local Press and Tadawul Website.

The above timetable is tentative. Actual dates will be communicated through announcements in the local press.

HOW TO APPLY

Eligible Shareholders who are interested to subscribe to the New Shares, are required to complete and deliver Subscription Application Forms that will be made available during the Offering Period at the branches of the Receiving Banks. Subscription can also be effected through the internet, phone banking, or automated teller machines of any of the Receiving Banks that offer one or all of those facilities, provided that: (i) the Subscriber (Eligible Shareholders) holds an account at such Receiving Bank, and (ii) There are no changes to the Subscribers' (Eligible Shareholder) information or details since the Subscriber's subscription in a recent offering unless those changes have been duly communicated and approved by the bank.

The Subscription Application Forms must be completed in accordance with the instructions described in the "Subscription Terms and Conditions" section of this Prospectus.

The Company reserves the right to decline any Subscription Application Form, in part or in whole, in the event that any of the subscription terms and conditions is not met. Amendments to and withdrawal of the Subscription Application Form shall not be permitted once the Subscription Application Form has been submitted to the Receiving Banks. Furthermore, the Subscription Application Form shall, upon acceptance, represent a binding agreement between the Eligible Shareholder and the Company (see "Subscription Terms and Conditions" section).

SUMMARY OF KEY INFORMATION

This summary of key information gives an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to interested Subscribers. Recipients of this Prospectus must read the whole Prospectus before making a decision to invest in the Company. Capitalized and abbreviated terms have the meanings ascribed to such terms in the "Glossary and Definitions" section and elsewhere in this Prospectus.

Company Profile

Sahara Petrochemical Company ("Sahara") was established as a Saudi joint stock company in Riyadh on 19/5/1425H (corresponding to 7/4/2004G). Its commercial registration number is 1010199710 and its shares were listed on the Saudi stock market in July 2004.

The Company's private sector founders, which included corporations and individuals led by the Al-Zamil Holding Group Company, jointly contributed 70% of Sahara's initial capital, while three Saudi Arabian public sector entities participated with a combined 10% of Sahara's SAR 1,500 million paid up capital. These entities are the General Organization of Social Insurance, the General Retirement Organization, and Majlis Al-Awqaf Al-Aala (Al-Awqaf High Committee). The remaining 20% equity was raised through an initial public offering in May 2004 directed at Saudi retail investors. Initial public offering was carried out at the then par value of SAR 50 per Share. Shares were allocated to each subscriber on a pro-rata basis.

Sahara increased its share capital on July 17, 2007 to SAR 1,875 million divided into 187.5 million shares by capitalizing SAR 375 million in retained earnings and reserves through the issuance of one bonus share for every four shares owned by the then shareholders. As a result, the number of issued shares increased from 150 million to 187.5 million shares with a nominal value of SAR 10 each.

Sahara is a holding company with investments in two joint ventures at present. These are Al Waha Petrochemical Company ("Al Waha") and Saudi Ethylene and Polyethylene Company ("SEPC"). In addition to these two existing joint ventures, Sahara intends to invest in three New Projects through this rights issue (hereinafter referred to as "New Projects"). These New Projects are currently in the process of being established with estimated combined project costs of SAR 4,862 million. These New Projects are Arabian Chlor Vinyl Company ("ACVC"), Saudi Acrylic Monomers Company ("SAMC") and Superabsorbent Polymers Project ("SAP Project").

Description of New Projects

ACVC

ACVC is an integrated Chlor Alkali and Ethylene Dichloride project complex being established in partnership with Saudi Arabian Mining Company ("Ma'aden") at an estimated cost of SAR 1,757 million. Sahara and Ma'aden will each own 50% of ACVC. Equity contribution towards the total cost will be 35% of which Sahara's share would be SAR 307.5 million. ACVC expects to start its operations in third quarter of 2012 and plans to manufacture following products:

- Ethylene Dichloride: Ethylene Dichloride is a colorless liquid with a chloroform-like odor. It is easy-to-transport and is routinely shipped in all modes of transportation from trucks to ocean-going vessels. It is generally used as an intermediate for other organic chemical compounds, and as a solvent. Production capacity of Ethylene Dichloride plant will be 300 KTA of Ethylene Dichloride.
- Caustic Soda: Caustic Soda is used in many industries, mostly as a strong chemical base in the manufacture of pulp and paper, textiles, drinking water, soaps and detergents and as a drain cleaner. As a result, manufacturing sector tends to be the main consumer of Caustic Soda. Given the fact that the growth of manufacturing sectors tends to follow the local GDP, demand for Caustic Soda trends with GDP as well. Sahara plans to produce 250 KTA of Caustic Soda.

SAMC

Tasnee and Sahara Olefins Company ("TSOC") and Rohm and Hass Denmark Finance A/S, a subsidiary of Rohm and Hass Company, U.S.A, signed a joint venture agreement on March 28, 2008 to develop an integrated downstream petrochemical complex for the production of Acrylic Acid and its derivatives. TSOC, National Industrilization Company ("Tasnee") and Sahara have incorporated a new company by the name of Saudi Acrylic Acid Company ("SAAC") which will own 75% of the equity of SAMC while Rohm and Hass will own the remaining 25%. Total equity required for this industrial complex is SAR 681.0 million, which represents 30% of the total project costs of SAR 2,270.1 million. Sahara will own 15% in SAAC directly and another 21.17% through its shareholding in TSOC. Hence Sahara will effectively own 27.1% in SAMC. Sahara expects the industrial licence to be granted to SAMC before the end of this year, after which SAMC will be incorporated. Commercial operations of SAMC are expected to start in Q3 2012 to manufacture the following products:

- Acrylic Acid: Acrylic acid is a clear, colorless liquid with a characteristic acrid odor. Major markets for Acrylic Acid include its use in Superabsorbent Polymers, Commodity Acrylates, Polyacrylic Acid, Specialty Acrylates and others. SAMC plans to produce 30 KTA of Glacial Acrylic Acid. Acrylic Acid produced at SAMC will be used to produce Superabsorbent Polymers and Commodity Acrylates.

- Commodity Acrylates: Major applications of commodity acrylates include their use in printing inks, textiles, plastic additives, coatings, adhesives and sealants and plastics. SAMC plans to produce 145 KTA of Butyl Acrylates and 50 KTA of 2-Ethyl Hexyl Acrylates.

SAP Project

Acrylic Acid produced at SAMC will be used as feedstock for the production of 77 KTA of Superabsorbent Polymers. Superabsorbent Polymers will be produced through a separate joint venture and Sahara is presently in the process of finding a joint venture partner for this purpose. The project is expected to cost a total of SAR 835.5 million, out of which Sahara's equity contribution is expected to be SAR 68.0 million.

Superabsorbent Polymers can absorb more than 10 times their mass of water or aqueous solutions. Major applications of superabsorbent polymers include their use as a liquid absorbent in disposable hygiene products which include baby diapers and feminine hygiene and adult incontinence products. Historically, more than 80% of the superabsorbent polymers have been used in baby diapers while adult incontinence and feminine hygiene products have together accounted for 12% of the global demand.

Description of Joint Ventures

Al Waha

Al Waha is a joint venture limited liability company with a fully paid capital of SAR 1,547.6 million. Commercial registration number of Al Waha is 2055007751. It was issued in Jubail on 9/8/1427H (corresponding to 2/9/2006G). The Project is being developed by Sahara and LyondellBasell who will each own 75% and 25% of Al Waha respectively. Total cost of Al Waha is expected to reach SAR 3.83 billion with the paid-up capital supporting 40% of total costs, i.e., SAR 1.5 billion, out of which Sahara's contribution is SAR 1.16 billion. The trial run of the plants at Al Waha commenced on April 21, 2009 (see section "4.5.1.9 – Project Status" for more details). The plants are expected to commence commercial production by Q4 2009.

Al Waha will produce 467,000 tonnes per annum of propylene which will, in turn, serve as feedstock to manufacture 450,000 tonnes per annum of a wide range of advanced polypropylene products. Polypropylene is a light weight plastic which is used to produce textile fibres, outdoor furniture, crates, house wares, automotives parts and other products.

Main target markets for Al Waha's products are Middle East, South East Asia and India which in 2007 accounted for 21.7% of the global demand. All three regions have also experienced considerable growth in demand over the last seven years. In fact, during this period, demand in Middle East grew at a CAGR of 13.6% while the growth rate in demand was 8.7% and 6% in South East Asia and India respectively.

SEPC

SEPC is a joint venture limited liability company with fully paid share capital of SAR 2,737.5 million and commercial registration number of 2055007540 issued in Jubail on 22/4/1427H (corresponding to 20/5/2006G).

TSOC owns 75% of the equity in SEPC while the remaining 25% is owned by LyondellBasell. TSOC itself is owned by Tasnee, Sahara, and General Organization for Social Insurance ("GOSI"). Tasnee owns 60.45% of TSOC, Sahara owns 32.55% while GOSI owns the remaining 7% of TSOC. Estimated cost of SEPC is SAR 9.4 billion with the paid-up capital representing 29.1% of the total cost. Sahara participated in SEPC as a minority partner through TSOC with an indirect ownership of 24.41%. The trial run of the cracker was commenced on August 23, 2008 while the trial runs of the Low Density Poly Ethylene ("LDPE") and High Density Poly Ethylene ("HDPE") plants were commenced in November 2008 and March 2009 respectively. (see section "4.5.2.9 – Project Status" for more details). Commercial operations at SEPC commenced on 1 June 2009.

SEPC will have a capacity to produce1,008,000 tones per annum of ethylene, 80% of which will be used as the primary feedstock for the production of approximately 800,000 tonnes per annum of high and low density polyethylene.

High density polyethylene is a thermoplastic that is used to produce suitcases, automotive fuel tanks, pipes and tubes, insulating sleeves, bottles, lids and toys etc. Low density polyethylene is used to produce packaging films, trash and grocery bags, agricultural greenhoues, wire and cable insulations, squeeze bottles, toys and house wares.

Key Strengths

Management of Sahara considers the following to be the key factors in helping Sahara build and strengthen its brand equity.

- Sahara's Executive President has 26 years of experience in Saudi Arabian petrochemical industry. Similarly, General

Manager for Maintenance and Technical Services has 18 years of experience in petrochemical industry while General Manager for Planning and Development has 24 years of experience in the development and operation of petrochemicals and fertilizer projects.

- LyondellBasell owns 25% of both Al Waha and SEPC while Rohm and Hass and Ma'aden own 25% and 50% of SAMC and SCVC respectively. LyondellBasell is one of the prominent manufacturers and marketers of polyolefins (polypropylene and polyethylene) and advanced polyolefins. LyondellBasell presently estimates that its process technology licensed to polyolefins manufacturers represents approximately 50% of the world's polyolefins capacity currently under construction and approximately 40% of the world's installed polypropylene capacity. Similarly, Rohm and Haas is a creator and developer of technologies and solutions for the specialty materials industry while Ma'aden has developed a number of projects in the mining industry for the production of gold, aluminium and fertilizers.
- Al Waha and SEPC have entered into long-term supply contract agreements with Saudi Aramco for the supply of propane feedstock to Al-Waha and ethane feedstock to SEPC at a price that is significantly lower than international prices.
- Efficient and cost effective technologies have been selected by Sahara and verified by its independent technical consultants.
- Most of the propylene to be used as feedstock by SAMC and the ethylene required by ACVC, will be sourced as a primary feedstock from the SEPC cracker as well as few quantities of same feedstock to Al-Waha, advising that Al-Waha does not need to outsource propylene as it locally produces at its own industrial facilities Therefore, these joint ventures benefit from having complete production lines which will help them sustain their operating levels and financial performance.
- LyondellBasell will market majority of Al Waha's production, up to the full capacity of the Plant. Similar marketing and off-take agreements has been reached with SEPC whereby LyondellBasell and Tasnee Petrochemicals (or affiliates thereof) will market all of SEPC's production of high and low density polyethylene.

Key Shareholder

The table below presents the list of shareholders who owned more than 5% of the share capital of Sahara as of 1 July 2009:

S. No.	Name	No. of Shares	Percentage
1	Zamil Group Holding Company	14,130,000	7.54%
	Total	14,130,000	7.54%

Summary of Performance and Financial Indicators

The financial information included hereunder should be read in conjunction with Section 8 of this Prospectus titled "Management Discussion and Analysis of Financial Condition and Results of Operation" and the audited financial statements included under Section 17 of this Prospectus titled "Audited Financial Statements". The summary information hereunder are based on the audited financial statements for the years ended 31 December 2006, 2007 and 2008 and the related auditor's reports.

The historical financial information included hereunder is only a summary of past performance and not necessarily an indication of future performance.

Consolidated Income Statements

SAR'000	Finacial year ended 31 December		
	2008	2007	2006
Revenues	3,388	16,757	197,652
General and administrative expenses	40,168	12,381	13,642
Preoperative and floatation expenses	3,776	4,980	16,404
Financial charges	-	-	847
Costs and expenses	43944	17,361	30,893
Net income/(loss) before minority Interest and Zakat	(40,556)	(604)	166,759
Minority interest	944	(2,735)	2,505
Net Income/(loss) before Zakat	(39,612)	(3,339)	169,264
Zakat	1,534	1,773	4,464
Net income/(loss)	(41,146)	(5,112)	164,800

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Consolidated Balance Sheets

SAR'000	Finacial year ended 31 December		
	2008	2007	2006
Current assets	456,358	83,108	813,207
Non-current assets	4,264,492	2,964,809	1,666,020
Total assets	4,720,850	3,047,917	2,479,227
Current liabilities	829,151	308,828	89,106
Non-current liabilities	1,773,443	401,805	22,297
Minority interest	349,072	387,041	384,395
shareholder's equity	1,769,184	1,950,243	1,983,429
Total liabilities, equity and minority interests	4,720,850	3,047,917	2,479,227

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Key Indicators

Figures in % unless mentioned otherwise	2008	2007	2006
Return on equity	-2.33%	-0.26%	8.31%
Return on assets	-0.96%	-0.17%	6.68%
Net profit margin	-1,216%	-31%	83%
Current ratio (times)	0.55	0.27	9.13
Total liabilities to total assets	58.58%	36.01%	20.00%
Revenue growth rate	-79.78%	-91.52%	-47.52%

Summary of Risk Factors

In considering an investment in the Offer Shares, Eligible Shareholders should carefully consider all the information contained in this Prospectus, including the risks described below and explained in more detail in Section 2 of this Prospectus titled "Risk Factors".

A Risks relating to the Company's operations

- Feedstock supply and price
- Implementation risks of Sahara's New Projects
- Risks associated with Future Manufacturing Operations
- Risks associated with construction and completion of Al Waha and SEPC
- Sufficency of Insurance coverage
- Operating History of Al Waha and SEPC
- Joint Venture agreement risks
- Relationship with LyondellBasell
- Risks relating to LyondellBasell's affiliates who have filed for bankruptcy protection in the United States
- Marketing and Offtake agreements
- Licensed Technology
- Financing risks
- Exchange rate risks
- Financing cost risks
- Principal shareholders
- Limited revenue generating operations as a holding company
- Risks of exposure of employees, service providers or customers to toxic or hazardous substances
- Saudization
- Staff turnover an dependence on key personnel
- Risks related to utilities supply and storage
- Risks related to transport
- Use of pipelines for supply of raw materials
- Investing in the New Projects

B Risks related to the market

- Competition
- Products substitution
- Commodity prices
- Cyclical demand for products
- Regulatory risk
- Environmental risk
- Risks relateing to swings in business
- Economic risks

C Risks relating to the Shares

- Fluctuation in the Share price
- Dividend distribution
- Profitability of the Shares

Vision Statement

Sahara aims to be amongst the world's leaders in promoting petrochemical and chemical businesses, utilizing state of the art technologies and building effective strategic alliances and synergies.

Mission Statement

Sahara is committed to providing quality petrochemical and chemical products and in serving customers by investing in and developing safe, environment friendly and reliable facilities to meet customer needs and shareholder expectations as well as to motivate the employees.

TABLE OF CONTENTS

TABLE OF EXHIBITS

1 GLOSSARY AND DEFINITIONS

AA-Project	A joint venture established by TSOC and Rhom & Hass Finance AS Denmark (Subsidiary of Rhom & Hass U.S.A) committed to construct an Acrylic Acid Plant (145 KTA)
Acrylic Acid and its Derivatives or AA, CA, GAA and SAP	Acrylic Acid, Superabsorbent Polymers and Commodity Acrylates
ACVC	Arabian Chlor Vinyl Company which is a company to be established by Sahara and Ma'aden committed to construct an integrated industrial complex to manufacture Caustic Soda and Ethylene Dichloride
Advisors	The Company's advisors with respect to the Offering whose names appear on pages v and vi
Al Waha	Al Waha Petrochemical Company, a Saudi limited liability company with commercial registration number 2055007751 issued in Jubail on 9/8/1427H
Al Waha Islamic Loan Consortium	A consortium of six local and regional financial institutions comprising Saudi Hollandi Bank, Banque Saudi Fransi, Bank Al Jazira, Saudi British Bank, Gulf International Bank and Arab Banking Corporation, from whom Al Waha has obtained a Shariah-compliant external financing commitments of SAR 1.04 billion
Al Waha Project	Construct, own and operate a petrochemical complex for the production of 467,000 tpa of propylene which will, in turn, serve as feedstock to manufacture 450,000 tpa of a wide range of advanced polypropylene (PP) products.
Al-Zamil Group	Zamil Group Holding Company
Application Form	In respect of the Rights Issue, the Rights Issue Application Form
Audit Committee	The audit committee of the Company
BASF	BASF AG and its subsidiaries
BAI or Basell AI	Bassell Arabie Investissements S.A.S.
Basell GmbH	Basell Polyolefin GmbH
Basell MOI	Bazel Moin Orient Investment SAS
Basell Sales & Marketing	Basell Sales & Marketing Company B.V
Basell S.p.A.	Basell Poliolefine Italia S.p.A
Basell S.r.l.	Basell Poliolefine Italia S.r.l.
BBL/Day	Barrels per day
BHME	Basell Holdings Middle East GmbH
Board or Board of Directors	Board of Directors of the Company
BPC	Basell Polyolefins Company bvba
CAGR	Compounded Annual Growth Rate
Capital Market Authority or CMA or the Authority	The Capital Market Authority
Caustic Soda or CS	Sodium hydroxide, having the chemical formula NaOH
CEO	Chief Executive Officer
Chairman	Chairman of the Board of Directors of the Company
Chlorine	The chemical having the formula Cl_2
CMAI	Chemical Market Associates, inc.
Companies Regulations	The Companies Regulations, issued by Royal Decree No. M/6, dated 22/3/1385H, as amended
Consortium Linarco	Consortium Linarco SSA
Consortium Linde	A Consortium formed by Linde AG and Samsung
Co-Underwriter	Albilad Investment Company
DBSP	Design basis scoping paper
Daelim Industrial	Daelim Industrial Co. Ltd.
Daelim Saudi Arabia	Daelim Saudi Arabia Co. Ltd.
Directors	The Board Members whose names appear on page iii
Ethylene Dichloride or EDC	The product having the chemical formula $C_2H_2Cl_2$

EDC Project	Arabian Chlor Vinyl Company which is a company to be established by Sahara and Ma'aden committed to construct the following integrated complex consisting of an Ethylene Dichloride Plant (300 KTA), a Caustic Soda Plant (250 KTA) and a Chlorine Plant (220 KTA – for internal consumption)
EIR	Environmental Impact Report
Eligible Shareholders	Registered holder(s) of Shares at the end of the date of the extraordinary general assembly meeting held on 1/9/1430H (corresponding to 22/8/2009G)
EPC	Engineering, Procurement and Construction
EPC Contractors	The Engineering, Procurement and Construction Contractors, in the case of Al Waha this means Tecnimont S.p.A., Tecnimont Arabia, Daelim Industrial and Daelim Saudi Arabia; in the case of SEPC (Ethylene Plant Project), this means Consortium Linde and Consortium Linarco; and in the case of SEPC (Polyethylene Plant Project) this means Tecnimont S.p.A. and Tecnimont Arabia
EPS	Earnings per Share
Ethylene Plant	Ethylene plant in Al-Jubail
Exchange	The Saudi Stock Exchange including where the context permits any committee, sub-committee, employee, officer, servant or agent to whom any function of the Exchange may for the time being be delegated, and "on the Exchange" means any activity taking place through or by the facilities provided by the Exchange. Pending the establishment of the Exchange, any reference to the Exchange shall be construed as a reference to Tadawul
Executive Committee	The executive committee of the company
Existing Shares	187.5 million fully paid ordinary Shares of the Company with a nominal value of SAR 10 each
Financial Advisor	Saudi Hollandi Capital appointed by the Company to act as the Financial Advisor in connection with this rights issue
Financial Statements	The audited financial statements for the years ended 31 December 2006G, 2007G and 2008G and the notes thereto
Fluor	Fluor, the Project Management Consultant to SEPC Project
Fluor Arabia	Fluor Arabia Ltd.
Fluor Daniel	Fluor Daniel B.V
Foster Wheeler Arabia	Foster Wheeler Arabia Ltd.
Foster Wheeler Italiana	Foster Wheeler Italiana S.p.A
FY	Financial Year
G	Gregorian. The solar calendar in use throughout most of the world, sponsored by Pope Gregory XIII in 1582 as a corrected version of the Julian Calendar
GCC	Gulf Cooperation Council. Its member countries include Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait and Bahrain
GDP	Gross Domestic Product
General Assembly	General Assembly of the Shareholders of the Company
HCL or Hydrochloric Acid	Hydrochloric Acid (the chemical having the formula HCL) in water
HDPE	High density polyethylene
HR	Human Resources
Hydrogen	The chemical having the formula H2
IT	Information Technology
IPO	Initial Public Offering
Issue Price	Offer Price
Joint Ventures	Al Waha Petrochemical Company and Saudi Ethylene and Polyethylene Company
Kemya	Petrochemical Company that owns an ethylene and polyethylene plant in Al-Jubail, Saudi Arabia
KPMG	KPMG Al Fozan & Al Sadhan, Financial Due Diligence Consultants
KTA	Thousand tonnes per annum
LDPE	Low density polyethylene
Lead Manager	Saudi Hollandi Capital
Lead Underwriter	Saudi Hollandi Capital
Linde	Linde AG

Listing Rules	The Listing Rules issued by the CMA pursuant to Article 6 of the Capital Market Regulations promulgated under Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31/7/2003G)
Lupotech T	Provider of the technology used in production of LDPE at SEPC
LyondellBasell	LyondellBasell Industries, which includes the Basell Group of Companies including Basell Holdings B.V. and its subsidiaries and affiliates
Ma'aden	Saudi Arabian Mining Company
Management	The Management of the Company
MOCI	Ministry of Commerce and Industry
MOP&MR	Saudi Arabian Ministry of Petroleum and Mineral Resources
NBV	Net Book Value
Net Proceeds	The net proceeds of the offering after deducting the offering expenses
New Projects	ACVC, SAMC and the SAP Project
New Shares	Issue and Sale of 105,030,000 new shares to Eligible Shareholders of the Company with a nominal value of SAR 10 each, issued under this Prospectus
NIGC	National Industrial Gas Company
Nitrogen	A non-metallic element that constitutes nearly four-fifths of the air by volume, occurring as a colourless, odourless, almost inert diatomic gas, N2, in various minerals and in all proteins and used in a wide variety of important manufactures, including ammonia, nitric acid, TNT, and fertilizer
Non-Participating Shareholders	Eligible Shareholders who do not participate in the subscription for the Rights Issue Shares are subject to a decrease in their percentage and total value of their existing shareholding. In accordance, and in compliance, with CMA instructions these shareholders shall be compensated by giving them an amount, if any, calculated in accordance with the Subscription Terms and Conditions section
Offering	The offering of 105,030,000 ordinary shares representing 56.02% of the issued share capital of the Company
Official List	The list of securities maintained by the CMA in accordance with the Listing Rules
Offering Period	The period starting from 8/9/1430H (corresponding to 29/8/2009G) for a period of 10 calendar days up to and including 17/9/1430H (corresponding to 7/9/2009G)
Offer Price	SAR 10 per Offer Share
Offer Shares	105,030,000 ordinary Shares of the Company
Official Gazette	Um Al Qura, the official Gazette of the Government of Saudi Arabia
Olefins	Olefins are petrochemical derivatives produced by cracking feedstocks from raw materials such as natural gas and crude oil. Lower olefins have short chains with only two, three or four carbon atoms, and the simplest one is ethylene. The higher olefins have chains of up to twenty or more carbon atoms. The main olefin products are ethylene, propylene, butadiene and C4 derivatives. They are used to produce plastics, as chemical intermediates, and, in some cases, as industrial solvents
PDH-PP Plant	Propane Dehydrogenation-Polypropylene integrated plant complex of Al Waha
PDH-PP Project	The Al Waha project (PDH-PP plant) in Jubail Industrial City in which Sahara is a 75% majority shareholder
Person	A natural person
Petrokemya	Arabian Petrochemical Company, a wholly owned subsidiary of SABIC
Plant	In case of Al Waha, the PDH-PP Plant and in case of SEPC, the SEPC Plant
PMC	Project Management Contractor
Polyethylene Products or PE	SEPC's polyethylene products include high density polyethylene which is used in suitcases, automotive fuel tanks, pipes and tubes, insulating sleeves, bottles, lids and toys, and low density polyethylene which is used in packaging films, trash and grocery bags, agricultural mulch, wire and cable insulation, squeeze bottles, toys and house wares.

Polypropylene	Any of various thermoplastic plastics or fibers that are polymers of propylene. Polypropylene can be made into fibers, where it is a major constituent in fabrics for home furnishings such as upholstery and carpets. Numerous industrial end uses include rope and cordage, disposable non-woven fabrics for diapers and medical applications. As a plastic, polypropylene is moulded into bottles for foods and personal care products, appliance housings, dishwasher-proof food containers, toys, automobile battery casings, and outdoor furniture
Polypropylene Products or PP	Al Waha's advanced polypropylene products include light weight plastics which are used to produce textile fibres, outdoor furniture, crates, house wares, films, hygiene products and automotive parts and other products which will be sold both internationally and within the region
Power Transmission Facilities	Power transmission lines in the plant
Prospectus	This document prepared by the Company in relation to the Offering.
RCER 2004	Royal Commission Environmental Regulations 2004
Receiving Banks	Saudi Hollandi Bank, Banque Saudi Fransi, Al Rajhi Bank, National Commercial Bank, Riyad Bank, Samba Financial Group, Saudi British Bank, Arab National Bank and Saudi Investment Bank
Rights	The rights of an Eligible Shareholder to subscribe to one New Share for every 1.7852 Existing Share held as at the Record Date under the Rights Issue.
Rights Issue	The issuance and sale of 105,030,000 New Shares to Eligible Shareholders.
ROE	Return on Equity
Royal Commission	Royal Commission for Jubail and Yanbu
SAAC	Saudi Acrylic Acid Company
SAMC	Saudi Acrylic Monomers Company
SAR	Saudi Arabian Riyal
Sahara or the Company	Sahara Petrochemical Company, a Saudi joint stock company with commercial registration number 1010199710 issued in Riyadh on 19/5/1425H and where applicable its subsidiaries and affiliates
Samsung	Samsung Engineering Company Limited
SAP Project	Super Absorbant Polymers Project
Saudi Arabia or KSA	The Kingdom of Saudi Arabia
Saudi GAAP	Generally Accepted Accounting Principles in Saudi Arabia
SEC	Saudi Electrical Company
SEPC	Saudi Ethylene and Polyethylene Company, a Saudi joint stock company with commercial registration number 2055007540 issued in Jubail on 22/4/1427H.
SEPC Allocation Letter	The Extension letter issued by Aramco on 11 November 2007 in respect of the SEPC, AA- and EDC-Projects
SEPC Plant	SEPC's integrated plant consisting of an Olefin Flexible Cracker, an HDPE and an LDPE plant
Shares	Fully paid ordinary shares in the company
SHB	Saudi Hollandi Bank
SIBOR	Saudi Inter Bank Offer Rate
SIDF	Saudi Industrial Development Fund
SOCPA	Saudi Organization for Certified Public Accountants
SPC	Saudi Polyolefins Company
Sponsor	The sponsors of the New Projects. Sahara, Saudi Arabian Mining Company and Rohm and Hass Company
Subscriber	Each person subscribing for the offer shares
Subscription Application Form	Subscription Application Forms that will be made available during the Offering Period at the branches of the Receiving Banks

Subscription in additional numbers of New Shares	Shareholders registered in the Company's register at the last closing of Tadawul immediately preceding the commencement of the extraordinary general assembly meeting on 1/9/1430H (corresponding to 22/8/2009G) have the right to subscribe in additional number of New Shares to cover those shares to which the priority right to subscribe was not exercised on. Subscription can only be through one of the following prices and the closest to the nearest number: 1) The price by which the new share was offered for subscription; 2) The price by which the new share was offered for subscription adding to it an amount equalling 30% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue; 3) The price by which the new share was offered for subscription adding to it an amount equalling 60% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue; or 4) The price by which the new share was offered for subscription adding to it an amount equalling 90% of the difference between the Company's share price on Tadawul at the close of trade immediately preceding the commencement of the extraordinary general assembly that approved the share capital increase, and the share price amended after the extraordinary general assembly meeting multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue. The prices for additional shares will be as follows: SAR (10) per share, SAR (12) per share, SAR (14) per share and SAR (16) per share. Eligible shareholders cannot choose more than one price for additional shares.
SIPC	Saudi International Petrochemical Company
Tadawul	Automated System for trading of Saudi Shares
Tasnee	National Industrilization Company
Tasnee Petrochemical	National Petrochemical Industrialization Company
Tecnimont Arabia	Tecnimont Arabia Ltd.
Thales International Offset S.A	A partner that owns 21.9% of Lyondell Basel's 25% equity in Al-Waha
TPA	Tons per annum
TSOC	Tasnee and Sahara Olefins Company a Saudi joint stock company with commercial registration number 1010818959 issued in Riyadh on 8/4/1427H.
Underwriters	Lead Underwriter and Co-Underwriter
Underwriting Agreement	The agreement between the Company and the Underwriters
UOP	UOP LLC, a Limited Liability Company of Delaware, USA

2 RISK FACTORS

In considering an investment in the Offer Shares, Eligible Shareholders and Prospective Investors should carefully consider all the information contained in this Prospectus, including the risks described below. Sahara Petrochemical Company's ("Sahara") business, prospects, financial condition, results of operations and cash flows could be adversely and materially affected if any of the following risks, which the Company's Management currently believes to be material, or any other risks that Management may not have identified or that it currently considers not to be material, actually occur or become material risks. The trading price of the Company's Offer Shares could decrease due to the occurrence of any of these risks, and Eligible Shareholders and prospective Investors investments may totally or partially be affected.

2.1 Risks Relating to the Company's Operations

2.1.1 Feedstock Supply and Price

Sahara's joint ventures, Al Waha Petrochemical Company ("Al Waha") and Saudi Ethylene & and Polyethylene Company ("SEPC") (together the "Joint Ventures"), each have signed completed agreements with Saudi Arabian Oil Company ("Saudi Aramco") for the supply of both sales gas and propane. The agreements each have an effective date of July 1, 2008 and have a term of 20 years from that date. Risks related to these supply agreements include: (i) certain force majeure events which specifically include Saudi Aramco's inability to perform any part of the agreement as a result of government action such as the issuance or promulgation of laws, rules, and orders; (ii) the government established price for sales gas is simply that price notified to Saudi Aramco by the Government of the Kingdom of Saudi Arabia and the price of propane is in part determined by a "propane factor" which has only been established by Saudi Aramco up to the end of 2011 and thenafter will be subject to change; and (iii) the quantity of sales gas or propane agreed to is subject to availability of the sales gas and propane, and the production, refining, and crude oil and gas sales and pricing policies of the Kingdom of Saudi Arabia. Any delay, suspension, or refusal by Saudi Aramco to deliver the necessary feedstock or meet its commitment could result in the Joint Ventures or the new projects contemplated by Sahara – Arabian Chlor Vinyl Company ("ACVC"), Saudi Acrylic Monomers Company ("SAMC") and Super Absorbent Polymers Project ("SAP Project") (together the "New Projects") – not being able to meet their planned production schedules or their sales commitments, thus adversely affecting the performance of the relevant Joint Venture or New Project and consequently the Company.

Moreover, in line with standard Saudi Aramco supply conditions for domestic operators, propane NGL will be supplied to the Joint Ventures at a price that will be based on a formula of naphtha price multiplied by a conversion factor determined based on the directive of the Supreme Council for Petroleum and Minerals No. 15 dated 11/3/1423H. The conversion factor will increase from 0.685 in 2008 G to 0.700 in 2011 G.There can be no assurance that this pricing policy will remain in place after 2011G.

Given the fact that the cost of feedstock purchased by the Joint Ventures and the New Projects will represent a significant portion of their operating costs, should the supply of feedstock from Saudi Aramco become unavailable to these projects on current competitive terms or generally, it is unlikely, as a result of regulatory restrictions and other factors, that Al Waha, SEPC or the New Projects would be able to procure sufficient quantities of feedstock from alternative sources to meet their planned production schedules or product sales.

The materialization of any of the above risks would have a material adverse effect on the Joint Ventures' planned production operations and performance and sales commitments, thus adversely impacting Sahara's consolidated financial results, operations and business prospects.

2.1.2 Implementation Risks of Sahara's New Projects

The cost of construction of the New Projects, the nature of their planned integrated manufacturing facilities, the technologies needed and marketing and off-take commitments for the sale of their products cannot be guaranteed. Further, the timing and cost of completion of the New Projects will depend, in part, upon approvals received from relevant governmental authorities.

In the event that the costs of, or timing for, constructing the facilities are materially higher or take longer than currently anticipated, or that the technology and/or the marketing and off-take support are not available on the terms currently anticipated, it is possible that such developments may have a material adverse affect on the New Projects, and in turn the Company's operational results and financial condition.

2.1.3 Risks Associated with Future Manufacturing Operations

The operations of the Joint Ventures are exposed to the risk of being brought to a halt by natural disasters, theft and failure in the performance and reliability of critical equipment and machinery as well as power, water supply, information systems and other equipment failures.These risks are relevant to the Joint Ventures because all the Company's manufacturing facilities are located in the industrial area of the city of Al-Jubail. While the Joint Ventures have put in place sophisticated safety and protective measures to minimize the effects of such risks, there can be no assurance that their business operations would not be interrupted or materially impacted should any of these risks materialize.

2.1.4 Risks Associated With Construction and Completion of Al Waha

Al Waha has entered into construction contracts with various Engineering, Procurement and Construction (“EPC”) contractors to build its integrated industrial complex. Project Management Contractors (“PMC”) have been appointed to manage the activities from basic engineering through project construction and commissioning.

The EPC contractors have provided appropriate guarantees to cover the risk of delay in completion or deficient performance of the facilities. Nonetheless, there always remains the risk of any one contracting company failing to meet its contractual obligations which may result in risks of cost overruns and / or start up delays potentially adversely impacting Al Waha’s operations.

Contractors may also not be sufficiently covered by the respective mitigating recoverable liquidated damage regimes (or other remedies) committed by Al Waha under the respective license agreement. The level of such liquidated damages for delay and performance, as well as their overall caps, reflect current EPC contractor market conditions (see section on “Summary of Material Contracts”).

2.1.5 Sufficiency of Insurance Coverage

The Joint Ventures have arranged and procured comprehensive insurance coverage for the main construction and operational phases of their respective projects. In addition to other risks, the respective project companies’ insurance programs cover against risks related to third party liability, all construction risk, and marine and cargo. The Joint Ventures have also arranged for insurance coverage against sabotage and terrorism, as well as delay in plant start-up.

The Joint Ventures have also planned to provide for post-construction completion and operational phase insurance coverage for their own benefit, as well as against third party liabilities. A significant portion of each project’s insurance program is to be re-insured offshore in the international insurance market.

While Sahara intends to operate an integrated petrochemicals complex, it has structured each Joint Venture as a stand-alone company with separate operations. However, there is a risk that unforeseen events may occur which may not have sufficiently been covered by insurance policies in all circumstances and, as such, may adversely affect the Joint Ventures’ activities and results of operation.

2.1.6 Operating History of Al Waha and SEPC

Sahara’s shares have been trading on Tadawul since 18/06/1425H (corresponding to 05/08/2004G). However, while the Al Waha project complex commenced the trial run in April 2009 and each of the Cracker, LDPE and HDPE plants of SEPC commenced their respective trial runs in August 2008, November 2008 and March 2009, the Joint Ventures do not as yet have operating histories and there is no historical operating financial information available to help Eligible Shareholders evaluate Sahara’s manufacturing business record, via the Joint Ventures, to date or predict the Company’s future performance and prospects.

2.1.7 Joint Venture Agreement Risks

Sahara has so far only developed and invested in petrochemical projects via joint ventures and may continue to do so if it believes that such joint ventures are consistent with its growth strategy or can otherwise present attractive opportunities for entry into new markets or introduction of new products.

Sahara shares control of these joint ventures with third parties, and even in the cases where Sahara has a controlling interest in the joint venture (as is the case with Al Waha), there are risks of disagreements and deadlocks among the partners.

Pursuant to the contracts and agreements governing the functioning, control and financing of these joint ventures, certain strategic decisions such as those relating to new financing , dividend distributions and approvals of operating plans may only be made either with the agreement of all parties, or require unanimous and/or majority votes at the board and/or shareholders level, thereby possibly diminishing the Company’s ability to control matters.

As with any such joint venture arrangement, differences between Sahara and its partners may result in delayed decisions or in failures to agree on major matters, adversely affecting the business and operations of the joint ventures and in turn the business and operations of Sahara.

Sahara’s forecasts and plans for Al Waha and SEPC, as well as the New Projects, assume that its joint venture partners will observe their obligations with respect to their commitments to the joint ventures. In the event that any of the Company’s current or prospective partners do not honor their undertakings or exit the joint venture pre-maturely, it is possible that the affected joint venture would not be able to operate in accordance with its initial strategic business plans or that Sahara would be required to modify such plans and / or increase its level of commitment in order to give effect to such plans. For further information on the joint venture agreements, see the "Summary of Material Contracts".

2.1.8 Relationships with LyondellBasell

The Joint Ventures and Sahara have entered into a number of agreements, directly or indirectly with wholly owned companies of the LyondellBasell group of companies ("LyondellBasell"). These agreements include (i) joint venture agreements (ii) sale and marketing agreements, and (iii) licensing agreements. All such relevant agreements are summarized in more detail in Section 13.

The occurrence of any material adverse changes in the terms and conditions of key agreements referred to above or in the status of LyondellBasell, or in the event that LyondellBasell prematurely terminates any such agreement, Sahara's consolidated results and financial position may, as a result, be adversely affected (See section "Summary of Material Contracts").

2.1.9 Risks related to LyondellBasell's Affiliates who have Filed for Bankruptcy Protection in the United States

LyondellBasell announced that its U.S. operations and one of its European holding companies voluntarily filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code in order to restructure company debts on January 6, 2009. On January 8, 2009 LyondellBasell made another announcement clarifying that non-U.S. operations were not affected by the bankruptcy protection filings, notwithstanding that one of the companies involved was a European holding company. The United States Bankruptcy Court for the Southern District of New York has since granted the preliminary injunction sought by Lyondell Chemical Company, one of 79 LyondellBasell entities included in this filing, preventing certain creditors from proceeding against its parent company, LyondellBasell Industries AF S.C.A. The Court has also approved the terms of Lyondell Chemical Company's debtor-in-possession (DIP) financing package. This action will allow the company access to an additional $1.083 billion of the DIP financing and will make an additional Euro 260 million available to LyondellBasell entities that are organized outside of the United States.

On 24 April 2009, Basell Polyolefine Gmbh's parent holding company, LyondellBasell Industries AF S.C.A. was voluntarily added to the reorganization filing under Chapter 11. However, none of LyondellBasell's manufacturing operations located outside of the U.S. have applied for or become involved in insolvency or bankruptcy proceedings in their respective home country.

LyondellBasell has made all necessary equity contributions in full to the Joint Ventures and has further advised Sahara that the bankruptcy protection proceedings described above will not adversely affect LyondellBasell's joint ventures with Sahara, it should be noted that such bankruptcy protection fillings could result in reorganization or other orders of the bankruptcy court that could have an impact on the ability of LyondellBasell or its relevant subsidiaries or affiliates to comply with their respective obligations under the off-take agreements and/or other commercial agreements with Sahara. In the event that such a risk materialises, there may be a material adverse effect on the Joint Ventures' financial results and in turn the Company's operational results and financial condition.

2.1.10 Marketing and Off-take Agreements

Al Waha entered into a long-term marketing and off-take agreement with Basell Sales and Marketing Company BV in relation to the sale of 450,000 TPA of a broad range of advanced polypropylene products. Should LyondellBasell fail to comply with its obligations under the off-take agreement, it is obliged to pay compensation to Al Waha to cover Al Waha's net loss of margin, unless such failure to comply is due to an event of force majeure.

SEPC also entered into two contemporaneous long-term off-take agreements with each of Basell Sales and Marketing Company BV and Tasnee Petrochemicals Marketing Company ("Tasnee Petrochemicals") for the sale of a total 800,000 TPA of High Density Polyethylene ("HDPE") and Low Density Polyethylene ("LDPE"). Should LyondellBasell or Tasnee Petrochemicals fail to comply with their respective obligations under the off-take agreements they shall be obliged to pay compensation to SEPC to cover SEPC's net loss of margins, unless such failure to comply is due to an event of force majeure.

Nevertheless, in case the off-taker fails to meet its off-take agreement obligations or defaults on the compensation to cover the net loss margins of Al Waha and SEPC, and should an alternative replacement as off-taker not be found or also fail to meet its obligations to market the two projects' products' slates, then the financial performance of the Joint Ventures may be adversely impacted, as would the future distributable dividend flow to Sahara and Tasnee and Sahara Olefin Company ("TSOC") (See section on "Summary of Material Contracts").

2.1.11 Licensed Technology

Both Al Waha and SEPC signed technology process supply agreements on proven technologies with international technology developers who are contractually obligated to avail such technologies over a long-term period. In the case of Al Waha, the joint venture partner is LyondellBasell, a technology (Spherizone) provider, which is one of two technologies used by the Al Waha project. The other technology to be used by Al Waha for the production of the propylene feedstock is the propane dehydrogenation Oleflex process contractually committed by UOP LLC, the licensor.

Similarly, for SEPC, the foreign partner is a LyondellBasell group subsidiary who is to provide the joint venture with technology required to produce polyethylene. SEPC has also selected process technology from Linde in respect of the Cracker from which ethylene feedstock required for the production of ethylene. Under the respective licensing agreements, all technology providers to the two projects referred to above are committed to continue developing and providing the projects the right to use any upgrades from both project companies.

ACVC has entered into a process licence agreement with Uhde GmbH for the purposes of: (i) performing the engineering of, procuring equipment and materials for constructing, operating and maintaining the plant; and (ii) manufacturing the products (caustic soda, chlorine, ethylene dichloride, hydrochloric acid, and hydrogen) and selling the products in any country worldwide. ACVC will also benefit from any and all improvements and any related technical information developed or otherwise acquired by Uhde GmbH during the first five years after the effective date.

TSOC, for the benefit of SAMC, has entered into an agreement with Rohm & Hass ("R&H" or "Rohm & Hass" or "Rohm and Hass") to use certain R&H intellectual property for the purpose of manufacturing acrylic monomers. SAMC is granted an exclusive licence in respect of the manufacturing process to use R&H technology, and an exclusive licence for the use and sales of acrylic monomers in GCC countries. SAMC will also have a non-exclusive licence to R&H technology for the sales of acrylic monomers produced at the Jubail plant to third-party merchants outside the GCC area. SAMC will also benefit from improvement owned or acquired by R&H for a period of 10 years.

However, should unforeseen developments occur in existing technologies and processes from other providers appear, there is a risk that the technologies applied by Al Waha, SEPC, and the New Projects' complexes may become less competitive or provide less upgrade potential. Other difficulties with technology providers may arise as a result of non-payment of license fees or related obligations by either project company. Should a total replacement of technology provider prove necessary, doing so could be both expensive and time consuming and may consequently affect the Joint Ventures' and New Projects' financial results. Consequently, Sahara's dividend stream would be adversely impacted.

2.1.12 Financing Risks

With regards to Sahara's New Projects, for which this Offering is being carried out, the Company obtained an in-principle bank financing letter of commitment up to 31 August 2009. The in-principle commitment is subject to agreement on mutually acceptable financing documentation and finalization of due diligence (with results satisfactory to the underwriting financiers) on legal, technical, financial and environmental issues. Failure to agree on definitive binding agreements for the facilities or to satisfy any such terms and conditions may mean that Sahara and its New Projects may not be able to obtain the required financing for the New Projects under development as currently contemplated. As a result, the timetable for the New Projects may be materially adversely affected as the New Projects' joint venture companies seek alternative sources of finance which may, in turn, adversely affect Sahara's future financial condition as a holding company and the outcome of its operations.

The petrochemical industry is very capital intensive by nature and Sahara's Joint Ventures and New Projects may require significant amounts of investments in the future. While these joint ventures expect to be in a position to finance their future growth largely through internally generated cash, they may also have to obtain additional external financing to effectively fund their needs. However, Sahara's joint ventures may not be able to raise sufficient external financing when required due to unfavourable financial markets.

2.1.13 Exchange Rate Risks

During construction, Sahara's existing subsidiary (Al Waha) and investment in SEPC were fully hedged against exposure to potential currency exchange risks prior to their respective start-ups expected in the latter part of 2008. During operations thereafter, currency hedges for both Joint Ventures decline, which may expose either project company to adverse movements in foreign currency denominated equipment and services costs. The Company plans to enter into similar hedging agreements for the New Projects.

However, both Joint Ventures' contractual arrangements with respective off-takers during production do not present either project company with notable currency exposure risk, as payments from lifters of both companies' output will settle payments under off-take agreements in US Dollars. The US dollar, in which all global oil payments are made, has been held at near parity with the Saudi Arabian Riyal for nearly two decades. Should this parity change adversely, financial results for Al Waha and SEPC may be negatively affected. As a result, as a holding company, Sahara's dividend stream would be impacted.

2.1.14 Financing Cost Risks

Financing cost under the Company's debt facilities is calculated by reference to the floating interest rates. Although Sahara has hedged such exposure at present, there can be no assurance that this will continue to be the case in the future and an adverse shift in interest rates would have a negative impact on the Company's financial condition and results of operations. (See "Management's Discussion & Analysis of Financial Condition & Results of Operations" section).

2.1.15 Principal Shareholders

Zamil Group Holding Company has been one of the founders and a major shareholder of Sahara since its formation. As of July 1, 2009, Zamil Group Holding Company had 7.54% ownership in Sahara of all the then outstanding shares. The value of Sahara's shares may be adversely affected if this leading investor were to dispose of its shareholding in Sahara.

2.1.16 Limited Revenue Generating Operations as a Holding Company

Sahara is a holding company with no business operations, sources of income or assets of its own other than its majority ownership interest in Al Waha, and its equity in and limited contingent support of its minority share investment in SEPC. Because the forecast financial results of Sahara's consolidated operations are currently primarily dependent upon Al Waha and SEPC, Sahara's cash flow and its ability to repay financing obligations that it may incur after the Offering and its ability to pay dividends to its Shareholders are dependent upon cash dividends and distributions or other transfers from Al Waha and SEPC.

Payment of dividends, distributions, and external funding by Al Waha and SEPC to Sahara are subject to restrictions imposed by the current and future financing instruments to which they are party as well as the terms of the joint venture arrangements with LyondellBasell in relation to Al Waha and the terms of the joint venture arrangements with National Industrialization Company ("Tasnee") and LyondellBasell in relation to SEPC under which both projects were established.

2.1.17 Risks of Exposure of Employees, Service Providers or Customers to Toxic or Hazardous Substances

Sahara's joint venture companies use large quantities of chemical, toxic or hazardous substances in manufacturing their products. Although the respective joint ventures have put in place various safety and monitoring procedures at each future production site and have provided for suitably related insurance coverage, its employees, customers or service providers may become exposed to such substances and develop specific pathologies from such exposure which may induce them to file claims against Sahara's joint ventures in the future. This can have a material adverse impact on the business of the Company's joint ventures, their profitability and the results of their operations.

2.1.18 Saudization

As of March 28, 2009, Saudization at Sahara stood at 82.2% with 120 Saudi employees out of a total of 146. The total of 146 includes 34 Saudi trainees that Sahara has arranged to hire and place. Sahara has developed training programs and employment plans to ensure adequate skills and manpower ability as needed. Saudization levels at Al Waha and SEPC stood at 59.3% and 54.3% respectively as of April 6, 2009.

The Council of Ministers issued Resolution No. 50 dated 21/4/1415H (corresponding to 27/9/1994G) providing that all establishments having twenty (20) or more employees must increase the employment of their Saudi staff by five percent (5%) each year. The current minimum percentage of Saudi nationals required to be employed by companies in the Kingdom stands at thirty percent (30%).

Although Sahara and its joint ventures meet the requirements of Council of Ministers issued Resolution No. 50 at present, there is no assurance that they may be able to continue do so in the future. Furthermore, the Ministry of Labor may impose more stringent Saudization policies on Saudi Arabian entities in the future to come in line with the Labor Law which was recently passed requiring that the minimum percentage of Saudi nationals required to be employed by companies in the Kingdom to be seventy-five percent (75%). Sanctions for non-compliance with Saudization requirements include the suspension of applications for employment visas or transfer of sponsorship for non-Saudi employees, or the exclusion of the company violating Saudization requirements from bidding for government tenders and applying for government loans.

As such, the operations of the Company and its joint ventures, their ability to meet their commitments and their financial performance may be adversely affected due to their non-compliance with Saudization requirements.

2.1.19 Staff Turnover and Dependence on Key Personnel

The performance of joint venture companies and consequently that of Sahara is dependent upon the abilities and experience of their executive officers and other key personnel. The Company's future prospects will depend to a large extent on its ability to attract, recruit and retain high quality personnel, as competition for personnel with relevant expertise and experience is currently intense in the industrial city of Jubail.

Sahara, its subsidiary Al Waha and affiliate SEPC have already fulfilled significant hiring requirements to meet their manpower needs to date. All three entities offer long term career opportunities as start-up entities and have plans to retain technically highly qualified teams and to invest in continuous training. However, there can be no assurance that their businesses will not be affected if they prove unable to attract, develop and retain qualified employees or replace them with suitable positions for equally qualified personnel.

These companies may be adversely affected by the loss of services of one or more members of their key personnel who could not be replaced in the short to medium term which could disrupt their business and have a material adverse affect on Sahara's financial condition and results of operations.

2.1.20 Risks Related to Utilities Supply and Storage

SEPC has entered into a Nitrogen Supply Agreement dated 19 July 2006 with Tasnee Petrochemicals for the supply of nitrogen to SEPC. The agreement is back to back with Tasnee Petrochemicals' arrangement for the supply of nitrogen from the National Industrial Gases Company ("NIGC"). The agreement runs for 12.5 years after the appointed date, at which point it may be terminated by any party giving at least six months' written notice. Given the importance of nitrogen supply to the Joint Ventures and the New Projects, any deterioration in the terms at which nitrogen is being supplied when the agreement is renewed could have a material adverse affect on the business of the Company's joint ventures, their financial condition and results of operation. Likewise, cooling sea water, electricity and water will be supplied by Marafiq, and if Marafiq is not able to supply the minimum quantities that are needed for the operation of these integrated industrial complexes, the business of the Company's existing and future joint ventures, their financial condition and results of operation could be affected in a material way.

In addition, Sahara's joint ventures use storage areas and warehouses to store their products. Due to the nature of these products, such storage facilities can present risks to the environment or to the public health and safety. Furthermore, accidents can occur at such facilities which may expose the Company's joint ventures to the risk of being held liable for damages caused by such accidents. There can be no assurance that these and other factors will not have an adverse impact on the Company's financial condition and results of operations.

2.1.21 Risks Related to Transport

Under the off-take agreement with LyondellBasell, Al Waha and SEPC are only responsible for sales within Saudi Arabia. For all such domestic sales, the local partners will be transporting their products by road. It is expected that the products of the New Projects will also be transported within the Kingdom by road. This mode of transportation generates risk of accidents and any such accident could give rise to claims against Sahara.

Furthermore, due to the fact that products being transported may be hazardous, toxic and flammable, the Company may face delays in delivery or the transportation cost may increase which will have a material adverse affect on Sahara's business, financial conditions and results of operation.

2.1.22 Use of Pipelines for the Supply of Raw Materials

Ethylene, propylene and various utilities are supplied to Sahara through a limited number of pipelines. In addition, the Company's joint ventures are also connected to existing pipeline networks in Jubail, as would the New Projects be in the future, which are used to transport ethylene, propylene and butane-1 and other feedstock around various locations in the industrial city of Jubail as well as between the city and the port.

Most of these pipelines are owned by third parties, and Sahara relies on the security measures adopted by them for the operation of these pipelines. As such, the possibility of an accident can never be excluded. In addition to the impact on the environment, such an accident would negatively affect the supply of raw materials to Sahara's joint ventures and could have a material adverse affect on their business, financial condition and results of operation.

2.1.23 Investing in the New Projects

Sahara is in the process of investing in the New Projects with prospective joint venture partners. One of the projects will be used to produce caustic soda and ethylene dichloride, while the other two will be used to produce Acrylic Acids and its Derivatives. Sahara's ability, however, to manage these projects and joint ventures or any future investment will depend on the Company's ability to continue to secure adequate supply of raw materials, enter into agreements to secure technologies, negotiate optimal off-take and marketing agreements, establish partnerships, implement and improve operational, financial and management information systems on a timely basis and expand, train, motivate and manage its workforce.

Discussions with prospective industry partners on the New Projects are progressing in relation to the licensing arrangements and off-take and marketing terms and conditions (see Material Contracts section).

The Company may also require additional funds to meet expenditure associated with such expansions. Moreover, failure to increase sales in global and regional markets may result in Sahara and its partners not being able to recover the production, distribution, promotional and marketing expenses as well as administrative costs incurred in developing such projects, which will have an adverse impact on the Company's results of operation and financial condition.

2.2 Risks Related to Market

2.2.1 Competition

The markets in which the Company's existing and future joint ventures will sell their products are highly competitive and governed by many factors which include global supply and demand.

The price forecasts adopted by the Company's Joint Ventures for feedstock and end-products are only estimates and their volatility may be event-driven by factors not necessarily directly connected with the petrochemical industry. Unpredictable surges due to supply or outages problems or changes in purchasing demand patterns would impact business.

Some of the Company's competitors, who operate on similar low cash costs of production, may manufacture similar products more economically and maintain significantly greater operating and financial flexibility than the Company's Joint Ventures. As a result, these competitors may be better positioned to withstand changes in conditions within the petrochemical industry, prices of certain raw materials, power and energy costs and general economic conditions.

Additionally, the pricing, marketing and other decisions of competing low cost producers could adversely affect margins and profitability.

2.2.2 Products Substitution

Growth in demand for polypropylene and polyethylene over the past decade has been driven in part by their use as a substitute for comparable polymers due to their specifications and competitive pricing. However, in many applications and markets, both products compete and can be substituted by other raw materials and products.

Should this risk materialize it may have a material adverse impact on the financial performance of the Company's Joint Ventures. In addition, this risk may also apply to the products manufactured by the New Projects.

2.2.3 Commodity Prices

The expected future performance of the Company is largely based upon certain assumptions, including those relating to the future conditions of the markets and the host country's GDP growth rates in which the Joint Ventures intend to sell their products.

These markets are global commodity markets driven by global supply and demand and are affected by the volatility and level of global prices of oil and gas. The Company does not, and will not, have control over factors affecting product prices. Actual changes in demand and market conditions in the region or elsewhere may affect commodity prices, the accuracy of the assumptions and / or the future prospects of the Joint Ventures.

2.2.4 Cyclical Demand for Products

Historically, the markets for many of the products manufactured by the Joint Ventures have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of global capacity additions, resulting in oversupply and declining prices and profit margins.

Future growth in demand for these products may not be sufficient to alleviate any existing or future cyclical conditions of excess industry capacity. One of the main reasons behind petrochemical industry cycles is attributed to worldwide project developers building new production capacities in an uncoordinated manner. Surplus capacity requires several years to subside, after which demand typically catches up and absorbs such surpluses, resulting in a subsequent cycle upswing.

2.2.5 Regulatory Risk

The Joint Ventures and the New Projects are required to obtain certain regulatory approvals to be licensed by the MOCI to build and operate the Al Waha and SEPC integrated industrial complexes as well as the New Projects' integrated industrial complexes. Each of Al Waha and SEPC has already obtained the relevant regulatory approvals and licenses from the Royal Commission of Jubail and Yanbu (the "Royal Commission"), but some of these approvals are due to be renewed / updated (See section 4.7.14 "Trademarks, Permits, Licenses and Consents").

In the event of any changes to regulations or in case of any additional regulations being imposed, the entire market, as well as the project companies, may be adversely affected and may incur significant expenditure which may be required for them to comply with any such regulatory changes.

2.2.6 Environmental Risk

Environmental contamination and associated penalties, fines and costs are risks inherent to the petrochemicals manufacturing industry worldwide. In addition to compliance with local environmental regulations, each of Al Waha and SEPC as well as the New Projects are expected to conduct operations in accordance with the environmental regulations of the Royal Commission. Both Joint Ventures have taken the necessary steps to obtain certifications needed for their respective environmental and quality management systems. The New Projects will follow the same procedure in due course.

These laws and regulations could impose liability for remedial costs or result in civil or criminal penalties in cases of non-compliance. Complying with these laws may increase the Company's joint venture costs and, as the laws are subject to frequent changes, Sahara's joint ventures may be unable to predict the future costs resulting from environmental compliance.

In the event of any changes occurring to the respective project companies' environmental track record, certain expenditure may be required so as to comply with such local regulatory changes and to take corrective actions required.

2.2.7 Risks Relating to Swings in Business

Ability of Sahara and its subsidiaries to increase their revenue and maximize their profit depends on several factors, most of which are outside their control. As a result, their operating results may show considerable variation within a particular year and/or from one year to another. This variation can be caused by a number of factors including but not limited to fluctuation in prices and increased competition. It is difficult to forecast the prospective results because any undesirable change in the operations of Sahara or its subsidiaries can have a material adverse affect on the Company's results of operation and financial condition.

2.2.8 Economic Risks

Any undesirable change in one or more of the economic factors including but not limited to inflation, unemployment, wages, exchange rates, interest rates and global trade trends may have a significant negative impact on the Company's business, financial condition and results of operations.

2.3 Risks Relating to the Shares

2.3.1 Fluctuations in Share Price

As of 31 May 2009, the closing price of Sahara's shares on Tadawul was SAR 25. During the 12 months prior to 31 May 2009, Sahara's share price has fluctuated between SAR 10.40 and SAR 49.50. Eligible Shareholders who choose to subscribe to the Offering may not be able to sell their Offered Shares at or higher than the price of the rights issue due to several factors including but limited to the Company's prospective financial results, market trends, regulatory changes, overall economic conditions or any other factor beyond the Company's control.

Furthermore, there can be no assurance that an active trading market for the Company's shares will continue or be sustained after this rights issue. If an active trading market is not maintained, the trading liquidity or price of the Shares could be adversely affected.

2.3.2 Dividend Distribution

The distribution of dividends will be dependent upon a number of factors described in more detail in the "Dividend Record and Policy" section. Payment of dividends typically depends on level and sufficiency of distributable profits generated by the Company's businesses to allow lawful distribution and on the terms and conditions imposed by financiers of Sahara's joint venture projects and related financial ratios and tests.

While the Company on 17 July 2007 distributed bonus dividends to its existing shareholders on the basis of 1 free share for every 4 shares held, there can be no assurance that any future dividends will actually be paid, nor can there be any assurance as to the amount or bonus shares, if any, which will be paid in any given year either during the construction phase of the New Projects or during or after the start-up of operations. Furthermore, the dividend policy of Sahara and its joint ventures may be subject to change from time to time over the coming years.

2.3.3 Profitability of Shares

Expected profitability from investment in Sahara's shares can be adversely affected after the rights issue and the increase in the company's capital. This is because the value of each share is dependent on the number of shares issued. Therefore, an increase in the number of shares could result in a decline in the value of those shares below their historical levels. Also, the Company cannot guarantee any distribution of dividends to its shareholders in the future nor can it guarantee any certain profitability from Sahara's issued shares after the increase in the Company's capital.

3 PETROCHEMICAL INDUSTRY

The information in this section has been derived from reports prepared by Jacobs Consultancy ("Jacobs"), Chemical Market Resources, Inc. ("CMRI"), Chemical Market Associates, Inc. ("CMAI") and Business Monitor International ("BMI"). Amongst them, reports of Jacobs, CMRI and CMAI were prepared individually and solely for the Company. Jacobs, CMRI, CMAI and BMI as well as any of their affiliates, shareholders, directors or their relatives do not hold any shareholding or interest of any kind in Sahara. They have given and not withdrawn their written consent to the use of their market data and research in this way in the Prospectus.

Jacobs was established in 1957 and provides consultancy services to chemical, refining and petrochemical clients, amongst others. They provide consultancy to clients in refining and petrochemicals industry through their offices in Calgary, Chicago, Houston and London. CMRI was founded in 1990 and provides business research and strategic planning services to clients in chemical, petrochemical, plastics and allied industries. Their offices are located in Houston while CMAI was established in 1979 and provides consultancy services to clients in petrochemical, plastics, fibres and chlor-alkali industries. Their offices are located in Houston, New York, London, Düsseldorf, Dubai, Singapore and Shanghai. They have also developed a strategic alliance with energy consultants, Purvin and Gertz.

3.1 Petrochemical Industry in Saudi Arabia

Derived from crude oil or natural gas, petrochemicals are used as raw materials to manufacture basic petrochemicals which are in turn to be used as feedstock to produce detergents, industrial chemicals, fertilizers, pesticides, plastics, paints, medicines, cosmetics and many other products.

3.1.1 Market Overview

Saudi Arabian petrochemicals business environment benefits from government provided cheaply extractable feedstock, including the largest oil reserves in the world. The domestic petrochemicals sector currently accounts for about 7%[1] of the global supply of basic and intermediary petrochemical products. From being a net importer, the country has emerged as a leading exporter in the petrochemicals sector, supplying to over 100 countries. Primary drivers for such a turnaround have been strong infrastructure, significant cost advantages, due to lower average variable and fixed costs, and competitive and fixed natural gas prices. These factors have also resulted in substantial domestic and international investment inflows into the sector. Investor confidence in the industry is evident from the large investment commitments made by global companies over the last few years through joint ventures and expansions.

The country now exports to more than 100 countries. Saudi Arabia's transformation was achieved through its government's recognition of the importance of the petrochemical industry and its establishment of a favourable business environment for growth. Such improvements included a government focus on rapid industrialization, providing well-established infrastructure and financial incentives such as low-cost raw feedstock, tax benefits for foreign investors and a trained workforce. Government has also supported an upward movement in the petrochemicals value chain by providing incentives (exemptions and grants) to industrialists investing in plastics industry.

The Saudi petrochemicals industry is growing at a consistent pace. In fact, according to Business Monitor International at the end of 2007, Saudi Arabia was the world's fourth leading producer of ethylene, behind United States, China and Japan.

3.1.2 Competitive Advantages of Saudi Petrochemical Industry

According to Business Monitor International, more than SAR 262.5 billion of investment is being channelled into the country's petrochemicals sector by 2011. In terms of polyolefins, particularly, polyethylene, there is a program of new plant developments and expansions underway. A number of polyethylene projects tied to the various ethylene expansions should also see a rise in capacity.

Factors that characterize the petrochemical industry in Saudi Arabia and are the main drivers behind the above-mentioned growth include:

- Saudi Arabia has the largest oil reserves in the world and ample gas reserves, both of which are also comparatively easy to extract, providing abundant and extremely inexpensive feedstock for its petrochemicals industry.
- A major increase in refining capacity underway at present will ensure adequate, cost-effective feedstock supplies for new petrochemical projects.
- Saudi Arabia's low production and feedstock costs make the country particularly attractive for investments in olefins and derivatives. The government is also keen to encourage export-oriented plastic conversion projects.

1 Source: Business Monitor International

- As oil prices increase, relative feedstock cost advantage also increases. This leads to extremely low feedstock costs in a high oil price scenario in comparison with other markets. Therefore, the country provides feedstock at a price that provides a petrochemicals producer with an incentive to invest. This advantage in feedstock cost allows the manufacture and delivery of polyolefins on a strong competitive cash cost basis.
- The government has undertaken substantial investments in the sector and is also encouraging foreign companies to enter into joint ventures with Saudi partners for new projects.
- The country is well-placed for exports to Europe and Asia – and has strong trade ties with China by virtue of the fact that China is the main importer of the Kingdom's petrochemicals industry products.

3.2 Products

At present, Sahara has one subsidiary, Al Waha, and an affiliate, SEPC, while three new projects are in the process of being established. First one of these is SAMC through which Sahara plans to produce acrylic acid, which in turn will be used as a feedstock to produce two types of commodity acrylates. These are butyl acrylates and 2-ethylhexyl acrylates. Acrylic acid produced at SAMC will also be used as a feedstock to produce superabsorbent polymers through a separate joint venture, the SAP Project. This joint venture is in the process of being established. Third project is ACVC through which Sahara plans to produce caustic soda and ethylene dichloride. A subsidiary of Rohm & Hass, U.S.A is the joint venture partner in SAMC while Saudi Arabian Mining Company ("Ma'aden") is the joint venture partner in ACVC.

The products that Sahara plans to produce through these joint ventures are listed below.

Exhibit 3.1: Products of Sahara

Products	Joint Venture Industrial Complex
Polypropylene	Al Waha
High Density Polyethylene	SEPC
Low Density Polyethylene	SEPC
Commodity Acrylates (Butyl Acrylates and 2-Ethylhexyl Acrylates)	SAMC
Superabsorbent Polymers	SAP Project
Caustic Soda	ACVC
Ethylene Dichloride	ACVC

Source: Sahara

3.3 Polypropylene

Polypropylene is a light weight plastic which has a wide range of applications in packaging, consumer products and transportation industry.

In 2007, global demand for olypropylene stood at around 46 million tons, making it the world's second largest thermoplastic after polyethylene. This is due to the following reasons:

- Chemical and physical properties of polypropylene allow it to be used as a substitute for many other polymers and materials.
- Its attractive pricing structure relative to the polyethylene grades with which it competes. However, high demand of polypropylene in recent times has put pressure on propylene supplies. It is expected that this will lead to structurally higher prices of polypropylene in the future relative to polyethylene.

3.3.1 Applications

Three main applications of polypropylene include its use in injection moulding, fibre and film. They accounted for 36.4%, 23.4% and 21.8% of the global demand respectively.

- Injection moulding applications include the use of polypropylene to produce products that include thin-walled containers, crates, house wares, appliances, outdoor furniture and automotive parts.
- Fibre applications include the use of polypropylene to produce textile fibers and rafia. Textile fibers are used to manufacture carpet, clothing, ropes and furniture textiles while rafia is used to manufacture woven bags and carpet backings.
- Film applications include the use of polypropylene in food packaging and adhesive tapes.

Exhibit 3.2: Global Polypropylene Applications

(000 tons)	2005	2006	2007
Film & Sheet	8,765	9,357	9,951
Injection Molding	14,844	15,757	16,644
Blow Molding	3,537	3,674	3,942
Fiber	9,409	10,169	10,709
Other	3,935	4,097	4,292

Source: Jacobs Consultancy, June 2008

3.3.2 Global Demand Overview

Polypropylene, the fastest growing commodity resin, has outperformed many other polymers. Annual global demand was 45.7 million tons in 2007, with an average annual growth rate of 7.0% over the last three years. North America, Western Europe and China are the largest consumers of polypropylene and together these regions accounted for 54.5% of the global consumption in 2007. From 2005 to 2007, most of the increase in demand for polypropylene came from Asia, Eastern Europe, Middle East and states that were part of the former Soviet Union. This is because of the migration of labor intensive downstream conversion industries to these low labor cost regions, particularly Asia and Central Europe. Furthermore, all of these regions also have a growing population and improving living standards, both of which have contributed towards the growth in domestic demand for consumer products.

Exhibit 3.3: Global Polypropylene Demand by Region

(000 tons)	2005	2006	2007	CAGR
North America	6,946	6,901	7,402	3.2%
South America	2,692	3,067	3,274	10.3%
Western Europe	7,463	7,845	8,149	4.5%
Eastern Europe	1,204	1,348	1,420	8.6%
Former Soviet Union	466	627	674	20.3%
Africa	951	1,051	895	-3.0%
Middle East	3,320	3,563	3,947	9.0%
China	7,636	8,631	9,386	10.9%
India	1,356	1,375	1,524	6.0%
Northeast Asia	4,280	4,628	4,364	1.0%
Southeast Asia	3,657	4,017	4,705	13.4%
Total Demand	39,971	43,053	45,740	7.0%

Source: Jacobs Consultancy, June 2008

Main target markets for Al Waha's products are Middle East, Southeast Asia and India because Al Waha plans to sell 85.8% of its production to these three regions. All three regions have experienced considerable growth in demand over the last three years. In fact, during this period, demand in Middle East grew at a CAGR of 9% while the growth rate in demand was 13.4% and 6% in Southeast Asia and India respectively.,

3.3.3 Global Supply Overview

Global polypropylene capacity in 2007 stood at 47 million tons with over two-thirds of capacity located in Asia and Europe. Since 2005, around 4.8 million tons of capacity has been added to meet increased demand. With this increment of 2.4 million tons of capacity each year, the installed capacities have grown by over 5.7% per year, resulting in a healthy operating rate of 97.2% in 2007. Polypropylene production is now shifting from mature markets to Middle East that has a low cost feedstock and also enjoys close proximity to consumers in Asia.

Exhibit 3.4: Global Polypropylene Capacity by Region

(Million tons)	2005	2006	2007	CAGR
North America	8.7	8.8	8.8	0.6%
South America	2.3	2.4	2.6	6.3%
Western Europe	9.8	10.1	10.0	1.0%
Eastern Europe	1.4	1.8	2.0	19.5%
Former Soviet Union	0.2	0.2	0.2	0.0%
Africa	0.6	0.6	0.8	15.5%
Middle East	2.1	2.3	2.9	17.5%
China	4.5	5.4	6.4	19.3%
India	1.5	1.7	1.9	12.5%
Northeast Asia	7.4	7.5	7.6	1.3%
Southeast Asia	3.6	3.6	3.8	2.7%
Total Capacity	42.1	44.4	47.0	5.7%

Source: Jacobs Consultancy, June 2008

3.4 Polyethylene

Polyethylene is a widely used petrochemical product. Its market can be segmented into two main product groups:

- High density polyethylene; and
- Low density and linear low density polyethylene

3.4.1 High Density Polyethylene

High density polyethylene is a dense, strong and relatively stiff thermoplastic which is used in suitcases, automotive fuel tanks, pipes and tubes, insulating sleeves, bottles, lids and toys. It is the third largest commodity thermoplastic after polyvinyl chloride and polypropylene with a global demand of around 30 million tons per annum in 2007.

3.4.1.1 Applications

High density polyethylene is a rigid crystalline polymer which is used in a wide range of moulded and extruded goods. Its applications include its use in the production of:

- Supermarket and merchant bags
- Small, medium and large containers including car fuel tanks and household gas tanks. High density polyethylene provides the cheapest solution to produce containers that are not transparent.
- Optical cables, pressurized pipes for the distribution of natural gas and water as well as un-pressurized pipes for irrigation.
- Packaging of agricultural products in woven sacks and in raffia. However polypropylene is now increasingly being used in the production of raffia.
- Injection moulding and coating of pipes, wires and cables.

Wide range of above-mentioned applications and the lack of any major substitutes (except for the use of polypropylene in injection moulding and in the production of raffia) are considered to be the main drivers behind its growth in demand.

Exhibit 3.5: Global High Density Polyethylene Applications

(000 tons)	2005	2006	2007
Film & Sheet	6,595	6,952	7,240
Injection Molding	5,727	6,080	6,337
Blow Molding	7,542	7,875	8,216
Fiber	1,202	1,269	1,305
Other	6,056	6,486	6,769
Wire & Cable	175	180	187
Pipe & Profile	3,136	3,309	3,446

Source: Jacobs Consultancy, June 2008

3.4.1.2 Global Demand Overview

Global demand for high density polyethylene has been reasonably strong in recent years – registering 4.2% growth in 2007 over previous year – and growing ahead of GDP in most countries. Furthermore, its two largest applications are its use in injection moulding and in the production of blow moulded containers. Both sectors grew at almost 4% in 2007.

Exhibit 3.6: Global High Density Polyethylene Demand by Region

(000 tons)	2005	2006	2007	CAGR
North America	6,739	7,257	7,564	5.9%
South America	2,507	2,530	2,670	3.2%
Western Europe	4,921	4,968	5,154	2.3%
Eastern Europe	862	768	808	-3.2%
Former Soviet Union	670	900	959	19.6%
Africa	1,063	1,195	1,253	8.6%
Middle East	1,467	1,688	1,825	11.5%
China	4,717	5,146	5,185	4.8%
India	609	637	702	7.4%
Northeast Asia	1,550	1,547	1,600	1.6%
Southeast Asia	2,016	2,028	2,146	3.2%
Total Demand	27,122	28,663	29,867	4.9%

Source: Jacobs Consultancy, June 2008

SEPC's main target markets for high density polyethylene are Middle East, South East Asia and Europe because it plans to sell 88% of its production to these three regions. All three regions experienced considerable growth in demand during the three year period between 2005 and 2007. In fact, demand in Middle East grew at CAGR of 11.5% during this period while that in South East Asia grew at CAGR of 3.2%. Slow demand growth in Western Europe was made up by the higher growth in demand in former Soviet Union states.

3.4.1.3 Global Supply Overview

High density polyethylene can be produced either through dedicated production facilities or through flexible production units, where linear low density polyethylene can also be produced along with high density polyethylene. Jacobs estimates that global production capacity of high density polyethylene reached 35.9 million tons per annum in 2007, comprising of 23.5 million tons per annum of dedicated capacity and around 12 million tons per annum of flexible capacity. This resulted in an operating rate of around 86%.

Almost one-third of the total capacity in 2007 was based in North America and approximately 44% was based in Asia and Middle East. Since 2000, over 8 million tons of new capacity has been added, largely in Middle East and Asia. This amounts to 1.3 million tons per annum capacity addition per year. During this period, capacities have experienced an annual growth rate of approximately 4% while Middle East and Central / Eastern Europe regions have added new capacity at a faster rate of 11% annually.

3.4.2 Low density polyethylene

3.4.2.1 Applications

Low density polyethylene is widely used because of its low cost, flexibility and resistance to chemicals. It is primarily used to put a moisture resistant protective coating on paperboards and in the production of films. Films, apart from their industrial applications, are also used in food packaging. Thus, applications of low density polyethylene includes its use in such packaging films, trash and grocery bags, agricultural greenhouses, wire and cable insulation, squeeze bottles, toys and house wares.

3.4.2.2 Global Demand Overview

Globally, low density polyethylene remains the slowest growing of all polyolefins due to its on-going substitution by linear low density polyethylene (albeit at a slowing rate in many markets) and the maturity of many low density polyethylene applications. As a result, growth in demand of low density polyethylene in 2007 was only 2.2%. However, it retains its market share based on its ease of processing compared to linear low density polyethylene. This has meant that low density polyethylene has value as a blend stock with linear low density polyethylene. In fact, most low density films are produced with some low density polyethylene in the blend to aid processability and improve optical properties. As a result, although demand growth is small, it remains globally positive.

Exhibit 3.7: Global Demand for Low Density Polyethylene

(000 tons)	2005	2006	2007	CAGR
North America	3,041	3,116	3,120	1.3%
South America	1,663	1,530	1,538	-3.8%
Western Europe	6,038	5,933	5,968	-0.6%
Eastern Europe	702	656	684	-1.3%
Former Soviet Union	637	654	694	4.4%
Africa	544	628	640	8.5%
Middle East	1,004	1,120	1,164	7.7%
China	2,230	2,363	2,474	5.3%
India	405	405	433	3.3%
Northeast Asia	1,661	1,705	1,733	2.2%
Southeast Asia	730	726	741	0.8%
Total Demand	18,653	18,836	19,190	1.4%

Source: Jacobs Consultancy, June 2008

3.4.2.3 Global Supply Overview

At present, low density polyethylene capacity is largely concentrated in the industrially developed regions such as Western Europe and United States but new capacities are being developed in Middle East and Asia because of the low cost of feedstock in that region and technological advances that allow integrated industrial complexes to be built at a much larger scale. In fact, capacity that has been added in Middle East during the last few years has turned the region into a net exporter of around 0.4 million tons in 2007, most of which has fed the growing trade deficit in Asia and Latin America. These capacity additions, however, are in excess of what the global market demands which can result in over capacity and a drop in operating rates.

Exhibit 3.8: Global Capacity of Low Density Polyethylene

(000 tons)	2005	2006	2007	CAGR
North America	4,109	4,109	4,109	0.0%
South America	1,486	1,486	1,486	0.0%
Western Europe	6,038	5,933	5,968	-0.6%
Eastern Europe	2,121	2,081	2,161	0.9%
Rest of Eastern Europe	8,159	8,014	8,129	-0.2%
Middle East and Africa	1,451	1,596	1,596	4.9%
Asia and Oceania	5,334	5,919	6,179	7.6%
Total Capacity	28,698	29,138	29,628	1.6%

Source: Jacobs Consultancy, June 2008

3.5 Acrylic Acid

In its pure form, Acrylic Acid is a clear, colorless liquid with a characteristic acrid odor. SAMC will produce acrylic acid which, in turn, will be used to produce:

- Two types of Commodity Acrylates (butyl acrylates and 2-ethylhexyl acrylates); and
- Superabsorbent Polymers (through a separate joint venture).

3.5.1 Applications of Acrylic Acid

Major markets for Acrylic Acids include its use in the production of Superabsorbent Polymers, Commodity Acrylates, Polyacrylic Acid and Specialty Acrylates.

- Superabsorbent Polymers: Superabsorbent Polymers are very high molecular mass, cross-linked polyelectrolytes that can absorb more than 10 times their mass of water or aqueous solutions.
- Commodity Acrylates: Major applications of commodity acrylates include their use in printing inks, textiles, plastic additives, coatings, adhesives & sealants and plastics.
- Polyacrylic Acid: Its major applications include its use in detergents as builders, chelating agents or anti-redeposition agents in different detergent formulations.
- Specialty Acrylates: Specialty Acrylates are used in different applications such as coatings, adhesives and radiation curing.

Globally, Commodity Acrylates and Superabsorbent Polymers are the largest applications for acrylic acid accounting for about 52% and 27% of the its demand respectively in 2007.

3.5.2 Commodity Acrylates (Butyl Acrylates and 2-Ethylhexyl Acrylates)

3.5.2.1 Applications

The major applications for Commodity Acrylates include their use in coatings, adhesives and in textiles and fibers.

Coatings: In coatings application, acrylates are used in the form of emulsion or solution polymers as high quality paint binders because of their excellent durability, toughness, optical clarity, UV stability and colour retention. These are also used to provide finishing to wood, metal furniture and containers, and can and coil coatings.

Adhesives: This includes their use in tapes, labels, construction formulations and film-to-film laminates.

Textiles and fibers: This includes their use in the form of emulsion polymers as binders for fiberfill and nonwoven fabrics, textile bonding or laminating and pigment printing applications. Polyester, glass, and rayon nonwoven and fiberfill mats have also been manufactured using acrylic binders to hold the mats together. The major advantages of acrylic esters include durability, soft feel and resistance to discoloration.

Globally, coatings were the largest application of Commodity Acrylates accounting for about 50% of demand in 2007. The next largest applications were adhesives (22%) and textiles and fibers, which accounted for about 22% and 15% of demand respectively.

Exhibit 3.9: Global Applications for Commodity Acrylates

(KT)	2005	2006	2007	CAGR
Coatings	1,492	1,549	1,609	4%
Adhesives	663	688	715	4%
Textiles and Fibers	476	494	513	4%
Plastic Additives	220	227	234	3%
Others	166	170	174	2%
Total	3,017	3,128	3,245	4%

Source: Chemical Market Resources, Inc., June 2008

3.5.2.2 Global Demand Overview

Four major types of Commodity Acrylates are butyl acrylate, ethyl acrylate, 2-ethylhexyl acrylate and methyl acrylate. Butyl acrylates and 2-ethylhexyl acrylates together accounted for 79.9% of the global acrylates demand in 2007. The demand for these two acrylates was 2,593 KT in 2007 out of a total of demand of 3,244 KT. For all the regions butyl acrylate was the most commonly used commodity acrylate.

Exhibit 3.10: Global Demand for Commodity Acrylates in 2007 by region

(KT, 2007)	Butyl Acrylate	2- Ethylhexyl Acrylate	Ethyl Acrylate	Methyl Acrylate	Total
North America	487	111	185	27	810
South America	68	11	16	2	97
Western Europe	442	160	120	6	728
Eastern Europe	17	4	2	1	24
Japan	99	49	22	27	197
China	376	79	69	13	537
Rest of Asia	473	144	108	39	764
Middle East / Africa	56	17	12	2	87
Total	2,018	575	534	117	3,244

Source: Chemical Market Resources, Inc., June 2008

SAMC plans to sell 80% of its butyl acrylate production and 88% of its 2-ethylhexyl acrylate production in Asia. This region has exhibited considerable growth in demand over the last three years. During this period, demand for butyl acrylate in China grew by 7% from 330 KT in 2005 to 376 KT in 2007 and by 5% in rest of Asia from 430 KT in 2005 to 473 KT in 2007. On top of that, China and rest of Asia also accounted for 42.1% of global demand for butyl acrylate in 2007.

Similarly, most of the growth in demand for 2-ethylhexyl acrylate over the last three years also came from China and rest of Asia. In fact, demand in China grew by 5% during this period, albeit off a small base, from 71 KT in 2005 to 79 KT in 2007 and by 4% in rest of Asia from 132 KT in 2005 to 144 KT in 2007. Both China and rest of Asia together accounted for 38.8% of the global demand.

Exhibit 3.11: Global Demand for Butyl Acrylates and 2-Ethylhexyl Acrylates by Region

	Butyl Acrylate (KT)				2- Ethylhexyl Acrylate (KT)			
	2005	2006	2007	CAGR	2005	2006	2007	CAGR
North America	457	471	487	3%	105	108	111	3%
South America	63	66	68	4%	10	10	11	5%
Western Europe	423	432	442	2%	154	157	160	2%
Eastern Europe	15	16	17	6%	3	3	4	15%
Japan	96	97	99	2%	48	48	49	1%
China	330	352	376	7%	71	75	79	5%
Rest of Asia	430	451	473	5%	132	138	144	4%
Middle East / Africa	51	53	56	5%	16	17	17	3%
Total	1,865	1,939	2,018	4%	539	557	575	3%

Source: Chemical Market Resources, Inc., June 2008

3.5.2.3 Global Supply Overview

During the last three years, global capacity for commodity acrylates grew by CAGR of 3% from 3,680 KT in 2005 to 3,890 KT in 2007, resulting in an operating rate of 83% in 2007. Although China reported the largest increase in production capacity of 18% per annum from 455 KT in 2005 to 635 KT in 2007, North America continues to be the dominant producer of acrylates accounting for 29% of global supply in 2007.

Exhibit 3.12: Global Capacity for Commodity Acrylates by Region

(KT)	2005	2006	2007	CAGR
North America	1,130	1,130	1,130	0%
South America	95	95	95	0%
Western Europe	760	770	770	1%
Eastern Europe	80	80	80	0%
Japan	405	405	405	0%
China	455	575	635	18%
Rest of Asia	640	660	660	2%
Middle East / Africa	115	115	115	0%
Total Capacity	3,680	3,830	3,890	3%

Source: Chemical Market Resources, Inc., June 2008

3.5.3 Superabsorbent Polymers

3.5.3.1 Applications

Major applications of superabsorbent polymers include their use as a liquid absorbent in disposable hygiene products which include baby diapers and feminine hygiene and adult incontinence products. Other applications include their use in liquid absorbent pads in packaged meat and in water-blocking tapes and coatings for electrical and telecommunication cables. In 2007, 82% of the capacity of superabsorbent polymers was consumed in the production of baby diapers.

Exhibit 3.13: Global Applications for Superabsorbent Polymers

(KT)	2005	2006	2007	CAGR
Baby Diapers	980	1,036	1,095	5.7%
Adult Incontinence	99	102	107	4.1%
Feminine Hygiene	49	51	53	4.6%
Agriculture	24	25	27	4.6%
Others	48	51	53	5.5%
Total	1,200	1,265	1,335	5.5%

Source: Chemical Market Resources, Inc., June 2008

3.5.3.2 Global Demand Overview

During the last three years, global demand for superabsorbent polymers increased by CAGR of 5% from 1,200 KT in 2005 to 1,335 KT in 2007. North America and Western Europe were the main consumers of superabsorbent polymers as these two regions together consumed 53.6% of global production in 2007.

Exhibit 3.14: Global Demand for Superabsorbent Polymers by Region

(KT)	2005	2006	2007	CAGR
North America	340	354	368	4%
South and Central America	135	144	154	7%
Western Europe	320	333	347	4%
Eastern Europe	40	42	44	5%
Japan	170	176	182	3%
China	30	34	39	14%
Rest of Asia	145	161	179	11%
Middle East / Africa	20	21	23	6%
Total Demand	1,200	1,265	1,335	5%

Source: Chemical Market Resources, Inc., June 2008

Main target market for SAP Project is Asia because the Company plans to sell 80% of its production there. Over the last three years, this region has registered the highest growth in demand for superabsorbent polymers. Demand in China increased at a CAGR of 14% from 30 KT in 2005 to 39 KT in 2007 while that in rest of Asia increased at a CAGR of 11% from 145 KT in 2005 to 179 in 2007.

3.5.3.3 Global Supply Overview

Global capacity for superabsorbent polymers grew by CAGR of just 1% from 1,562 KT in 2005 to 1,584 KT in 2007, which resulted in an operating rate of 84.3% on a global basis in 2007. During the last three years, the only region to experience an increase in production capacity was Japan, which was 37 KT.

Exhibit 3.15: Global Capacity for Superabsorbent Polymers by Region

(KT)	2005	2006	2007	CAGR
North America	465	465	455	-1%
Western Europe	520	550	515	0%
Japan	367	404	404	5%
China	60	60	60	0%
Rest of Asia	150	150	150	0%
Total	1,562	1,629	1,584	1%

Source: Chemical Market Resources, Inc., June 2008

3.6 Caustic Soda

Pure caustic soda is a white solid; available in pellets, flakes, granules and as a 50 percent saturated solution. Caustic Soda forms a strong alkaline solution when dissolved in a solvent such as water. Caustic soda typically ships as a 50 percent aqueous solution and as a result, is quite expensive to transport. While not physically difficult to handle as a liquid, it is corrosive and reacts violently with water, acids and other substances. In colder climates, storage vessels must be insulated and/or heated to prevent solidification.

3.6.1 Applications

It is used in many industries, mostly as a strong chemical base in the manufacture of pulp and paper, textiles, drinking water, soaps and detergents and as a drain cleaner.

Exhibit 3.16: Applications of Caustic Soda

(000 Dry Metric Tons)	2005	2006	2007
Pulp & Paper	7,584	8,035	8,422
Propylene Oxide	5,009	5,732	6,342
Alumina	2,804	2,754	2,806
Epichlorohydrin	655	726	819
Organic Chemicals	6,510	6,645	6,899
Soaps & Detergents	3,181	3,380	3,490
Textile	4,055	4,348	4,715
Inorganic Chemicals	7,704	7,843	8,066
Water Treatment	2,447	2,648	5,827
Others	13,392	14,079	14,613
Total	53,341	56,190	58,999

Source: Chemical Market Associates, Inc., June 2008

3.6.2 Global Demand Overview

Since caustic soda is consumed in a large variety of end uses for many different applications, it is the local manufacturing sector that tends to be the primary driver of growth in demand for caustic soda, and the manufacturing sector trends with the local GDP.

In 2007, global trade for caustic soda rose by almost 5% to 59 million dry metric tons. This is primarily due to the fact that caustic soda is consumed by both pulp and alumina and pulp and alumina exporting countries continue to expand capacity to meet demand for these products. This, in turn, has resulted in an increase in demand for caustic soda because major pulp and alumina exporting countries do not have sufficient local caustic soda production capacity.

Exhibit 3.17: Global Demand for Caustic Soda by Region

(000 Dry Metric Tons)	2005	2006	2007	CAGR
North America	12,999	12,837	12,832	-0.6%
South America	3,074	3,248	3,520	7.0%
Western Europe	9,933	10,098	10,180	1.2%
Central Europe	918	918	977	3.2%
CIS and Baltic States	1,391	1,494	1,484	3.3%
Africa	972	1,083	1,108	6.8%
Middle East	1,027	985	1,051	1.2%
Northeast Asia	17,540	19,633	21,767	11.4%
Southeast Asia	3,374	3,627	3,728	5.1%
Indian Subcontinent	2,113	2,267	2,352	5.5%
Total Demand	53,341	56,190	58,999	5.2%

Source: Chemical Market Associates, Inc., June 2008

Main target markets for ACVC are Saudi Arabia, Southeast Asia and North East Asia. The Company plans to sell about 43% of its production to these regions while the rest of the production will be taken up by Ma'aden.

Southeast Asia is the largest caustic soda importing region in the world due to the following reasons:

- Australia, which consumes about 53% of the total caustic soda demand in Southeast Asia, is the largest alumina producing country in the world.
- Indonesia has the largest pulp producing capacity in the region due to local availability of wood.
- Both Indonesia and Thailand have large rayon manufacturing plants, which consume significant amounts of caustic soda.

- Southeast Asia is also the largest soap chip producing region in the world due to large base of refined palm oil, an essential ingredient for making soaps and detergents. Soap and detergents are important end-use sector of caustic soda.

Demand for caustic soda in Northeast Asia was around 21.3 million dry metric tons in 2007 with China accounting for majority share at close to three quarter of the region's total demand. China, at the moment, is a net exporter of caustic soda but the recent tax imposed by the Chinese government on products that are derived from irreplaceable natural resources (like caustic soda) will increase the cost of exporting caustic soda for Chinese manufacturers and will eventually affect the supply/demand balance for industry in the region. China's push, however, for industrialization and its increasingly affluent population are providing the necessary conditions for growth in demand of caustic soda in Northeast Asia.

3.6.3 Global Supply Overview

Most of the caustic soda in the world is produced in China. In fact, production facilities in China accounted for 22.4% of the global capacity in 2005, 25.6% in 2006 and 28.7% in 2007. Globally, the production capacity of caustic soda increased by 4.7% from 61.8 million dry metric tons in 2005 to 67.8 million dry metric tons in 2007.

Exhibit 3.18: Global Capacity for Caustic Soda by Region

(000 Dry Metric Tons)	2005	2006	2007	CAGR
North America	14,847	14,806	14,459	-1.3%
South America	2,209	2,242	2,242	0.7%
Western Europe	11,574	11,558	11,577	0.0%
Central Europe	1,923	1,924	1,999	2.0%
CIS and Baltic States	2,199	2,222	2,254	1.2%
Africa	875	875	875	0.0%
Middle East	1,836	1,854	1,916	2.2%
Northeast Asia	21,713	24,636	27,642	12.8%
Southeast Asia	1,897	1,912	2,066	4.4%
Indian Subcontinent	2,695	2,735	2,797	1.9%
Total Capacity	61,769	64,764	67,827	4.8%

Source: Chemical Market Associates, Inc., June 2008

3.7 Ethylene Dichloride

The chemical compound ethylene dichloride is a colorless liquid with a chloroform-like odor. Ethylene Dichloride is also used generally as an intermediate for other organic chemical compounds, and as a solvent. Ethylene Dichloride is an easy-to-transport, colorless oily heavy liquid at room temperature. It is routinely shipped in all modes of transportation from trucks to ocean-going vessels and can be considered a very practical means of transporting contained energy and chlorine and hydrocarbons.

Ethylene Dichloride production is a convenient way to convert chlorine into a form that is more easily transported. Ethylene Dichloride represents an inexpensive way to ship both chlorine and ethylene into deep-water markets.

3.7.1 Applications

Ethylene Dichloride is a chlorinated hydrocarbon, mainly used to produce vinyl chloride monomer, the major precursor for polyvinyl chloride ("PVC") production.

3.7.2 Global Demand Overview

Global demand for ethylene dichloride is driven by demand for PVC as virtually all of the ethylene dichloride produced in the world is consumed in the manufacture of PVC. In fact, China is the only country that produces any meaningful quantities of non-EDC based PVC. China has the option of making PVC through the acetylene route which does not require ethylene. The lower capital outlay and cash cost for such carbide based PVC facilities, especially with the current high energy prices means China's acetylene based PVC is very competitive. However, China and other Northeast Asian countries continue to rely on ethylene dichloride imports from Middle East where feedstock and energy costs are significantly lower. This is why ACVC plans to export 41% of its ethylene dichloride production to this region.

Other main target market for ACVC is Southeast Asia where the Company plans to sell 41% of its production. Historically, Southeast Asia has been a net importer of ethylene dichloride for its PVC production facilities and continues to be so. The region predominantly relies upon import of ethylene dichloride from Middle East and Northeast Asia because of the low cost of production there.

Exhibit 3.19: Global Demand for Ethylene Dichloride by Region

(000 Metric Tons)	2005	2006	2007	CAGR
North America	12,701	12,505	12,418	-1.1%
South America	1,445	1,589	1,770	10.7%
Western Europe	10,100	10,329	10,442	1.7%
Central Europe	1,336	1,459	1,478	5.2%
CIS and Baltic States	1,064	1,088	1,019	-2.1%
Africa	595	585	611	1.3%
Middle East	1,646	1,773	1,779	4.0%
Northeast Asia	12,518	12,646	13,132	2.4%
Southeast Asia	2,211	2,196	2,328	2.6%
Indian Subcontinent	1,197	1,341	1,285	3.6%
Total Demand	44,813	45,511	46,262	1.6%

Source: Chemical Market Associates, Inc., June 2008

3.7.3 Global Supply Overview

Global capacity of ethylene dichloride increased by 0.4% from 54.7 million metric tons in 2005 to 55.2 million metric tons in 2007 with most of the increase in capacity taking place in Northeast and Southeast Asia. During this period, operating rates increased from 82% in 2005 to 84% in 2007.

Exhibit 3.20: Global Capacity for Ethylene Dicholride

(000 Metric Tons)	2005	2006	2007	CAGR
North America	17,679	16,944	16,344	-3.8%
South America	2,245	2,285	2,285	0.9%
Western Europe	11,646	11,599	11,586	-0.3%
Central Europe	1,885	1,920	1,920	0.9%
CIS and Baltic States	1,361	1,361	1,361	0.0%
Africa	810	810	810	0.0%
Middle East	2,670	2,720	2,720	0.9%
Northeast Asia	13,421	13,822	14,697	4.6%
Southeast Asia	1,980	2,040	2,410	10.3%
Indian Subcontinent	1,059	1,059	1,059	0.0%
Total Capacity	54,756	54,560	55,192	0.4%

Source: Chemical Market Associates, Inc., June 2008

4 BUSINESS DESCRIPTION

Sahara was established as a Saudi joint stock company in Riyadh on 19/5/1425H (corresponding to 7/4/2004G). Its commercial registration number is 1010199710. Sahara operates as a holding company that invests in petrochemical projects with a majority or minority shareholding. Currently the Company has one Subsidiary, Al Waha and three affiliate companies – TSOC, SEPC and Saudi Acrylic Acid Company ("SAAC").

Sahara's shares were listed on the Saudi stock market in May 2004.

The Company's private sector founders, which included corporations and individuals led by the Al-Zamil Holding Group Company, jointly contributed 70% of Sahara's initial capital, while three Saudi Arabian public sector entities participated with a combined 10% of Sahara's SAR 1,500 million paid up capital. These entities are General Organization for Social Insurance ("GOSI"), General Retirement Organization ("GRO") and Majlis Al-Awqaf Al-Aala (Al-Awqaf High Commission). GOSI and GRO owned 4% each while Al-Auqaf High Commision owned 2% of Sahara's capital. The remaining 20% equity was raised through an initial public offering in May 2004 directed at Saudi retail investors. Initial public offering was carried out at the then par value of SAR 50 per Share. Shares were allocated to each subscriber on a pro-rata basis. The shareholding of the private sector founders of the Company was 57.52% as of 1 July 2009.

Exhibit 4.1: List of Shareholders of Sahara as of July 1, 2009

S. No.	Name	No. of Shares	Percentage
1	Zamil Group Holding Company	14,130,000	7.54%
2	Al-Jazeera Petrochemicals Company	8,437,500	4.50%
3	General Organization of Social Insurance	7,500,000	4.00%
4	General Retirement Organization	7,500,000	4.00%
5	Ali Abdulaziz Al-Duwayan	5,830,575	3.11%
6	Omar Qassim Al-Essayi	5,811,250	3.10%
7	Frimex Company Limited	5,631,250	3.00%
8	Riyadh Cables Company	5,250,000	2.80%
9	Sultan Khalid Bin Mahfouz	5,223,750	2.79%
10	Abdulrahman Abdullah Al-Zamil	4,100,000	2.19%
11	Dar Chemicals	3,875,000	2.07%
12	Al-Awqaf High Commission	3,750,000	2.00%
13	Khalid Ibrahim Abdulaziz Al-Ibrahim	3,593,750	1.92%
14	Majed Ibrahim Abdulaziz Al-Ibrahim	3,325,000	1.77%
15	Fahad Abdullah Al-Zamil	3,050,000	1.63%
16	Khalid Abdulrahman Al-Rajhi	2,781,250	1.48%
17	Khalid Abdullah Al-Zamil	2,512,500	1.34%
18	Yamama Cement Company	2,187,500	1.17%
19	Abdulaziz Abdullah Hamad Al-Zamil	1,874,755	1.00%
20	Saud Ibrahim Abdulaziz Al-Ibrahim	1,662,500	0.89%
21	Bandar Abdulrahman Abdullah Al-Zamil	1,625,000	0.87%
22	Mohammed Al-Romaizan Commercial Company	1,562,500	0.83%
23	Al-Mutlaq Group of Companies	1,550,000	0.83%
24	Abdulwahab Ahmed Saleh Al-Kaaki	1,112,500	0.59%
25	Ahmed Ibrahim Hassan Al-Misbahi	1,112,500	0.59%
26	Adeeb Abdullah Hamad Al-Zamil	1,076,841	0.57%
27	Fahd Mohammad Saleh Saleh Al-Azl	1,062,500	0.57%
28	HRH Abdulaziz Bin Motaeb Bin Abdulaziz Al Saud	1,050,000	0.56%
29	Al-Gazawi Development Company	1,050,000	0.56%
30	Mohamed Saeed Abdullah Al-Syed	931,250	0.50%
31	Saeed Omar Qassim Al-Essayi	880,500	0.47%
32	Abdulaziz Mohamed Abdulaziz Al-Mishal	800,000	0.43%
33	Thonaiyan Fahd Al-Thonaiyan	687,500	0.37%
34	Mazen Ibrahim Abdullah Al-Anqari	648,958	0.35%
35	Abdullah Ibrahim Hamad Al-Haran	625,000	0.33%
36	Omar Sulieman Saleh Al-Abdullatif	625,000	0.33%
37	Saleh Abdulaziz Al-Romaizan	593,750	0.32%

S. No.	Name	No. of Shares	Percentage
38	Ayman Amer Al-Nahdi	468,750	0.25%
39	Mohamed Abdulwahab Al-Abdulwahab	448,892	0.24%
40	Riyad Abdullah Abu Nayan	437,500	0.23%
41	Abdullaziz Mohammed Al-Mogren	375,000	0.20%
42	Omar Abdulmonaim Al-Zawawi	375,000	0.20%
43	Waleed Abdullah Abdulaziz Al-Othman	344,500	0.18%
44	Hussein Hamoud Hussein Al-Mutlaq	334,725	0.18%
45	Tarek Abdullah Ibrahim Al-Hadab	313,368	0.17%
46	Abdullah Abdulrahman Ibrahim Al-Tasan	312,500	0.17%
47	Badr Abdullah Abdulaziz Al-Othman	312,500	0.17%
48	Mohammed Abdullah Abdullaziz Al-Amro	300,000	0.16%
49	Ahmed Al-Ghamdi & Brothers Trading and Contracting Company	300,000	0.16%
50	Ibrahim Abdulmohsen Abdullah Abanmi	278,250	0.15%
51	Omar Mohammed Al-Dwayan	250,000	0.13%
52	Ahmed Hamad Al-Khonaini	250,000	0.13%
53	Badr & Essam Al-Dugaithar Company	250,000	0.13%
54	Nabil Abdulaziz Mansouri	250,000	0.13%
55	Abdullah Mohammed Basherheel	250,000	0.13%
56	Faisal Khalid Al-Anqari	250,000	0.13%
57	Saudi Bin Laden Group	250,000	0.13%
58	Mohamed Abdullah Abdulatif Al-Faraj	240,625	0.13%
59	Fawzan Abdullah Al-Misfar	210,000	0.11%
60	Jasem Mohammed Sultan Al-Zaman	210,000	0.11%
61	Abdulrahman Ali Al-Hasnya	200000	0.11%
62	Ayman Abdulaziz Al-Zamil	187,500	0.10%
63	Amer Eidha Al-Nahdi	187,500	0.10%
64	Samir Mohamed Al-Marzouki	187,500	0.10%
65	Mohammed Abdullah Abdulrahman Al-Jafari	165,000	0.09%
66	Abdulrahman Fahd Abdullatif Al-Jabr	146,010	0.08%
67	Suleiman Mohammed Al-Rumaih	144,439	0.08%
68	Mohammed Rashed Al-Jarboo	140,810	0.08%
69	Abdullah Ali Saleh Al-Naeem	134,081	0.07%
70	Khalid Abdulrahman Al-Suhaimi	128,437	0.07%
71	Abdullah Mohammed Al-Abdulkareem	125,368	0.07%
72	Ali Abdullah Al-Hasnya	125,287	0.07%
73	Mohammed Omar Nasser Al-Duwayan	125,125	0.07%
74	Emad Ahmed Saleh Al-Ghamdi	125,118	0.07%
75	Abdulrahman Ibrahim Al-Ajlan	125,000	0.07%
76	Abdullah Mohammed Al-Ghazami	125,000	0.07%
77	Al-Riyan Training and Education Centers Company	125,000	0.07%
78	Mohammed Ibrahim Mansour Al-Sheha	125,000	0.07%
79	Abdullah Nasser Al-Omair	125,000	0.07%
80	Abdullah Fahad Abdullah Al-Naeem	125,000	0.07%
81	Saud Abdulrahman Abdullah Al-Bulaihid	125,000	0.07%
82	Prince Sultan Bin Thunaian Mohammed Al-Saud	125,000	0.07%
83	Riyan Hamad Al-Khuwaitar	112,000	0.06%
84	Hanan Abdulaziz Ibrahim Al-Mutawa	110,000	0.06%
85	Abdullah Abdulrahman Mohammed Al-Thunaian	100,000	0.05%
86	Abdulmajeed Abdulaziz Al-Mishal	90,000	0.05%
87	Turki Mohammed Saleh Basherheel	80,000	0.04%
88	Musaid Suleiman Abdullah Al-Ohali	69,212	0.04%
89	Faisal Hamoud Al-Rumaiyan	68,500	0.04%

S. No.	Name	No. of Shares	Percentage
90	Fahad Zamil Al-Zukair	67,000	0.04%
91	Ahmed Suleiman Abdullah Al-Akrash	63,425	0.03%
92	Mohammed Suleiman Abdulrahman Al-Matar	63,000	0.03%
93	Suleiman Abdulaziz Abanmi	62,656	0.03%
94	Ahmed Mohamed Abdullah Al-Abdulkarim	62,500	0.03%
95	Prince Turki Bin Faisal Abdullah Al-Saud	62,500	0.03%
96	Suleiman Abdulrahman Al-Essa	62,500	0.03%
97	Abdullah Mohamed Al-Bar	62,500	0.03%
98	Rakan Saaed Khedr Al-Harthi	62,500	0.03%
99	Zafer Salman Al-Amri	52,500	0.03%
100	Matooq Ahmed Hala	50,139	0.03%
101	Khalid Hamad Zaini	50,000	0.03%
102	Abdullah Ali Mohammed Al-Lihaidan	49,500	0.03%
103	Ibrahim Ali Suleiman Al-Aboudi	32,000	0.02%
104	Fawzan Mohammed Fawzan Al-Fawzan	11,000	0.01%
105	Public	60,902,404	32.48%
	Total	187,500,000	100.00%

Source: Sahara

Together, this diversification of shareholders is evidence of the growing attraction of, and the role private sector investments are playing in, diversifying the Saudi Arabian economy. This strength is further enhanced by the Company's fundamental commitment to:

- Secure state-of-the-art technology and skilled workforce to produce value-added and export-oriented products;
- Create challenging opportunities for its staff with an emphasis on Saudization at all levels in the organization; and
- Provide sound investment opportunities for the Saudi private sector in the petrochemical downstream industries resulting from low cost products as feedstock for the New Projects, which this Rights Issue is to partially fund.

Upon formation, the share capital of Sahara was SAR 1,500 million, divided into 30 million ordinary shares with a nominal value of SAR 50 each. Sahara increased its share capital by SAR 375 million on July 17, 2007 to SAR 1,875 million divided into 187.5 million shares through the issuance of one bonus share for every four shares owned by the then shareholders. As a result, the number of issued shares increased from 150 million to 187.5 million shares with a nominal value of SAR 10 each. Sahara confirms that neither the Company's capital nor the capital of any affiliates is under option or any agreement or arrangement that may require the issue, sale or transfer of further shares.

4.1 Subsidiary and Affiliates

The Company's subsidiary and affiliates are described below.

4.1.1 Current Subsidiaries and Affiliates

4.1.1.1 Al Waha

Al Waha is 75% subsidiary of Sahara and was formed as a joint venture with LyondellBasell who owns the remaining 25%. The share capital of Al Waha is SAR 1,547.6 million. It is currently managing a petrochemical complex for the production of 467,000 tonnes per annum of propylene.

4.1.1.2 TSOC

TSOC is an affiliate of Sahara in which Sahara owns 32.55% and the remaining 67.45% is owned by Tasnee, GOSI, Tasnee Petrochemicals and Marketing Company, National Gulf Company for Petrochemical Technology and National Worldiwide Industrial Advancement Company. TSOC has a share capital of SAR 2,400 million and operates as a holding company. Its current holdings include a 75% stake in SEPC and a 65% stake in SAAC.

4.1.1.3 SEPC

SEPC is an indirect affiliate of Sahara. It is a subsidiary of TSOC in which TSOC owns 75% and the remaining 25% is owned by LyondellBasell. By virtue of Sahara's 32.55% stake in TSOC, Sahara owns an indirect stake of 24.41% in SEPC. The share capital of SEPC is SAR 2,737.5 million. SEPC is currently running a petrochemical complex for the production of 1,008,000 tonnes per annum of Ethylene and 285,000 tonnes per annum of Propylene.

4.1.1.4 SAAC

SAAC is another affiliate of Sahara which operates as a holding company. It has been incorporated with a share capital of SAR 550 million and is owned by TSOC, Tasnee and Sahara in the ratio of 65%, 20% and 15% respectively. Sahara and Tasnee plan to invest into two new projects – SAMC and the SAP Project – through SAAC.

4.1.2 Planned Subsidiaries and Affiliates

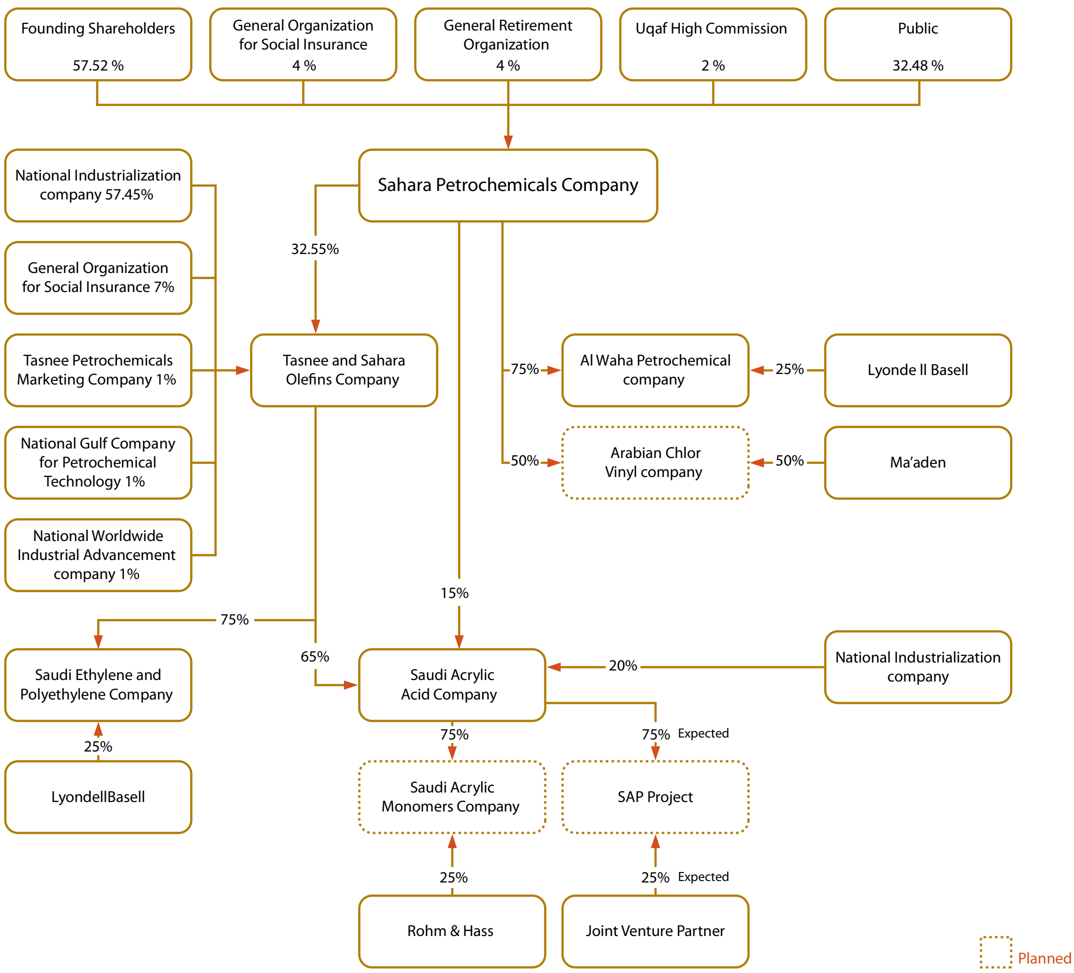
In addition to existing Subsidiary and three affiliates, Sahara intends to invest in three New Projects through this rights issue. These New Projects – ACVC, SAMC and the SAP Project – are currently in the process of being established with estimated combined project costs of SAR 4,862 million (See "Use of Proceeds" section).

4.1.2.1 ACVC is being established in partnership with Ma'aden at an estimated cost of SAR 1,756.9 million. Upon establishment, ACVC willwould produce caustic soda and ethylene dichloride.

4.1.2.2 SAMC is being established in partnership with Rohm & Hass at an estimated cost SAR 2,270.1 million. Upon establishment, it willproduce commodity acrylates.

4.1.2.3 The SAP Project is expected to be set up at a cost of SAR 835.5 million. Upon establishment, it will produce superabsorbent polymers.

Exhibit 4.2: Group Ownership Structure as of July 1, 2009



Source: Sahara

For the purposes of partially funding the costs of the New Projects, Sahara's Board of Directors, on 4/7/1430H (corresponding to 27/6/2009G), noted that it would recommend to the general assembly to increase the Company's share capital to SAR 2,925.3 million by way of a Rights Issue by raising the number of shares from 187.5 million shares to 292.53 million shares.

4.2 Major Shareholder

Only one shareholder, Zamil Group Holding Company, owns more than 5% of Sahara's share capital.

Exhibit 4.3: Direct and Indirect Shareholding of Major Shareholders as of July 1, 2009

Shareholder	Number of Shares	Direct Shares %	Number of Indirect Shares	Total Number of Direct & Indirect Shares
Zamil Group Holding Company	14,130,000	7.54%	-	14,130,000

Source: Sahara

Zamil Group Holding Company's shareholding structure is shown below:

Exhibit 4.4: Ownership Breakdown of Zamil Group Holding Company as of July 1, 2009

Shareholder's Name	Number ofShares	Total Value of Shares	Percentage
Zamil Abdullah Hamad Al-Zamil	380,025	3,800,250	7.3%
Khalid Abdullah Hamad Al-Zamil	380,025	3,800,250	7.3%
Hamad Abdullah Hamad Al-Zamil	380,025	3,800,250	7.3%
Mohammed Abdullah Hamad Al-Zamil	355,175	3,551,750	6.8%
Abdulaziz Abdullah Hamad Al-Zamil	355,175	3,551,750	6.8%
Abdulrahman Abdullah Hamad Al-Zamil	355,175	3,551,750	6.8%
Suleman Abdullah Hamad Al-Zamil	355,175	3,551,750	6.8%
Ahmed Abdullah Hamad Al-Zamil	355,175	3,551,750	6.8%
Waleed Abdullah Hamad Al-Zamil	317,400	3,174,000	6.1%
Fahad Abdullah Hamad Al-Zamil	317,400	3,174,000	6.1%
Tawfeeq Abdullah Hamad Al-Zamil	317,400	3,174,000	6.1%
Adeeb Abdullah Hamad Al-Zamil	317,400	3,174,000	6.1%
Lateefa Fahad Massa'd Al Suwailem	219,150	2,191,500	4.25%
Fatima Abdullah Hamad Al-Zamil	190,000	1,900,000	3.6%
Loloa Abdullah Hamad Al-Zamil	177,575	1,775,750	3.4%
Hasa Abdullah Hamad Al-Zamil	177,575	1,775,750	3.4%
Badreya Abdullah Hamad Al-Zamil	177,575	1,775,750	3.4%
Fahad Abdullah Abdulaziz Al Hamdan	61,725	617,250	1.2%
Manahel Abdullah Abdulaziz Al Hamdan	30,850	308,500	0.6%
Total	5,220,000	52,200,000	100.0%

Source: Sahara

Amongst all the shareholders of Zamil Group Holding Company, only Khalid Abdullah Al-Zamil, Abdulrahman Abdullah Al-Zamil, Fahad Abdullah Al-Zamil, Abdulaziz Abdullah Hamad Al-Zamil and Adeeb Abdullah Hamad Al-Zamil had direct shareholdings in Sahara as well. However, even after taking into account their direct and indirect shareholding in Sahara, none of them had a total shareholding of more than 5%, as of July 1, 2009.

Exhibit 4.5: Shareholdings of the Shareholders of Zamil Group Holding Company as of July 1, 2009

Shareholder's Name	Direct Number of Shares	Indirect Number of Shares	Total Number of Shares	Percentage
Khalid Abdullah Hamad Al-Zamil	2,512,500	1,028,688	3,541,188	1.89%
Dr. Abdulrahman Abdullah Hamad Al-Zamil	4,100,000	961,422	5,061,422	2.70%
Fahad Abdullah Hamad Al-Zamil	3,050,000	859,169	3,909,169	2.08%
Abdulaziz Abdullah Hamad Al-Zamil	1,874,755	961,422	2,836,177	1.51%
Adeeb Abdullah Hamad Al-Zamil	1,076,841	859,169	1,936,010	1.03%

Source: Sahara

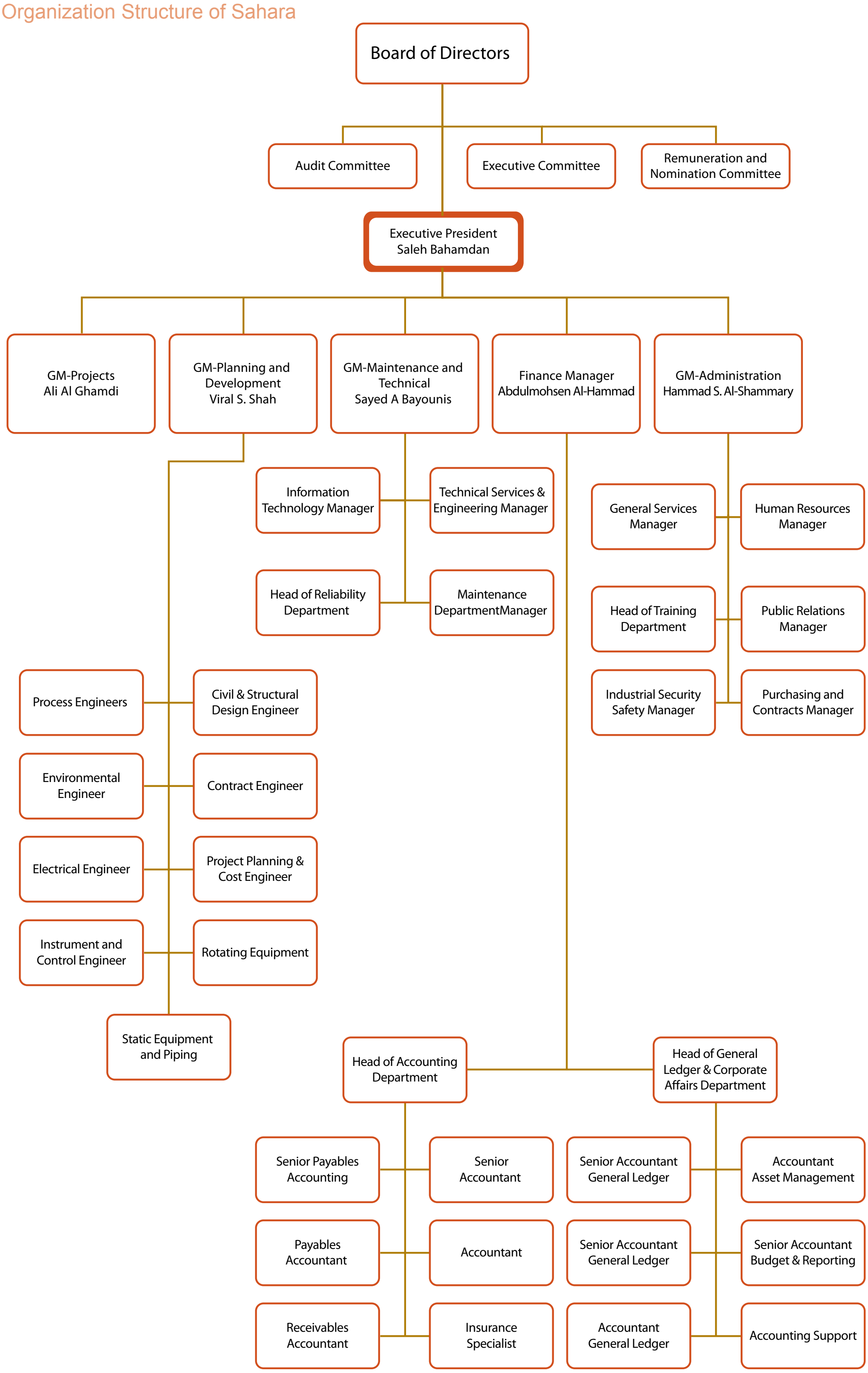
4.3 Organizational Structure

Sahara has developed an organizational structure that consists of five functions. These are:

- Planning and Development
- Maintenance and Technical
- Finance
- Administration
- Projects

Each function is lead by a function manager who reports to the Executive President.

Exhibit 4.6: Organization Structure of Sahara



Source: Sahara

4.3.1 Planning and Development

This function is responsible for ensuring continued growth of Sahara by identifying new projects and business opportunities, building alliances and developing partnerships as well as formulating, adapting and administering company policies. Furthermore, this function negotiates and finalizes various agreements including joint venture, technology licensing, marketing and other related services agreements. The function confers with the Executive President and other company executives to discuss manpower planning, budgeting, purchasing, inventories, needs. The function is also responsible for each project until it is handed over to the Projects team, who will takeover the responsibility of the project till plant construction and subsequently hand it over the respective joint venture management team.

Sahara relies on its technical partners in each of the joint ventures for its technology needs and hence does not have its own R&D plans, at least in this stage of the company's life for the next few years.

4.3.2 Maintenance and Technical

This function is responsible for planning, directing and controlling all activities concerning the maintenance of plants, technical issues relating to production, product liability and information technology requirements of Sahara.

4.3.3 Finance

Reporting directly to the Finance Manager, the Finance function is responsible for:

- Financial Affairs: Financing resources, cash management and zakat/tax communications.
- Accounts: Drafting individual and consolidated financial statements, providing information about and monitoring compliance with the accounting standards adopted by Sahara as well as administering accounting and financial procedures.
- Revenue: Drawing up revenues and inter-company billing.
- Management Control: Prepare and analyse budgets and report monthly / quarterly results to management.
- Arranging required banking facilities and necessary funding.

4.3.4 Administration

This function is responsible for planning, directing and controlling all non-finance and non-technical administrative activities and assists in organizing board of director meetings and official communications. The function provides the following services: human resources, industrial security and safety, general services, procurement and public relations. The function is also responsible to arrange the Company's General Assembly meeting which is held twice a year and assists in the initiation of legal documents for the establishment of Sahara's joint ventures and coordinates communication with Shareholders.

4.3.5 Projects

This function is responsible for supervising all aspects of the project related to its execution, which includes monitoring the project budgets, planned schedules, product quality and selection of project management consultants and contractors. Development of organizational structure for any new joint venture as well as its policies and procedure also form part of this function's scope of work. Furthermore, this function has the responsibility to keep itself abreast of all the technological developments and to ensure that every project is properly handed-over to its management at the time of the start of its operations.

4.4 Description of New Projects

4.4.1 Arabian Chlor Vinyl Company

Sahara and Ma'aden are contemplating entering into an ethylene dichloride project with an integrated caustic/chlorine industrial complex at Jubail Industrial City of Saudi Arabia. The Company was granted an industrial license number 1455/S on 10/6/1428H but it has not yet been incorporated. Commercial operations of ACVC are expected to start in Q3 2012.

4.4.1.1 Products

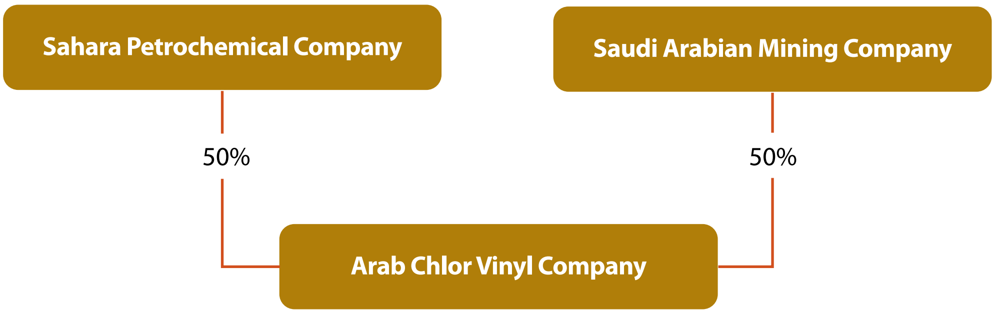
The following products will be manufactured:

- **Ethylene Dichoride:** a chlorinated hydrocarbon, mainly used to produce vinyl chloride monomer, the major precursor for PVC production.
- **Caustic Soda:** used in many industries, mostly as a strong chemical base in the manufacture of pulp and paper, textiles, drinking water, soaps and detergents and as a drain cleaner.

4.4.1.2 Shareholding Structure

The Project will be developed by Sahara and Ma'aden who will own each 50% of the Shares of Arabian Chlor Vinyl Company as shown below:

Exhibit 4.7: Shareholding Structure of ACVC



Source: Sahara

4.4.1.3 Supply of Feedstock

4.4.1.3.1 Salt

This New Project will benefit from the availability of competitively priced Sodium Chloride salt, which will allow ACVC to become a competent seller of high quality Chlor Alkali products in the local as well as the growing global market.

A local supplier (International Salt Mining Company) with salt mines in the vicinity of the plant will supply salt duly washed for improved quality to be used in production of Venyl. A letter of intent in this regard was signed on August 08, 2007 for the supply of 460 KTA of salt for a period of ten years from the date of first delivery. Management has confirmed that the quantity the salt to be supplied each year under the agreement will be sufficient to run the integrated industrial complex at full capacity.

4.4.1.3.2 Ethylene

For the production of ethylene dichloride, ethylene will be supplied under a long-term supply agreement between ACVC and SEPC. For this purpose, Sahara and Ma'aden have entered into an agreement with SEPC and the agreement will be novated to ACVC upon the formation of ACVC (see "Summary of Material Contracts" section).

4.4.1.4 Off-take Agreements

Caustic Soda will be sold to Ma'aden under a long term supply agreement for its captive consumption in an aluminium complex being constructed at Ras-Al-Zaur while Ethylene Dichloride will be sold to international and local users and / or off-takers on a long term contract basis for 10 years.

4.4.1.5 Development Cost

Planned project costs for ACVC are currently expected to reach SAR 1.76 billion, with equity contributions of 35% of total costs, of which Sahara's share would be SAR 307.5 million, an amount which would be matched by Ma'aden's equal commitment to the paid-up capital.

It is anticipated that Sahara's Shariah-compliant project financing structure for Al Waha would be adopted again in this instance for 30.8% (SAR 542 million) of the debt financing needed. The Saudi Industrial Development Fund's ("SIDF") contribution (34.2%) to the overall pool of external funds is currently expected to reach SAR 600 million. Sahara applied for SIDF's funding in June 2008 and has received the feedback that SIDF will process the application on incorporation of ACVC.

Sahara has obtained an underwriting commitment from First Energy Bank B.S.C ("FEB") and Bank Al Jazira ("BAJ") in the aggregate amount of SAR 1,698.75 million for the New Projects (ACVC, SAMC and SAP Project). This represents partial financing of the external funds required from commercial financial institutions. The joint commitment expires on August 31, 2009.

Exhibit 4.8: Estimated ACVC Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	82.1%	1,442.8
License fees	4.3%	75.0
Development costs	2.2%	39.4
Pre-operating costs	1.0%	18.1
Contingency	4.1%	72.1
Finance costs during construction	5.1%	89.6
Initial Working Capital	1.1%	19.9
Total	100.0%	1,756.9
Sources of Funding (SAR million)		
Equity	35.0%	614.9
SIDF loan	34.2%	600.0
Commercial loan	30.8%	542.0
Total	100.0%	1,756.9

Source: Sahara

4.4.1.6 Technology

4.4.1.6.1 Ethylene Dichloride Plant

Ethylene dichloride plant will use a new direct chlorination reaction technology licensed from UHDE-Vinnolit. Main highlights of this new technology are reduced investment and operating costs compared to the existing technology and further improvements in the quality of ethylene dichloride that is produced. Furthermore, sales grade ethylene dichloride can be produced without the need for further purification and consumption of steam.

4.4.1.6.2 Caustic Soda Plant

The caustic/chlorine plant will convert sodium chloride to caustic soda, chlorine and hydrogen using a process of electrolysis, which is based on membrane cells technology licensed by UHDE GmbH, Germany.

The membrane cell process used to manufacture chlor alkali is the latest state of art technology. It is environment friendly and consumes less energy than the mercury cell process and diaphragm cell process. Furthermore, caustic soda produced through membrane cell technology has very little chloride content while hydrogen gas, which is produced as a by-product, is pure enough to be used in food industry.

4.4.2 Saudi Acrylic Monomers Company

TSOC and Rohm & Hass have entered into an agreement to form a joint venture to develop an integrated downstream petrochemical complex at Jubail Industrial City of Saudi Arabia for production of acrylic acid, commodity acrylates. Sahara expects the industrial licence to be granted before the end of this year, after which SAMC will be incorporated. Commercial operations of SAMC are expected to start in Q3 2012.

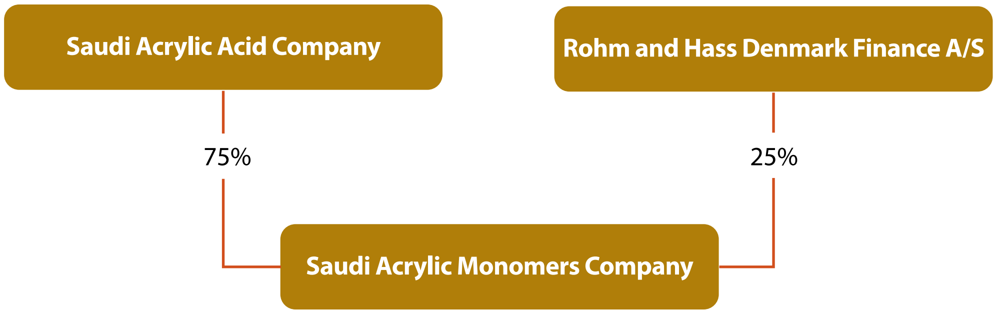
4.4.2.1 Products

- **Acrylic acid:** In its pure form, acrylic acid is a clear, colorless liquid with a characteristic acrid odor. SAMC will produce acrylic acid which, in turn, will be used to produce two types of commodity acrylates (butyl acrylates and 2-ethylhexyl acrylates); and superabsorbent polymers. Commodity acrylates will be produced through SAMC while superabsorbent polymers will be produced through a separate joint venture.
- **Commodity acrylates:** An esterification of acrylic acid and alcohols produces acrylic esters. It is manly used in paints, coating, textiles, plastic additives, adhesives etc.

4.4.2.2 Shareholding Structure

The Project will be owned by SAAC and Rohm and Hass Denmark Finance A/S who will each own 75% and 25% shares of SAMC respectively, as shown in the figure below:

Exhibit 4.9: Shareholding Structure of SAMC



Source: Sahara

Since SAAC is owned by TSOC, Tasnee and Sahara in the ratio of 65%, 20% and 15% respectively, Sahara's effective ownership in SAMC would hence be 36.1575%.

4.4.2.3 Supply of Feedstock

4.4.2.3.1 Propylene

Propylene will be supplied to the Plant under the supply agreement between SAMC and SEPC for a period of 15 years. Currently, TSOC has entered into an agreement with SEPC for sourcing 100,000 tons per annum of Propylene from SEPC (see "Summary of Material Contracts" section). This agreement will be novated to SAMC upon the latter's formation.

4.4.2.3.2 Alcohols

2-Ethyl Hexanol will be supplied by SABIC to the Plant under long term supply agreement while Butanol will be sourced internationally.

4.4.2.4 Off-take Agreements

80% of acrylates production will be sold to Rohm and Hass Company, which is one of the leading marketers of Acrylic Acid and its Derivatives in the world. The remaining 20% of the production will be sold within the GCC region.

4.4.2.5 Development Cost

The equity required for this industrial complex is SAR 681 million, which represents 30% of the total project costs of SAR 2.3 billion. It is anticipated that the Saudi Industrial Development Fund will contribute SAR 600 million to complete the financing requirements of the Acrylic Acid industrial complex and its derivatives.

Exhibit 4.10: Estimated SAMC Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	73.3%	1,665.0
License fees	2.5%	56.2
Development costs	2.5%	56.2
Pre-operating costs	0.8%	17.6
Contingency	14.7%	333.0
Finance costs during construction	5.2%	117.2
Initial Working Capital	1.1%	24.8
Total	100.0%	2,270.1
Sources of Funding (SAR million)		
Equity	30.0%	681.0
SIDF loan	26.4%	600.0
Commercial loan	43.6%	989.1
Total	100.0%	2,270.1

Source: Sahara

Sahara is yet to apply for the funding from SIDF for this project.

4.4.2.6 Technology

Acrylic Acid will be produced from propylene using Rohm and Hass's propylene oxidation process. The propylene oxidation process is currently attractive due to the availability of highly active and selective catalysts and the relatively lower economics. The process is operated in two stages: first being manufacture of acrolein followed by acrylic acid.

The advantages of a two step process compared to single-reaction-step process includes higher selectivity, easy to optimize catalyst composition and reaction conditions for each step, and efficient utilization of raw materials.

Acrylic Acid will then be converted into Acrylates through a reaction with alcohols using a technology that will be licensed from Rohm and Hass.

4.4.3 SAP Project

This joint venture will use the Acrylic Acid produced at SAMC as feedstock to produce Superabsorbent Polymers. At present, Sahara is in the process of finding a suitable joint venture partner with whom it can enter into this joint venture.

4.4.3.1 Products

Superabsorbent Polymers are mainly used in the production of baby diapers and feminine hygiene products. Other application of the Superabsorbent Polymers include their use in construction material, agriculture and food packaging.

4.4.3.2 Shareholding Structure

Ownership structure of the SAP Project has not yet been finalized. However, Sahara expects that the shareholding for the SAP Project would be 75% with SAAC and 25% with a JV partner that is yet to be identified. Sahara's equity contribution in the project is hence expected to be SAR 68.0 million. In order to ensure that Sahara will have the required equity needed to finance this project, Sahara plans to raise this required amount through this rights issue.

4.4.3.3 Supply of Feedstock

Acrylic Acid will be supplied by SAMC and Caustic Soda will be supplied by ACVC.

4.4.3.4 Development Cost

The equity required for SAP Project is SAR 250.6 million, which represents 30% of the total project costs of SAR 835.5 million. It is anticipated that the Saudi Industrial Development Fund will contribute a total of SAR 417.7 million to complete the financing requirements of SAP Project.

Exhibit 4.11: Estimated SAP Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	69.1%	577.5
License fees	4.5%	37.5
Development costs	3.6%	30.0
Pre-operating costs	1.4%	11.7
Contingency	13.8%	115.5
Finance costs during construction	5.8%	48.2
Initial Working Capital	1.8%	15.1
Total	100.0%	835.5
Sources of Funding (SAR million)		
Equity	30.0%	250.6
SIDF loan	50.0%	417.7
Commercial loan	20.0%	167.1
Total	100.0%	835.5

Source: Sahara

4.4.3.5 Technology

The Acrylic Acid will be polymerised to form Superabsorbent Polymer using technology of Evonik.

4.5 Description of Joint Ventures

4.5.1 Al Waha Petrochemical Company

Al Waha Petrochemical Company is a joint venture limited liability company with a fully paid share capital of SAR 1,547,600,000 and commercial registration number 2055007751 issued in Al-Jubail on 9/8/1427H (corresponding to 2/9/2006G). Commissioning of the Al Waha plants are expected in Q4 2009.

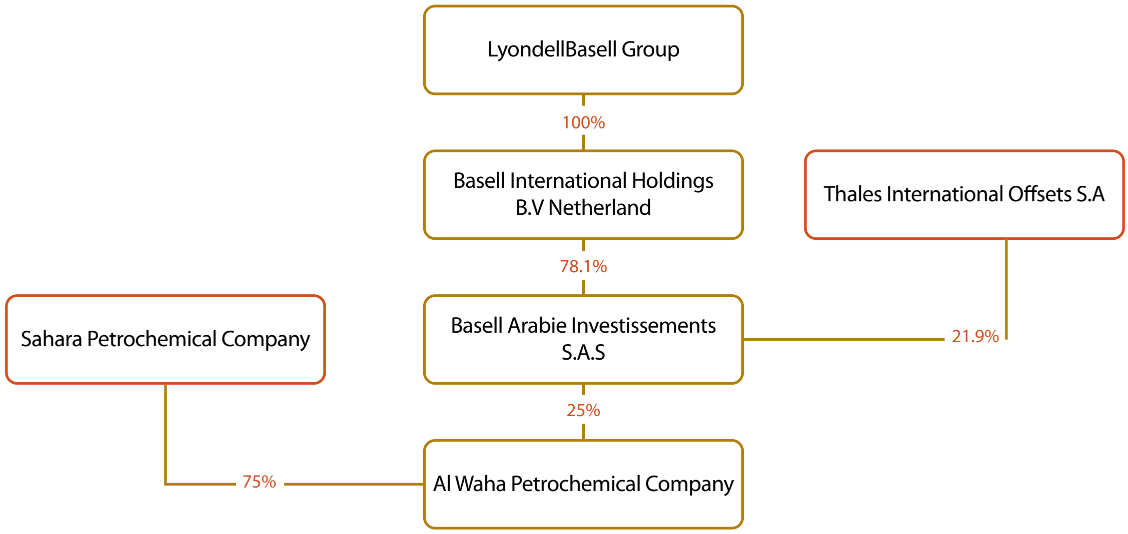
4.5.1.1 Products

Al Waha will own and operate a petrochemical complex for the production of 467,000 tonnes per annum of propylene which, in turn, will serve as feedstock to manufacture 450,000 tonnes per annum of a wide range of advanced polypropylene products. Polypropylene is a light weight plastic and is used to produce textile fibres, outdoor furniture, crates, house wares and automotives parts and other products. The products will be sold both internationally and within the region.

4.5.1.2 Shareholding Structure

The Project is being developed by the Sahara and LyondellBasell. They will own 75% and 25% of Al Waha respectively, as shown overleaf:

Exhibit 4.12: Shareholding Structure of Al Waha



Source: Sahara

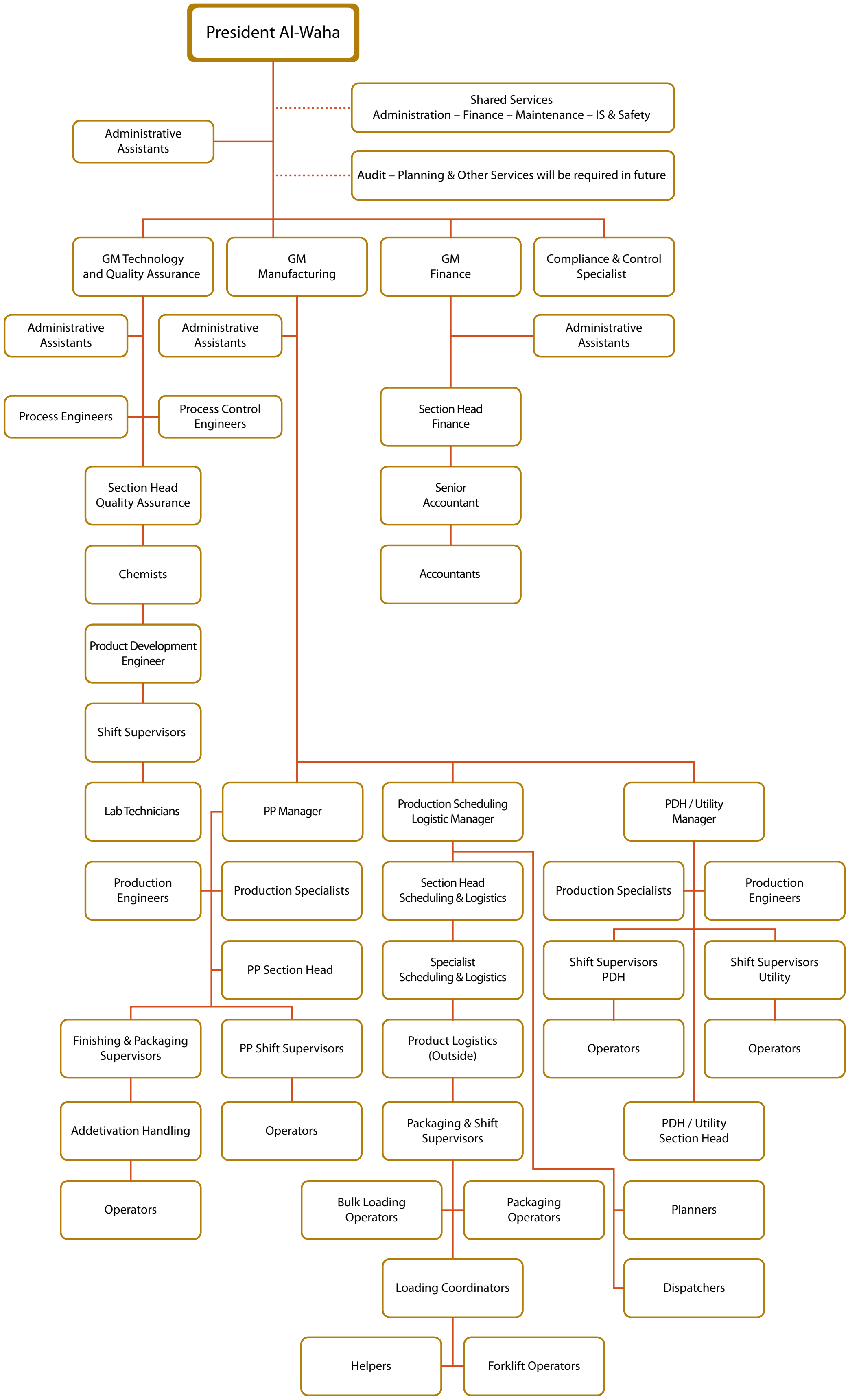
International Offsets S.A. ("Thales") is an affiliate of LyondellBasell. The involvement of Thales is attributed to the fact that a portion of LyondellBasell's affiliate investment in Al Waha was funded under the Saudi-French Economic Offset program. LyondellBasell's affiliate could not receive a loan under this program but was instead led to award an actual ownership stake in the project to Thales. Once Thales recoups its investment through dividends, LyondellBasell's affiliate Basell Arabie Investissements S.A.S. will become a wholly owned entity of its parent, LyondellBasell.

4.5.1.3 Organizational Structure

Al Waha has developed an organizational structure that comprises the following departments:

- Technology & Quality Assurance
- Manufacturing
- Finance
- Compliance & Control

Exhibit 4.13 Organization Structure of Al Waha



4.5.1.4 Supply of Feedstock

4.5.1.4.1 Propane

The Project will benefit from the availability of competitively priced propane feedstock which will allow Al Waha to become a competitive seller of high quality polypropylene products in the growing global market for polypropylene.

Saudi Aramco will supply propane under a 20-year contract at a price that is approximately 30% below the international price of propane for a period ending 2011 and at a revised discount for the remaining part of the 20 years. Management has confirmed that the quantity that Saudi Aramco is to supply each year under the agreement will be sufficient to run the integrated industrial complex at full capacity. The first shipment of Propane gas from Saudi Aramco was received by Al Waha on 23 December 2008.

4.5.1.4.2 Ethylene

For the production of co-polymers, ethylene will be supplied under a supply agreement between Al Waha and Sahara. For this purpose, Sahara has entered into an agreement with SEPC for sourcing of 29,750 MTPA of ethylene from SEPC (see "Summary of Material Contracts" section). Term of the agreement is 15 years.

4.5.1.5 Off-take Agreements

Al Waha has entered into an Off-take Agreement with Basell Sales and Marketing Company BV (Basell Sales and Marketing) dated 5 June 2007 under which Basell Sales and Marketing agreed to off-take all products from Al Waha destined for sale outside the Kingdom. The agreement expires on the later of (i) 12 years from the start-up date or (ii) the date upon which Basell Sales and Marketing or one of its affiliates ceases to hold shares in Al Waha. Following the tenth anniversary both parties and Sahara shall discuss implementation of partial offtake of product by Sahara so that over the next four years, after the 12th anniversary of the start up date, half of Al Waha plant capacity is taken up by Sahara. (see "Summary of Material Contracts" section)

4.5.1.6 Development Cost

The total cost of Al Waha, which is still under construction, is expected to reach SAR 3.8 billion, with a paid-up capital supporting 40% of total costs. Of this, Sahara contributed SAR 1.16 billion while its joint venture partner Basell Arabie Investissements SAS provided SAR 386 million. Al Waha obtained Shariah-compliant external financing commitments of SAR 1.04 billion from a consortium of six local and regional financial institutions comprising Saudi Hollandi Bank, Banque Saudi Fransi, Bank Al Jazira, Saudi British Bank, Gulf International Bank and Arab Banking Corporation (together the "Al Waha Islamic Loan Consortium"), a term financing commitment from the Saudi Industrial Development Fund in the amount of SAR 400 million as well as a term financing commitment of SAR 938 million from the Public Investment Fund.

4.5.1.7 Technology

The Propane Dehydrogenation integrated industrial complex, which will convert propane to propylene, will utilise the Oleflex technology and the Polypropylene Plant, which will convert propylene to polypropylene will utilise Spherizone technology licensed from LyondellBasell. Advantage of using LyndollBassell's technology is that certain grades of polypropylene, which are needed for specific application, cannot be produced using any other technology.

4.5.1.8 Summarized Financial Statements

Summarized financial statements of Al Waha are presented below:

Exhibit 4.14: Summarized Financial Statements of Al Waha (SAR million)

Balance Sheet as at December	**2008**	**2007@**
Total Assets	3,477.5	2,254.0
Total Liabilities	2,081.3	706.9
Shareholders' Equity	1,396.2	1,547.1
Income Statement		
Murabaha Income	-	24.5
Costs and Expenses	(3.8)	(23.6)
Net Income	(3.8)	0.9
Cash Flow Statement		
Net Cash from Operating Activities	(76.1)	3.5
Net Cash Used in Investing Activities	(1,145.0)	(2,026.0)
Net Cash from Financing Activities	1,171.4	2,089.1

Source: Sahara

@ September 2006 to December 2007

4.5.1.9 Project Status

At the time of Sahara's IPO, the production from Al Waha was expected to commence in 2007 based on an estimate arrived at in a very early stage when even the technology had not been selected and the EPC contracts had not yet been awarded. There was however a delay in the signing of the EPC contracts due to soaring EPC markets in 2005. The EPC contracts were subsequently signed in September 2006. According to the EPC contract, the target date for delivery of the plant was Q4 2008.

Accordingly, on 23rd August 2006, the Company made an announcement on Tadawul that the plant was scheduled for delivery by Q4 2008.

4.5.1.9.1 Polypropylene Plant

The trial run of the Polypropelene plant was commenced on April 21, 2009. Sahara expects that the plant will commence commercial production in Q4 2009.

4.5.1.9.2 Propane Dehydrogenation Plant

The trial run of the Propane Dehydrogenation Plant was commenced on April 21, 2009. Sahara expects that the plant will commence commercial production in Q4 2009.

4.5.2 Saudi Ethylene and Polyethylene Company

SEPC is a joint venture limited liability company with a fully paid share capital of SAR 2,737.5 million and commercial registration number 2055007540 issued in Al-Jubail on 22/4/1427H (corresponding to 20/5/2006G).

4.5.2.1 Products

SEPC was formed to develop, finance, construct, commission, own, manage and operate a petrochemical complex for the production of 1,008,000 tones per annum of ethylene, 80% of which will be used as the primary feedstock for the production of approximately 800,000 tonnes per annum of high and low density polyethylene. Applications of these products are given below:

High density polyethylene is a thermoplastic that is used to produce suitcases, automotive fuel tanks, pipes and tubes, insulating sleeves, bottles, lids and toys etc.

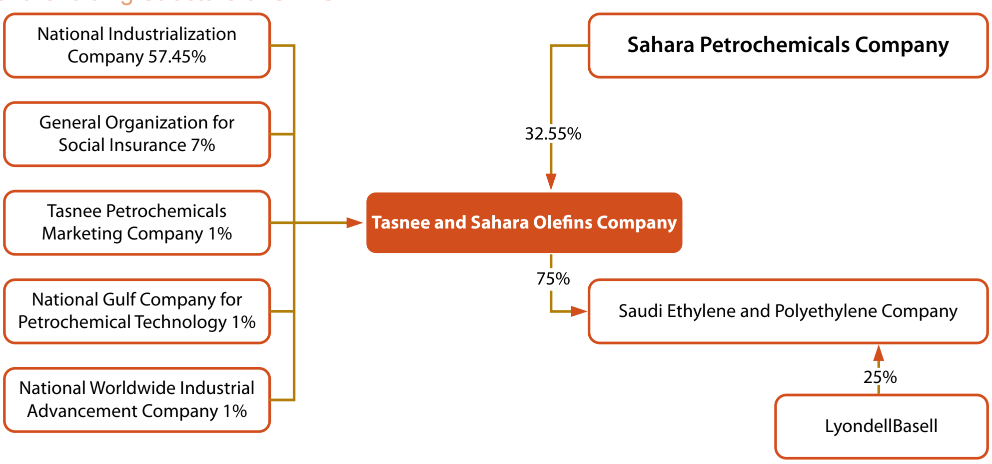
Low density polyethylene is used to produce packaging films, trash and grocery bags, agricultural greenhouse, wire and cable insulations, squeeze bottles, toys and house wares.

SEPC is also located in Al-Jubail Industrial City. Commercial operations at SEPC commenced in June2009.

4.5.2.2 Shareholding Structure

Sahara, together with Tasnee, Tasnee Petrochemicals Marketing Company, National Gulf Company for Petrochemical Technology, National Worldwide Industrial Advancement Company and GOSI own 75% of the equity in SEPC while the remaining 25% is owned by LyondellBasell Group.

Exhibit 4.15: Shareholding Structure of SEPC



Source: Sahara

Lyondell Basell filing for bankruptcy and protection under Chapter (11) only affects the US operations and holding company Gmbh in Germany.

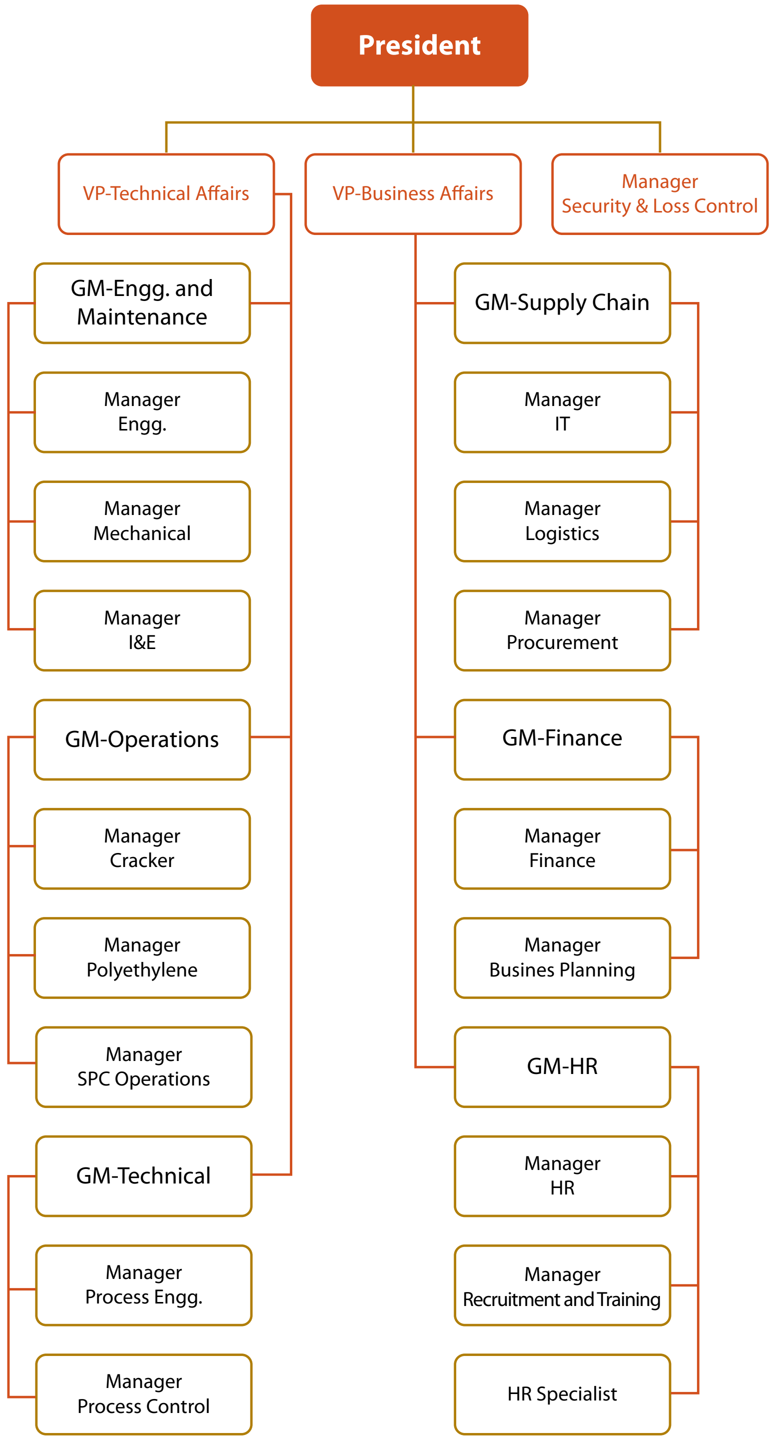
Sahara Board of Directors confirms that Basell Sales and Marketing Co. B.V, The arm that have off-take agreements with Al-Waha and SEPC will not be affected by Lynodell Basell's filing under Chapter (11) in USA, as Lynodell Basell's bankruptcy will not in any way affect its operations in Middle East.

Furthermore, The entire equity contribution from Lynodell Basell of SAR 387 Million for Al Waha and SAR 684 Million for SEPC have already been received by the respective companies.

4.5.2.3 Organisation Structure

SEPC has developed an organizational structure as shown below:

Exhibit 4.16: Organisation Structure of SEPC



4.5.2.4 Supply of Feedstock

4.5.2.4.1 Propane

The largest element of raw materials required by the Plant will be propane. When it is operating at full capacity it will require around 1,058,000 tonnes per annum of propane which will be supplied by Saudi Aramco. The feed will be taken from a pipeline owned and operated by the SABIC subsidiary, Petrokemya.

Under the agreement, Saudi Aramco will supply propane to SEPC for a period of 20 years at an approximate discount to international prices of 30%. The quantity to be supplied by Saudi Aramco under the agreement will be sufficient to run the integrated industrial complex at full capacity (see section “Summary of “Material Contracts”).

4.5.2.4.2 Ethane

The second feedstock is ethane. When operating at full capacity, the Cracker will require around 650,000 tonnes per annum of ethane which will supplied by Saudi Aramco. Saudi Aramco has an extensive investment in the master gas system, through which it can source high purity ethane utilizing its own gas processing facilities.

4.5.2.5 Off-take Agreements

The entire production of high and low-density polyethylene will be sold pursuant to a long term off-take and marketing agreements with Tasnee Petrochemicals and a Basell Sales and Marketing Company for onward sales outside Saudi Arabia. The remaining ethylene production not consumed in polyethylene production will be sold under long-term sales agreements to the Saudi Sponsors, including Sahara, for their dedicated use in other proximate but unrelated production facilities. The Plant will also produce 284,800 tonnes per annum of propylene which will be sold under a long term sales agreement. A small amount of gasoline by-product will also be sold to third parties. (see “Summary of Material Contracts” section)

4.5.2.6 Development Cost

The estimated cost of SEPC in which Sahara participated as a minority partner in the amount of SAR 668 million and which is also under construction is SAR 9.4 billion with a paid-up capital representing 29.1% of the total cost. Sahara’s investment in SEPC was supported by external funding commitments of SAR 6.5 billion provided by international export credit agencies (Export Import Bank of Korea, Korea Export Insurance Corporation, Italian Export Credit Agency and Euler Hermes) in the form of covered and direct loans (SAR 3.7 billion), commercial loans (SAR 1.1 billion), loan from Saudi Industrial Development Fund (SAR 600 million) and a loan from Public Investment Fund (SAR 1.1 billion).

4.5.2.7 Technology

The first plant at SEPC will be used for a process called Cracking. Cracking is the process by which ethane and propane gas will be processed to produce intermediaries, ethylene and propylene. The technology to be employed in the Cracker is Linde’s proprietary gas cracking and ethylene / propylene recovery technology.

The second plant will be used for the production of polyethylene that involves the one of LyondellBasell’s technologies for the polymerisation of ethylene. SEPC’s polyethylene plants are designed to utilize ethylene from the Cracker in the production of 400,000 tonnes per annum of high-density polyethylene and 400,000 tonnes per annum of low-density polyethylene.

4.5.2.8 Summarized Financial Statements

Summarized financial statements of TSOC (parent company of SEPC) are presented below:

Exhibit 4.17: Summarized Financial Statements of TSOC (SAR million)

Balance Sheet as at 31 December	2008	2007	2006
Total Assets	10,230.9	8,566.5	2,419.8
Total Liabilities	7,340.0	5,554.1	2,852.0
Shareholders’ Equity	2,890.9	3,012.4	2,416.8

Income Statement	2008	2007	2006
Murabaha Income	15.2	31.1	20.8
Costs and Expenses	(12.5)	(17.8)	(3.4)
Net Income	(4.4)	13.0	16.9

Cash Flow Statement	2008	2007	2006
Net Cash from Operating Activities	267.9	266.7	19.9
Net Cash Used in Investing Activities	(1,928.2)	(5,371.0)	(2,097.5)
Net Cash from Financing Activities	1,811.2	5,854.7	2,400.0

Source: Sahara

Summarized financial statements of SEPC are presented below:

Exhibit 4.18: Summarized Financial Statements of SEPC (SAR million)

Balance Sheet as at 31 December	2008	2007
Total Assets	9,886.20	8,228.18
Total Liabilities	7,329.46	5,553.06
Shareholders' Equity	2,556.74	2,675.12

Income Statement	2008	2007
Interest Income	-	11.85
Costs and Expenses	5.74	12.27
Net Income	(5.74)	(0.43)

Cash Flow Statement	2008	2007
Net Cash from Operating Activities	293.73	267.61
Net Cash Used in Investing Activities	1,924.34	7,457.31
Net Cash from Financing Activities	1,811.59	7,944.08

Source: Sahara

@ Income Statement and Cash Flow Statement for 2007 is for the period since inception (20 May 2006G) till 31 December 2007G.

4.5.2.9 Project Status

At the time of Sahara's IPO, the production from SEPC was expected to commence in 2007 based on an estimate arrived at in a very early stage when even the EPC contracts had not yet been awarded. There was however a delay in the signing of the EPC contracts due to soaring EPC markets in 2005. The EPC contracts were subsequently signed in June 2006. According to the EPC contract, the target date for delivery of the plant was Q4 2008.

Accordingly, on 27th February 2005, the Company made an announcement on Tadawul that the plant was scheduled for delivery by Q4 2008.

4.5.2.9.1 Cracker Plant

The trial run of the cracker plant was commenced on August 23, 2009. The commercial operations commenced in June 2009.

4.5.2.9.2 Polyethylene Plant

The trial runs of the LDPE and HDPE plants were commenced in November 2008 and March 2009 respectively. The commercial operations of the plants commenced in June 2009.

4.6 Shared Services

4.6.1 Electricity and water

Marafiq will supply both electricity and water to all the industries located Al-Jubail. Although Marafiq has now assumed responsibility for water related services, the supply of electric power still remains the responsibility of Saudi Electricity Company for the time being. It is anticipated that Marafiq will also take on this responsibility following the completion of its own power generation facilities which are presently under development.

4.6.2 Sea Water Cooling and Potable Water

Marafiq will supply the cooling sea water to Al Waha through a new seawater channel that is presently under construction. ACVC and SAMC will share the sea water cooling scheme with Al Waha. The cooling system will consist of two loop systems. The first being a de-mineralised water loop which will cool the Plants through heat exchanged with a sea water loop. The sea water loop will itself be cooled through a sea water cooling system by utilizing the cooling towers. This configuration will reduce the overall consumption of seawater.

Cooling sea water will be supplied to SEPC by Marafiq through the existing sea water system. Furthermore, a cooling tower will be installed to cater for the additional cooling water requirements of SEPC.

4.6.3 Waste Water

Wastewater, including oily and chemical drains, from the integrated industrial complexes will be treated first before being sent for further treatment in the Royal Commission's central waste water treatment facility. The wastewater composition discharged from the separator will be in accordance with Royal Commission's requirements. To handle any shutdowns in the Marafiq wastewater treatment facilities, ACVC, SAMC, Al Waha and SEPC will have a wastewater holding basin capable of holding up to 72 hours of waste water from the integrated industrial complexes.

Neutralized water resulting from the Chlor Alkali plant / utility area will be free from any oily organic content and will be discharged to sea water return channel as a variance stream in accordance with Royal Commission's Environmental Regulations.

The waste water treatment scheme must comply with the requirements of the Royal Commission's Environmental Regulation 2004 ("RCER 2004")

4.6.4 Steam

The steam system has been designed to supply high pressure and low pressure steam for use within the two Joint Ventures as well as the New Projects. Furthermore, the respective capacities have been designed to meet the requirements of each project in various modes of operation. In the event that propane dehydrogenation plant at Al Waha operates on a stand-alone basis (i.e., without the polypropylene plant), an auxiliary boiler will be available to provide steam for the polypropylene plant's requirements.

4.6.5 Nitrogen

Nitrogen will be supplied by the National Industrial Gases Company for a period of 16 years from its production facility in Al-Jubail.

4.6.6 Location

ACVC, SAMC, Al Waha and SEPC will be located in Jubail Industrial City, which is the Kingdom's largest dedicated industrial area and is home to a large number of petrochemical and other integrated industrial complexes. Industries on the site also have access to well developed port facilities in both the King Fahd Industrial Port in Al-Jubail or the King Abdulaziz Port in nearby Dammam. As well as being used to export product, the King Fahd port is also used for to import major equipment during the construction of new plants in the industrial area.

4.6.7 Water Desalination and Distribution

The Saline Water Conversion Corporation pumps approximately 136,000 cubic meters/day of desalinated water to cover most of Al-Jubail's consumption. The Royal Commission desalination plants provide supplementary quantities to meet daily requirements in the industrial city. Actual consumption levels are presently approximately 900 thousand cubic metres per day pumped through a 782 kilometer network, feeding both the residential and the industrial areas.

4.6.8 Environmental

The site on which the projects are being constructed is flat with a number of other major industrial establishments already in the area, most of them being petrochemical plants. The limits for the emission of allowable pollutants in Saudi Arabia are established by the Saudi Meteorology and Environmental Protection Administration although the actual limits for industries in Jubail and the issue of the operating permits are the responsibility of the Royal Commission. The environmental regulations established by the Royal Commission are generally consistent with those of the World Bank and US Environmental Protection Agency ('EPA').

4.6.9 Air Emissions

The Royal Commission has set ambient air quality standards. The standards apply to both ambient air quality and for the specific maximum levels of emissions into the atmosphere. In addition to the normal emissions of the plant, there are further limits related to 'fugitive emissions' or emissions of hydrocarbons that are not expected in the normal course of operation but can occur during unplanned shutdowns for example, through the flare system. The Royal Commission guidelines require that monitoring equipment be installed as well as the establishment of recording systems within the company's procedures.

Jacobs Consultancy have noted that polyolefin plants generally are among the most environmentally clean petrochemical processes and are relatively small sources of pollution compared to other types of chemical processes. Furthermore, management expects that the SCVC, SAMC, Al Waha and SEPC plant designs will be state-of-the-art and will comply with the requirements of RCER 2004 in respect of ambient air quality and fugitive emissions.

4.6.10 Wastewater Effluents

The treatment of wastewater prior to its return to the environment is ultimately the responsibility of the Royal Commission but the operators of facilities are required to pre-treat water effluents prior to return to the Royal Commission. The Royal Commission sets certain limits in respect of the waster water returned by operators as well as requiring that each operator has at least 3 days of storage for its own industrial wastewater output. The principal wastewater generated by the plant will be process water, storm water, fire water and sea water from the cooling system.

Process water from the respective New Project or Joint Venture's process area will be pre-treated in the process units themselves prior to storage in advance of return to the Royal Commission. Storm and fire water is water that will be collected after having fallen on the ground area of the plant, which may have become contaminated with pollutants that would have collected on the ground of the plant, particularly if the time between rains is lengthy as it is in the region.

Sea water used in the cooling system will not come into direct contact with any hydrocarbon streams and will, subject to meeting temperature differential limits with the prevailing Gulf sea water temperature, be discharged directly back to the sea through the sea water channel constructed by the Royal Commission.

The wastewater treatment scheme will fully comply with the requirements of Royal Commission's Environmental Regulations 2004.

4.6.11 Solid and hazardous wastes

The Royal Commission has detailed guidelines for the handling of hazardous waste materials including the required record keeping procedures. Non-hazardous waste is regularly collected and disposed of by the Royal Commission.

Al Waha's waste material will consist of spent catalysts, alumina, sorbents and molecular sieves, additive and chemical bags and drums while ACVC's waste material will mainly consist of sludge from primary brine treatment, spent resin, used membranes, gaskets and empty chemical bags and drums. Hazardous wastes will be handled in accordance with the Royal Commission's guidelines and be sent to approved disposal sites or recycling centres.

4.6.12 Noise

Royal Commission standards require that the noise level at the fence line of the site should not exceed 75 decibels more than 10% of the time. It should be noted that the Royal Commission limit is set for a dedicated industrial area. SCVC, SAMC, Al Waha and SEPC integrated industrial complexes will comply with RCER 2004.

4.6.13 Insurance

A comprehensive insurance programme is in place to cover the project during the construction phase. These include:

- Marine: covers all risks of physical loss or damage to all property of every kind and description during land, sea or air transit anywhere in the world until unloading at the project site in Al-Jubail.
- Construction: covers all risks of physical loss or damage to all property of every description forming part of the project.
- Delay in Start-Up: covers debt service charges and fixed costs payable in the event of a delay to the start-up date of the project arising due to an incident covered by, and occurring during the period of, the Construction or Marine Cargo policies.
- Third Party Liability: indemnifies the insured parties in respect of their legal liability to third parties for death or bodily injury and/or loss or damage to their property arising out of the construction of the plant.

A new insurance programme will be arranged by the New Projects and Joint Ventures when the projects are completed and operational.

The EPC Contractors (which are Tecnimont and Daelim for Al Waha, Samsung and Tecnimont for SEPC) are contractually obliged to procure insurances for General Third Party Liability (primary), Workman's Compensation / Employers' Liability, Motor Vehicle and Plant & Equipment including aircraft or watercraft and liabilities arising out of the use thereof.

4.6.14 Trademarks, Permits, Licenses and Consents

Al Waha owns trademark of its logo. It was registered under registration number 958/45 and registration class 1 dated 6/5/1428H. It will expire on 5/5/1438H. Sahara has also applied to the Ministry of Commerce and Industry so that it can own the trademark of its logo.

Sahara has obtained the industrial licenses from the Ministry of Industry & Commerce for Al Waha and Tasnee has received the same for SEPC. The lease for the sites from the Royal Commission of Jubail and Yanbu and a no objection on the supply of required utilities from Saudi Electricity Company / Marafiq has been received. Sahara has leased a total of 766,959 square meters of land from the Royal Commission, for a rent of SAR 766,959 p.a., of which only 403,650 square meters of land is required for Al Waha and hence Sahara has entered into a sub-lease agreement with Al Waha for 403,650 square meters for an annual rent of SAR 403,650. This enables Sahara to develop the New Projects on the remaining area of the site. Land will be granted to the New Projects through sub-leases from Sahara on the terms similar to those of the sub-lease agreement between Sahara and Al Waha (i.e., rent of SAR 1 per square meter p.a.).

The Joint Ventures are required to have appropriate industrial licenses in order for them to engage in the activities permitted under their respective constitutional documents. The following licenses are currently in place:

Exhibit 4.19: Licenses and Certificates

Project	Type/License/Certificate	Date	Location	Purpose
ACVC	Industrial License No. 1455/S	10/6/1428H	Al-Jubail Industrial City	■ 250000 tons/anum of Caustic Soda ■ 300000 tons/annum of Ethylene Dichloride
SAMC	Expected to be obtained before the end of 2009			
Al Waha	Industrial License No. 1/1028	29/6/1427H	Al-Jubail Industrial City	■ 460,000 tons of Propylene ■ 450,000 tons of Polypropylene
TOSC	Industrial License No. 2/507	26/3/1427H	Al-Jubail Industrial City	■ 1,000,000 tons of Ethylene ■ 285,000 tons of Propylene
SEPC	Industrial License No. 2/508	26/3/1427H	Al-Jubail Industrial City	■ 400,000 tons of LDPE ■ 400,000 tons of HDPE

Source: Sahara

The remaining permits such as the one for the site allocation and the environmental permit etc. will be procured during further development of the projects.

4.7 Employees and Saudization

As of December 31, 2008, Sahara had a total of 157 employees. In line with the Company's policy to develop a skilled Saudi workforce, 76.4% of Sahara's employees were Saudis

Exhibit 4.20: Breakdown of employees at Sahara by department as at December 31

Department	2006	2007	2008
Senior Management	4	4	8
Administration	3	3	1
Industrial Security	2	5	10
Planning and Development	1	3	2
Projects	0	0	15
Technical Services and Engineering	6	7	10
Information Technology	1	5	8
Finance	2	6	11
Human Resources	3	4	9
Reliability	1	1	9
General Services	1	1	8
Maintenance		6	28
Purchasing and Contracts		2	9
Trainees		34	22
Public Relations		1	3
Training		3	4
Total	24	85	157

Source: Sahara

Out of the total of 157 employees of Sahara, 120 were Saudis, resulting in Saudization level of 76.4%.

Exhibit 4.21: Breakdown of employees at Sahara by nationality as at 31 December

Nationality	2006	2007	2008
Saudi	15	73	120
Non-Saudi	9	12	37
Total	24	85	157

Source: Sahara

Saudization level at Al Waha was 66.2% as at December 31, 2008. The Saudization level at SEPC as of 31 March 2009 was 52.4%.

Exhibit 4.22: Breakdown of employees at Al Waha and SEPC by nationality as at December 31, 2008

Nationality	Al Waha (31 Dec 09)	SEPC (31 Mar 09)
Saudi	96	256
Non-Saudi	49	233
Total	145	489

Source: Sahara

4.8 Related Party Transactions

Other than the transactions described below, there is no, and there is not currently proposed, any transaction or series of similar transactions to which Sahara is or will be a party in which any director, executive officer, holder of five percent or more of any of the Company's Shares or any member of their immediate family had or will have a direct or indirect material interest.

During the last three years , the Company has transacted with the following parties

Exhibit 4.23: Related Parties

Party	Relationship
Zamil Group of Companies	Affiliate
Basell Poliolefins Italia S.p.A	Affiliate

Source: Sahara

The significant transactions and related amounts are as follows:

Exhibit 4.24: Related Party Transactions

Description (SAR '000)	2008	2007	2006
Services Received	5,889	1,157	1,011

Source: Sahara

Additionally, in compliance with the agreement signed, the Company has reimbursed the shareholders all costs and expenses incurred by them in developing Al Waha up to the incorporation of Al Waha. The total amounted to SAR 256.1 million.

Technology rights payment, under the Technology License Agreement for Propylene Polymers, to Basell Poliolefins Italia S.p.A, an affiliate of Basell Arabie Investissements SAS, amounted to SAR 93.77 million.

5 COMPETITIVE ADVANTAGES

Management of Sahara believes that the following factors constitute key strengths and competitive advantages of Sahara, the New Projects and the two Joint Ventures.

5.1 Feedstock Agreements

Al Waha and SEPC have entered into long-term supply agreements with Saudi Aramco (the Kingdom's state oil company) for the supply of propane and ethane feedstock. The Company has been able to enter into these agreements and subsequently novate them to each of the project companies as are result of the Saudi Arabian government's policy of promoting the development of the domestic petrochemical industry.

Sahara's independent technical consultant (Jacobs Consultancy) has studied propane and ethane reserves in Saudi Arabia and concluded that their existing and planned production in the Kingdom currently far exceeds their demand in domestic market, which will ensure that there is sufficient supply of propane and ethane to Al Waha and SEPC during this period.

5.2 Lower Cash Cost of Production

Al Waha and SEPC have been successful in securing agreements with Saudi Aramco whereby long term supply of propane and ethane feedstock will be provided for these projects at a price significantly lower than international prices. This, coupled with the lower cost of utilities and labour, is expected to result in significantly lower cash costs of production for Al Waha and SEPC compared to their international competitors.

5.3 Integrated Petrochemical Complexes

Most of the propylene to be used as feedstock by SAMC and the ethylene required by ACVC, will be sourced as a primary feedstock from the SEPC cracker as well as few quantities of same feedstock to Al-Waha, advising that Al-Waha does not need to outsoruce propylene as it locally produces at its own industrial facilities Therefore, these joint ventures benefit from having complete production lines which will help them sustain their operating levels and financial performance.

In the development of the New Projects, the Company is focusing on further aspects of the "petrochemical value chain". In doing so, Sahara is focusing on realizing reliability of production and economies of scale. This approach should provide the New Projects advantages over competitors who rely completely or very significantly on external resources for more costly feedstock supply.

5.4 Technical Joint Venture Partners

LyondellBasell indirectly owns 25% of both Al Waha and SEPC while Rohm and Hass and Ma'aden own 25% and 50% of SAMC and SCVC respectively.

LyondellBasell is one of the prominent manufacturers and marketers of polyolefins (polypropylene and polyethylene) and advanced polyolefins. It is also a leading developer and licensor of technologies for the production of polyolefins. LyondellBasell has 37 polyolefins and advanced polyolefins manufacturing facilities in 21 countries, of which 12 are owned and operated by its joint ventures. LyondellBasell's combined polyolefins production capacity is over 10 million tonnes per annum. The group has a global sales, distribution and marketing network that serves over 4,000 customers in a variety of markets in more than 120 countries.

LyondellBasell presently estimates that its process technology licensed to polyolefins manufacturers represents approximately 50% of the world's polyolefins capacity currently under construction and approximately 40% of the world's installed polypropylene capacity. Furthermore, LyondellBasell has approximately 1,000 patent-protected inventions worldwide.

LyondellBasell's proprietary know-how and its assistance and advice on the operation and maintenance of the plants, procurement of equipment and software and training of personnel is expected to be beneficial to the overall development and success of Al Waha and SEPC.

Similarly, Rohm and Haas is a creator and developer of innovative technologies and solutions for the specialty materials industry. The company's technologies are found in a wide range of industries including: Building and Construction, Electronics and Electronic Devices, Household Goods and Personal Care, Packaging and Paper, Transportation, Pharmaceutical and Medical, Water, Food and Food Related, and Industrial Process.

Ma'aden operates in the mining industry in Saudi Arabia and has developed a number of projects in the mining industry for the production of gold, aluminium and fertilizers.

5.5 Technology with a Proven Commercial Track Record

Efficient and cost effective technologies have been selected by Sahara and verified by its independent technical consultants for both Al Waha and SEPC integrated industrial complexes. In the case of Al Waha, the joint venture partner, LyondellBasell, is the world's leading polypropylene technology (Spherizone) provider, which is the technology used by the polypropylene plant of Al Waha project. The other technology to be used by Al Waha is the propane dehydrogenation (PDH) which UOP's LLC provides through the application of the Oleflex process for the production of the propylene feedstock. At present there are 8 propylene plants in operation worldwide of which 6 utilize Oleflex technology. Similarly, LyondellBasell will also provide SEPC with the technology required to produce polyethylene.

5.6 Strong Partners

LyondellBasell is the technical partner and founding shareholder in the two current joint ventures of Sahara, Al Waha and SEPC while Rohm and Hass is the technical partner and a founding shareholder in SAMC. Both are committed to bring and apply the strategies and strengths that have helped them become one of the world's prominent manufacturers and marketers of their respective products.

5.7 Experienced Management

Sahara, Al Waha and SEPC are managed by skilled and experienced management teams comprising of local and international staff with strengths and depth across the organization. Key personnel are drawn from diverse professional backgrounds and combine expertise, global experience and local market and petrochemical plant building knowledge. Members of the management teams have extensive petrochemical industry experience and long-standing industry relationships that will continue to drive growth and ensure Sahara's continued success.

5.8 Growing Market

Sahara's New Projects and Joint Ventures will manufacture state-of-the-art quality Ethylene Dichloride, Caustic Soda, Commodity Acrylates (Butyl Acrylates and 2-Ethylhexyl Acrylates), Superabsorbent Polymers, Polypropylene and Polyethylene.

Polypropylene has outperformed many other polymers and is the fastest growing commodity resin. Annual global demand was 45.7[2] million tons in 2007, with an average annual growth rate of 7.0% over the last three years. Global demand for high density polyethylene has been reasonably strong in recent years – registering 4.2%[3] growth in 2007 over previous year – and growing ahead of GDP in most countries.

Butyl acrylates and 2-ethylhexyl acrylates together accounted for 79.9%[4]of the global acrylates demand in 2007 while demand for superabsorbent polymers registered a CAGR of 5%[5]over the last three years from 1,200 KT in 2005 to 1,335 KT in 2007.

Caustic soda is consumed in a large variety of end uses for many different applications but it is the local manufacturing sector that tends to be the primary driver of growth in demand for caustic soda, and the manufacturing sector trends with the local GDP. Similarly ethylene dichloride's demand is driven by demand for PVC.

5.9 High Barriers to Entry

The petrochemical industry is very capital intensive and requires a significant initial capital outlay. Moreover, Sahara has formed partnership with LyondellBasell and Rohm and Hass. LyondellBasell is a leading manufacturer and marketer of polypropylene and polyethylene in the world and Rohm and Hass is a leading manufacturer of Acrylic Acid and its derivatives. This allows Sahara to have access to LyondellBasell and Rohm and Hass's global network of representative and sales offices alongside having access to their technical knowledge and know-how.

5.10 Marketing and Off-take Agreements

Under the marketing and off-take agreement with Al Waha, LyondellBasell will market majority of Al Waha's production, up to the full capacity of the Plant of 450,000 tonnes per annum. A portion of the volumes may be sold by Al Waha in the Kingdom with the technical support of LyondellBasell.

Similar marketing and off-take agreements has been reached with SEPC whereby LyondellBasell and Tasnee Petrochemicals (or affiliates thereof) will market all of SEPC's production of high and low density polyethylene. LyondellBasell is the world's largest polyolefins producer and marketer and has a global network of joint ventures, representative and sales offices and

2 Source: Jacobs Consultancy, June 2008
3 Source: Jacobs Consultancy, June 2008
4 Source: Chemical Market Resources, Inc., June 2008
5 Source: Chemical Market Resources, Inc., June 2008

agents active in over 120 countries while Tasnee Petrochemicals is an experienced marketer of polymers as a result of its existing marketing agreement with Saudi Polyolefins Company for the marketing of polypropylene.

5.11 Geographical Location and Proximity to Markets

Integrated industrial complexes of Sahara's New Projects and Joint Ventures will be established in Jubail Industrial City. The area is owned by the government of Saudi Arabia and managed by The Royal Commission of Jubail and Yanbu, which provides services and facilities that specifically cater to the needs of petrochemical and other plants present in the city. These include the following:

Provision of electricity through 1,716 kilometer network of high, medium and low voltage lines;

Water desalination and distribution facilities;

Sea water cooling network that comprises of 12 kilometer of open canals and 85 kilometer of pipes of variable diameters. These pipes have been designed to allow maintenance work to be carried out without the need for plant shut downs; and

Wastewater treatment facilities.

In addition to providing the above significant infrastructural advantages, this location also provides geographical proximity to feedstock as well as strategic position between main export markets to the East and West. Exports are further facilitated by easy access to industrial port facilities and dedicated shipping routes.

5.12 Human Resource Development and Incentives

In order to enhance the skill set of their employees and to prepare new recruits for the future, Al Waha and SEPC have entered into an agreement with LyondellBasell to assist in the training of their key personnel. New Projects are also expected to enter into similar arrangements with their respective technology providers.

Furthermore, Sahara, Al Waha and SEPC have also arranged to hire and place 21, 57 and 164 young Saudi high school graduates respectively to train at the Jubail Industrial College.

5.13 Ability to Procure Financing on Favourable Terms

The Company's few years' record of successful project development has enabled it to avail itself sufficient external financing commitments from both commercial financial institutions, the Saudi Industrial Development Fund and the Public Investment Fund. Similarly, its affiliate SEPC also succeeded in availing its sponsors Export Credit Financing Facilities, SIDF and PIF funding as well. The financing terms offered Al Waha and SEPC's respective project financing structures were negotiated in a manner which the Company's Directors consider to be favourable. This has contributed to the timely progression of construction of both projects and reduced overall financing costs.

6 MANAGEMENT AND CORPORATE GOVERNANCE

6.1 Board of Directors and Senior Management of Sahara

6.1.1 Board of Directors of Sahara

Without prejudice to the powers conferred on the Ordinary General Assembly, the Board of Directors of Sahara (the "Board of Directors" or the "Board") is vested with full powers to manage the business of the Company and to take decisions with respect to the participation of the Company in other companies. The Board may, within the limits of its jurisdiction, authorize and delegate one or more of its members or a third party to undertake a specific function or functions.

The Company is managed and its operations are overseen by a Board of Directors comprising eleven (11) directors (the "Directors") which was appointed by the Company's Annual General Assembly held on 9/4/1430H (corresponding to 5/4/2009G) for a three (3) year term renewable for three years thereafter. The current appointment term of the Board expires on 26/6/2012G. The Board of Directors shall meet following invitations from the Chairman pursuant to the Company's By-Laws.

H.E. Engineer Abdulaziz A. Al-Zamil is the current Chairman of the Board (the "Chairman"). Furthermore, the Board has constituted an Executive Committee comprising of the Chairman of Sahara, the Managing Director and Executive President (the "Executive Committee") as well as an Audit Committee (the "Audit Committee") and Remuneration and Nominations Committee (the Remuneration and Nominations Committee") according to the corporate governance rules issued by the Capital Market Authority to assist the Board in managing the affairs of Sahara.

Members of the Board of Directors are shown below:

Exhibit 6.1: Board of Directors of Sahara and their shareholding in Sahara as of July 1, 2009

Name	Title	Shares owned directly	Shares owned by relatives and affiliated entities	% of Sahara's share capital
H.E. Engineer Abdulaziz Abdullah Al-Zamil	Chairman	1,874,755	26,681,841[6]	15.23%
Eng. Esam Fouad Himdy	Managing Director	79,000	-	0.04%
Dr. Abdulrahman Abdullah Al-Zamil	Member	4,100,000	24,456,596[7]	15.23%
Satam A. Al-Harbi[@]	Member	-	7,500,000[8]	4.00%
Jabr Abdulrahman Al-Jabr	Member	-	7,500,000[9]	4.00%
Rashid Saif Al-Ghurair	Member	-	8,437,500[10]	4.50%
Sultan Khalid Bin Mahfouz	Member	5,223,750	-	2.79%
Khaled A. Al-Abdullatif	Member	-	3,750,000[11]	2.00%
Saeed Omer Qasim Al Esayi	Member	880,500	5,811,250[12]	3.57%
Abdulrahman Hayel Saeed	Member	-	5,631,250[13]	3.00%
Tariq Mutlaq Al-Mutlaq	Member	-	1,550,000[14]	0.83%

Source: Sahara

@ Mr. Sattam Al-Harbi replaced Mr. Abdulrahman Al-Rawaf as GOSI's representative on Sahara's Board of Directors with effect from 1 July 2009 at the request of the governor of GOSI. This change has been aproved by the shareholders at the Extraordinary General Assembly held on 1/9/1430H (corresponding to 22/8/2009G).

The shareholdings in Sahara of the entities that are represented by the Directors are shown below.

Exhibit 6.2: Shareholdings of the Entities represented by the Directors as of July 1, 2009

Represented entity	Name of Representative	Title	Status	Direct Ownership (%)	Indirect Ownership (%)	Total Ownership (%)
Al-Zamil Holding Group	H.E. Engineer Abdulaziz Abdullah Al-Zamil	Chairman	Non-Executive	7.54%	-	7.54%
Al-Zamil Holding Group	Dr. Abdulrahman Abdullah Al-Zamil	Member	Non-Executive	7.54%	-	7.54%
General Organization for Social Insurance	Satam A. Al-Harbi	Member	Independent	4.00%	-	4.00%
General Retirement Organization	Jaber Abdulrahman Al-Jaber	Member	Independent	4.00%		4.00%

6 This includes indirect shares owned by H.E. Engineer Abdulaziz Abdullah Al-Zamil through Zamil Group Holding Company as well as shares owned by Khalid Abdullah Hamad Al-Zamil, Dr. Abdulrahman Abdullah Hamad Al-Zamil, Fahad Abdullah Hamad Al-Zamil, Adeeb Abdullah Hamad Al-Zamil and Bandar Abdulrahman Abdullah Al-Zamil.
7 This includes indirect shares owned by Dr. Abdulrahman Abdullah Al-Zamil through Zamil Group Holding Company as well as shares owned by H.E. Engineer Abdulaziz Abdullah Al-Zamil, Khalid Abdullah Hamad Al-Zamil, Fahad Abdullah Hamad Al-Zamil, Adeeb Abdullah Hamad Al-Zamil and Bandar Abdulrahman Abdullah Al-Zamil.
8 This includes shares owned by General Organization for Social Insurance.
9 This includes shares owned by General Retirement Organization.
10 This includes shares owned by Al-Jazeera Petrochemical Company.
11 This includes shares owned by Awqaf, Ministry of Islamic Affairs.
12 This includes shares owned by Omar Qassim Al-Essayi.
13 This includes shares owned by Frimex Company Limited.
14 This includes shares owned by Al-Mutlaq Group.

Representing	Name	Title	Status	Direct Ownership (%)	Indirect Ownership (%)	Total Ownership (%)
Al-Jazeera Petrochemical Company LLC	Rashid Saif Al-Ghurair	Member	Independent	4.50%		4.50%
Sultan Khalid Bin Mahfouz	Sultan Khalid Bin Mahfouz	Member	Independent	2.79%	-	2.79%
Ministry of Islamic Affairs	Khaled A. Al-Abdullatif	Member	Independent	2.00%	-	2.00%
Saeed Omer Qasim Al-Esayi	Saeed Omer Qasim Al-Esayi	Member	Independent	0.47%	-	0.47%
Frimex Investment LLC	Abdulrahman Hayel Saeed	Member	Independent	3.00%	-	3.00%
Al-Mutlaq Group	Tariq Mutlaq	Member	Independent	0.83%	-	0.83%

Source: Sahara

Profiles of the Board of Directors are shown below:

H.E. Engineer Abdulaziz Abdullah Al-Zamil, 64 **Chairman**	
Education	Engineer Al-Zamil received his Masters degree in Industrial Engineering from University of Southern California, U.S.A. in 1968 and Bachelors degree in Industrial Engineering from the same university in 1967.
Work Experience	Engineer Al-Zamil has served as Chairman of Sahara Petrochemical Company since 2004. Prior to that, he was the Saudi Arabian Minister of Industry and Electricity from 1983 to 1995, Vice Chairman of Saudi Basic Industries Corporation from 1976 to 1983 and Deputy Director General of Saudi Consulting House from 1968 to 1976.
Other Positions	Engineer Al-Zamil is also the Chairman of Al-Inma Bank (May 2008 – present), Chairman of the Board of Industrial Sector within Zamil Holding Group Company (1996 – present) and Chairman of Saudi International Petrochemical Company (1999 – present).
ID No.	Saudi ID No. 1038093611
Address	P.O. Box 251, Riyadh 11411, Saudi Arabia

Eng. Esam Fouad Himdy, 52 **Managing Director**	
Education	Engineer Himdy graduated with a B.Sc. degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in Saudi Arabia in 1978.
Work Experience	Engineer Himdy was appointed as Managing Director of Sahara in 2009. He has 30 years of experience in Saudi Arabian petrochemical industry. He was responsible for planning, development and formation of Sahara Petrochemical Company from 2001 to 2004 and subsequently became Executive President of Sahara in 2004 and up to 2009. Prior to that, he served as the President of Butene Diol Project at Saudi International Petrochemical Company from 2000 to 2001 and President of Gulf Stabilizers Industries Company from 1998 to 2000. Before that, he worked at Al-Jubail Petrochemical Company from 1978 to 1998 starting as a Finishing Contact Engineer (1978 – 1982) followed by positions of Operations Superintendent (1982 – 1984), Operations Manager (1984 – 1988), Maintenance Manager (1988 – 1989), Director of Manufacturing Division (1989 – 1994) and Director of Technical Division (1994 – 1998).
ID No.	Saudi ID No. 1019192770
Address	P.O. Box 11166, Jubail31961, Saudi Arabia

Dr. Abdulrahman Abdullah Al Zamil, 63 **Director**	
Education	Dr. Al-Zamil was awarded PhD in International Relations from University of Southern California in U.S.A. in 1972 and Bachelor of Law from University of Cairo in Egypt in 1964.
Work Experience	Since 1996, Dr. Al-Zamil has served as Chairman of Al-Zamil Group Holding Company. From 1980 to 1995, he served as Chairman of Al-Zamil Industrial Investment Company. Prior to that, he was Saudi Arabia's Deputy Minister of Commerce from 1977 to 1980, Deputy Mayor of the General Organization of Electricity from 1973 to 1977.
Other Positions	Dr. Al-Zamil is the Director of (i) Saudi National Company for Maritime Transport and (ii) General Organization for Technical Education and Vocational Training. He is also the President of Saudi Export Development Center and member of (i) the Saudi Consultative Assembly (Majlis Al-Shora), (ii) Saudi Committee for World Trade Development, (iii) Islamic Organization Consulting Committee for Investment Provision and Export Credit and (iv) Consulting Committee at the Ministry of Labor.
ID No.	Saudi ID No. 1004801872
Address	P.O. Box 251, Riyadh 11411, Saudi Arabia

Satam A. Al-Harbi, 32 **Director**	
Education	Mr. Al-Harbi graduated with a B.A. in Law from King Saud University 2001 and received a M.D. in Law from Case Western Reserve University, USA in 2006.
Work Experience	He was appointed as Acting General Manager Public administration for follow-up at General Organization for Social Insurance in Saudi Arabia in May 2009. Prior to that he worked as Legal Advisor in the same organization for 4 years from 2005 to 2009. Prior to that he served in the organisation's Legal Research team since 2001.
ID No.	Saudi ID No. 1009549567
Address	P.O. Box 2963, Riyadh 11461, Saudi Arabia
Jabr Abdul Rahman Al-Jabr, 45 **Director**	
Education	Mr. Al-Jabr graduated with a B.A. degree in Informatics from King Abdulaziz University in Saudi Arabia in 1986.
Work Experience	Since 2005, Mr. Al-Jabr has served Senior Legal Consultant at Saudi Public Pension Agency. Prior to that he worked at Saudi Public Pension Agency as Legal Consultant from 1990 to 2005 and as Legal Advisor from 1986 to 1990.
ID No.	Saudi ID No. 1005335987
Address	P.O. Box 18346, Riyadh 11168, Saudi Arabia
Rashid Saif Al-Ghurair, 33 **Director**	
Education	Mr. Al-Ghurair graduated with a B.A. degree in Information Systems Management from Boston University in U.S.A. in 1998.
Work Experience	Mr. Al-Ghurair has served as Managing Director of Al-Jazeera Petrochemical Company LLC since 2004 and as Director of Al-Ghurair Group since 1999.
Other Positions	Mr. Al-Ghurair is also the Director of Dubai Polyfilm Company in U.A.E (1999 – present).
ID No.	Emirates ID No. E 1812221
Address	P.O. Box 1, Dubai, U.A.E
Sultan Khalid Bin Mahfouz, 37 **Director**	
Education	Mr. Bin Mahfouz graduated with a B.A. degree in Informatics from King Abdulaziz University in Saudi Arabia in 1996.
Work Experience	Mr. Bin Mahfouz has served as Vice Chairman of Al-Murjan Group since 1997.
Other Positions	Mr. Bin Mahfouz is also the Director of Gulf Hygiene Industries, Al-Zamil Industrial Investment Company (1998 – present) and the Red Sea Insurance Company.
ID No.	Saudi ID No. 1000215754
Address	P.O. Box 52558, Jeddah 21573, Saudi Arabia
Khalid A. Al-Abdullatif, 47 **Director**	
Education	He completed his B.A. in Islamic Economics from the King Abdulaziz University in 1985. He subsequently received his Master's degree in Economics from the University of Western Illinois, USA in 1992.
Work Experience	He served as Economic Specialist in the Public Investment Fund between 1985 and 1993. Between 1993 and 1999, he served as Director of the Commission of Economy and Finance at the Shura Council. Since 1999, he has been the Director-General of Investment at the Ministry of Islamic Affairs and Awqaf.
ID No.	Saudi ID No. 1013867153
Address	Ministry of Islamic Affairs, Directorate General for Investment, Old Airport Road, Riyadh, Kingdom of Saudi Arabia
Saeed Omar Qasim Al-Esayi, 44 **Director**	
Education	Mr. Al-Esayi graduated with a Bachelors degree in Industrial Engineering from University of Miami in U.S.A. in 1980.
Work Experience	Mr. Al-Esayi has served as General Manager of Al-Esayi Motors since 1993 and as General Manger of Motor Vehicle Periodic Inspection since 1980.
ID No.	Saudi ID No. 1001975679
Address	P.O. Box 1342, Jeddah 21431, Saudi Arabia

Abdulrahman Hayel Saeed, 61 **Director**	
Education	Mr. Saeed graduated with a B.A. in Economics & Political Science, from American University in Cairo, Egypt in 1968.
Work Experience	Mr. Saeed has served as Chairman of Fermix Commercial Company since 1984 and as a member of the Board of Directors of Hayel Saeed Anum and Company since 1968.
Other Positions	In Saudi Arabia, Mr. Saeed has been on the Boards of Omar Kassem Al-Esayi Marketing Company since April 1984, National Biscuits and Confectionery Company since December 1987, United Carton Industries Company since September 1988, National Food Industries Company July 1989, Al-Tawfiq Company for Plastic and Woven Bags Industries since December 1991, United Feed Company since June 1985, United Warehouse Company since July 2006 and Swicorp Joussour Company since July 2007. In Egypt, he has been on the Board of Egyptian Propylene and Polypropylene Company since November 2004.
ID No.	Emirates ID No. E 1306852
Address	P.O. Box 4379, Dubai, U.A.E
Tariq Mutlaq Al Mutlaq, 45 **Director**	
Education	Mr. Al-Mutlaq graduated with a Bachelors degree in International Business Administration from the American University of Washington in U.S.A. in 1986.
Work Experience	Mr. Al-Mutlaq has served Al-Mutlaq Group as Vice President of Investments since 2002. Before that, he was the Regional General Manager of NAPCO Group of Companies from 1996 to 2002 while also being responsible for the business development of its Al-Mutlaq Group's real estate arm during that period. Prior to that, Mr. Al-Mutlaq served as General Manager of Al-Mutlaq Furniture from 1994 to 1996.
Other Positions	Mr. Al-Mutlaq has been on the Boardsof Al-Mutlaq Group since 2002, NAPCO Group of Companies since 2000, National Installments Company since 2002, National Finance House since 2007 and Arabian Insurance Company since 2007. He is also the Chairman of Sorouh International for Real Estate Development since 2006 and the President of Al-Mutlaq Real Estate Investment since 2006.
ID No.	Saudi ID No. 1022215147
Address	P.O. Box 231, Riyadh 1143, Saudi Arabia

6.1.2 Senior Management of Sahara

The Company's senior management team (the "Senior Management") consists of a combination of experienced Saudi and other nationals, combining local and international academic qualifications and working experience of the petrochemical industry to successfully operate and compete locally and internationally.

The Company's overall leadership and vision is entrusted to both its Managing Director, Mr. Esam Himdy, and Executive President, Mr. Saleh Bahamdan. Mr. Himdy's role is to ensure that the performance of the Company is in-line with the objectives of the shareholders while Mr. Bahamdan is responsible for running the Company on a day-to-day basis.

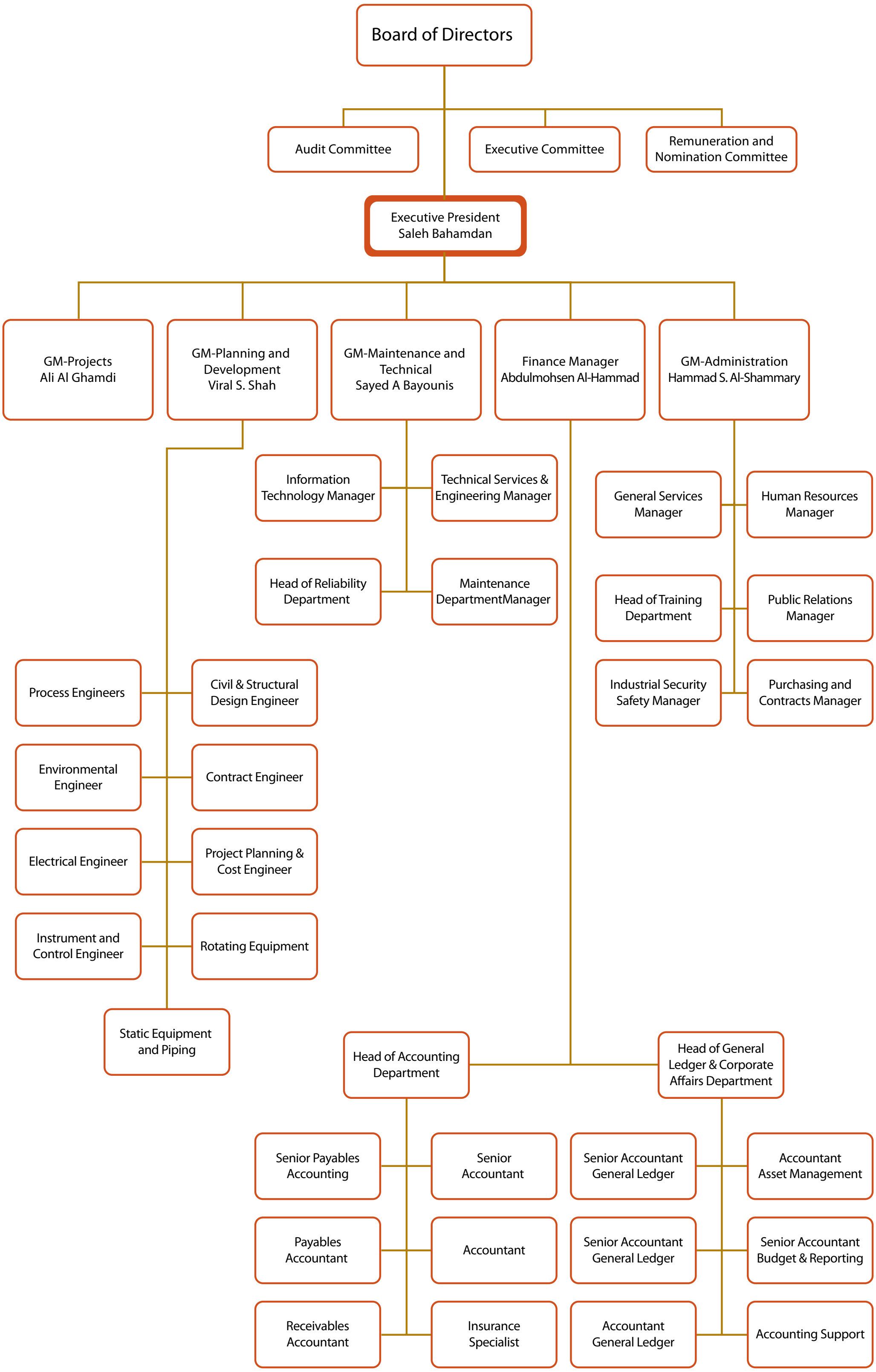
The members of the senior management team and their ownership in Sahara are shown below.

Exhibit 6.3: Senior Management of Sahara and their shareholding in Sahara as of July 1, 2009

Name	Title	Shares owned directly	Shares owned by relatives and affiliated entities	% of Sahara's share capital
Saleh Bahamdan	Executive President	4,000	-	<0.1%
Sayed Bayounis	GM, Maintenance and Technical Services	-	-	-
Viral Shah	GM, Planning and Development	-	-	-
Hammad Al-Shammary	GM, Administration	-	-	-
Abdulmohsen Al-Hammad	Finance Manager	2,000	-	<0.1%
Ali Al-Ghamdi	GM, Projects	-	-	-

Source: Sahar

Exhibit 6.4: Sahara's Organization Chart



Source: Sahara

Profiles of the senior management of Sahara are given below:

Saleh Bahamdan, 55 **Executive President**	
Education	Mr. Bahamdan received his M.Sc. in Electrical Engineering from California State University, U.S.A in 1983, and B.Sc. in Electrical Engineering from University of Evansville, Indiana, U.S.A in 1980.
Work Experience	Mr. Bahamdan was appointed as Executive President of Sahara in 2009. Since 2006 till 2009, he was the President of Al-Waha Petrochemical Co. During the period from 2005 to 2006 he had been working as VP Technical & Planning at Sahara Petrochemical Co. Mr. Bahamdan had also been working as Engineering & Project Management Manager with SABIC during the period from 2001 to 2005. He had been working for Al-Jubail Petrochemical (KEMYA) as Process Control Manager from 1997 to 2000 and in the Instrument & Electrical Engineering function from 1983 to 1997.
ID No.	Saudi ID No. 1010621033
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia
Sayed Bayounis, 43 **General Manager, Maintenance and Technical Services**	
Education	Mr. Bayounis graduated with a B.Sc. degree in Chemical Engineering from King Abdulaziz University in Saudi Arabia in 1989.
Work Experience	Mr. Bayounis has 18 years of experience in petrochemical industry. Prior to joining Sahara in 2006, Mr. Bayounis worked at Saudi European Petrochemical Company from 1990 to 2006. He started as a Chemical Engineer (1990 – 1992) and then held positions of Project Engineer (1992 – 1994), Process Engineer (1994 – 1998), Senior Process Engineer (1998 – 1999), Chief Process Engineer (1999 – 2000), Head of Engineering Section (2000 – 2001), Manager of Engineering Services department (2001 – 2004) and Production Manager (2004 -2006).
ID No.	Saudi ID No. 1012845671
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia
Viral Shah, 46 **General Manager, Planning and Development**	
Education	Mr. Shah graduated with a B.Sc. degree in Chemical Engineering from Gujrat University in India in 1984, Post Graduate Diploma in Marketing and Sales in 1985, Bachelors of Law degree in 1987 and an MBA from S. Gujrat University in 1993.
Work Experience	Mr. Shah has 24 years of experience in the development and operation of petrochemicals and fertilizer projects. Prior to joining Sahara in 2004, Mr. Shah was Lead Process Engineer at Al-Zamil Group of Companies from 2002 to 2004 and Lead Process Engineer at Saudi European Petrochemical Company from 1996 to 2001 and Senior Manager at Reliance Industries in India from 1990 to 1996.
ID No.	Saudi ID No. 2119770481
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia
Abdulmohsen Al-Hammad, 41 **Finance Manager**	
Education	Mr. Al-Hammad graduated with a B.S. degree in Administration (Accounting) from King Saud University in Saudi Arabia in 1991.
Work Experience	Mr. Al-Hammad has 18 years of experience in finance and accounting within the petrochemical industry. Prior to joining Sahara in 2006, Mr. Al-Hammad was the Senior Operations Analyst at SABIC from 2004 to 2006, Head of Accounts Payable section at Sabic Services Limited from 2000 to 2003 and as the Head of Accounts Payable / Accounts Receivable section at Saudi European Petrochemical Company (Ibn Zahr) from 1992 to 2000.
ID No.	Saudi ID No. 1008856880
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia

Hammad Al-Shammary, 50 **General Manager, Administration**	
Education	After graduating from high school, Mr. Al-Shammary attended a training course from 1981 to 1984 at Exxon Mobil in U.S.A.
Work Experience	Prior to joining Sahara in 2004, Mr. Al-Shammary was General Manager of Gulf Stabilizers Industries from 2000 to 2004. Before that, he worked for 16 years at Al-Jubail Petrochemical Company (Kemya) in different capacities that included the following: General Department Manager (1999 – 2000), Project Operations Coordination Manager (1999), Maintenance Manager (1997 – 1998), Operations Manager (1993 – 1997), Risk Management Manager (1991 – 1993), Laboratory Operations Manger (1988 – 1991) and Superintendent (1984 – 1988).
ID No.	Saudi ID No. 1015349846
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia
Ali Al-Ghamdi, 53 **General Manager, Projects**	
Education	Mr. Al-Ghamdi graduated with a B.S. degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in Saudi Arabia in 1977.
Work Experience	Mr. Al-Ghamdi has 31 years of experience in petrochemical industry. Prior to joining Sahara in 2008, Mr. Al-Ghamdi worked at Al-Zamil Group Holding Company as General Manager, Corporate Business Development from 2005 to 2008. Before that he worked with Saudi Methanol Company from 1977 to 2004. He started as a Chemical Engineer (1977 – 1980) and then held positions of Supervisor of Process and Utility functions (1980 – 1986), Operations Superintendent (1986 – 1989), Project Manager (1989 – 1992), General Manager, Technical Affairs (1992 – 1998) and Vice President, Finance and Administration (1998 – 2004).
ID No.	Saudi ID No. 1010954921
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia

6.1.3 Declarations in Respect of Directors and Senior Management

The Chairman, Directors, Executive President, Finance Manager, Board of Directors' Secretary and the Senior Management team declare that:

- They have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- Except as disclosed in Exhibits 6.1 and 6.3 of this prospectus, did not themselves, nor did any of their relatives or affiliates, have direct or indirect interests in the shares or debt instruments of the Company;
- They did not themselves, nor did any of their relatives or affiliates, have any material interest in any current or prospective contract or arrangement in effect or contemplated at the time of the Prospectus, which is significant in relation to the business of the Company; and
- That the company's articles of association and the other governing regulation, do not grant anyone of the board members or the Managing Director the voting right on a contract or a proposal in which they have personal interest or voting on remunerations that are granted to them or the right of borrowing from the Company.

6.1.4 Remunerations of Board Members and Senior Management

- The aggregate fees relating to per diem and attendance paid to Board Members of Sahara in exchange for services rendered amounted to SAR 148,500 for the fiscal year 2008G, SAR 126,000 for fiscal year 2007G and SAR 118,500 for fiscal year 2006G.
- The total expenses paid to the Managing Director amounted to SAR 1,460,904 for fiscal year 2008G, SAR 1,105,874 for the fiscal year 2007G and SAR 1,035,404 for the fiscal year 2006G. This includes basic salaries, housing, bonuses and other benefits.
- No commissions, discounts, brokerages, or any other non-cash compensation were granted during the last two years immediately preceding the application for listing in connection with the issue or sale of any Company securities to any director, proposed director, senior executive, promoter or experts. In 2005, Sahara reimbursed Al-Zamil Group SAR 14.13 million towards expenses incurred by the latter prior to the incorporation of the former.
- The Managing Director and the Executive Managers have entered into fixed-term contracts with the Company. These contracts are renewable every year and set out the terms of their services and their remuneration. Saleh Bahamdan entered into his contract with Sahara on 13 May 2004. Hammad Al-Shammary entered into his contract with Sahara on April 01, 2000, Viral Shah on January 01, 2002, Saeed Bayounis on March 01, 2006, Abdulmohsen Al-Hammad on September 09, 2006 and Ali Ghamdi on June 1, 2008. Conditions under which Sahara can terminate their employment contracts include:
    1. Completion of the specified term contract.
    2. Resignation during or after the probationary period.
    3. Termination during the probationary period.
    4. Termination as per Article 83 of the Labor Law.
    5. Termination after completion of the assigned work.
    6. Termination for unsatisfactory performance.
    7. Termination at government request or failure to obtain/retain the necessary visa and permit.
    8. Disability.
    9. Normal retirement as per GOSI law and Sahara's internal policies.
    10. Death of an employee.

  The remunerations of the Managing Director and Executive Managers include basic salaries, housing, education, bonuses, travel expenses, attendance fees and other benefits.

- Compensation paid or awarded to the Company's Executive President and each of its four other executive officers amounted to SAR 3.9 million in 2008G, SAR 2.7 million in 2007G and SAR 2.1 million in 2006G. The compensation is inclusive of various benefits that include housing, transportation and bonuses. Ali Al-Ghamdi became part of the senior management in 2008 so his compensation is not included in the amount paid to senior management in 2006G and 2007G.

6.2 Corporate Governance

The Company has undertaken a full corporate governance review with a view to ensure that the Company's corporate governance guidelines meet the high standards. Management of the Company has confirmed that Sahara complies with Article 18 of CMA's Corporate Governance Regulations. Sahara has a clear division of responsibilities between the Board of Directors and executive management of the Company and, in keeping with best international practice, nine of Sahara's directors are non-executives. The Company's senior management, under the direction of the Executive President is a highly experienced and skilled team who is given sufficient executive authority to effectively manage the Company within the guidelines laid down by the Board of Directors and the executive committee. Executive President of Sahara is responsible for all the day-to-day operations of the Company while the Managing Director assists him on any strategic issues.

The Company plans to establish a professionally staffed internal audit function, which will undertake independent reviews across the enterprise. The Company's external auditors provide four quarterly reviews in addition to the annual reports to the Company together with an annual management letter, and do not provide other incompatible services.

The following is a summary of Sahara's corporate governance framework:

Shareholders' General Assembly: Shareholders are kept informed of all major developments within the Company through extensive interaction, provision of an annual financial performance report, and promoting the participation of non-institutional Shareholders in the Company's Annual General Assembly.

Board of Directors: The Board of Directors is ultimately responsible for running the Company, to provide effective leadership and maintain a sound system of internal controls to safeguard the interests of the shareholders of the Company.

Independent / Non-Executive Directors: Eight independent non-executive directors were appointed by the Annual General Assembly held on 9/4/1430H (corresponding to 5/4/2009G). The goal is to provide objectivity and balance to the Board of Directors' decision making process. Independent director means a member of the Board of Directors who is fully independent. Situations in conflict with independency include, but are not limited to, the following:

- Having a controlling interest in the company or any of its affiliates or subsidiaries;
- Having been in the last two years a senior executive in the company or any of its affiliates or subsidiaries;
- Having a first degree relative as a director of the company or any of its affiliates or subsidiaries;
- Having a first degree relative as a senior executive of the company or any of its affiliates or subsidiaries;
- Being a board director at any company within the group of the same company at which he is proposed to become a board member;
- Having been an employee in the last two years of any of the company's related parties or any company of the same group, such as the company's auditors or a major supplier, or having a controlling interest at any of such related parties in the last two years.

Non-Executive Director is a member of the Board of Directors who is not fully dedicated to the management of the company or does not receive a monthly or annual salary from the company.

Chairman and Executive President: Clear guidelines are provided as to the responsibility sharing between the Chairman of the Board of Directors and the Executive President of the Company, in order to ensure a balanced power-sharing and authority.

Presentation of Financial and Other Information: The Board of Directors is responsible for presenting to the Shareholders a true and fair picture of the Company's financial performance. Additionally, there shall be a mechanism in place to ensure that the Board of Directors receive the relevant information in a timely fashion, to enable it to effectively fulfill its obligations.

The Board has constituted a number of committees to supervise key areas of the business as follows:

6.2.1 Executive Committee

The Executive Committee comprises of three members: H.E. Engineer Abdulaziz Abdullah Al-Zamil (Chairman), Eng. Esam Fouad Himdy (Managing Director) and Saleh Bahamdan (Executive President). The Committee is in charge of the day-to-day management of the Company's business and has the responsibility to provide recommendations to the Board of Directors on various issues such as the strategic planning, and senior management appointments. The Executive Committee was delegated all powers of the Board of Directors that may be delegated to such a Committee in accordance with the Company's By-Laws and applicable law, provided that the Executive Committee's exercise of such delegated powers is required to conform to any decisions that may be imposed on it by the Board of Directors. The Executive Committee shall also be delegated certain executive authorities of the Board of Directors such as executing investment policy, monitoring the performance of the Company's operations and approval of major purchases and sales of assets.

Profiles of the Executive Committee members are given below:

- H.E. Engineer Abdulaziz Abdullah Al-Zamil, (see section 6.1.1: "Board of Directors of Sahara")
- Eng. Esam Fouad Himdy, (see section 6.1.1: "Board of Directors of Sahara")
- Saleh Bahamdan, (see section 6.1.2 "Senior Management of Sahara")

6.2.2 The Audit Committee

In addition to the Executive Committee, the Company has an Audit Committee. The Audit Committee comprises of three members: Tariq Mutlaq Al-Mutlaq (Chairman of the Committee), Abdul Rahman Mohammed Al-Rawaf and Ajlan Abulrahman Al-Ajlan (committee members). They are assisted by Abdulmohsen Al-Hammad (Finance Manager). Mr. Al-Mutlaq and Mr. Al-Ajlan both have expertise in accounting and financial matters.

The Audit Committee's charter is reviewed annually by the Board of Directors following a recommendation by the Audit Committee. The Audit Committee is responsible, among other things, for:

- Supervising the company's internal audit department in order to ascertain effectiveness of performance of the functions and tasks assigned to it by the board of directors;
- Studying the internal audit system and preparing a written report including its opinion and recommendations on the same;
- Studying the internal audit reports and determining corrective actions in respect of the remarks contained therein;
- Submitting recommendations to the Board of Directors in respect of the appointment and removal of auditors and determining their fees. Independency of auditors should be ensured before appointment;
- Following up the auditors' activities and approving any non-audit work that may be assigned to them while doing auditing works;
- Studying the audit review plan with the external auditor and giving remarks on the same;
- Studying the remarks of the external auditor on the financial statements and following up the actions taken in respect thereof;
- Studying the interim and annual financial statements before submission to the board and giving opinion and recommendations in respect of the same;
- Studying the accounting policies used and giving opinion and recommendations to the board of directors in respect of the same.

Profiles of the members of the audit committee are given below:

Tariq Mutlaq Al-Mutlaq, (see section 6.1.1: "Board of Directors of Sahara")	
Abdulrahman Mohammed Al-Rawaf, 53	
Education	Mr. Al-Rawaf graduated with an MBA from University of Southern California in U.S.A. in 1995 and B.Sc. degree in Business Administration from University of Arkansas in U.S.A. in 1993.
Work Experience	Mr. Al-Rawaf has served as the Director of Investment Portfolio at General Organization for Social Insurance in Saudi Arabia since 2005. Prior to that he worked as Investment Researcher in the same organization for 8 years from 1995 to 2005.
ID No.	Saudi ID No. 1001371119
Address	P.O. Box 2963, Riyadh 11168, Saudi Arabia

Ajlan Abdul Rahman Al-Ajlan, 44	
Education	Mr. Al-Ajlan graduated with a B.Sc. degree in Industrial Management from Central Washington University in U.S.A in 1987.
Work Experience	Mr. Al-Ajlan has served as a Manager at Al-Zamil Industrial Investments Company since 1998. Prior to that, he was a Manager at Al-Zamil Holding Group from 1993 to 1998 and Sales Manager at Al-Zamil Glass from 1990 to 1993.
Other Positions	Mr. Al-Ajlan is the Director of Saudi Lamino and Indian Cooperative Insurance Company in Saudi Arabia.

6.2.3 Remuneration and Nominations Committee

The Remuneration and Nomination Committee operates in accordance with the charter approved by the Board of Directors and the corporate governance rules issued by the CMA. It comprises of four members: H.E. Engineer Abdulaziz Abdullah Al-Zamil (Chairman of the Committee), Fahad Abdullah Al-Zamil, Abdulrahman Mohammed Al-Rawaf and Dr. Saad Hamdi El-Zaeem.

The Remuneration and Nomination Committee's charter is reviewed annually by the Board of Directors following a recommendation by the Committee. The Remuneration and Nomination Committee is responsible, among other things, for:

- Monitoring and recommending the level and structure of all direct and indirect remuneration of the Company's directors and senior management;
- Monitoring and recommending awards under any deferred compensation plans and any incentive share plans implemented by the Company;
- Developing a formal and transparent policy for fixing the remuneration packages of directors;
- Approving and evaluating the compensation plans, policies, and programs of the Company.

Profiles of the members of the Remuneration and Nomination Committee are given below:

H.E. Engineer Abdulaziz Abdullah Al-Zamil, (see section 6.1.1: "Board of Directors of Sahara")	
Fahad Abdullah Al-Zamil, 59	
Education	Mr. Al-Zamil graduated from West Virginia University in U.S.A. with a B.B.A. degree in Industrial Management in 1976.
Work Experience	Mr. Al-Zamil has served as President of Al-Zamil Food Industries Company since 1982, Director of Al-Zamil Group Holding Company since 1976 and as Managing Director of Sahara Petrochemical Company since 2004.
Other Positions	Mr. Al-Zamil is the Chairman of Jubail Energy Company (2003 – present), Unicoil Company (2002 – present), Vice Chairman of Gulf Stabilizers Company (2000 – present) and Director of Saudi Ethylene and Polyethylene Company (2006 – present) and Tasnee – Sahara Olefins Company (2006 – present).
ID No.	Sadi ID No. 1003124219
Address	P.O. Box 11166, Jubail31961, Saudi Arabi
Abdulrahman Mohammed Al-Rawaf, (see section 6.2.2: "The Audit Committee")	
Dr. Saad Hamdi El-Zaeem, 54	
Education	Dr. El-Zaeem received his Doctorate in Ophthalmology from University of London in U.K. in 1989 and Bachelors degree in Medicine from University of Glasgow in U.K. in 1980.
Work Experience	Dr. El-Zaeem has served as Director of Riyadh Cables Group since 2006. Prior to that, he was Purchase and Imports Manager of the Group from 1996 to 2006 while also working as the Group's Quality Assurance Manager from 1994 to 2004. Before that, he looked after the investments of Riyadh Cables Group from 1991 to 1994, practiced medicine in U.K. from 1989 to 1991and worked in Sales and Marketing department of Modern Cables in Lebanon from 1980 to 1982.
ID No.	Saudi ID No 1086276829
Address	P.O. Box 355721, Riyadh 11383, Saudi Arabia

6.3 Board of Directors and Senior Management of Al Waha & SEPC

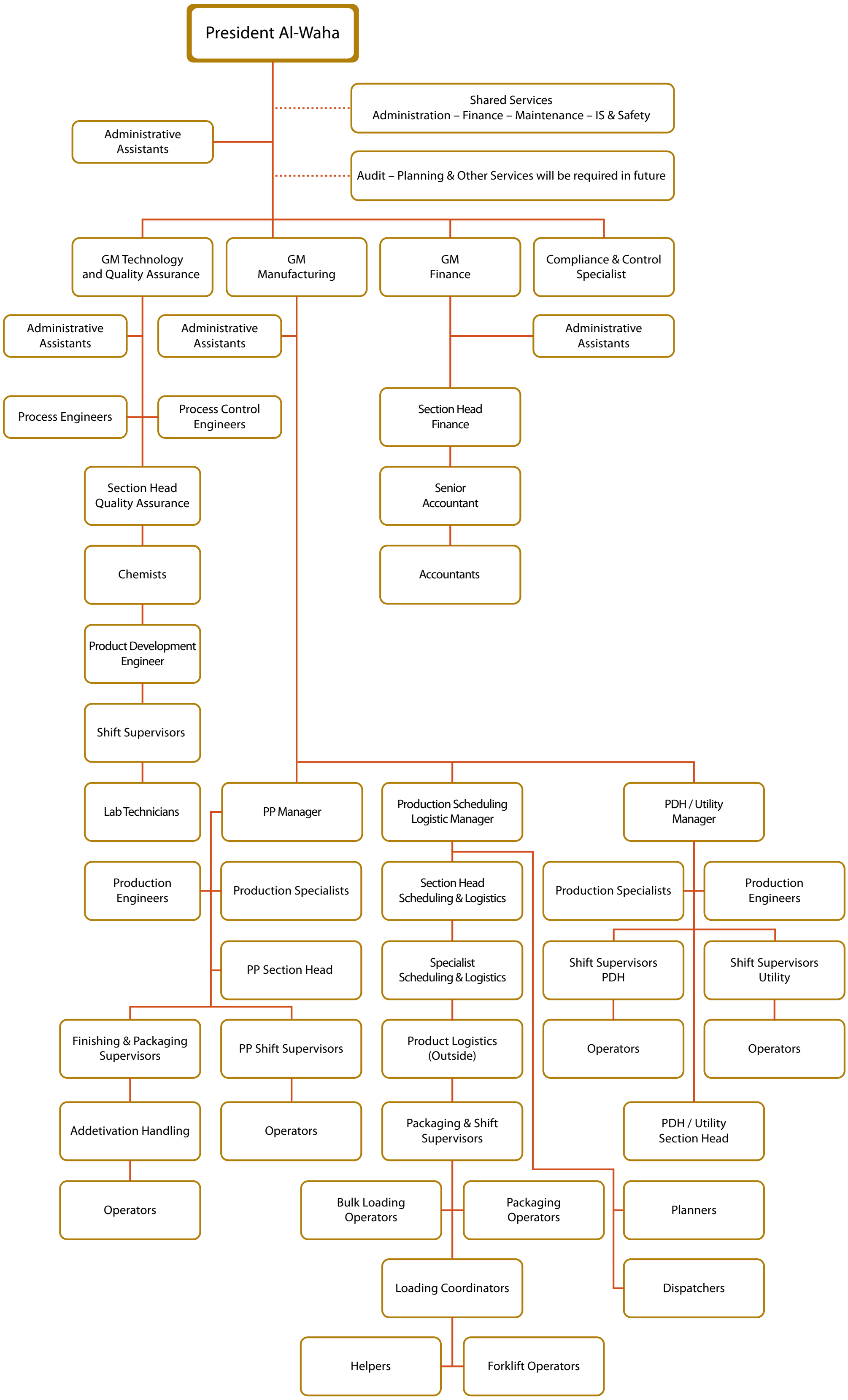
6.3.1 Board of Directors of Al Waha

The Profiles of the Board of Directors of Al Waha are shown below:

Tariq Mutlaq Al-Mutlaq	**Please see section 6.1.1 "Board of Directors of Sahara"**
Jabr Abdulrahman Al-Jabr	**Please see section 6.1.1 "Board of Directors of Sahara"**
Eng. Esam Fouad Himdy	**Please see section 6.1.1 "Board of Directors of Sahara"**
Manual Fraga, 60 **Director**	
Education	Mr. Fraga graduated from the University of Santiago in Spain in 1972 with a Bachelors degree in Chemistry. He also did a program in International Marketing at Insead in 1996.
Work Experience	He has been the Country Manager of Basell, Spain and Portugal between 2005 and 2008 with additional responsibility of managing the operations of Basell subsidiaries in Argentina & Brazil. Between 2002 and 2005, he was the Senior Vice President for Marketing and Sales of Polyethylene at Basell, Germany. He served as the Managing Director of Targor AG, Spain & Portugal between 1997 and 2002. Prior to that, he served in various positions in BASF, where his last position was as a Board member of the Plastics division of BASF in Spain.
ID No.	Spanish ID No. AC655292
Address	C/o. Basell Polyolefins, AV Diagonal, 615, 4-08028 Barcelona, Spain
Yves Bonte, 47 **Director**	
Education	Mr. Bonte graduated from the University of Leuven in Belgium in 1986 with a degree in Engineering. He subsequently completed his post graduation in Business Management from the same university in 1988.
Work Experience	He was appointed a Senior Vice President at LyondellBasell in 2008. Between 2000 and 2007, he served in various positions in the Basell Group including as Senior Vice President for Polyolefin Products at Basell Europe, Senior Vice President for Sales & Marketing at Basell International and Vice President for Strategic Marketing of PP & PE at Basell Europe. Between 1996 and 2000, he held different positions at Montell Polyolefins including Marketing Manager for Polypropylene Resins, Europe and Product Manager for Cattalloy Resis. Between 1992 and 1995, he was Product Manager for New Businesses at Himont. Prior to that, between 1987 and 1992, he served in various positions in Exxon Chemical Corporation where his last position was Sales Manager, Polypropylene and EPDM Rubber, North Europe.
ID No.	Belgian ID No. EF818466
Address	C/o. Basell Deutschland GmbH, Bruhler Strabe 60, 50389 Wesseling, Germany
Saleh Bahamdan	**Please see section 6.1.2 "Senior Management of Sahara"**

6.3.2 Senior Management of Al Waha

Exhibit 6.5: Al Waha's Organization Chart



The Profiles of the Senior Management of Al Waha are shown below:

Omar Bahobail, 41 **President**	
Education	Mr. Bahobail was awarded B.Sc. degree in Mechanical Engineering by KFUPM, Dhahran in 1991.
Work Experience	He was appointed as President of Al Waha in 2009. Prior to joining Sahara in 2004 and shortly thereafter Al Waha as General Manager, Manufacturing, Mr Bahobail had spent 13 years from 1991 to 2004 with Ibn Zahr mainly in managerial maintenance and production positions, most recently as the Production Manager for the polypropylene plant.During his three years in this position he had overall management responsibility for all aspects of the plant operations including non-process activities such as packaging and shipping.
ID No.	Saudi ID No. 1029227657
Address	P.O. Box 11166, Jubail31961, Saudi Arabia

Razi Malik, 62 **GM, Finance**	
Education	Mr. Malik became a Fellow of the Institute of Chartered Accountants in England & Wales in 1972. He graduated with a Bachelor's degree in Commerce from Sind University, Hyderabad, Pakistan in 1966.
Work Experience	Mr. Malik has been working as G. M, Finance, Al-Waha since 2005. Prior to that Mr. Malik has held various positions with different companies. He worked as Finance Manager with Gulf Stabilizers (GSI), from 2000 to 2004, Financial Controller with National Commercial Bank from 1992 to 2000, Senior VP, Finance with Crescent Steel and Allied Products Ltd, Pakistan from 1989 to 1992, Finance Manager with Parkland Cement Ltd., Pakistan from 1986 to1989, Head of Internal Audit with Saudi Hollandi Bank from 1983 to 1985, Senior Auditor with PricewaterhouseCoopers from 1981 to1983 and Financial Controller with Al-Juffali Brothers (AMI) from 1979 to 1981.
ID No.	Saudi ID No. 2074364833
Address	P.O. Box 11166, Jubail31961, Saudi Arabia

Dr. David Fischer, 45 **GM, Technology**	
Education	Dr. Fischer holds a Diploma in Chemistry from the University of Cologne which was awarded in 1989. He later completed his Doctorate in Polymer Chemistry from the University of Friburg in 1992.
Work Experience	Dr. Fischer joined Al Waha as GM, Technology & QA in 2008. Prior to that he held different positions in Basell Polyolefins between 2000 and 2007 including that of Business Unit Leader (Technology Line) and Core Project Leader (Metocene). Before joining Basell Polyolefins, he served as Managing Director (Metocene Technology) and as R&D Manager at Targor Gmbh between 1997 and 2000. Prior to that he was an R&D Chemist at BASF AG between 1993 and 1997 before which he had a post doctoral stint at Stanford University between 1992 and 1993.
ID No.	Saudi ID No. 2250757669
Address	P.O. Box 11166, Jubail 31961, Saudi Arabia

The tables below list the members of Board of Directors and Senior Management of Al Waha who owned shares of Sahara as of July 1, 2009.

Exhibit 6.6: Direct and Indirect Share Ownership in Sahara of Board of Directors and Senior Management of Al Waha as of July 1, 2009

Name	Position	Number of Shares Owned Directly	Shares Held by Relatives and Affiliated Entities	Percentage of Total Shares (%)
Tariq Mutlaq Al-Mutlaq	Chairman	-	1,550,000[9]	0.83%
Jabr Abdulrahman Al-Jabr	Member	-	7,500,000[4]	4.0%
Eng. Esam Fouad Himdy	Member	79,000	-	<0.1%
Manual Fraga	Member	-	-	-
Yves Bonte	Member	-	-	-
Saleh Bahamdan	Member	4,000	-	<0.1%
Omar Salem Saeed Bahobail	President	-	-	-
Razi Malik	GM, Finance	-	-	-
Dr. David Fischer	GM, Technology	-	-	-

Source: Sahara

6.3.3 Board of Directors of SEPC

The Profiles of the Board of Directors of SEPC are shown below:

Mubarak Abdullah Al-Kafrah, 63 **Chairman**	
Education	Mr. Al-Khafrah was awarded a B.Sc. in Industrial Engineering by the West Mesegaine University in USA in 1973. He also compeletd an Advanced Diploma in Management from the Canada University in Canada in 1976.
Work Experience	Mr. Al-Khafrah is the Chairman on the Boards of Saudi Hollandi Bank since 2007, TSOC since 2006, Malath Insurance Company since 2007, Saudi Polyolefins Company since 2001, Saudi Methanol Company since 2001 and Tasnee since 1998. He was a member of the Majlis Ash Shura (Consultative Council) between 1997 and 2001. He also served as Deputy Minister for Industrial Affairs, Ministry of Industry and Electricity, Saudi Arabia between 1986 and 1997, Acting Deputy Minister for Industrial Affairs, Ministry of Industry and Electricity, Saudi Arabia between1984 and 1986, Secretary General, Foreign Capital Investment Committee, Ministry of Industry and Electricity, Saudi Arabia between 1977 and 1984, Director of the Engineering and Projects Department, Ministry of Industry and Electricity, Saudi Arabia between 1975 and 1977 and as Director of the Industrial Protection Department, Ministry of Industry and Electricity, Saudi Arabia between 1973 and 1975.
ID No.	Saudi ID No. 1011699988
Address	P.O. Box 1679, Riyadh 11441, Saudi Arabia

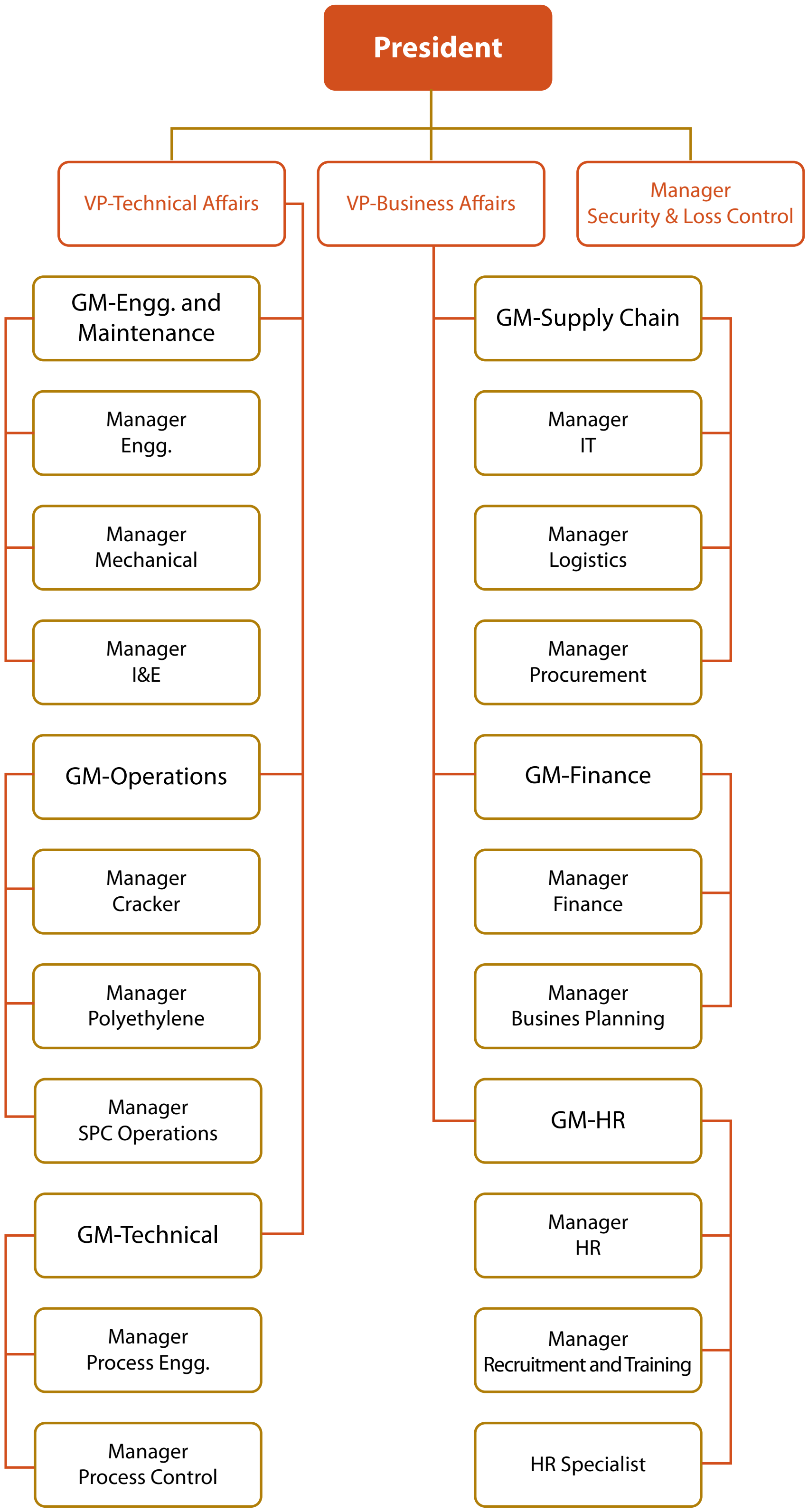
Dr. Moayyed Al-Qurtas, 63 **Vice Chairman**	
Education	Dr. Al-Qurtas was awarded a Bachelor's degree in Chemical Engineering by Baghdad University, Iraq in 1968 and a Ph.D. in Management by Bradford University, UK in 2003.
Work Experience	He is currently the Vice Chairman and Managing Director of Tasnee and TSOC since 2006 before which he was Chief Executive at Tasnee since 1996. He served as Director General, R&D at SABIC between 1994 and 1996. Between 1991 and 1994, he was the Chairman of the Board of Ibn Zahr, an affiliate of SABIC and between 1998 and 1991, he was Chairman of the Board of another SABIC affiliate, Ibn Al-Baytar.
Other Positions	He is the Chairman of the Boards of four Tasnee affiliates – Maadaniyah since 1997, Rasaas since 1996, Rowad since 1997 and National Industrialisation Marketing Company since 2002. He is also the Vice Chairman of the Board of Saudi Polyolefins Company since 2001.
ID No.	Saudi ID No. 1010248621
Address	P.O. Box 11496, Riyadh 11496, Saudi Arabia

Saleh Fahad Al-Nazha, 51 **Managing Director**	
Education	Mr. Al-Nazha earned a Bachelor's degree in Chemical Engineering from King Saud Univeristy in 1982.
Work Experience	He was appointed as Managing Director in 2009. He is the Executive President of Saudi Polyolefins Company since 2001. Prior to that, he was Director – Technical Affairs at two companies – Eastern Petrochemical Company between 1997 and 2001 and National Industrialisation Gas Company between 1993 and 1997. Prior to that he held various positions in Kemya between 1982 and 1993 including that of Section Head – Process Engineering, Superintendent – Operations.
ID No.	Saudi ID No. 1016784629
Address	P.O. Box 35579, JIC 31961, Saudi Arabia

Fahad Abdullah Al-Zamil	**Please see section 6.2.3 "Remunerations & Nominations Committee"**
Dr. Talal Ali Al-Shair, 56 **Director**	
Education	Dr. Al-Shair received his BS in Chemical Engineering from Maine State University, USA in 1977. He later received an MBA from the same university in 1978. He was awarded a Ph.D. in International Business Administration in 1987 by the Kennedy – Western University, California, USA.
Work Experience	He founded Shairco Limited, a company specialised in developing and investing in industrial projects, in 1979 and has been its CEO since then.
ID No.	1029437959
Address	P.O. Box 9301, Jeddah 21413, Kingdom of Saudi Arabia
Eng. Esam Fouad Himdy	**Please see section 6.1.1 "Board of Directors of Sahara"**
Manual Fraga	**Please see section 6.3.1 "Board of Directors of Al Waha"**
Yves Bonte	**Please see section 6.3.1 "Board of Directors of Al Waha"**

6.3.4 Senior Management of SEPC

Exhibit 6.7: SEPC's Organization Chart



The Profiles of the senior management of SEPC are shown below:

Saleh Fahad Al-Nazha	**Please see section 6.3.3 "Board of Directors of SEPC"**
Abdulmohsen Al-Omran, VP, Business Affairs	
Education	Mr. Al-Omran earned a Bachelor's degree in Business Administration from the USA in 1983.
Work Experience	He is currently the Vice President – Fianance & Administration at Saudi Polyolefins Company and has been in this position since 2002. Between 1984 and 2002, he has been in various positions in Saudi Petrochemical Company (SADAF) including Manager – Finance, Manager – Treasury and Supervisor – Accounting & Reporting.
ID No.	Saudi ID No. 1027688157
Address	PO Box 35579, Jubail, Saudi Arabia

Harth Al-Qurtas, GM, Engineering & Maintenance	
Education	Mr. Al-Qurtas earned a degree in Applied Electrical Engineering from the King Fahad University of Petroleum & Minerals in 1993.
Work Experience	He is currently GM, Engineering & Maintenance at Saudi Polyolefins Company since 2006. Prior to that he served in various positions between 2002 and 2006 at United – SABIC including as Maintenance Manager and Maintenance Team Leader. Prior to joining United – SABIC, he worked as an Engineer in Petrokemya – SABIC between 1994 and 2002.
ID No.	Saudi ID No. 1017129808
Address	PO Box 35579, Jubail, Saudi Arabia

Sameer Al-Humaidan, VP, Technical Affairs	
Education	Mr. Al-Humaidan earned his B.S. in Mechanical Engineering from the University of Petroleum and Minerals, Dhahran in 1980
Work Experience	Since 2002 till date, he has been VP, Technical at Saudi Polyolefins Company. Between 1995 and 2002, he has been Maintenance Manager at Saudi Electricity Company, prior to which he was Superintendent of Maintenance at Saudi Aramco between 1987 and 1994. Before joining Saudi Aramco, he was involved in the management of the steel fabrication and manufacturing facility of Industrial Service Company between 1985 and 1987 prior to which worked as a Mechanical Engineer in the same company.
ID No.	Saudi ID No. 1020566483
Address	PO Box 35579, Jubail, Saudi Arabia

C. H. AbdulRaheem, GM, Finance	
Education	He earned his Bachelor's degree in Commerce from the Univeristy of Calicut, India in 1971. He became a Fellow of the Institute of Chartered Acountants of India in 1976.
Work Experience	He has been the GM, Finance at Saudi Polyolefins Company since 2004. Prior to that, he was Managing Director between 1999 ad 2004 and Director – Finance between 1991 and 1999 at Integrated Rubian Exports. Between 1983 and 1991, he served in various positions in Saudi Petrochemical Company (SADAF) including as Advisor to the Vice President – Finance. Between 1976 and 1983, he served in various positions in Galadari Brothers including as Corporate Manager – Finance & Accounts and as Chief Accountant.
ID No.	Saudi ID No. 2196792861
Address	PO Box 35579, Jubail, Saudi Arabia

Ahmed Al-Ghamdi, GM, Operations	
Education	Mr. Al-Ghamdi earned his Bachelor's degree in Applied Chemical Engineering from King Fahad University of Petroleum & Minerals in 1992.
Work Experience	He joined Saudi Polyolefins Company in March 2008 as GM, Operations. He was in various positions in Petrokemya – SABIC between 1992 and 2008 including Operations Manager.
ID No.	Saudi ID No. 1060709852
Address	PO Box 35579, Jubail, Saudi Arabia

The tables below list the members of Board of Directors and Senior Management of SEPC who owned shares of Sahara as of June 30, 2008.

Exhibit 6.8: Direct and Indirect Share Ownership in Sahara of Board of Directors and Senior Management of SEPC as of Jully 1, 2009

Name	Position	Number of Shares Owned Directly	Shares Held by Relatives and Affiliated Entities	Percentage of Total Shares (%)
Mubarak Abdullah Al-Khafrah	Chairman	-	-	-
Dr. Moayyed Al-Qurtas	Vice Chairman	-	-	-
Saleh Fahad Al-Nazha	Managing Director	-	-	-
Fahad Abdullah Al-Zamil	Member	3,050,000	25,506,596[15]	15.23%
Dr. Talal Al-Shair	Member	-	-	-
Eng. Esam Fouad Himdy	Member	79,000	-	<0.1%
Manual Fraga	Member	-	-	-
Yves Bonte	Member	-	-	-
Abdulmohsen Al-Omran	VP, Business Affairs	-	-	-
Harth Al-Qurtas	GM, Engineering and Maintenance	-	-	-
Sameer Al-Humaidan	VP, Technical Affairs	-	-	-
C. H. AbdulRaheem	GM, Finance	-	-	-
Ahmed Al-Ghamdi	GM, Operations	-	-	-

Source: Sahara

15 This includes shares owned by Zamil Group Holding Company as well as shares owned by H.E. Engineer Abdulaziz Abdullah Al-Zamil, Khalid Abdullah Hamad Al-Zamil, Dr. Abdulrahman Abdullah Hamad Al-Zamil, Adeeb Abdullah Hamad Al-Zamil, Bandar Abdulrahman Abdullah Al-Zamil and Ayman Abdulaziz Al-Zamil.

7 USE OF PROCEEDS

7.1 Use of Proceeds from the Rights Issue

The total proceeds of the Offering are estimated at SAR 1,050.3 million, of which SAR 19.5 million are allocated to fees and expenses in connection with the Offering, including fees of each of the Financial Advisor, Lead Manager, Legal Advisors to the Offering, Underwriter's Legal Counsel, Reporting Accountants, Industry Consultants, in addition to underwriting expenses and other Offering related expenses.

The net proceeds of SAR 1,030.8 million will be used to fund (i) Sahara's equity investment in New Projects, (ii) Sahara's investment in shared services and (iii) the Company's employee home ownership program. Detailed breakdown is given below:

Exhibit 7.1: Use of Proceeds from the Rights Issue

Description	Total Cost (SAR million)	Sahara's Contribution (SAR million)	% of Total
Investment in ACVC	1,756.9	307.5	29.28%
Investment in SAMC	2,270.1	184.7	17.59%
Investment in SAP Project	835.5	68.0	6.47%
Investment in Shared Services			
Administration Building and Other Facilities	114.9	114.9	10.94%
Furniture and Office Equipment	1.5	1.5	0.14%
Maintenance Workshop	13.2	13.2	1.26%
Information Technology Hardware and Software	11.6	11.6	1.10%
Vehicles	3.9	3.9	0.37%
Expenditure Relating to the Development of New Projects			
Feasibility Studies	1.5	1.5	0.14%
Allocated Shared Services Costs	2.1	2.1	0.20%
Workshops and Seminars	1.5	1.5	0.14%
Employee Home Ownership Program	267.7	267.7	25.49%
Projected Administrative Expenses	27.4	27.4	2.61%
Payment of Commission on Bridge Loans	25.4	25.4	2.42%
Rights Issue Fees and Expenses	19.5	19.5	1.85%
Total	5,352.7	1,050.3	100.00%

Source: Sahara

7.1.1 Investment in ACVC

Sahara and Ma'aden are contemplating entering into an Ethylene Dichloride project with an integrated caustic/chlorine industrial complex ("ACVC") at Jubail Industrial City of Saudi Arabia. ACVC was granted an industrial license number 1455/S on 10/6/1428H but it has not yet been incorporated.

Total cost of the project is estimated to be SAR 1,756.9 million. Management of Sahara anticipates that the two project sponsors (Sahara and Ma'aden) will provide SAR 614.9 million in total equity funding, out of which Sahara's contribution will be SAR 307.45 million. SAR 600 will be raised through SIDF. Sahara applied for SIDF's funding in June 2008 and has received the feedback that the loan application will be processed on incorporation of ACVC. The rest (SAR 542 million) will be raised through a Shariah-compliant commercial loan. In this regard, Sahara has obtained a financing commitment from FEB and BAJ in the aggregate amount of SAR 1,698.75 million for the New Projects (ACVC, SAMC and SAP Project). This joint commitment expires on 31 August 2009. The terms of the loan would be finalized after the JV agreements between the JV partners are signed. Once ACVC, SAMC and the SAP Project's company are incorporated, these companies will use the commitment from FEB and BAJ to raise SAR 542 million, SAR 989 million and SAR 167 million on their respective balance sheets.

Exhibit 7.2: Estimated ACVC Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	82.1%	1,442.8
License fees	4.3%	75.0
Development costs	2.2%	39.4
Pre-operating costs	1.0%	18.1
Contingency	4.1%	72.1
Finance costs during construction	5.1%	89.6
Initial Working Capital	1.1%	19.9
Total	100.0%	1,756.9

Sources of Funding (SAR million)			
Equity	35.0%		614.9
Sahara		307.45	
Ma’aden		307.45	
SIDF loan	34.2%		600.0
Commercial loan	30.8%		542.0
Total	100.0%		1,756.9

Source: Sahara

7.1.1.1 EPC costs

These costs are associated with engineering, procurement and construction of the project. Development of ACVC can be divided into three phases each with some overlapping with the next phase. The first phase is the Pre-EPC, Engineering & Procurement Phase, followed by the Procurement & Construction Phase and finally the Construction and Commissioning Phase. Once the project is awarded to the EPC contractor, it takes approximately 30 months for engineering, procurement and construction of the project to be completed. 40% of the costs are expected to be incurred in the first year, 40% in the second year and 20% in the third year.

First year expenses will mainly relate to engineering costs, placement of orders and down payments for the purchase of equipment. Second year expenses will relate to payment for procurement and construction activities while third year expenses will relate to construction and commissioning costs.

7.1.1.2 Licensing costs

These costs will include license fees related to the use of technology and proprietary equipment of the licensor. 80% of the fees will be incurred in the first year of project’s development period while 20% of the fees will be incurred at the end of the successful test run of the project. This test run will be conducted at the end of the project’s development period.

7.1.1.3 Development costs

These costs will include expenses related to land lease, salaries of the employees, formation of the company, legal consultancy, travel, recruitment, training, financial advisory, management consultancy services, insurance and purchase of vehicles and furniture. These costs will be incurred throughout the 30-month development period.

7.1.1.4 Pre-operating costs

These costs mainly relate to the technical expertise that Sahara will need during the construction period and expenses relating to the pre-commissioning and commissioning of the project.

7.1.1.5 Contingency

Funds are usually allocated for contingency to accommodate any change in the scope of the project and rise in the prices of manpower and/or services.

7.1.1.6 Finance costs during construction

These include interest costs and other expenses related to the use of debt financing.

7.1.1.7 Initial working capital

This is required to bridge the gap between accounts receivables and payables as well as to build an inventory of products and raw materials required for the project. These expenses are incurred during the period between the commissioning of the project and start-up of the plant.

Exhibit 7.3: Breakdown of ACVC costs by phase (SAR million)

Type of Cost	Pre-EPC, Engineering & Procurement Phase	Procurement and Construction Phase	Construction and Commissioning Phase	Total
EPC cost	577.1	577.1	288.6	1,442.8
License fees	60.0	0.0	15.0	75.0
Development cost	15.8	15.8	7.9	39.4
Pre-operating cost			18.1	18.1
Contingency	28.8	28.8	14.4	72.1
Finance costs during construction	35.8	35.8	17.9	89.6
Initial working capital			19.9	19.9
Total	717.6	657.6	381.8	1,756.9

Source: Sahara

The pre-EPC activities of the ACVC project have already commenced and Sahara expects the first phase to be completed by December 2011. The second phase is expected to stretch between July 2010 and June 2012, while the third phase is expected to stretch between July 2011 and September 2012.

7.1.2 Investment in SAMC

TSOC and Rohm and Hass Denmark Finance A/S, a subsidiary of Rohm and Hass Company, are contemplating entering into a joint venture to develop an integrated downstream petrochemical complex at Jubail Industrial City of Saudi Arabia for production of Acrylic Acid and Commodity Acrylates. Sahara expects the industrial licence to be granted before the end of this year, after which SAMC will be incorporated.

Total cost of the project is estimated to be SAR 2.27 billion. The equity required for this industrial complex is SAR 681 million, out of which SAAC will contribute SAR 511 million while Rohm & Hass will contribute SAR 170 million. Of the SAR 511 million contributed by SAAC, SAR 76.6 million will be contributed by Sahara owing to its direct ownership of 15% in SAAC and another SAR 108 million would be contributed by Sahara owing to its indirect ownership of 21.16% in SAAC. SIDF funding will contribute SAR 600 million while the loan from FEB and BAJ will complete the financing requirements of SAMC.

Exhibit 7.4: Estimated SAMC Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	73.3%	1,665.0
License fees	2.5%	56.2
Development costs	2.5%	56.2
Pre-operating costs	0.8%	17.6
Contingency	14.7%	333.0
Finance costs during construction	5.2%	117.2
Initial Working Capital	1.1%	24.8
Total	100.0%	2,270.1

Sources of Funding (SAR million)			
Equity	30.0%		681.0
Sahara		184.7	
Others		496.4	
SIDF loan	26.4%		600.0
Commercial loan	43.6%		989.1
Total	100.0%		2,270.1

Source: Sahara

7.1.2.1 EPC costs

These costs are associated with engineering, procurement and construction of the project. Development of SAMC can be divided into three distinct phases. These are engineering phase which lasts about 12 months, procurement and construction phase which also lasts about 12 months, and construction and commissioning phase which lasts about 6 months. Therefore, once the project is awarded to the EPC contractor, it takes approximately 30 months for engineering, procurement and construction of the project to be completed. 40% of the costs are expected to be incurred in the first year, 40% in the second year and 20% in the third year.

First year expenses will mainly relate to engineering costs, placement of orders and down payments for the purchase of equipment. Second year expenses will relate to payment for procurement and construction activities while third year expenses will relate to construction and commissioning costs.

7.1.2.2 Licensing costs

These costs will include license fees related to the use of technology and proprietary equipment of the licensor. 80% of the fees will be incurred in the first year of project's development period while 20% of the fees will be incurred at the end of the successful test run of the project. This test run will be conducted at the end of the project's development period.

7.1.2.3 Development costs

These costs will include expenses related to land lease, salaries of the employees, formation of the company, legal consultancy, travel, recruitment, training, financial advisory, management consultancy services, insurance and purchase of vehicles and furniture. These costs will be incurred throughout the 30-month development period.

7.1.2.4 Pre-operating costs

These costs mainly relate to the technical expertise that Sahara will need during the construction period and expenses relating to the pre-commissioning and commissioning of the project.

7.1.2.5 Contingency

Funds are usually allocated for contingency to accommodate any change in the scope of the project and rise in the prices of manpower and/or services. The reason why contingency expenses are 14.4% of the total costs is that SAMC project is in the early stages of its planning. As the project enters into its engineering phase, cost estimates will get more and more refined.

7.1.2.6 Finance costs during construction

These include interest costs and other expenses related to the use of debt financing.

7.1.2.7 Initial working capital

This is required to bridge the gap between accounts receivables and payables as well as to build an inventory of products and raw materials required for the project. These expenses are incurred during the period between the commissioning of the project and start-up of the plant.

Exhibit 7.5: Breakdown of SAMC costs by phase (SAR million)

Type of Cost	Engineering Phase	Procurement and Construction Phase	Construction and Commissioning Phase	Total
EPC cost	666.0	666.0	333.0	1,665.0
License fees	45.0	0.0	11.2	56.2
Development cost	22.5	22.5	11.2	56.2
Pre-operating cost			17.6	17.6
Contingency	133.2	133.2	66.6	333.0
Finance costs during construction	46.9	46.9	23.4	117.2
Initial working capital			24.8	24.8
Total	913.5	868.6	488.0	2,270.1

Source: Sahara

The pre-EPC activities of the SAMC project have already commenced and Sahara expects the first phase to be completed by December 2011. The second phase is expected to stretch between July 2010 and June 2012, while the third phase is expected to stretch between July 2011 and September 2012.

7.1.3 Investment in SAP Project

This joint venture will use the Acrylic Acid produced at SAMC as feedstock to produce Superabsorbent Polymers. At present, Sahara is in the process of finding a suitable joint venture partner with whom it can enter into this joint venture,

The equity required for SAP Project is SAR 250.6 million, which represents 30% of the total project costs of SAR 835.5 million. Of the SAR 250.6 million, SAAC will contribute SAR 188 million while the JV partner will contribute SAR 62.6 million. Of the SAR 188 million contributed by SAAC, SAR 28 million will be contributed by Sahara owing to its direct ownership of 15% in SAAC and another SAR 40 million would be contributed by Sahara owing to its indirect ownership of 21.16% in SAAC. It is anticipated that the Saudi Industrial Development Fund will contribute a total of SAR 417.7 million to complete the financing requirements of SAP Project. The remaining debt funding of SAR 167.1 million is expected to come from FEB and BAJ.

Exhibit 7.6: Estimated SAP Project Costs

Total Projected Costs (SAR million)	%	Cost
EPC	69.1%	577.5
License fees	4.5%	37.5
Development costs	3.6%	30.0
Pre-operating costs	1.4%	11.7
Contingency	13.8%	115.5
Finance costs during construction	5.8%	48.2
Initial Working Capital	1.8%	15.1
Total	100.0%	835.5

Sources of Funding (SAR million)			
Equity	30.0%		250.6
Sahara		68.0	
Others		182.6	
SIDF loan	50.0%		417.7
Commercial loan	20.0%		167.1
Total	100.0%		835.5

Source: Sahara

7.1.3.1 EPC costs

These costs are associated with engineering, procurement and construction of the project. Development of SAP Project can be divided into three distinct phases. These are engineering phase which lasts about 12 months, procurement and construction phase which also lasts about 12 months, and construction and commissioning phase which lasts about 6 months. Therefore, once the project is awarded to the EPC contractor, it takes approximately 30 months for engineering, procurement and construction of the project to be completed. 40% of the costs are expected to be incurred in the first year, 40% in the second year and 20% in the third year.

First year expenses will mainly relate to engineering costs, placement of orders and down payments for the purchase of equipment. Second year expenses will relate to payment for procurement and construction activities while third year expenses will relate to construction and commissioning costs.

7.1.3.2 Licensing costs

These costs will include license fees related to the use of technology and proprietary equipment of the licensor. 80% of the fees will be incurred in the first year of project's development period while 20% of the fees will be incurred at the end of the successful test run of the project. This test run will be conducted at the end of the project's development period.

7.1.3.3 Development costs

These costs will include expenses related to land lease, salaries of the employees, formation of the company, legal consultancy, travel, recruitment, training, financial advisory, management consultancy services, insurance and purchase of vehicles and furniture. These costs will be incurred throughout the 30-month development period.

7.1.3.4 Pre-operating costs

These costs mainly relate to the technical expertise that Sahara will need during the construction period and expenses relating to the pre-commissioning and commissioning of the project.

7.1.3.5 Contingency

Funds are usually allocated for contingency to accommodate any change in the scope of the project and rise in the prices of manpower and/or services. The reason why contingency expenses are 13.8% of the total costs is that SAP Project is in the early stages of its planning. As the project enters into its engineering phase, cost estimates will get more and more refined.

7.1.3.6 Finance costs during construction

These include interest costs and other expenses related to the use of debt financing.

7.1.3.7 Initial working capital

This is required to bridge the gap between accounts receivables and payables as well as to build an inventory of products and raw materials required for the project. These expenses are incurred during the period between the commissioning of the project and start-up of the plant.

Exhibit 7.7: Breakdown of SAP Project costs by phase (SAR million)

Type of Cost	Engineering Phase	Procurement and Construction Phase	Construction and Commissioning Phase	Total
EPC cost	231.0	231.0	115.5	577.5
License fees	30.0	0.0	7.5	37.5
Development cost	12.0	12.0	6.0	30.0
Pre-operating cost			11.7	11.7
Contingency	46.2	46.2	23.1	115.5
Finance costs during construction	19.3	19.3	9.6	48.2
Initial working capital			15.1	15.1
Total	338.5	308.5	188.5	835.5

Source: Sahara

The pre-EPC activities of the SAP project have already commenced and Sahara expects the first phase to be completed by December 2011. The second phase is expected to stretch between July 2010 and June 2012, while the third phase is expected to stretch between July 2011 and September 2012.

7.1.4 Investment in Shared Services

This capital expenditure relates to the following:

7.1.4.1 Construction of new premises

As of December 31, 2008, Sahara had 157 employees which rose from 122 at the end of March 2008. This increase in staff strength was necessary as the Company nears commencement of operations at its associates. In order to accommodate more than 240 employees, Sahara will have to move its offices to a new building in Jubail which it plans to build on atotal area of 5,763 square meters. Construction of this building will be carried out in two phases.

- During the first phase an administration building, cafeteria, sub-station and security buildings will be constructed.
- During the second phase a clinic, mosque, car parks and roads will be constructed, equipment for the cafeteria will be bought, area in front of the main gate will be landscaped and, a security system will be installed. Furthermore, work related to interior design and decoration will also form part of this phase.

Contractor for this project is Rakan Trading and Contracting Company (“Rakan”). Rakan started work on the project in March 2008 and expect to complete it by July 2009. Breakdown of costs during each phase is given below:

Exhibit 7.8: Breakdown of the cost for new premises by phase (SAR million)

PHASE - I	Cost	Expected Completion Date
Mobilization	1.9	July 2009
Administration Building	38.4	
Cafeteria	4.9	
Security Building	5.1	
Sub-Station	3.0	
Sub-Total	53.3	

PHASE - II	Cost	Period
Clinic	1.4	July 2009
Training Building	3.4	
Mosque	2.5	
Guard House	0.5	
Area 1 - Administration Building	13.6	
Area 2 - Parking Area	3.6	
Area 3 - Entrance and Connecting Roads	1.7	
Area 4 - Roundabout and Connecting Roads	1.6	
Security System	22.0	
Furniture	5.0	
Kitchen Equipment	1.7	
Documents Storage	0.5	
Building Décor and Interior Design	2.0	
Landscaping	0.2	
Consultancy	0.7	
Closeout Documents	0.3	
Punch List	0.3	
Demobilization	0.6	
Sub-Total	61.6	
TOTAL	114.9	

Source: Sahara

7.1.4.2 Furniture & Office Equipment

Furniture and office equipment for employees (SAR 1.3 million) and special furniture for training areas (SAR 0.2 million).

7.1.4.3 Maintenance Workshop

Tools and equipment for maintenance workshop (SAR 4.0 million), documentation system including engineering codes and system (SAR 4.0 million), software (SAR 4.0 million), temporary on-site office for maintenance staff (SAR 0.6 million) and medical equipment (SAR 0.6 million).

7.1.4.4 IT Hardware & Software

Personal computers for employees and notebooks for the Company's executives, managers, and senior staff (SAR 1.1 million), network and communication setup (SAR 4.5 million), SAP ERP implementation cost including a training fee (SAR 3.3 million), uninterrupted power supply system (SAR 0.7 million), frequency radio identification system (SAR 0.6 million), copiers and printers (SAR 0.7 million), bar coding system (0.6 million) and LCD screens for meeting rooms (SAR 0.1 million).

7.1.4.5 Vehicles

One heavy duty and one light crane (SAR 2.2 million), trucks and forklifts for Maintenance and Technical function (SAR 0.5 million); vehicles for the Procurement department (SAR 0.1 million), diesel and electric forklifts (SAR 0.4 million), vehicles for security guards, administration and government relations officers (SAR 0.7 million).

7.1.5 Expenditure Relating to the Development of Projects

This includes the cost of preparing feasibility studies for possible joint ventures that the Company may enter into (SAR 1.5 million). These projects would be decided by Sahara's Board at future points in time depending on their assessment of which projects would present value add to Sahara's business. The feasibility studies would be conducted by consultants specialising in the type of project chosen by the Board.

These costs also include costs relating to shared services, such as IT, HR, business development etc., that may be incurred by Sahara for the development of such projects (SAR 2.1 million) and attendance of various workshops and seminars relating to project development process (SAR 1.5 million). These costs were estimated on the basis that 10% of Sahara's shared services costs would be spent on shared services for development of such projects.

7.1.6 Employee Home Ownership Program

As part of the Company's efforts to retain its employees, Sahara intends to construct and furnish 200 villas to be provided to its Saudi employees on a capital lease basis. Such home ownership programs are already in place at some of the Company's competitors, including National Industrialization Company ("Tasnee"), Saudi International Petrochemical Company ("Sipchem") and Saudi Basic Industries Corporation ("Sabic"). Sahara, therefore, considers this program to be an essential part of its ability to attract and retain quality work force.

Sahara's Board of Directors approved the establishment of employee home ownership program through a Board Resolution number 56/2007 issued on November 06, 2007. Furthermore, the Company has also requested the Royal Commission for Jubail and Yanbu to allocate land for this purpose.

Sahara intends to provide two types of housing – Type I and Type II – to its employees depending upon their seniority. Of the current staff strength, Sahara plans to provide Type I housing to 8 employees and Type II housing to 23 employees. In addition, Al Waha plans to provide Type I housing to 3 employees and Type II to 11 employees. Together, Sahara and Al Waha plan to provide 11 units of Type I and 34 units of Type II houses to its current employees. Based on the estimates of Civil Work Contractors such as Abdullah Al Mishal and Sahara's own studies, the cost of each Type I house is expectd to be SAR 1.45 million and for each Type II house it is expected to be SAR 1,325,000. The total cost of providing housing to the current employees is hence estimated to be SAR 61 million.

Sahara also estimates that Sahara and Al Waha would have to provide an additional 11 units of Type I housing and 144 units of Type II housing for the employees expected to join the companies in the coming years. At the cost of SAR 1.45 million and SAR 1,325,000 for each Type I and Type II housing unit respectively, the cost of proving housing to the employees yet to join is estimated at SAR 206.75 million.

The total cost of the home ownership program is hence estimated to be SAR 267.75 million.

The Phase-wise construction of the homes is expected to be as shown below:

Exhibit 7.9: Phase-wise construction of the homes

Particulars	Phase I			Phase II			Phase III			Grand Total
	Type I	Type II	Total	Type I	Type II	Total	Type I	Type II	Total	
No. of Villas	11	34	45	6	74	80	5	70	75	200
Cost per unit (SAR Million)	1.45	1.325	-	1.45	1.325	-	1.45	1.325	-	-
Cost (SAR Million)	15.95	45.05	61.00	8.70	98.05	106.75	7.25	92.75	100.00	267.75
Project completion	24 – 28 Months from the Royal Commission's sanction			32 – 36 Months from the Royal Commission's sanction			40 – 42 Months from the Royal Commission's sanction			-

Source: Sahara

7.1.7 Payment of Commission on Bridge Loans

This relates to the payment of commission on the loans taken as bridge facilities to finance the development of New Projects in advance of receipt of the proceeds from the Right Issue. As a pre-condition for SIDF funding, all initial development costs have to be paid through equity. Therefore, the Company had arranged this bridge loan facility in April 2008 to ensure that Sahara would be able to contribute its share, should the construction of these projects start before the rights issue take place.

Sahara anticipates total commission charges of SAR 25.4 million if it were to fully utilize this bridge loan facility as extended till 31 October 2009.

7.1.8 Projected Administrative Expenses

Total administrative expenses of Sahara over the months upto 31 October 2010 are expected to be SAR 193.3 million, which includes salaries and benefits, training, security, recruitment, IT expenses etc. The Company treats 70% of administrative expenses as costs incurred for the provision of shared services, 20% are allocated as expenses relating to the development of projects while 10% of these costs that are not allocated to either of the two are borne directly by the Company.

In this case the Company expects 10% of such costs to be SAR 19.3 million. In addition, Sahara estimates that dedicated administrative expenses of SAR 8.1 million will be incurred by the Company. After October 2010, Sahara expects that the income received from operations of Al Waha and SEPC will be sufficient to meet all such administrative expenses.

7.1.9 Rights Issue Fees and Expenses

This includes fees of each of the financial advisor, legal advisor to the transaction and reporting accountants in addition to the underwriting expenses, receiving bank fees, printing and distribution expenses and other Offering related expenses.

7.2 Use of the Proceeds from Initial Public Offering

In accordance with section 3.9.1 of Sahara's IPO Prospectus, which was issued on May 03, 2004, Sahara could only invest in chemical, petrochemical and any industrial ventures that are for the production of ethylene, polyethylene, propylene and polypropylene. In light of the above, Sahara had invested the equity raised from the public and founding shareholders as follows:

1. SAR 0.763 billion in TSOC, which plans to produce Ethylene and Polyethylene.
2. SAR 1.06 billion in Al Waha, which plans to produce Propylene and Polypropylene.

8 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following management discussion and analysis of Sahara's financial condition and results of its operations is based upon, and should be read in conjunction with the Company's consolidated audited financial statements as at and for the financial years ended 31 December 2006G, 2007G and 2008G and the notes thereto, as audited and reviewed by Deloitte & Touché Bakr Abulkhair & Co., and included in this Prospectus.

The section titled "Management's Discussion and Analysis of the Financial Condition and Results of Operations" ("MD&A") contains forecasts and forward looking statements that involve risks and uncertainties. Actual results of Sahara could differ materially from those contemplated by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in the Prospectus, particularly in the "Risk Factors" section of the Prospectus.

This MD&A section covers Sahara's historical financial performance which mainly represents the management of murabaha placements by the Company and its investments in projects during the period under review. Therefore, the following analysis on historical financial results should not be relied upon as a true indicator of the Company's future performance once commercial operations commence.

8.1 Directors' Declaration for Financial Information

The Directors declare to the best of their knowledge and belief that the financial information presented in this Prospectus is extracted without material changes from the Consolidated Audited Financial Statements and that the Consolidated Audited Financial Statements have been prepared in accordance with SOCPA Accounting Standards.

The Directors declare that there has been no material adverse change in the financial, or trading position of Sahara during the last three financial years ended 31 December 2006G, 2007G and 2008G, and the date up to and including the date of this Prospectus.

The Directors further declare that Sahara will have sufficient funds to meet the working capital requirements for 12 months after the proposed Rights Issue.

8.2 Overview

Sahara Petrochemical Company is a joint stock company registered under Commercial Registration number 1010199710 dated 19 Jumada I 1425H (corresponding to 7 July 2004G). The Company was established with a paid up share capital of SAR1,500 million divided into 30 million ordinary shares of nominal value of SAR50 each. However, the number of shares increased to 150 million ordinary shares of nominal value of SAR10 each, pursuant to CMA decision number 4-154-2006 dated 27 Safar 1427H (corresponding to 27 March 2006G) to split par value of shares of all listed companies to SAR10 per share. In July 2007G, Sahara's share capital increased by SAR375 million as a result of 37.5 million bonus shares issued to its existing shareholders, in ratio of 1 bonus share for every 4 shares held. As at 31 December 2008G, the share capital of the Company was SAR1,875 million consisting of 187.5 million ordinary shares of nominal value of SAR10 each. Following the full subscription of the Rights Issue, the authorised, issued and paid up share capital will increase to SAR 2,925.3 million consisting of 292.53 million ordinary shares of nominal value of SAR10 each.

The principal activity of the Company is to invest in industrial projects in the petrochemical and chemical field and to own and execute projects necessary to supply feedstock and utilities. The Company incurs costs on projects that are under development and subsequently establishes separate legal entities to manage and operate such projects. All project development and construction costs incurred are transferred to these legal entities upon formation.

The Company has invested in 'Al Waha Petrochemical Company Limited' and in 'Tasnee and Sahara Olefins Company', which are currently engaged in construction of separate world scale petrochemical projects.

8.3 Significant Accounting Policies

Sahara's audited and reviewed financial statements are prepared in compliance with the accounting standards issued by SOCPA.

The consolidated financial statements incorporate the financial statements of the Company, its subsidiary Al Waha, and are prepared on the accrual basis under the historical cost convention. All significant inter-company transactions and balances are eliminated in preparing the consolidated financial statements.

The Company's significant accounting policies are set out in the notes to Sahara's audited and reviewed financial statements given elsewhere in this Prospectus.

8.4 Results of Operations

The projects launched by Al Waha and SEPC are currently at different advanced stages of construction. Accordingly, the results of Sahara's operations do not yet reflect the core business operations but, so far, represent the investing activities of funds available with the Company and its subsidiary, and the costs of developing projects undertaken by its subsidiary and associate through 31 December 2008G.

8.4.1 Revenues, Net Income and Cash Flows

The consolidated revenues, net income and cash flows of the Company, and its subsidiary for the financial years ended 31 December 2006G, 2007G and 2008G are outlined in the summary table below:

Exhibit 8.1: Consolidated revenues, net income and operating cash flows

Year Ended	Revenues SAR'000	Net Income/ (loss) SAR'000	Net Income/ (loss) % of revenues SAR'000	Operating cash flow SAR'000
31 December 2008	3,388	(41,146)	(1,215.5)%	(25,303)
31 December 2007	16,757	(5,112)	(30.5)%	(27,223)
31 December 2006	197,652	164,800	83.4%	14,993

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

The consolidated income statement of the Company and its subsidiary for financial years ended 31 December 2006G, 2007G and 2008G is as follows:

Exhibit 8.2: Consolidated income statements

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Revenues	3,388	16,757	197,652
General and administrative expenses	40,168	12,381	13,642
Preoperative and floatation expenses	3,776	4,980	16,404
Financial charges	-	-	847
Costs and expenses	43,944	17,361	30,893
Net income/ (loss) before minority interest and zakat	(40,556)	(604)	166,759
Minority interest	944	(2,735)	2,505
Net income/ (loss) before zakat	(39,612)	(3,339)	169,264
Zakat	1,534	1,773	4,464
Net income/ (loss)	(41,146)	(5,112)	164,800

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.4.1.1 Revenues

The consolidated revenues are from profit earned on the funds placed under Murabaha arrangements and gains realised on Sahara's investments in Saudi Arabian and GCC listed securities through institutionally managed investment and portfolio funds.

The revenues of the Company for the financial period ended 31 December 2008G are principally on account of share of income from its associate, Tasnee and Sahara Olefins Company amounting to SAR3.3 million and profit on Murabaha placements.

The revenues of the Company were SAR16.8 million for the financial year 2007G, as compared to SAR197.7 million in the financial year 2006G. The decline is primarily the result of the Company's contribution of its equity share in the capital portion of Al Waha and TSOC amounting to SAR1,160.7 million and SAR781.2 million respectively in mid 2006G and the liquidation of its stock market related investments. No other investment was made during the financial year 2007G, and consequently, no gain on investment was recorded in the financial year 2007G. The Company realised gains amounting to SAR160.4 million on investments liquidated in 2006G.

The following table summarises the breakdown of consolidated revenues of the Company and its subsidiary for the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.3: Breakdown of consolidated revenues

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Murabaha and other income	65	14,392	31,595
Realized gain on investments	-	-	160,398
Share of income from associate	3,323	2,365	5,659
Total	3,388	16,757	197,652

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.4.1.1.1 Murabaha Income

Murabaha income represents income earned on the funds placed with banks under Murabaha arrangements.

In the financial period 2008G income from Murabaha placements was substantially low compared to income from Murabaha in 2007G since the Company's investable funds were being utilized to support Al Waha and the Company did not have idle cash to make Murabaha placements.

In the financial year 2007G, the Murabaha income decreased to SAR14.4 million from SAR31.6 million in the financial year 2006G. The decline is primarily attributable to the reduction in the size of investable funds amounting to SAR405.4 million placed under Murabaha arrangement as at 31 December 2007G compared to Murabaha placements as at 31 December 2006G. These funds were utilised by Al Waha to support the development costs of the integrated PDH-PP Project complex during the year.

Murabaha arrangements in financial years 2006G, 2007G and financial period 2008G were with Bank Al Rajhi, Saudi American Bank, Banque Saudi Fransi, Saudi British Bank, Riyad Bank and Arab National Bank.

8.4.1.1.2 Realized Gain on Investments

Realised gain on investments relates to the sale of investment in shares of the listed companies in Saudi Arabia and the GCC and mutual funds of commercial banks until such funds investments were withdrawn to meet Sahara's equity commitments in both Al Waha and TSOC. These shares were recorded as "investments available for sale" in the Company's balance sheet prior to their disposal in 2006G. The Company did not invest in any equity shares in 2007G or 2008G.

8.4.1.1.3 Share of Income from Associate

The share of income received from Sahara's investment in its associate amounted to SAR3.3 million, SAR2.4 million and SAR5.7 million in the financial years ended 31 December 2008G, 2007G and 2006G. The share of income represents 32.55% of the Company's entitlement to the profits of TSOC as a shareholder in TSOC.

TSOC had not yet started commercial operations as of 31 December 2008 and its income represents returns from Murabaha placements.

8.4.1.2 General and Administrative Expenses

Consolidated general and administrative expenses have increased significantly during the financial years 2008G and 2006G, as a result of the Company's development of new projects during this initial start-up period. This rise in expenses is primarily attributed to the need to recruit additional senior management employees and increased remuneration packages to match market trends for personnel already employed.

The following table summarises the breakdown of consolidated general and administrative expenses of the Company and its subsidiary for the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.4: Breakdown of consolidated general and administrative expenses

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Salaries, wages and other benefits	30,972	7,985	11,281
Rent	1,153	893	672
Dues and subscription	396	663	489
Advertising and public relations	1,910	372	206
Others	5,737	2,468	994
Total	40,168	12,381	13,642

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.4.1.2.1 Salaries, Wages and Other Benefits

Salaries, wages and other employees' benefits represent the major component of general and administrative expenses. These constituted to 77.1%, 64.5% and 82.7% of the total in 2008G, 2007G and 2006G respectively.

Salaries, wages and other benefits increased by SAR23.0 million in 2008G on account of 83 new personnel being hired mainly in the maintenance departments to support the plant operations of Al Waha.

Expenses decreased by 29.2% during the financial year 2007G compared to 2006G as staff associated costs of Al Waha project were capitalised as cost of project under construction.

8.4.1.2.2 Rent

The second major component of general and administrative expenses is rent for office premises of both the Company and Al Waha.

In 2008G the rent expense increased by 29.1% due to the addition of rent of an additional office and increase in cars and computers being leased by the Company.

8.4.1.2.3 Dues and Subscriptions

Dues and subscriptions consist of the fees paid to Saudi Share Registration Company (SSRC) for maintaining and updating the shareholding register. The increase in the expense is due to increase in fees by SSRC to all Saudi listed companies.

8.4.1.2.4 Advertising and Public Relations

Advertising and public relation expenses include advertisement in various technical and business publications, and fees relating to the circulation of printed quarterly and year-end financial statements in different local newspapers.

8.4.1.2.5 Others

Other expenses during the financial years 2006G, 2007G and 2008G were mainly on account of lease rentals for office computers, software licence fees, training and general repair and maintenance expenses.

8.4.1.3 Preoperative and Floatation Expenses

Preoperative expenses represent costs incurred prior to the incorporation of Al Waha. These expenses were accounted for in the books of accounts for the year when incurred. These expenses comprise mainly of operating expenses including salaries and benefits of management employees.

8.4.1.4 Financial Charges

In December 2006G, the Company availed itself of a bank bridge finance facility of SAR160.4 million which it used to contribute its portion of additional share capital required in Al Waha. The resulting finance charges amounted to SAR0.8 million. This facility was fully repaid within a month.

8.4.1.5 Minority Interest

Minority interest pertains to the 25% share of the joint venture partner ((Basell Arabie Investissements SAS (France)) investment in Al Waha.

8.4.1.6 Zakat

Zakat expense for the financial years 2006G, 2007G and 2008G relates to the Company and its subsidiary, Al Waha.

In the financial year 2008G, Sahara's Zakat expense was on account of its share of Zakat in the associate amounting to SAR2.8 million offset with over provision of Zakat expenses in prior years amounting to SAR1.2 million.

Zakat expense decreased to SAR1.8 million in the financial year 2007G, as compared to SAR4.5 million for the financial year 2006G. This decrease was due to the loss recognized in the financial year 2007G and utilization of cash resources towards the on going projects, which reduced Zakat base on account of transfer from current assets to non-current assets. Zakat for the financial year 2006G was levied on the unadjusted net income recorded which reflected the higher of the alternative Zakat base.

8.4.1.7 Dividend

No cash dividends were declared during the financial years 2006G, 2007G and 2008G by the Company and its subsidiary. However, during the financial year 2007G, a 1 for 4 bonus share distribution, worth SAR375 million, was distributed by the Company to existing shareholders.

8.5 Balance Sheet

The consolidated balance sheet of the Company and its subsidiary as at 31 December 2006G, 2007G and 2008G is as follows:

Exhibit 8.5: Consolidated balance sheet

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Current Assets	456,358	83,108	813,207
Non-current Assets	4,264,492	2,964,809	1,666,020
Total Assets	4,720,850	3,047,917	2,479,227
Current liabilities	829,151	308,828	89,106
Non-current liabilities	1,773,443	401,805	22,297
Minority interest	349,072	387,041	384,395
Shareholder's equity	1,769,184	1,950,243	1,983,429
Total liabilities, equity and minority interests	4,720,850	3,047,917	2,479,227

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.1 Current Assets

The following table summarises the breakdown of consolidated current assets of the Company and its subsidiary at 31 December 2006G, 2007G and 2008G:

Exhibit 8.6: Breakdown of consolidated current assets

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Cash and cash equivalents	453,036	81,162	812,030
Other receivables and prepayments	3,322	1,946	1,177
Total	456,358	83,108	813,207

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.1.1 Cash and Cash Equivalents

Cash and cash equivalents include petty cash maintained by the Company and its subsidiary for day to day use and bank account balances, and funds placed by the Company and its subsidiary under Murabaha arrangements with several local financial institutions. The average maturity period of such investments ranges from two to six weeks, depending upon levels of available cash and expected utilization.

Cash and cash equivalents as at 31 December 2008G mainly represent Murabaha placements amounting to SAR428.0 million in four banks for Sahara representing unutilized proceeds from short term loans of Sahara.

Cash and cash equivalents as at 31 December 2006G was mainly due to SAR310 million received by Al Waha towards the end of the financial year 2006G as a result of additional share capital subscribed by its shareholders.

8.5.1.2 Other Receivables and Prepayments

Other receivables and prepayments as at 31 December 2006G, 2007G and 2008G were mainly on account of Sahara prepayments of leases and receivables from employees against advances given to them.

The increase in 2008G is on account of increase in prepayments for medical insurance of employees due to the addition of 83 new employees.

8.5.2 Non Current Assets

The following table summarises the breakdown of consolidated non current assets of the Company and its subsidiary as at 31 December 2006G, 2007G and 2008G:

Exhibit 8.7: Breakdown of consolidated non current assets

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Investment in associate	732,947	760,886	786,718
Cost of projects under development	22,839	11,226	527
Construction work in progress	3,390,364	2,092,733	825,953
Property and equipment	5,482	1,467	488
Intangible assets	112,860	98,497	52,334
Total	4,264,492	2,964,809	1,666,020

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.2.1 Investment in Associate

Investment in associate represents Sahara's acquisition of 32.55% of the share capital of TSOC, a Saudi Arabian company, incorporated in April 2006G with a paid up capital of SAR2,400 million. The investment by Sahara in TSOC is accounted for under the equity method of investment valuation.

8.5.2.2 Cost of Projects under Development

The following table summarises the movement in costs of projects under development by Sahara during the financial years 2006G, 2007G and 2008G:

Exhibit 8.8: Movement in costs of projects under development

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Opening Balance	11,226	527	108,959
Incurred during the period	11,613	12,231	94,508
Transferred to projects under construction	-	1,532	202,940
Closing balance	22,839	11,226	527

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Cost of projects under development as at 31 December 2006G primarily relates to amounts spent by the Company on the PDH-PP Project. The project development costs are transferred to the specific project (construction work in progress) once construction phase starts.

The Company incurred SAR11.2 million mainly on Chlor Alkali and Acrylic Acid projects up to 31 December 2007G.

The Company incurred an additional SAR11.6 million in the year ended 31 December 2008G on upcoming projects including Chlor Alkali, Acrylic Acid and Ethylene Amine projects.

8.5.2.3 Construction Work in Progress

The following table summarises the movements in construction work in progress during the financial years 2006G, 2007G and 2008G:

Exhibit 8.9: Movements in construction work in progress

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Opening Balance	2,092,733	825,953	-
Cost incurred during the period	1,297,631	1,265,248	623,013
Received from projects under construction	-	1,532	202,940
Closing balance	3,390,364	2,092,733	825,953

Source: Sahara management information for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Construction work in progress is related to the plant under construction for the PDH-PP Project. During the financial year 2007G and financial period 2008G, construction work in progress increased by SAR1,266.8 million and SAR1,297.6 million respectively. The advances for plant and machinery made to EPC contractors and technology licensor costs and finacing costs being capitalized represent most of the costs of construction work in progress as at 31 December 2008G respectively.

8.5.2.4 Intangible Assets

The following table summarises the rise in intangible assets during the financial years 2005G, 2006G, 2007G and during the financial period 2007G and 2008G:

Exhibit 8.10: Intangible assets

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Opening Balance	98,497	52,334	-
Additions	14,363	46,163	52,334
Closing balance	112,860	98,497	52,334

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Intangible assets represent financial, legal and consultancy costs incurred for setting up the Company projects, as well as financing costs and SAP implementation costs.

Intangible assets as at 31 December 2008G were mainly on account of financing (SAR29.0 million) financial advisory costs (SAR56.1 million and legal advisory costs (SAR14.9 million).

Intangible assets as at 31 December 2006G comprised of costs incurred solely by Al Waha representing mainly loan arrangement fees for obtaining long term loan from a consortium of local and regional financial institutions amounting to SAR35.8 million.

8.5.3 Current Liabilities

The following table summarises the breakdown of consolidated current liabilities of the Company and its subsidiary as at 31 December 2006G, 2007G and 2008G:

Exhibit 8.11: Breakdown of consolidated current liabilities

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Due to banks	589,032	229,000	-
Advances against Islamic facilities	15,560	-	-
Retentions payable	130,925	-	-
Accounts payable and other liabilities	93,634	78,205	84,803
Zakat payable	-	1,623	4,303
Total	829,151	308,828	89,106

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.3.1 Due to Banks

Due to banks in the financial year 2007G and financial period 2008G mainly represents short term financing facilities received from Banque Saudi Fransi and Saudi Hollandi Bank to bridge finance part of total project costs incurred by Al Waha until disbursement of term financing facilities from the Saudi Industrial Development Fund. This short term financing was secured against SIDF's commitment of long term loan.

This short term financing as at 31 December 2008 was drawn down by Sahara SAR509.0 million and Al Waha SAR80.0 million respectively.

8.5.3.2 Advances against Islamic facilities

These represent the current portion of the advances payable drawn under the Islamic facilities by Al-Waha.

8.5.3.3 Retentions Payable

Retentions payable represents 5% of each invoice raised by the EPC contractors (Tecnimont and Daelim) as per signed agreements with the PDH-PP Project expected to be completed by the third quarter 2009G. The retentions payable will be paid to the respective contractors after the completion of a one year warranty period as per signed agreements.

These payable balances were recorded as non-current liabilities in 2006G and 2007G amounting to SAR20.2 million and SAR85.6 million respectively.

These retentions have been classified as current liabilities as at 31 December 2008G since the PDH-PP plant construction is near to completion.

8.5.3.4 Accounts Payable and Other Liabilities

Accounts payable and other liabilities represent payables towards the principal EPC contractor Tecnimont against invoices presented at year-end and subsequently settled as per pre-agreed payment terms, and accrued expenses mainly on account of interest payable on short and long term loans.

8.5.4 Non Current Liabilities

The following table summarises the breakdown of the consolidated non current liabilities of the Company and its subsidiary, Al Waha Petrochemical Company as at 31 December 2006G, 2007G and 2008G:

Exhibit 8.12: Breakdown of the consolidated non current liabilities

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Long term loans	957,670	200,000	-
Advances against Islamic facilities	659,620	112,530	-
Profit rate swap	148,547	-	-
End of service indemnities	7,606	3,688	2,069
Retentions payable	-	85,587	20,228
Total	1,773,443	401,805	22,297

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.4.1 Long Term Loans

Al Waha entered into a term loan agreement of SAR400.0 million with SIDF on 18 June 2007G. The loan is secured by the mortgage of fixed assets, the assignment of insurance proceeds, technology rights and covered by a corporate guarantee provided by Al Waha's partner, Basell to the extent of their respective ownership in the subsidiary. As at 31 December 2008G, the subsidiary had drawn down 80.0% of the SIDF commitment or SAR320.0 million.

On 31 October 2007G, Al Waha entered into a term loan agreement of SAR 937.5 million with PIF. The loan is secured by the mortgage of fixed assets through an inter-party deed executed with commercial financial institutions under the Islamic Facilities Agreement and SIDF. The loan is repayable in ten years starting from May 2011. As at 31 December 2008G, the subsidiary, Al Waha, had drawn down SAR637.7 million of the PIF commitment.

Sahara had not availed or entered into agreements for any long term loans as at 31 December 2008.

The table below summarise all the loans on the balance sheets of Sahara and its subsidiary, Al Waha:

Exhibit 8.13: Loans taken by Sahara and its subsidiary

Lender	Borrower	Amount (SAR '000)	Purpose	Guaranteed	Secured
Long term loans					
PIF	Al Waha	937,500	Project	No	Yes
SIDF	Al Waha	400,000	Project	No	Yes
Al Waha Islamic Loan Consortium	Al Waha	1,037,064	Project	No	Yes
Short term loans					
Banque Saudi Fransi	Al Waha	240,000	Bridge loan for SIDF Loan	No	Yes
Saudi Hollandi Bank	Al Waha	260,000	Bridge loan for SIDF Loan	No	Yes
Banque Saudi Fransi	Sahara	875,000	Bridge loan for Rights Issue	Yes	No

8.5.4.2 Advances against Islamic Facilities

During the financial year 2006G, Al Waha signed an Islamic Facilities Agreement for USD276.6 million, equivalent to SAR1,037.1 million, with six individual commercial financial institutions and one joint participation by two financial institutions.

Exhibit 8.14: Participants in the Islamic Facilities Consortium

Participant	Base Investment (SAR '000)	Standby Investment (SAR '000)	Total (SAR '000)
ABC Islamic Bank (E.C.) and Arab Banking Corporation (B.S.C.) (jointly and severally)	158,625	14,219	172,844
Banque Saudi Fransi	158,625	14,219	172,844
Bank Al Jazira	158,625	14,219	172,844
Gulf International Bank B.S.C.	158,625	14,219	172,844
Saudi Hollandi Bank	158,625	14,219	172,844
Saudi British Bank	158,625	14,219	172,844
Total	951,750	85,314	1,037,064

These seven financiers will participate in the financing of the procurement of the Al Waha project assets which they will co-own with the joint venture partner in equal proportion. Upon the completion of project construction, the co-owned assets will be leased to Al Waha. A separate Purchase Undertaking Agreement will gradually reduce the financiers' co-ownership of the assets, as the subsidiary will progressively purchase the lenders' share in the above assets over a period of 11 years commencing six months after project completion. As at the end of the financial period 2008G, Al Waha had drawn down USD180.0 million from the total facility amount available.

In accordance with the terms of agreement, SAR15.6 million or USD4.1 million is repayable in 2009G and therefore has been classified as current liability as at 31 December 2008.

8.5.4.3 Profit Rate Swap

During the financial year 2008G, Al Waha incurred a fair value loss of SAR 148.5 million on account of decrease in LIBOR rates against itsprofit rate swap contract with commercial banks to hedge interest rate volatility. Sahara's share of this loss has accordingly been recognized in shareholder's equity under change in fair value of cash flow hedge position.

8.5.4.4 End of Service Benefits

The Company and its subsidiary provides for end of service indemnities for its employees in compliance with Saudi Arabian Labour Law provisions.

In the financial period ended 31 December 2008G the number of staff increased to 293 employees, consequently resulting in increase of end of service indemnity liability.

In the financial year ended 31 December 2007G the rise in liability was attributable to increase in staff from 24 to 85 including the recruitment of senior management level staff as well as increase in indemnity rates for employees during the year.

8.5.4.5 Retentions Payable

Retentions payable to respective contractors after the completion of a one year warranty period as per signed agreements as at 31 December 2008 has been classified as current liability.

8.5.5 Shareholders' Equity

The following table summarises the breakdown of Shareholders' Equity of the Company as at 31 December 2006G 2007G and 2008G:

Exhibit 8.15: Breakdown of Shareholders' Equity

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Share capital	1,875,000	1,875,000	1,500,000
Statutory reserves	69	69	48,343
Change in fare value of cash flow hedge position	(167,987)	(28,074)	-
Retained earnings	62,102	103,248	435,086
Total	1,769,184	1,950,243	1,983,429

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

8.5.5.1 Share Capital

The paid up share capital of the Company was initially SAR1,500 million, representing 150 million ordinary shares of nominal value of SAR10 each as at 31 December 2006G. Subsequently, on 17 July 2007G, the Company increased its share capital to SAR1,875 million through the issuance of bonus shares worth SAR375 million.

Share capital of Al Waha was originally SAR1,237.5 million which was increased to SAR1,547.6 million through a resolution dated 19 December 2006.

8.5.5.2 Statutory Reserves

Statutory reserve is maintained in accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and 10% of the Company's annual net income is transferred to the statutory reserve until such reserve reaches 50% of the size of the Company's share capital.

No transfer was made to the statutory reserve as at 31 December 2008 since the Company incurred a net loss for the year.

8.5.5.3 Change in Fair Value of Cash Flow Hedge Position

This reserve represents Sahara's portion of the profit rate swap as on 31 December 2007G and 2008G. The share of loss as at 31 December 2008G represented loss from Al-Waha (SAR111.4 million) and from TSOC (SAR56.6 million).

8.6 Financial Condition, Liquidity and Other Items

The following table summarises consolidated cash flows of the Company and its subsidiary for the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.16: Overview of the consolidated cash flows

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Net cash (used in) / from operating activities	(25,303)	(27,223)	14,993
Net cash (used in) / from investing activities	(1,283,290)	(1,245,175)	(231,338)
Net cash from financing activities	1,680,467	541,530	386,900
Net change in cash and cash equivalents	371,874	(730,868)	170,555
Cash and cash equivalents at beginning of the period	81,162	812,030	641,475
Cash and cash equivalents at end of the period	453,036	81,162	812,030

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Note: Cash flow from Murabaha income and realized gains from investment activities have been reclassified to cash flow from investing activities from cash flow from operations

8.6.1 Cash Flows from Operating Activities

The following table summarises the consolidated cash flows of the Company and its subsidiary from operating activities during the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.17: Consolidated cash flows from operating activities

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Net income	(39,612)	(3,339)	169,264
Adjustment for:			
Depreciation	1,033	305	161
End of service indemnities	4,021	1,653	1,408
Write-off of property and equipment	29	-	-
Loss on disposal of property	9	-	-
Share of income from associate	(3,323)	(2,365)	(5,659)
Minority interest	(944)	2,735	(2,505)
Murabaha income	(65)	(14,392)	(31,595)
Realized gain on investments	-	-	(160,398)
Changes in operating assets and liabilities			
Other receivables and prepayment	(1,376)	(769)	3,953
Accounts payable and accrued expenses	15,429	(6,598)	79,546
End of service indemnities paid	(103)	(34)	(144)
Zakat Paid	(401)	(4,419)	(39,038)
Net cash (used in) / from operating activities	(25,303)	(27,223)	14,993

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Note: Cash flow from Murabaha income and realized gains from investment activities have been reclassified to cash flow from investing activities from cash flow from operations

The Company generated negative cash flows from operations in the financial period ended 31 December 2007G and 2008G since core operations of the Company have not commenced.

In the financial year 2006G, operating activities provided net cash inflow of SAR15.0 million, mainly driven by share of income from associate company SAR5.7 million and increase in accounts payable amounting to SAR79.5 million.

8.6.2 Cash Flows from Investing Activities

The following table summarises the consolidated cash flows of the Company and its subsidiary from investing activities during the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.18: Consolidated cash flows from investing activities

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Murabaha income	65	14,392	31,595
Realized gain on investments	-	-	160,398
Additions to property and equipment	(5,152)	(1,296)	(188)
Additions to cost projects under development	(11,613)	(12,231)	(94,508)
Additions to investments in associate	-	-	(781,200)
Proceeds from disposal of property	66	12	-
Proceeds from disposal of held to maturity investments	-	-	187,500
Proceeds from disposal of available for sale investments	-	-	920,184
Additions to intangible assets	(14,363)	(46,163)	(52,334)
Additions to construction work in progress	(1,252,293)	(1,265,248)	(623,013)
Retentions payable	-	65,359	20,228
Net cash (used in) / from investing activities	(1,283,290)	(1,245,175)	(231,338)

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Note: Cash flow from Murabaha income and realized gains from investment activities have been reclassified to cash flow from investing activities from cash flow from operations

The Company recorded net cash outflow from its investing activities during all financial years under discussion.

Net cash outflow recorded for the financial period ended 31 December 2007G and 2008G was attributable mainly to finance of Al Waha's PDH-PP Project construction costs amounting to SAR1,265.2 million and SAR1,252.3 million respectively.

In the financial year 2006G the Company generated cash flows of SAR160.4 million on investments in shares of listed companies before liquidating the investments and applying the sales proceeds to cover the PDH-PP Project construction costs. In addition, during the year, the Company invested SAR781.2 million to participate as a minority shareholder in TSOC.

8.6.3 Financing Activities

The following table summarises the consolidated cash flows of the Company and its subsidiary from financing activities taking place during the financial years ended 31 December 2006G, 2007G and 2008G:

Exhibit 8.19: Consolidated cashflows from financing activities

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Due to banks	360,032	229,000	-
Proceeds from long term loan	757,670	200,000	-
Advances against Islamic facilities	562,650	112,530	-
Re-imbursement of income tax by shareholder	115	-	-
Contributions by minority shareholder	-	-	386,900
Net cash from financing activities	1,680,467	541,530	386,900

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

Cash flows recorded in financial period ended 31 December 2008G were attributable to proceeds from SIDF loan, PIF loan and further draw down from Islamic Facilities Arrangement.

Al Waha utilised short and long term financing facilities, and advance against Islamic Facilities during the financial year 2007G.

8.7 Capital Commitments

The outstanding capital commitments of SAR251.0 million shown in the financial statements of the Company as at 31 December 2008G represent Al Waha's capital commitments towards its EPC contractors, namely, Tecnimont and Daelim to the extent of SAR64.7 million and SAR7.7 million and retentions and licensing costs amounting to SAR130.9 million and SAR47.8 million respectively.

At the end of the financial year ended 31 December 2007G, the outstanding capital commitments were SAR1,033.0 million.

8.8 Commitments and Contingencies

Exhibit 8.20: Commitments and contingencies

SAR'000	Financial year ended 31 December		
	2008	2007	2006
Letter of credit	21,859	-	353,409
Forward foreign exchange contracts	-	86,337	860,298
Total commitments and contingencies	21,859	86,337	1,213,707

Source: Sahara audited financial statements for the years ended 31 December 2006G, 2007G and 2008G. Figures are rounded off to nearest thousand

In September 2006G, Al Waha hedged portions of its foreign exchange risks by executing a forward exchange contract to fix the cost of buying Euros from financial institutions in the amount of Euro235 million, which represents total payments to be made to project EPC contractors principally comprising of Tecnimont and Daelim through December 2008G.

Letters of credit as at 31 December 2008G were opened by Al Waha on account of payment guarantee for UOP engineering services.

8.9 Current Trading and Prospects

Ever since Sahara was established in July 2004, the principal aim of the Company's management was to plan, develop and implement the construction of integrated petrochemical projects.

Given the typically long gestation period which characterizes this industry, and prior to forming Al Waha and to participating in the capital of SEPC through TSOC, Sahara invested its share capital in equity funds during the financial year 2005G and

2006G respectively and recorded consolidated revenues of SAR376.6 million and SAR197.7 million as a result and a net income of SAR318.6 million and SAR164.8 million. In 2006G, the Company disposed off all such investments to contribute towards its ongoing projects.

During the financial year 2007G and 2008G the Company's revenues were SAR16.8 million and SAR3.4 million principally from share of profit on investment from associate and returns from short term Murabaha placements since Sahara utilized its funds in two world scale integrated project complexes.

The on going projects are in line with the principal business objectives of the Company and no material change to the nature of the business of the Company is expected in the future.

For a discussion of the Company's prospects related to the development of its future projects see section "Competitive Advantages" of the Prospectus.

8.10 Statement of Management's Responsibility for Financial Information

The MD&A has been drafted by the management of the Company and approved by the Board of Directors. Except as set forth in this Prospectus, management to the best of their knowledge and belief states that there has been no material adverse change in the financial information from the Audited Financial Statements, position or prospects of the Company as of the date of this Prospectus and accepts full responsibility for the authenticity and accuracy of the information and analysis of financial results and confirm, after making all reasonable inquiries, that full and fair disclosure has been made and there is no other information or documents the omission of which make any information or statements therein misleading.

Save as disclosed therein, the Management declares that there are no other mortgages, rights, and charges on the Company's properties as of the date of this Prospectus.

9 DIVIDEND RECORD AND POLICY

Dividends may be distributed by the Company from its annual net profit after Zakat. However, prior to the payment of dividends, the Company is required to deduct ten (10%) percent of the net profit after Zakat and allocate such amount to statutory reserves.The Ordinary General Meeting Assembly of Shareholders shall discontinue said deduction when they amount to half of Sahara's paid-up capital.

Any distribution of dividends proposed by the Company's Board of Directors requires the approval of the General Assembly of Shareholders. In addition, Sahara's statutory auditors are required to declare that the dividend proposal of the Board of Directors is in accordance with Saudi law and regulations. Dividends scheduled to be distributed among shareholders shall be paid at the place and time determined by the Board of Directors.

The declaration of a dividend will be dependent upon Sahara's earnings, its financial condition, the condition of the markets, the general economic climate and other factors, including analysis of investment opportunities and the reinvestment needs of Sahara, cash and capital requirements, business prospects and, as well as other legal and regulatory considerations and any dividend restrictions under any debt financing arrangements the Company intends to enter into. In addition, Sahara may also take into account the dividend payment practices of other major Saudi Arabian and GCC companies, and international petrochemical operators.

Under Sahara's By-Laws, all Shareholders have equal rights to dividends and distributions. Holders of the New Shares will share proportionately on a per Share basis in all dividends and other distributions declared by the Board of Directors of the Company.

It is the intention of Sahara to make dividend payments to its Shareholders on a yearly basis with a view to maximizing Shareholders' value. Dividends, if any, will only be granted following the start of production by the Joint Ventures. The Company makes no assurances that any dividend will actually be paid nor any assurances as to the amount, which will be paid at any given year (see section 2.3.2 "Dividend Distribution").

The New Shares will be entitled to receive dividends declared by the Company in respect of the FY 2008G and subsequent financial years. No cash dividend has been declared by the Company and its subsidiary during the financial year 2006G, 2007G and 2008G. However, the Company issued 1 for 4 bonus shares worth SAR375 million to its existing shareholders during the financial year 2007G.

10 SUMMARY OF THE COMPANY'S BY-LAWS

10.1 Name of the Company

The name of the Company is "Sahara Petrochemical Company", a Saudi Joint Stock Company.

10.2 Head Office of the Company

The head office of the Company is in Riyadh, Kingdom of Saudi Arabia. The Board of Directors may open other branches, office, or agencies within or outside of Saudi Arabia.

10.3 Objectives of the Company

The objectives of the Company are to invest in chemical and petrochemical industrial projects, and produce propylene, polypropylene, ethane, polyethane and other petrochemical and hydrocarbon industries in the Kingdom, and to market the Company's products within or outside of Saudi Arabia.

The Company may buy and sell land and real estate and construct buildings and warehouses as well as engage in wholesale and retail trading to perform its objectives.

10.4 Duration of the Company

The Company's duration is ninety-nine (99) Gregorian years, commencing on the date of issuance of the Minister of Commerce's resolution announcing the incorporation of the Company. The term of the Company may be extended through a resolution passed by the Extraordinary General Meeting one year prior to the expiry of its term.

10.5 Shares

The shares shall be nominal and the shares may not be issued at less than their nominal value. However, they may be issued at more than this value and, if so, the difference in value shall be added to the disciplinary reserve even if it reached its maximum. The Shares shall not be divided when dealing with the Company and if possessed by more than one, they should elect one of them to represent them when exercising the rights attached to the Shares. Joint owners shall be jointly responsible for the obligations arising out of ownership of the Shares.

10.6 Increase in Share Capital

Subject to the provisions of the Companies Regulations, the share capital of the Company may be increased once or several times by issuing new Shares in the same nominal value of the original Shares provided that the original share capital is paid up in full and following a resolution passed by the Extraordinary General Assembly after assessing the economic viability and obtaining the approval of the competent authorities.

The new shares shall be distributed amongst the original shareholders, who have requested to subscribe to them, in proportion to the original Shares they own, provided that the number of shares allocated to them shall not exceed the number of the new Shares requested. The balance of the new Shares, if any, shall be allocated among the original shareholders who have requested more that their pro rata/provisions entitlement, provided that the amount of such allotment shall not exceed the number of the new Shares they have requested. The remaining new shares not subscribed for shall be purchased by the Underwriter.

10.7 Decrease in Share Capital

The Company's share capital may be reduced by a resolution passed by the Extraordinary General Meeting based on acceptable justification and after obtaining the approval of the Minister of Commerce and Industry if:

- The Company's share capital is in excess of its needs; or
- The Company has sustained losses.

10.8 Constitution of the Board

The Company is currently managed by a Board of Directors comprised of Eleven (11) directors who will be appointed at an Ordinary General Meeting for a period not exceeding three (3) years. The first Board of Directors shall be appointed, as an exception, for a period of five (5) years commencing from the date of the Ministerial resolution declaring the Company's formation.

10.9 Authority of the Board

Subject to the powers reserved for the Ordinary General Assembly, the Board shall have the widest powers in managing the affairs and business of the Company, including the right to participate in other companies and to appoint one or more of its members to perform a specific job/s. As to the sale of the Company's real estate, the minutes of the meeting of the Board shall comprise the reasons for disposition of the real estate subject to the following conditions:

- the Board shall determine in the sale resolution the reasons and justifications for the sale;
- the selling price shall be comparable to the price of similar real estate;
- payment for the sale shall be immediate save for cases determined by the Board and with sufficient guarantees; and
- such action shall not result in the suspension of some of the Company's business activities or burdening it with other obligations.

The Board may enter into loan agreements with government funds and financial institutions regardless of the terms thereof and enter into commercial loans whose term does not exceed the term of the Company. The following conditions shall be complied with when conducting loans with a term exceeding three (3) years:

1. the aggregate amount of loans that the Board may enter into during the Company's financial year shall not exceed 50% of the company's capital, unless the General Meeting decides otherwise;
2. the Board shall determine, by resolution, the areas for which the loans shall be used and the method of repayment thereof; and
3. the loan conditions and security provided shall ensure that they shall not prejudice and shall not contain any terms that may make loss for the Company, its shareholders and general guarantees of its creditors.

The Board shall be entitled in the cases determined by the Board to discharge the Company's debtors from their liabilities in the manner that serves the best interests the Company, provided that the minutes of the Board Meeting shall contain the justifications for its decision subject to the following conditions:

1. A debtor cannot be discharged from its liability until the laps of at least one year from the creation of the debt;
2. Dischargeshall be for a fixed amount as a maximum for each year per debtor; and
3. The Board of Directors shall have the authority to give such discharge and shall not delegate this authority.

The Board shall have the right to enter into settlements, contracts, obligations and commitments in the name of the Company and on its behalf. The Board shall also be entitled to do all acts and actions that are conductive to realizing the Company's objects and interests. The Board shall be competent to delegate within the extent of its powers to one or more of its members the authority to take certain actions or to undertake a certain act or activities.

10.10 Remuneration of Board Members

The remuneration of the Board shall be in accordance to the provisions of Article (41/4) and subject to the limits provided by the Companies Regulations or any other complementary law. The report of the Board submitted to the Ordinary General Assembly shall include a detailed statement of the payments received by the members of the Board during the fiscal year as salaries, share profits, attendance per diems, expenses and any other privileges. The report shall include a statement of the payments received by the members of the Boards in their capacity as employees or administrators, or what they received in return for the technical, administrative or consultative services previously agreed to by the General Meeting/ Assembly.

10.11 The Authority of the Chairman of the Managing Director

The Chairman of the Board of Directors shall represent the Company at the courts and he shall have the right to appoint others to defend the Company. The Chairman of the Board of Directors and the Managing Director shall have the right to sign the contracts of establishing the companies which the Company participate in addition to any other contracts or pledges before the courts or the official departments.

10.12 General Meeting of the Shareholders

With the exception of matters falling within the functions of the Extra-ordinary General Meeting, the Ordinary General Meeting shall be vested with all the functions connected with the Company. The Ordinary General Meeting shall be at least once per year within the six months following the end of the Company's fiscal year. Other Ordinary General Meetings may be convened whenever the need arises.

The Extra-ordinary General Meeting has the power to amend the by-laws (with the exception of provisions that are exempt from amendment pursuant to the Companies Regulations).

The Extra-ordinary General Meeting shall be empowered to pass resolutions with respect to matters that fall within the functions of the Ordinary General Meeting, on the same terms and conditions as the Ordinary General Meeting.

10.13 Notice and Participation

Shareholders General Meetings shall be convened upon an invitation from the Board of Directors. The Board of Directors shall convene the Ordinary General Meeting if so required by the auditor or by a number of Shareholders representing at least five percent (5%) of the Company's share capital. The notice convening the General Meeting shall be published in the Official Gazette and in a daily newspaper. This call, include the agenda, shall be advertised in the official newspaper circulating in the city where the Company's head office is located at least twenty five (25) days before the date set for the meeting. The notice shall include and agenda; however, so long as the Share are nominal, it is sufficient to send registered letters specifying the intended date. A copy of the invitation and the agenda shall be sent to the Companies Public Directorate in the Ministry of Commerce and Industry within the period stipulated for publication.

The General Meeting shall be held in the city where the Company's head office is located and the Shareholder shall have the right to attend a General Assembly. A shareholder holding at least twenty (20) Shares may authorize another shareholder (other than a member of the Board) in writing to attend a General Assembly Meeting.

A list of the attending shareholders' and representatives' names along with their addresses shall be edited in a list that shall include the number of shares they own or represent and the number of votes specified for them. Anyone concerned shall view this list.

10.14 General Meeting Procedures

The By-Laws provide that the Chairman of the Board (or the Chairman's delegate in the event of the Chairman's absence) shall head the General Meetings. The Chairman shall appoint a secretary for the meeting and a teller of votes. Minutes of the meeting shall be drawn up, which shall include the names of Shareholders present or represented, the number of Shares they hold in person or by proxy, the number of voters assigned thereto, the resolution passed, the number of votes for or against the same and an adequate summary of the discussions that have been taken place at the meeting. The minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman, Secretary and vote teller.

10.15 Voting Rights and Resolution

Voting at an Ordinary and Extraordinary General meeting shall be computed on the basis of one vote for each Share. No Shareholder, in person or by proxy, or both, shall votes representing more than twenty percent (20%) of the total votes exercisable at Extraordinary General Meetings or resolutions that relate to (a) the appointment and removal of the Board Members or auditors or (b) the amendment of the Company's By-Laws.

The resolutions of the Ordinary General Meeting shall be generally passed by the absolute majority of the Company's issued shares present or represented at a Shareholder's meeting. However, resolutions in relation to evaluation non-monetary provisions or allocating special privileges, at an Extraordinary General Meeting shall be passed by the majority of two-thirds of the Shares represented at the meeting.

10.16 Quorum

The Ordinary General Meeting shall only be valid if attended by Shareholder's representing at least fifty percent (50%) of the Company's share capital. If this quorum is not attained at the meeting, an invitation should be sent out for a second meeting to be held within (30) days following the previous meeting. The invitation shall be published in accordance with Article (29) of the Company's By-Laws. The second meeting shall be valid regardless of the number of votes represented at the meeting.

The Extraordinary General Meeting shall only be valid if attended by Shareholders representing at least fifty percent (50%) of the Company's share capital. If this quorum is not attained at the meeting, an invitation should be sent out for a second meeting to be held with in thirty 30 days following the previous meeting. The second meeting shall be valid if attended by a number of Shareholders representing at least 25%/one quarter of the Company's share capital.

10.17 Transfer of Shares

The Shares are negotiable after certificates have been issued. However, Shares that are held by the Founding Shareholders are transferable only after the issuance of the balance sheets and the profit and loss statement of the Company for two (2) full fiscal years of not less than twelve (12) months each, from the date of the formation of the Company. The Shares shall be transferable (subject to the Lock-In Period) in accordance with the rules, regulations and directives issued by the CMA.

10.18 Dissolution of the Company

If the Company's losses total three-fourths of its share capital, then the Board shall call an Extraordinary General Assembly to consider whether the Company shall continue to exist or whether it shall be dissolved before the term specified in Article (6) of its By-Laws. In either case, the resolution shall be published in the Official Gazette.

In the event of the Extraordinary General Assembly resolving to dissolve the Company before the term specified in its By-Laws, it shall, upon the recommendation of the Board, determine the manner of dissolution and shall appoint one or more liquidators and determine their powers and remunerations.

The power of the Board shall end with the expiry of the Company. However, the Board shall keep managing the Company until the liquidator has been appointed and the Company's staff shall remain to the extent that their duties do not conflict with those of the liquidators.

11 DESCRIPTION OF SHARES

11.1 Share Capital

The share capital of Sahara at present is SAR 1,875 million consisting of 187.5 million Shares with a nominal value of SAR 10 each, all of which have been paid in full. The Offer Shares will be issued at the time of listing of the Shares on the Saudi Stock Market, thereby increasing the issued share capital of the Company post-Offering to SAR 2,925.3 million consisting of 292.53 million Shares with a nominal value of SAR 10 each.

Once it is ascertained to be economically feasible and after obtaining the approval of the competent authorities, the General Assembly may, in an Extraordinary Meeting, adopt a resolution to increase the Company's capital once or several times by issuing new shares having the same nominal value as the original shares, provided that the original capital shall have been paid in full, with due consideration to the requirements of the Companies Regulations. The said resolution shall specify the mode of increasing the capital, and the Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The Shareholders shall be notified of the pre-emptive rights vested in them by notice to be published in a daily newspaper addressing the capital increase resolution and the subscription conditions. The said shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have applied for more than their proportionate share, in proportion to the original shares they own, provided that their total allotment does not exceed the number of new shares they have applied for. Any remaining new shares not subscribed for shall be purchased by the underwriter.

The Company may, based on certain justifiable causes, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. This decision must be made through a resolution adopted by the General Assembly in an Extraordinary Meeting, and requires approval of the Minister of Commerce and Industry. Such resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations, with due consideration to the provisions of the Companies Regulations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

11.2 The Shares

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case, the difference in value shall be added to the legal reserve, even if the reserve has reached its maximum limit. A share shall be indivisible. If a share is held by several persons, they shall designate one person to act on their behalf in exercising the rights connected with the share. In such a case, they shall be jointly responsible for the obligations resulting from the share ownership.

The transfer of Shares shall be governed by and comply with the regulations governing companies listed on Tadawul. Transfers made other than in accordance with these By-Laws shall not be valid.

11.3 Voting Rights

Each shareholder holding twenty (20) Shares or more shall have the right to attend the General Assembly. A shareholder may delegate in the form of a written proxy, another shareholder, other than the members of the Board of Directors, to attend the General Assembly on his/her behalf. The votes in the Ordinary General Assembly as well as in the Extraordinary General Assembly shall be counted on the basis of one vote for every share. However, it is impermissible for the members of the Board of Directors to vote on the resolutions of the Assembly in respect of discharging and releasing them for their term of office.

Resolutions of the Ordinary General Assembly shall be made only by an absolute majority vote of the shares represented therein.

Resolutions of the Extraordinary General Assembly shall be made by a majority vote of two thirds (2/3) of the shares represented at the meeting, except for resolutions pertaining to the increase or the reduction of the capital, the extension of the duration of the Company before its term or the merger into another company or establishment. In such cases, the resolution shall not be considered as valid unless issued by the majority vote of three quarters (3/4) of the shares represented at the meeting.

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to raise questions to the members of the Board and the Auditor in this respect. The Board of Directors or the Auditor shall answer the Shareholders' questions to the extent that does not risk harming the interest of the Company. Should a shareholder feel unsatisfied with the reply, he can raise the issue with the General Assembly whose resolution is to be considered as final.

11.4 Shareholders Assemblies

A General Assembly duly convened shall be considered representing all the Shareholders, and shall be held in the city where the Company's head office is located.

Meetings of the General Assembly may be conducted by way of ordinary or extraordinary meetings. Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly Meeting must be held at least once a year during the six months following the end of the Company's fiscal year. Other ordinary assemblies may be convened as often as needed.

The Extraordinary General Assembly shall have the power to amend the Company's By- Laws, except for such provisions as may be impermissible to be amended under the Regulations. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

A notice of the date and agenda of the General Assembly shall be published in the Official Gazette as well as in a daily newspaper, distributed in the city of the Company's headquarters, at least twenty five (25) days prior to the date of meeting. However, so long as the Company's shares remain nominal, notice may be given at the time fixed above by registered letters. A copy of the invitation and the agenda is to be sent to the Companies General Department at the Ministry of Commerce and Industry.

The meeting of the Ordinary General Assembly shall not be considered representative unless attended by Shareholders representing 50% of the Company's capital at the minimum. Should such participation level not be achieved in the first meeting, the Assembly shall be convened once again within the following thirty (30) days. The invitation shall be issued as determined by Article (29) of the Company's By-Laws. The second meeting shall be considered representative irrespective of the number of shares represented.

To be considered representative, the meeting of the Extraordinary General Assembly should be attended by a number of Shareholders representing at least 50% of the Company's capital. If such requirement is not met in the first meeting, the Assembly shall be summoned once again within the following thirty (30) days. The invitation shall be issued as determined by Article (29) of the Company's By-Laws. The second meeting shall be considered representative if attended by a number of Shareholders representing at least one-quarter (1/4) of the Company's capital.

The General Assembly shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman of the Board. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be prepared for the meeting showing the names of Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

11.5 Zakat

Zakat is payable by the Shareholders pursuant to the Zakat regulations in the Kingdom of Saudi Arabia. The Company will withhold Zakat from gross profits before paying out dividends.

11.6 Duration and Winding-up of the Company

The duration of the Company shall be ninety nine (99) years commencing on the date of issuance of the Minister of Commerce's resolution announcing the incorporation of the Company. The duration may be extended by a resolution of the Extraordinary General Assembly taken, at least, one (1) year prior to the expiration of the term of the Company.

Upon the expiration of the Company's term, or in case of dissolution before its term, the Extraordinary General Assembly shall decide upon the method of liquidation based on the Board of Directors' recommendation. It shall also appoint one or more liquidators and determine their functions and fees.

The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12 LITIGATION

The Directors and Management of the Company confirm that the Company and the Joint Ventures are not involved, as of the date of this Prospectus, in any litigation, arbitration or administrative proceedings that would, individually or in aggregate, have a material adverse effect on its financial condition and results of operations, and that as far as the Directors and Management of the Company are aware, no such litigation, arbitration or administrative proceedings are threatened or pending except the objection raised by Department of Zakat and Tax ("DZIT") on the Company's Zakat filing for the year 2005 according to which the Company should pay an additional Zakat of SAR 4,687,500. Sahara has appointed its auditors (Deloitte & Touche Bakr Abulkhair & Company) to appropriately and adequately address the issue raised by DZIT.

13 SUMMARY OF MATERIAL CONTRACTS

13.1 Sahara

Sahara entered into a Tawarroq financing agreement with Banque Saudi Fransi dated 30 March 2009. The facility is for SAR 875,000,000 expires on 31 October 2009. The applicable funding rate (profit mark-up %) to Sahara is now based on SIBOR + 2.0%. Also provided is a SAR 84,375,000 stand-by letter of credit with maturity date of 31 July 2010. The following documents were provided by Sahara as security:

i. a demand order note for SAR 959,375,000 from Sahara;
ii. a Tawarroq (commodity sale and purchase) agreement executed by Sahara and Banque Saudi Fransi; and
iii. a letter of undertaking to route the equivalent drawdown amount in favour of Banque Saudi Fransi, once the Rights Issue Offering period is over;

A management fee of SAR 3,062,500 was deducted from Sahara's account upon the signing of the agreement.

The total amount drawn down by Sahara on this facility as of 30 April 2009 was SAR 752 million. Furthermore, Sahara has covenanted to consider Banque Saudi Fransi as one of the receiving banks during the Rights Issue Offering period.

13.2 New Projects

13.2.1 Finance Document

FEB and BAJhave approved to provide USD 207,500,000 each (in total USD 415,000,000) to partially finance the development of an Ethylene Dichloride and an Acrylic Acid petrochemical project. The commitment is subject to certain conditions:

- The preparation of mutually acceptable commitment documentation including a term sheet relating to the Facility;
- Satisfactory conduct of legal, technical, financial and environmental due diligence with results satisfactory to the banks, each in its sole opinion;
- The preparation and execution by no later than 31 August 2009 of mutually acceptable facility documentation.

In addition to the above commitments, BAJ has agreed to provide additional underwriting of USD 38 million to Sahara, thereby increasing the underwriting commitment by both BAJ and FEB to Sahara for the New Projects to USD 453,000,000. This additional commitment is subject to the same terms stipulated hereinabove. To date, Sahara has not drawn down on the financing commitments provided by BAJ or FEB.

13.2.2 ACVC

13.2.2.1 Technology and Licence Agreements

ACVC has entered into a Process License Agreement with Uhde GmbH, under which Uhde GmbH grants a non-transferable, irrevocable and non-exclusive license to use, by itself and through the EPC Contractor, the design and the processes in the plant for the purposes of (i) performing the engineering of, procuring equipment and materials for constructing, operating and maintaining the plant; and (ii) manufacturing the products (caustic soda (NaOH), chlorine (Cl2), ethylene dichloride (EDC), hydrochloric acid (HCL) and hydrogen (H2)) and selling, using or exporting the products in any country worldwide. ACVC is also granted a non-exclusive, non-transferable, royalty-free license to use any and all improvements and any related technical information conceived, developed, learned or acquired by Uhde GmbH during the first five years following the effective date of the agreement. ACVC grants Uhde GmbH a reciprocal right relating to improvements disclosed by ACVC and agrees to grant Uhde GmbH a right to grant sub-licenses of these improvement rights. In consideration for the services provided, ACVC shall pay an amount of EUR 1,930,000. In addition to that, certain hourly charges will also apply to any additional services provided by Uhde GmbH. The agreement may be terminated in the event that either party violates or fails to perform any of its material obligations under the agreement, and such violation or failure cannot be remedied within sixty days following the terminating Party's written notice.

13.2.2.2 Supply and Utilities Agreement

ACVC and Uhde GmbH initialled an Agreement for Equipment Supply for a CA and EDC Plant. Uhde GmbH procures and supplies to ACVC the Equipment of the CA Process and the EDC Process in the plant. In consideration of the Equipment supplied, ACVC shall pay Uhde GmbH a price based on a fixed price for titanium and nickel metal sheets and iridium and ruthenium material required for the equipment to be supplied by Uhde GmbH. In the event that on the effective date the price for these resources differs from the calculated price, the consideration shall be adjusted accordingly. ACVC must pay the consideration in four instalments.

Capped liquidated damages are to be paid by Uhde GmbH in the case of a delay in delivery; Uhde GmbH's total liability is capped as well. ACVC may suspend the agreement and terminate it with or without cause. Either side may terminate the agreement in the event that the other party commits a material breach of its obligations.

13.2.2.3 Joint Venture Agreements

13.2.2.3.1 Amended and Restated Shareholders' Agreement

Sahara has is contemplating to enter into a Shareholders' Agreement with Ma'aden in order to operate ACVC for the purpose of establishing and running a plant, required facilities and any plant expansions for the production, manufacture and sale of Caustic Soda and Ethylene Dichloride at Jubail. Ma'aden or its affiliates will purchase some of the Caustic Soda produced by the plant and the parties will market the other products produced by the plant in accordance with this agreement.The term of the agreement is 25 years from the date of its execution, with the option of agreeing an extension.

The balance of ACVC's profits is to be distributed to the shareholders pro-rata according to the percentage of shares owned by each shareholder. ACVC is to be managed by a board of managers with six members, three of whom are appointed by Sahara and three of whom are appointed by Ma'aden, advised by steering and executive committees. In the event of a change of shareholding, each shareholder shall have the right to appoint one manager to the board for each full 15% shareholding owned by the shareholder.

No shareholder shall transfer its shares prior to the fifth anniversary of the commercial production date, nor without the prior written consent of the other shareholders, except that Ma'aden shall be permitted to sell or transfer at any time all or any of its shares to any agency or entity in which the government of Saudi Arabia holds an interest without such consent. A shareholder may transfer some or all of its shares to an affiliate. However, a right of pre-emption exists in the event that a party wishes to transfer its shares in ACVC to a third party or another shareholder.

In the event of termination for default and if the company establishment date has occurred, the non-defaulting party or parties has/have an option to purchase some or all of the shares of the defaulting party and its affiliates pro rata to their existing shareholdings at the prices specified in the agreement.

Either party may terminate the agreement for a default of any material obligation which has a material adverse effect and is not remedied on 28 days' notice.

13.2.3 SAMC

13.2.3.1 Engineering Service Agreement

This Engineering Services Agreement ("PDP"), effective 10 December 2008, is between TSOC and Fluor Transworld Services, Inc. ("Fluor") and is related to the Arcylics Acid & Esters Project ("AAEP") in Jubail, Saudi Arabia. Flour has been contracted to perform engineering services to prepare a Process Design Package, all outside of the KSA, and as described at length in Exhibit A of this agreement. In essence, this agreement is to provide services for the development of a PDP document generally in line with R&H work process terminology in relation to the manufacturing facility SAMC proposes to establish (i.e. the AAEP mentioned above), which will include, among other things, a capital cost estimate. The PDP services do not include procurement activities performed by Fluor, although the agreement may be changed such that Fluor would assist in the procurement of long lead and possibly proprietary equipment items from approved vendors. The current total estimated cost is $7,101,068 for approximately 48,000 man hours.

13.2.3.2 Management Services Agreement (PMC) between TSOC and Fluor Arabia (Onshore)

This Management Services Agreement (PMC), effective 15 April 2008, is between TSOC and Fluor Arabia Limited ("Fluor Arabia") and is related to the ancilliary plants and facilities that support the AAEP in Jubail, Saudi Arabia. Flour Arabia has been contracted to perform project management and construction management services inside the KSA with respect to the ancilliary plants and facilities that support the AAEP (i.e. the butanols and synthesis gas plant, intermediate storage and port facilities, utilities and common facilities), and as described at length in Exhibit A of this agreement.

Fluor Arabia agrees to perform project management services within the KSA with an integrated management team ("IMT") relating to certain direct assistance to TSOC and to the direction, coordination, and approval of construction work performed by the EPC contractors for the project.

The project is managed by an IMT composed of both TSOC and Fluor Arabia personnel, and the work is divided into two phases: (i) the pre-award EPC contracts, and (ii) the post award EP contracts. Activities in the pre-award phase include: setting up the core of the IMT organization, identifying scope of work, establishing the project execution plan, developing preliminary project schedules for licence agreements, FEED and EP contracts, preparation of the EPC invitation to bid, and EPC contract negotiation and award. Key activities undertaken by the IMT during the post-award phase include managing the EPC contractor's onshore work in terms of safety, quality, schedule and cost, managing the EPC contractor to carry out all required onshore work and services, including construction and commission of the plant and provision of all deliverable information, monitoring procurement activities by the EPC contractor, overseeing performance test runs and arranging provision of end-of-job documentation from the EPC contractor. Included in this agreement are project management, engineering, procurement, construction and commissioning services.

The current total estimated cost is €7,209,585.

In no event shall the liability of Fluor Arabia to TSOC exceed 16% of the total compensation paid to Fluor. Fluor Arabia shall not assign this agreement in whole or in part or any monies due or to become due hereunder without the prior written consent of TSOC and any such assignment without such prior consent shall be void. TSOC shall have the right of assigning and novating this agreement to any other organization of which TSOC is the majority shareholder and which has sufficient net worth to comply with its obligations under this agreement, including but not limited to the payment obligations hereunder.

13.2.3.3 Management Services Agreement (PMC) between TSOC and Fluor B.V. (Offshore)

This Management Services Agreement (PMC), effective 15 April 2008, is between TSOC and Fluor B.V. ("Fluor BV") and is related to the AAEP in Jubail, Saudi Arabia. Flour BV has been contracted to perform project management services, all outside of the KSA, and as described at length in Exhibit A of this agreement.

TSOC desires to construct a petrochemical complex in Jubail, KSA. The complex shall include a world scale acrylic acid and esters plant, butanols and synthesis gas plant, superabsorbent polymer plant, and related auxiliary utilities, intermediate storage and port facilities. Exhibit A covers the scope of services required for the acrylic acid and esters plant; i.e. the facility that is included in this project. The project is managed by an IMT composed of both TSOC and Fluor BV personnel, and the work is divided into two phases: (i) the pre-award EPC contracts, and (ii) the post-award EP contracts. Activities in the pre-award phase include: setting up the core of the IMT organization, identifying scope of work, establishing the project execution plan, developing preliminary project schedules for PDP, FEED, and EP contracts, preparation of the EPC invitation to bid. Key activities undertaken by the IMT during the post-award phase include managing the EP contractor's work in terms of safety, quality, schedule, and cost, managing the EP contractor to carry out all the engineering requirements, procurement and other activities, monitoring procurement activities, and arranging for provision of end-of-job documentation from the EPC contractor. Included in this agreement are project management, engineering, and procurement services.

The current total estimated cost is € 6,461,958.

In no event shall the liability of Fluor BV to TSOC exceed 16% of the total compensation paid to Fluor. Fluor BV shall not assign this agreement in whole or in part or any monies due or to become due hereunder without the prior written consent of TSOC and any such assignment without such prior consent shall be void. TSOC shall have the right of assigning and novating this agreement to any other organization of which TSOC is the majority shareholder and which has sufficient net worth to comply with its obligations under this agreement, including but not limited to the payment obligations hereunder.

13.2.3.4 Technology and Licence Agreement

TSOC and R&H entered into an agreement on and with an effective date of 15 April 2008 for SAMC to obtain a licence from R&H to use certain R&H intellectual property for the purpose of manufacturing acrylic monomers (i.e. acrylic acid, including crude and glacial acrylic acid and butyl acrylic) at the plant in Jubail and selling such acrylic monomers. The licence fee will be USD$20 million, and no additional royalty or licence fees will be due, even where additional trains are constructed or the capacity of the plant is increased.

With respect to manufacturing, R&H grants to SAMC an exclusive, non-transferable licence to use R&H Technology (meaning that intellectual property, including patents, data, know-how, trade secrets, processes and confidential information owned or under the control of R&H at the kick-off date relating directly to the manufacture and production of acrylic monomers, including the most current, proven commercial process, as of the effective date). SAMC has no right to assign, novate, or transfer any licence, or grant sublicences, except with the express written permission of R&H. With respect to sales, R&H grants SAMC (i) an exclusive, non-transferable licence to use R&H Technology for the use and sales of acrylic monomers within the GCC countries, and (ii) a non-exclusive, non-transferable licence to R&H Technology for the sales of acrylic monomers produced at the plant in Jubail to third-party merchants outside of the GCC countries, to the extent not inconsistent with relevant marketing and offtake agreements. R&H also grants SAMC a nonexclusive, non-transferable, licence in the territory to use certain of its names and logos in conjunction with the advertising of SAMC or the products produced by SAMC using R&H technology. SAMC has no right to assign, novate, transfer, or grant sublicences, in whole or in part, without R&H's express written consent. However, the entire agreement will be wholly assigned and novated by TSOC and SAMC upon the issuance of SAMC's commercial registration by MOCI. Any improvements made solely by an employee of SAMC (or TSOC), or solely by an employee of R&H, will remain solely owned by SAMC (or TSOC) or R&H respectively. Any improvements made by both employees will be jointly owned. Included in the R&H Technology is such improvements owned or acquired by R&H for a period of 10 years, subject to certain exceptions. R&H will provide technical assistance (including up to 6000 man hours per year) during the design, construction, and start-up of the plant. R&H will also provide health and safety training, and environmental training but SAMC will be solely responsible for the safe operation of the plant.

Rights and obligations of SAMC shall terminate automatically in the event that the parties have mutually agreed to abandon the development of the plant or SAMC is not formed on the one-year anniversary of the effective date, other than by certain reasons, including delay caused by R&H. Neither the licence agreement nor the rights or licences granted under it are assignable or otherwise transferable by one party without the prior written consent of the other party, except that SAMC will be entitled to pledge, charge, assign, and encumber its rights under the agreement in connection with any financing of the plant. The term of the agreement is perpetual unless terminated by of the parties according to the applicable provisions.

13.2.3.5 SAAC LC – Agreement between Tasnee & Sahara

This is an agreement entered into 7 March 2009 by and between Sahara and Tasnee in relation to TSOC's, Tasnee's, and Sahara's intention to establish SAAC, which intends to be a majority investor in an acrylic acid complex comprising of butanol, acrylic acid, esters, SAP, utility and offsite projects. The second recital states that SAAC will form a joint venture with R&H of the US for the manufacturing of acrylic acid and esters. TSOC is listed as a party (page 2 of this agreement), but is not a signatory to the agreement.

The parties agree that they shall co-operate to form SAAC in accordance with the articles of association in Exhibit 1 and the laws of the KSA, all in accordance with this agreement. The full capital of the company will be SAR 1,000,000,000, with TSOC owning 65%, Tasnee owning 20%, and Sahara owning 15%. In order to expedite the formation of an acrylic acid joint venture with R&H (Saudi Arcylic Monomers Company [i.e. SAMC]), SAAC shall be formed with an initial capital of SAR 550,000,000.

The parties acknowledge that Tasnee and the Kanoo group were cooperating for an acrylic acid project before the MINPET directive for TSOC to be a partner in SAAC. Recognizing their past relationship, the parties agree to transfer to the Kanoo group all or a portion of (as agreed in the Kanoo settlement) of Tasnee's direct shareholding of 20% of SAAC to the Kanoo group, who may be interested in being one of the shareholders of SAAC. Thirty-five percent of all of Tasnee's 20% of the shares in the event that the Kanoo settlement does not take place and this agreement is terminated, or the remainder of Tasnee's shares after the Kanoo settlement, shall be transferred to and purchased by Sahara at par value.

This agreement remains in full force and effect with respect to each party until such time as this agreement is terminated pursuant to section 3.2 of this agreement (i.e. if the Kanoo settlement between Kanoo and Tasnee about Kanoo's interest in SAAC has not occurred or has not been completed by 31 December 2010, this agreement may be terminated by either Sahara or Tasnee upon written notice to the other), or that party ceases to have a shareholding interest in SAAC, or SAAC is dissolved and liquidated, whichever occurs first.

13.2.3.6 Joint Venture Agreement

TSOC and R&H have entered into a Joint Venture Agreement ("JV Agreement") dated 15 April 2008 in order to establish a company in Saudi Arabia which will manufacture, market and sell acrylid acid, acrylic esters, and glacial acrylic acid (the "Products" for the purposes of this section). The agreement provides that immediately after the effective date, the parties will establish a steering committee which will direct and supervise all aspects of work on the project prior to company formation. This steering committee shall consist of six (6) members, four (4) of which are to be appointed by TSOC, and two (2) by R&H. The parties agree that they will cooperate and use their best endeavours to cause the licensing, formation, registration, and qualification of the proposed company in accordance with the articles of incorporation and the laws of the Kingdom, all in accordance with the terms of this agreement. The purpose of the company to be formed is to engage in the following commercial activities, subject to the terms and conditions of this agreement:

(a) to establish manufacturing facilities;

(b) to manufacture the Products from raw materials; and

(c) to sell, market, distribute and deliver the Products within and outside the Kingdom.

The name of the company shall be "Saudi Acrylic Monomers Company" and shall be formed for a period of ninety nine (99) years, having its registered office in Jubail, Saudi Arabia. Simultaneously with the execution of this agreement, TSOC (on behalf of SAMC) and R&H shall enter into a licence agreement and a marketing and offtake term sheet, and (ii) TSOC (on behalf of SAMC) and SEPC shall enter into the Propylene Supply Agreement.

The capital of SAMC will be SAR 787,500,000, with TSOC owning 75% (59,062 shares each with a value of SAR 10,0000), and R&H owning 25% (19,688 shares each with a value of SAR 10,000). Profits will be distributed to the shareholders pro-rata and the agreement provides for a right of pre-emption in the event that the paid in capital of SAMC is increased and in case a party wishes to transfer its shares in SAMC. The company will be managed by a board of managers, which shall consist of eight (8) members. TSOC will be entitled to appoint six (6) members and R&H, so long as it holds no less than 15% of the shares of the company, shall be entitled to appoint two (2) members. The agreement provides for procedures and restrictions with respect to the functioning of each of the steering company, the shareholders' meetings, and the board of managers. The agreement also provides for a deadlock procedure and dispute resolution provisions. The agreement also provides for confidentiality and non-compete provisions which both parties must abide by.

The agreement shall remain in full force and effect with respect to each party until such time as the agreement is terminated or until that party ceases to have a shareholding interest in the company or the company is dissolved and liquidated, which ever occurs first. The agreement terminates automatically where certain events (including company formation, acquisition of requisite licences) have not occurred within twelve months after the date of this agreement. R&H may withdraw in certain circumstances (i.e. (i) estimated total costs of the project by 31 March 2009 have exceeded US$910,000,000, (ii) prior to 31 December 2008, due to any act or omission of TSOC with respect to any activities other than this project, the allocation letter has been withdrawn, reallocated or otherwise materially altered so as to preclude or render the project infeasible) and TSOC would have to indemnify and hold harmless R&H for any losses, liabilities, and expenses related to SAMC that arise subsequent to the issuance of the withdrawal notice. Either party may terminate where the other has defaulted, events of default including both events of insolvency and unremedied breaches. Neither party may assign its rights or transfer any of its rights or obligations under this agreement to a third party, provided, however, that either party shall have the right to do so to an affiliate with the prior written consent of the other party, such consent not to be unreasonably withheld or delayed, except as otherwise agreed or in certain circumstances provided for within the agreement. This agreement provides in its schedules the form of the article of association and a marketing and offtake agreement term sheet.

13.3 Joint Ventures

13.3.1 Al Waha

13.3.1.1 Gas Feedstock

13.3.1.1.1 Sales Gas Supply Agreement

This is an agreement having an effective date of 1 July 2008 (and running for a term of 20 years from that date) between the parties which provides for Saudi Arabian Oil Company (Saudi Aramco) to supply Al Waha with sales gas (in accordance with the specification sheet attached to the agreement) in an amount not to exceed 2,160 MMBTU or the equivalent of 2 MMSCF per calendar day at the government established price (then-current price being US$0.75/MMBTU). The title and risk of loss of such Sales Gas shall pass to Al Waha at the downstream flange immediately after the custody transfer quality meter. Force majeure events specifically include Saudi Aramco's inability to perform any part of the agreement as a result of government action (which include the issuance or promulgation laws, rules, orders, and so forth). Saudi Aramco also has the right to suspend deliveries as directed by the Ministry of Petroleum and Mineral Resources ("MOP&MR"), the regulator, where Al Waha fails to comply with or fulfill the conditions and obligations listed in Al Waha's authorization letter from MOP&MR.

13.3.1.1.2 Propane Supply Agreement

This is an agreement having an effective date of 1 July 2008 (and running for a term of 20 years from that date) between the parties which provides for Saudi Aramco to supply Al Waha with propane gas (in accordance with the specification sheet attached to the agreement) in an amount not to exceed 22,000 barrels per day at the price calculated pursuant to the formula set out in Article 6 of the agreement. The title and risk of loss of such propane gas shall pass to Al Waha at the downstream flange immediately after the custody transfer quality meter. Force majeure events specifically include Saudi Aramco's inability to perform any part of the agreement as a result of government action (which include the issuance or promulgation of laws, rules, orders, and so forth). Saudi Aramco also has the right to suspend deliveries as directed by MOP&MR, where Al Waha fails to comply with or fulfill the conditions and obligations listed in Al Waha's authorization letter from MOP&MR.

13.3.1.1.3 MOP&MR Requirements

Al Waha has also received a letter from MOP&MR dated 15/3/1429H (corresponding to 23 March 2008G) concerning the completion of 90% of the engineering, supply and construction requirements of the Al Waha project and satisfying the allocation conditions set forth by the MOP&MR. The letter authorised Al Waha to sign agreements with Saudi Aramco for the supplies of fuel and propane necessary for dry gas and propane (the two agreements mentioned above). The MOP&MR authorisation is subject to compliance with a number of conditions:

- The capacity of the Al Waha project shall be 450,000 metric tons of polypropylene per year;
- Providing propane from the products of Al-Waha Petrochemicals Company to conversion industries in the Kingdom, under long term contracts and pursuant to competitive terms, conditions and prices;
- Consumption of necessary fuel with a maximum limit of 2 million cubic feet of dry gas (methane) per day;
- Consumption of the necessary propane, with a maximum limit of 22,000 barrels of liquified propane per day;
- Refraining from revoking or altering any laboratories or units necessary to produce polypropylene based on which the quantities of fuel and propane were allocated or extended.

Any future failure by Al-Waha Petrochemicals Company to comply with the above conditions may lead to suspension or cessation of the allocation from Saudi Aramco.

13.3.1.1.4 Propane Pipeline Grid System Contract

Sahara has entered into a Grid System Contract with Petrokemya dated 3 April 2005, which regulates the reservation by Sahara of a utilization capacity equal to 22,000 barrels per calendar day of the propane pipeline grid system, which is operated by Petrokemya under a MOP&MR license for the transportation of propane from Saudi Aramco's Ju'aymah gas plant to Jubail, where Sahara's PDH-PP Plant is located. Sahara pays SAR 539 per thousand barrels per calendar day.

The term of the agreement is 30 years, to be automatically renewed in five-year periods unless terminated by MOP&MR or by either party. Petrokemya has the right to suspend performance of its obligations and to terminate the agreement if the MOP&MR license is revoked, during an emergency, force majeure situations, planned shut down for maintenance or for unremedied default by Sahara.

A novation of the Propane Pipeline Grid System Agreement from Sahara to Al Waha has been prepared and is awaiting execution.

13.3.1.2 Construction Contracts

13.3.1.2.1 Design, Engineering and Supply Contract and Construction Contract in relation to the Al Waha PDH-PP Project

Al Waha has entered into a Design, Engineering and Supply Contract with Tecnimont S.p.A. ("Tecnimont S.p.A."). and Daelim Industrial Co., Ltd. (Daelim Industrial) dated 18 September 2006 for the design, execution and completion of the PDH-Plant and the PP-Plant (the Plant). The Design, Engineering and Supply Contract covers services to be performed outside Saudi Arabia. The plants are expected to be completed in November 2008.

The Plant must satisfy a number of performance tests which include the attainment of various performance guarantees, including, among other things, product quality, output and consumption at the Plant. The contract also contains a binding schedule which requires the contractors to achieve ready for cold run and ready for start up of the Plant by specified dates.

Capped liquidated damages are to be paid by the Contractors if the scheduled completion dates are not met or if they fail to achieve the performance guarantees and the EPC Contractor's capped aggregate liability is subject to certain carve-outs.

The defects liability period expires 60 months after the date of ready for start up in respect of the buildings, civil works and steel structures and the earlier of 12 months after the date of initial acceptance or 15 months after the date of ready for start up for all other works.

Al Waha may suspend the works or terminate the contract at any time for convenience. Al Waha may also terminate the contract, inter alia, for un-remedied material breach, insolvency of the contractors or if the contractors have failed to maintain satisfactory progress.

13.3.1.2.2 Construction Contract

Al Waha has entered into a Construction Contract with Tecnimont Arabia and Daelim Saudi Arabia Co., Ltd, in relation to the construction of the Plant dated 18 September 2006. The Construction Contract covers construction services to be performed within Saudi Arabia. Commencement date and timescales are as set out in the agreement above. Tecnimont Arabia's liability to pay liquidated damages and the cap on the aggregate liability of Tecnimont Arabia to Al Waha replicate the above agreement. Al Waha's right to suspend the works and to terminate the contract are also on the same terms as the agreement above.

The Lump Sum Turn Key (LSTK) value of the above contracts is USD 809 million.

13.3.1.3 Project Management Services Agreements

13.3.1.3.1 Out of Kingdom and In Kingdom Project Management Consultancy Agreements

Sahara and Basell Polyolefine GmbH ("Basell GmbH") have entered into an out of Kingdom Project Management Consultancy Agreement with Foster Wheeler Italiana S.p.A. ("Foster Wheeler Italiana") dated July 2005, and an in-Kingdom Project Management Consultancy Agreement with Foster Wheeler Arabia Ltd ("Foster Wheeler Arabia") dated 27 July 2005, under which Foster Wheeler Italiana and Foster Wheeler Arabia are required to provide certain project management services and general technical advice and support in connection with the engineering, procurement, construction, pre-commissioning, commissioning and testing of the Plant outside Saudi Arabia and inside Saudi Arabia respectively. These agreements were novated from Sahara and Basell GmbH to Al Waha pursuant to deeds of novation dated 18 January 2007. The total cost of services under these agreements will be USD 20.44 million.

Remuneration is on an hourly basis and capped. The aggregate liability of Foster Wheeler Italiana and Foster Wheeler Arabia to Al Waha is capped.

13.3.1.3.2 Project Management Co-ordination Agreement

Foster Wheeler Italiana and Foster Wheeler Arabia warrant that the services in the Management Consultancy Agreements comprise all project management services needed for the PDH-PP Project. The agreement is dated 30 September 2005. The consultants are jointly and severally liable, capped at the aggregate liability caps of the Management Consultancy Agreements. The agreement was novated from Sahara and Basell GmbH to Al Waha pursuant to a deed of novation dated 18 January 2007.

13.3.1.4 Technology and Licence Agreements

13.3.1.4.1 Oleflex Process & Huels Selective Hydrogenation Process Technology Transfer Agreement

Sahara has entered into a Technology Transfer Agreement with UOP dated 7 July 2004, under which UOP grants a non-exclusive, non-transferable right to use the (i) Oleflex and (ii) Huels Selective Hydrogenation processes along with any apparatus or catalysts and to export, sell or use in any country the products of these processes in consideration of technology transfer fees. This agreement was novated to Al Waha pursuant to a deed of novation dated 19 January 2007. UOP, its subsidiaries as defined in the agreement and Huels are to receive back any patent rights to these processes acquired by Al Waha within the period of time specified in the agreement. Al Waha may terminate the agreement in 20 years and UOP in 10 years after the commencement date.

13.3.1.4.2 Basell Technology License Agreement

Sahara has entered into a Technology Licence Agreement with Basell Poliolefine Italia S.p.A. (Basell S.p.A.) dated 1 December 2004 , under which Basell S.p.A. grants the non-exclusive right to use information relating to the Spherizone Process and catalysts in the design, erection and operation of the Plant. The agreement was novated to Al Waha pursuant to a deed of novation dated 19 January 2007. Al Waha is granted the option to receive additional technical information in exchange for an additional license fee. Al Waha has an additional option, provided that Basell S.p.A. or one of its affiliates is a party to a futureAl Waha joint venture, to build and operate one additional line in Saudi Arabia using technical information relating to the Spherizone Process. Basell S.p.A. and Al Waha have undertaken to make available to the other, free of charge, improvements made to the technology within certain time limits. Either party may terminate the agreement for a default by the other party which is not remedied on 90 days' notice.

13.3.1.5 Supply and Utilities Agreements

13.3.1.5.1 Power Supply Implementation Agreement

Sahara and SEC entered into a Power Supply Implementation Agreement dated 30 May 2006 for the supply of electricity to the PDH-PP Project. The PDH-PP Project includes the installation by SEC of a power transmission line (the Power Transmission Facilities). The monthly price of the electricity provided under the agreement is determined in accordance with the prevailing rate under the directives of the Ministry of Water and Electricity. Sahara is to fund, procure and implement the entire installation process under SEC supervision. Sahara is required to pay SEC the project cost and SEC service charge in three installments, calculated as percentages of the estimated project cost as at 30 May 2006. In addition, Sahara must pay a meter deposit charge no later than one month prior to energisation.

The agreement provides for liquidated danages payable by Sahara in case of termination and/or any delay caused by it.

This agreement has been novated from Sahara to Al Waha.

13.3.1.5.2 *Al Waha Polypropylene Catalyst Supply Agreement*

Al Waha has entered into a Polypropylene Catalyst Supply Agreement with Basell Poliolefine Italia S.r.l. (Basell S.r.l.) dated 19 September 2006 for the supply of certain types of supported components of high-yield Ziegler-Natta catalysts suitable for the production of polypropylene for use in the operation of a PDH-PP Plant. The term of the agreement is ten years from the date of the first invoice relating to the first commercial supply made under it.

The annual increase in the price of each catalyst is capped at 5%. If Al Waha defaults on any of the terms of the agreement, Basell S.r.l. may defer further shipments of the catalysts until the default is remedied. Either party may terminate the agreement if the other is in default of a material obligation that is not remedied on 60 days' notice.

Al Waha's financiers have step-in rights on Al Waha under this agreement pursuant to a Catalyst Supply Direct Agreement.

13.3.1.5.3 *Ethylene Supply Agreement*

Sahara has entered into an agreement with Al Waha dated 30 September 2007 to supply 29,750 metric tons per contract year of ethylene. The initial term is from the date of the agreement until the 31 December falling after the fifteenth anniversary of the cracker operations date or the 31 December falling after the fifteenth anniversary of the PDH-PP Plant operation date or the termination of the main supply agreement. The agreement is automatically renewed at the end of the initial term for a period of three contract years unless one party gives notice that it does not wish to renew.

Sahara shall be entitled to compensation if Al Waha fails to take the annual contract quantity, unless as a result of: force majeure; Sahara failing to deliver the product; or the product failing to conform to specifications. If Sahara fails to provide the contract quantity, then, provided Al Waha has used reasonable endeavours to mitigate the shortfall, Sahara is required to compensate Al Waha in relation to the shortfall. Either party may terminate the agreement if the other party becomes insolvent or fails to cure an ongoing material breach within 90 days' notice.

13.3.1.6 Marketing and Offtake Agreement

Al Waha has entered into an Off-take Agreement with Basell Sales and Marketing Company BV (Basell Sales and Marketing) dated 5 June 2007 under which Basell Sales and Marketing agreed to off-take all products from Al Waha destined for sale outside the Kingdom. The agreement expires on the later of (i) 12 years from the start-up date or (ii) the date upon which Basell Sales and Marketing or one of its affiliates ceases to hold shares in Al Waha. Following the tenth anniversary both parties and Sahara shall discuss implementation of partial offtake of product by Sahara so that over the next four years, after the 12th anniversary of the start up date, half of Al Waha plant capacity is taken up by Sahara.

Basell Sales and Marketing must buy a minimum of 450,000 tonnes of product annually. Either party may terminate the agreement if the other party is in material default of its obligations and such default is not remedied within 30 days or if the other party becomes insolvent. Basell Sales and Marketing additionally has the right to terminate the agreement if the Catalyst Supply Agreement ceases to be in effect for any reason.

13.3.1.7 Land Lease

Sahara and the Royal Commission for Jubail and Yanbu (Royal Commission) are parties to a land lease agreement dated 3 July 2006, pursuant to which the Royal Commission agreed to lease to Sahara a site of766,959 square meters.

Sahara and Al Waha are parties to a sublease agreement dated 20 March 2007 pursuant to which Sahara agrees to lease to Al Waha 403,650 square meters. The sublease agreement incorporates the terms of the head lease. The terms of the sublease match term of the head lease and the rental is the pro-rata share of the rental payable by Sahara under the head lease.

13.3.1.8 Joint Venture Agreements

Sahara, Basell Arabie Investissements S.A.S. (Basell AI) and Al Waha are parties to an amended and restated shareholders' agreement dated 7 June 2007. Sahara and Basell AI intend to establish Al Waha and Al Waha is to enter (directly or by way of novation) into certain project documents. The agreement further contains provisions regarding the implementation of the PDH-PP Project and the financing documents.

Sahara is to hold 75% of Al Waha and Basell AI is to hold 25 %. Al Waha is to have a paid up capital of SAR 1,547,600,000. Profits of Al Waha are to be shared pro-rata according to the respective shareholdings.

Share sales are subject to pre-emptive rights and to share transfer restrictions contained in Al Waha's financing documents. After the 12th anniversary of the Project start-up date, Basell AI can require Sahara to purchase all of its shares in Al Waha.

Al Waha is managed by a six-member board of managers. Sahara appoints four (4) managers and Basell Al appoints two (2) managers. A six-member Board of managers has already been appointed and their names are mentioned in Exhibit 6.3. Certain board resolutions can only be adopted if approved by at least 1 Basell Al appointee.

Sahara undertakes to use commercially reasonable efforts to finalize the Land Lease Agreement on the standard terms of the Royal Commission and enter into a sub-lease agreement thereof with Al Waha. Sahara also undertakes to use commercially reasonable efforts to obtain access for Al Waha to potable water and sweet water from Marafiq and to assist Al Waha in obtaining access to other utilities.

13.3.1.9 Services Agreements

Sahara and Basell S.p.A. entered into a PDP Supply and Technical In-House Services Agreement dated 13 July 2004, which has been novated from Sahara to Al Waha pursuant to a deed of novation dated 19 January 2007. The agreement regulates the preparation of technical documentation relating to the construction, erection and operation of a PP Plant and the preparation of the final safety and operating manual for it, as well as for the training by Basell S.p.A. of Al Waha personnel.

Under the terms of the agreement Basell agreed to prepare the Plant Documentation and supply it to certain contractors chosen by Sahara and approved by Basell, prior to the grant of a license to a joint venture company owned by Sahara, Basell and other entities (Al Waha) for the design, erection and operation of the PP Plant.

13.3.1.10 Finance Document

Al Waha has entered into an Islamic facilities agreement with ABC Islamic Bank E.C., Arab Banking Corporation B.S.C., Bank Aljazira, Banque Saudi Fransi, Gulf International Bank B.S.C., Saudi Hollandi Bank and The Saudi British Bank (the "Participants") dated 14 November 2006 whereby the Participants have agreed to make available to Al Waha a facility in the amount of US$ 276.55 million under an Ijara structure Islamic financing. The facility is to be used for the acquisition and leasing of the Co-Owned Assets pursuant to the Forward Lease Agreement and the Purchase Undertaking respectively and in furtherance of the development of a petrochemical project at Jubail Industrial City in the Kingdom of Saudi Arabia.

13.3.2 SEPC

13.3.2.1 Gas Feedstock

13.3.2.1.1 Sales Gas Supply Agreement

This is an agreement having an effective date of 1 July 2008, and running for a term of 20 years from that date, between the parties which provides for Saudi Aramco to supply the SPEC plant in Al-Jubail Industrial City with sales gas, in accordance with the specification sheet attached to the agreement, in an amount not to exceed 15,120 MMBTU or the equivalent of 14 MMSCF per calendar day at the government established price (then-current price being US$0.75/MMBTU). The title and risk of loss of such Sales Gas shall pass to SEPC at the downstream flange immediately after the custody transfer quality meter. Force majeure events specifically include Saudi Aramco's inability to perform any part of the agreement as a result of government action, which includes the issuance or promulgation laws, rules, orders, and so forth. Saudi Aramco also has the right to suspend deliveries as directed by the MOP&MR, the regulator, where SEPC fails to comply with or fulfil the conditions and obligations listed in SEPC 's authorization letter from MOP&MR.

13.3.2.1.2 Propane Supply Agreement

This is an agreement having an effective date of 1 July 2008 (and running for a term of 20 years from that date) between the parties which provides for Saudi Aramco to supply SEPC's plant in Jubail Industrial city with propane, in accordance with the specification sheet attached to the agreement in an amount not to exceed 40,000 barrels per day at a price to be calculated in accordance with a formula set out in the agreement. The title and risk of loss of such Propane shall pass to SEPC at the downstream flange immediately after the custody transfer quality meter. Force majeure events specifically include Saudi Aramco's inability to perform any part of the agreement as a result of government action, which includes the issuance or promulgation laws, rules, orders, and so forth. Saudi Aramco also has the right to suspend deliveries as directed by MOP&MR, the regulator, where SEPC fails to comply with or fulfil the conditions and obligations listed in SEPC's authorization letter from MOP&MR.

13.3.2.1.3 Propane Pipeline Grid System Contract

TSOC has entered into a Grid System Agreement with Petrokemya dated 5 August 2006, which governs the reservation by TSOC of a utilization capacity equal to 40,000 barrels per calendar day of the propane pipeline grid system, which is operated by Petrokemya under a MOP&MR licence for the transportation of propane from Saudi Aramco's JGP to Jubail, where TSOC's olefins cracker plant is sited.

The term of the agreement is 30 years, to be automatically renewed for five-year periods unless terminated by MOP&MR under the terms and conditions of the licence or by either party. Petrokemya has the right to suspend performance of its obligations and to terminate the agreement if the MOP&MR licence is revoked, during an emergency, force majeure situations, planned shut down for maintenance or for unremedied default by TSOC.

This agreement has been novated from TSOC to SEPC.

13.3.2.1.4 Salt Supply Letter of Intent

Sahara and Aramco have issued a letter to International Salt Mining (ISM) in which they have approved an award of the salt supply contract for the Ma'aden CA-EDC Project (the "Project") to ISM and have instructed ISM to begin with the Salt Washing and Refining Facility to ensure supply to the Project by the first quarter of 2010. Sahara and Aramco have agreed that the joint venture company running the Project will enter into a salt supply contract with ISM subject to the Salt Washing and Refining Facility having the ability to produce a minimum of 1500 metric tons per day of salt, subject to quality requirements set out in the letter of intent, the logistical facilities to deliver a minimum of 1500 metric tons of salt in 12 hours per working day to the Project site and the ability to store 10,000 metric tons of sale under a covered shed and 40,000 metric tons of raw salt for washing and refining.

13.3.2.2 Construction Contracts

13.3.2.2.1 SEPC – Construction Contract for Ethylene Plant Project

SEPC has entered into a Construction Contract with Consortium Linarco dated 20 May 2006 in relation to the construction of an ethylene plant in Jubail (the Ethylene Plant).

Consortium Linarco has an obligation to achieve mechanical completion within 36 months of the commencement date and provisional acceptance 120 days thereafter. Liquidated damages for delay are payable according to a sliding scale and are capped at a low percentage of the contract price. Performance damages are payable in respect of a variety of criteria, including capacity, yield and energy and cooling water consumption, with fixed liability caps. Consortium Linarco's overall liability is capped as well, unless such liability arises from Consortium Linarco's fraud or misconduct or relates to the cost of rectification of defects or modifications to the work.

SEPC may suspend the work and may terminate the contract at any time by giving 30 days' notice, or may terminate immediately in a number of circumstances such as un-remedied material breach or, insolvency of Consortium Linarco. Consortium Linarco may terminate the contract inter alia for substantial late payment or breach of material obligations.

13.3.2.2.2 SEPC - Construction Contract for Polyethylene Plant Project

SEPC has entered into a Construction Contract with Tecnimont Arabia dated 5 June 2006 in relation to the construction of a Polyethylene Plant comprising an LDPE unit (Unit 1) and a HDPE unit (Unit 2) in Jubail.

Mechanical completion of Unit 1 is to be achieved within 31 months of the commencement date and that of Unit 2 within 30 months of the commencement date. Provisional acceptance of the units is conditional on meeting various performance guarantees. It is scheduled to occur within 180 and 150 days respectively. Liquidated damages (up to a capped amount) are set forth for delays. Tecnimont Arabia's liability for liquidated damages for a failure to obtain provisional acceptance is capped as is Tecnimont Arabia's overall liability. SEPC may suspend the work and may terminate the contract at any time by giving 30 days' notice or may terminate immediately in a number of circumstances such as un-remedied material breach or insolvency of Tecnimont Arabia.

13.3.2.2.3 SEPC – Engineering and Procurement Contract for the Ethylene Plant Project

SEPC has entered into an Engineering and Procurement Contract with Consortium Linde dated 20 May 2006, a consortium formed by Linde AG and Samsung Engineering Co. Ltd (Samsung) for the performance of engineering and procurement services outside Saudi Arabia regarding the Ethylene Plant. Consortium Linde is to provide the building equipment and materials, and prepare the basic engineering package and other necessary designs to build the Ethylene Plant and put it into operation.

Mechanical completion is to be achieved within 36 months of the commencement date. Provisional acceptance is conditional on meeting various performance guarantees. It is scheduled to occur within the following 120 days. Liquidated damages (up to a capped amount) are set forth for delay regarding these dates as well as the milestone dates. Consortium Linde's aggregate liability for delays is capped. This cap is, however, subject to numerous exceptions. Where caps are reached before milestones are achieved, the Consortium Linde will be deemed to be in material breach of the contract.

SEPC may suspend the work by written notice and may terminate the agreement at any time by giving 30 days' written notice, or may terminate immediately in a number of circumstances such as unremedied material breach and insolvency of Consortium Linde. Consortium Linde may terminate the contract, inter alia, for substantial late payment, bankruptcy of SEPC or failure by SEPC to perform material obligations. Where SEPC terminates for material breach because the cap on liquidated damages has been reached, the liability of Consortium Linde is limited.

13.3.2.2.4 SEPC – Engineering and Procurement Contract for the Polyethylene Project

SEPC has entered into an Engineering and Procurement contract with Tecnimont S.p.A dated 5 June 2006for the performance of certain engineering and procurement services outside Saudi Arabia in respect of Units 1 and 2 of the Polyethylene Plant. Tecnimont S.p.A is to provide the building equipment and materials, and prepare the basic engineering package and other necessary designs to build the Polyethylene Plant and put it into operation.

Mechanical completion is to be achieved within 36 months of the commencement date. Provisional acceptance is conditional on meeting various performance guarantees. It is scheduled to occur within the following 120 days. Liquidated damages (up to a capped amount) are set forth for delay. Tecnimont S.p.A.'s liability for delay is capped. This cap is, however subject to numerous exceptions. SEPC may suspend the work by written notice and may terminate the agreement at any time by giving 30 days' written notice to Tecnimont S.p.A, or may terminate immediately in a number of circumstances such as unremedied material breach or insolvency of Tecnimont S.p.A.. Tecnimont S.p.A may terminate the contract for substantial late payment, bankruptcy of SEPC or failure by SEPC to perform material obligations.

The LSTK value of the contracts for the SEPC plants is USD 2,125 million.

13.3.2.3 Technology and Licence Agreements

13.3.2.3.1 Technology Provision Agreement

SEPC has entered into a Technology Provision Agreement with Linde dated 20 May 2006, under which Linde grants a non-exclusive and non-transferable licence to use the (i) process developed by Linde for gas cracking and (ii) processes for cracked gas purification and ethylene and propylene recovery and (iii) proprietary technology relating to these processes, for the start-up, operation and maintenance of SEPC's ethylene plant in Jubail in consideration of a licence fee. SEPC is also granted a non-exclusive, non-transferable and royalty-free right to make use of any improvements to the processes developed or acquired by Linde and disclosed to SEPC during the five year period following the start-up of SEPC's ethylene plant. SEPC grants Linde a reciprocal right relating to improvements disclosed by SEPC over which SEPC shall be the legal owner, and agrees to grant Linde a right to grant sub-licences of these improvement rights. The agreement expires 15 years from the date of acceptance of SEPC's ethylene plant. The agreement may also be terminated in the event that either party fails to comply with its obligations under the agreement, and such failure is not remedied within the applicable cure period.

13.3.2.3.2 SEPC - Lupotech T Licence Agreement

Tasnee Petrochemicalshas entered into a Licence Agreement with Basell GmbH dated 28 February 2005 under which Basell GmbH grants Tasnee Petrochemicals a non-exclusive, irrevocable and perpetual right to receive and use information relating to the Lupotech T Process for the purpose of designing and operating a plant for the production and sale of low density polyethylene. The agreement was novated to SEPC pursuant to a deed of novation dated 10 June 2006. Basell GmbH has also granted Tasnee Petrochemicals the right to make use of any improvements in the Lupotech T Process and has additionally agreed to provide advisory services to Tasnee Petrochemicals. Basell GmbH has also, subject to certain conditions and with liability limited at a capped amount, provided a performance guarantee that the plant will meet certain performance levels set out in the agreement. The agreement expires on the earlier of 20 years from the agreement's assignment to SEPC or 15 years after the acceptance date. For 12 years after the agreement's assignment to SEPC, SEPC has the right, upon payment of an additional license fee, to build and operate two additional plants using Basell GmbH's technical information, patent rights and licensed process. Either party may terminate the agreement for a breach that has a material adverse effect upon them, which is not remedied on 90 days' notice.

13.3.2.3.3 ACP Licence Agreement

Tasnee Petrochemicals has entered into a Licence Agreement with Basell GmbH dated 28 February 2005 under which Basell GmbH grants Tasnee Petrochemicals the non-exclusive, irrevocable and perpetual right to receive and use information relating to the ACP process for the purpose of designing and operating a plant for the production and sale of high density polyethylene. The agreement was novated to SEPC pursuant to a deed of novation dated 10 June 2006. Basell GmbH has also granted Tasnee Petrochemicals the right to make use of any improvements in the ACP process and has additionally agreed to provide advisory services to Tasnee Petrochemicals. Basell GmbH has also, subject to certain conditions and with liability limited at a capped amount, provided a performance guarantee that the plant will meet certain performance levels set out in the agreement. The agreement expires on the earlier of 20 years from the Acceptance date or 25 years after the effective date. For 20 years after the agreement's assignment to SEPC, SEPC has the right, upon payment of an additional license fee, to build and operate two additional plants using Basell GmbH's technical information, patent rights and licensed process. Either party may terminate the agreement for a breach that has a material adverse effect upon them, which is not remedied on 90 days' notice.

13.3.2.4 Supply and Utilities Agreement

13.3.2.4.1 SEPC – Nitrogen Supply Agreement

SEPC has entered into a Nitrogen Supply Agreement dated 19 July 2006 with Tasnee Petrochemicals for the supply of nitrogen to SEPC. The agreement is back to back with Tasnee Petrochemicals' arrangement for the supply of nitrogen from NIGC. The agreement runs for 12.5 years after the appointed date, at which point it may be terminated by any party giving at least six months' written notice.

Under this agreement, before the end of each month, SEPC gives Tasnee Petrochemicals notice of the flow rate required during the subsequent month. Tasnee Petrochemicals is then required to supply nitrogen within minimum and maximum rates and is required to adjust the flow rate as rapidly as practicable in response to SEPC's requests.

Property and risk in the nitrogen passes to SEPC at the delivery point. SEPC is responsible for the safe custody of all property and equipment situated at its site which is owned by NIGC. Tasnee Petrochemicals' liability for any negligent act or omission or breach of the agreement (not due to a force majeure event) is limited to a capped amount. Liability for losses suffered by SEPC as a result of Tasnee Petrochemicals' failure to supply nitrogen is limited to a capped amount as well. The price payable by SEPC is made up of a facility charge, a fixed unit price per m3 of gaseous nitrogen supplied and a fixed unit price per gallon of liquid nitrogen supplied. These prices are increased on each anniversary of the appointed date or, if earlier, the date of the first gaseous nitrogen off-takes by SEPC. The prices may also be varied for changes in the cost of electric power supplied to the Air Separations Plant at NIGC's Jubail site.

13.3.2.4.2 SEPC – Catalyst Supply Agreement

SEPC has entered into a Catalyst Supply Agreement with Basell GmbH dated 19 July 2006 for the supply of high-yield Ziegler Catalysts to SEPC. Under this agreement, SEPC has agreed to purchase its catalyst requirements from Basell GmbH. The term of the agreement is 5 years from 19 July 2006, although SEPC has a right to request a continuation of the agreement by giving 6 months' written notice in advance to Basell GmbH.

If Basell GmbH replaces the Ziegler Catalysts with a catalyst which has an equal or better performance, and for that reason ceases the commercial production of the Ziegler Catalysts, Basell GmbH must provide the new catalyst to SEPC.

The price of the Ziegler Catalysts is payable at fixed prices for each kilogram supplied and SEPC shall enjoy the lowest price for Ziegler Catalysts supplied by Basell GmbH in Saudi Arabia (apart from supplies to Basell GmbH affiliates on the same basis) as long as Basell GmbH owns at least a certain percentage of the voting rights in SEPC. The prices are fixed for a five year period and are subsequently increased by a fixed percentage per year. If SEPC is in default under the agreement, Basell GmbH may defer further shipments of the Ziegler Catalysts until the default is remedied.

SEPC has indemnified Basell GmbH against all claims by third parties in connection with loss or injury sustained which arise out of SEPC's use of the Ziegler Catalysts. Basell GmbH's aggregate liability is capped in respect of each 6 month period from January-June and from July-December at 25% of the total amount paid by SEPC to Basell GmbH during that 6 month period.

Either party may terminate the agreement for a default of any material obligation which is not remedied on 60 days' notice.

13.3.2.5 Marketing and Offtake Agreements

13.3.2.5.1 SEPC – HDPE Marketing and Off-take Agreements

SEPC has entered into the Basell HDPE Marketing and Off-take Agreement with Basell Sales and Marketing Company BV and the Tasnee HDPE Marketing and Off-take Agreement with Tasnee Petrochemicals, both dated 31 May 2006, for the marketing and sale of high density polyethylene (HDPE). The agreements' terms are contemporaneous, running from 31 May 2006 until the later of: (i) 10 years after start-up date (pursuant to the ACP Licence Agreement); (ii) the date on which all debt incurred by SEPC for the purposes of designing and constructing SEPC's plant in Jubail has been repaid; or (iii) the date upon which an affiliate of Basell BV or Tasnee Petrochemicals (or an affiliate thereof) respectively cease to hold shares in SEPC.

Under the terms of the agreements, SEPC agrees to sell and deliver HDPE to the offtakers, who have the exclusive right to market and sell the purchased HDPE under their own names in certain territories. The price payable to SEPC by the offtakers is the price realised by the offtaker in sales to its customers minus specified deductibles. If either of the offtakers fail to lift their minimum purchase commitments, then the responsible off-taker is obliged to reimburse SEPC in respect of all losses. If SEPC fails to supply the minimum purchase commitment to either of the off-takers, liquidated damages are payable to compensate that off-taker for losses incurred. If SEPC fails to make any HDPE available or breaks its warranty with respect to the HDPE delivered, its liability shall be limited to either an amount equal to the gross sales price of the HDPE or replacement of the HDPE. SEPC shall have no liability to the offtakers in respect of any consequential, indirect or punitive damages and/or loss of profit, contracts, opportunity or reputation incurred by the offtakers, except in the case of fraud, gross negligence, wilful misconduct, death or personal injury.

Either party may terminate the agreement for material breach that is not remedied on 90 days' notice. The non-defaulting party may elect to have a phased termination over 12 months. In the event that Basell BV or Tasnee Petrochemicals pay for and offtake less than a certain amount of HDPE, for reasons other than force majeure or SEPC's failure to deliver, SEPC shall have the right to terminate the relevant offtaker's exclusivity. If either offtaker ceases to hold an agreed threshold percentage of the share capital in SEPC, SEPC may terminate the agreement with notice.

13.3.2.5.2 SEPC –LDPE Marketing and Offtake Agreements

SEPC has entered into the Basell LDPE Marketing and Off-take Agreement with Basell Sales and Marketing Company and the Tasnee LDPE Marketing and Off-take Agreement with Tasnee Petrochemicals, both dated 31 May 2006, for the marketing and sale of low density polyethylene (LDPE). The agreements' terms are contemporaneous, running from 31 May 2006 until the later of: (i) 10 years after the start-up date (pursuant to the Lupotech Licence Agreement); (ii) the date on which all debt incurred by SEPC for the purposes of designing and constructing SEPC's plant in Jubail has been repaid; or (iii) the date upon which an affiliate of Basell Sales and Marketing or Tasnee Petrochemicals (or an affiliate thereof) respectively cease to hold shares in SEPC.

Under the terms of the agreements, SEPC agrees to sell and deliver LDPE to the offtakers, who have the exclusive right to market and sell the purchased LDPE under their own names in certain territories.

The price payable to SEPC by the offtakers is the price realised by the offtaker in sales to its customers minus specified deductibles. If either of the offtakers fail to lift their minimum purchase commitments, then the responsible off-taker is obliged to reimburse SEPC in respect of all losses. If SEPC fails to supply the minimum purchase commitment to either of the off-takers, liquidated damages are payable to compensate that off-taker for losses incurred. If SEPC fails to make any LDPE available or breaks its warranty with respect to the LDPE delivered, its liability shall be limited to either an amount equal to the gross sales price of the LDPE or replacement of the LDPE. SEPC shall have no liability to the offtakers in respect of any consequential, indirect or punitive damages and/or loss of profit, contracts, opportunity or reputation incurred by the offtakers, except in the case of fraud, gross negligence, wilful misconduct, death or personal injury.

Either party may terminate the agreement for material breach that is not remedied on 90 days' notice. The non-defaulting party may elect to have a phased termination over 12 months. In the event that Basell Sales and Marketing or Tasnee Petrochemicals pay for and offtake less than a certain amount of LDPE, for reasons other than force majeure or SEPC's failure to deliver, SEPC shall have the right to terminate the relevant offtaker's exclusivity. If either offtaker ceases to hold an agreed percentage of the share capital in SEPC, SEPC may terminate the agreement with notice.

13.3.2.5.3 Agreement for Supply of Ethylene to Saudi International Petrochemical Company

SEPC has entered into an agreement for the Supply of Ethylene with Saudi International Petrochemical Company ("SIPC") dated 24 July 2006 for the supply of 115,000 metric tons per contract year of ethylene to SIPC. The agreement runs up to the 31st December falling 15 years after the issue of the provisional acceptance certificate pursuant to either the Cracker or VAM Plant construction contracts, whichever is the later. It is automatically renewed for 3 year terms thereafter in the absence of at least 3 years' notice of an intention not to renew the agreement by either party. On commercial operation of an ethylene plant of its own, SIPC may either reduce its annual order by no more than 1/3 on 12 months' notice or terminate the agreement, as long as it has provided at least 3 years' notice of, and kept SEPC updated on, its best estimate as to the expected date of commercial operation.

The purchase price is calculated with reference to Platts' monthly contract price for ethylene. If SIPC does not accept delivery of ethylene from SEPC in accordance with the agreement, SIPC shall compensate SEPC in respect of such un-lifted ethylene, provided that such failure is not a result of: (i) SEPC's failure to deliver; (ii) a force majeure event ; or (iii) the ethylene failing to conform with the specifications, and provided that SIPC has used reasonable efforts to mitigate any losses. A reciprocal provision provides that SEPC shall compensate SIPC in respect of any failure by SEPC to deliver ethylene in accordance with the monthly delivery plan, and such failure is not the result of either (i) a force majeure event; or (ii) SIPC's failure to lift. Compensation to SIPC shall include amounts to compensate for any loss in production at the VAM plant caused by SEPC's failure to deliver ethylene.

Either party may terminate the agreement for material breach that is not remedied on 90 days' notice.

13.3.2.5.4 Agreement for Supply of Ethylene to Tasnee Petrochemicals

SEPC has entered into an Agreement for the Supply of Ethylene with Tasnee Petrochemicals dated 22 July 2006 for the supply of 55,250 metric tons per contract year of ethylene to Tasnee Petrochemicals. The agreement runs up to the 31st December falling 15 years after the issue of the provisional acceptance certificate pursuant to the Cracker Plant construction contracts. It is automatically renewed for 3 year terms thereafter in the absence of at least 3 years' notice of an intention not to renew the agreement by either party. On commercial operation of an ethylene plant of its own, Tasnee Petrochemicals may either reduce its annual order by no more than 1/3 on 12 months' notice or terminate the agreement, as long as it has provided at least 3 years' notice of, and kept SEPC updated on, its best estimate as to the expected date of commercial operation.

Title to the ethylene passes from SEPC to Tasnee Petrochemicals at the delivery point. SEPC provides Tasnee Petrochemicals with a fixed available storage. The purchase price is calculated with reference to Platts' monthly contract price for ethylene. If Tasnee Petrochemicals does not accept delivery of ethylene from SEPC in accordance with the agreement, Tasnee Petrochemicals shall compensate SEPC in respect of such un-lifted ethylene, provided that such failure is not a result of: (i) SEPC's failure to deliver; (ii) a force majeure event; or (iii) the ethylene failing to conform with the specifications, and provided that Tasnee Petrochemicals has used reasonable efforts to mitigate any losses. A reciprocal provision provides that SEPC shall compensate Tasnee Petrochemicals in respect of any failure by SEPC to deliver ethylene in accordance with the monthly delivery plan, and such failure is not the result of either (i) a force majeure event; or (ii) Tasnee Petrochemicals' failure to lift.

Either party may terminate the agreement for material breach that is not remedied on 90 days' notice.

13.3.2.5.5 SEPC – Agreement for Supply of Ethylene to Sahara

SEPC has entered into an Agreement for Supply of Ethylene with Sahara dated 22 July 2006 for the supply of 29,750 metric tons per contract-year of ethylene to Sahara. The agreement runs up to the 31st December falling 15 years after the issue of the provisional acceptance certificate pursuant to the Cracker Plant construction contracts. It is automatically renewed for 3 year terms thereafter in the absence of at least 3 years' notice of an intention not to renew the agreement by either party.

SEPC provides Sahara with a fixed available storage. The purchase price is calculated with reference to Platt's monthly contract price for ethylene. If Sahara does not accept delivery of ethylene from SEPC in accordance with the agreement, Sahara shall compensate SEPC in respect of such un-lifted ethylene, provided that such failure is not a result of: (i) SEPC's failure to deliver; (ii) a force majeure event; or (iii) the ethylene failing to conform with the specifications, and provided that Sahara has used reasonable efforts to mitigate any losses. A reciprocal provision provides that SEPC shall compensate Sahara in respect of any failure by SEPC to deliver ethylene in accordance with the monthly delivery plan, and such failure is not the result of either (i) a force majeure event; or (ii) Sahara's failure to lift.

Either party may terminate the agreement for a material breach that is not remedied on 90 days' notice.

SEPC's lenders have a right to substitute SEPC under this agreement pursuant to an Ethylene Purchase Direct Agreement dated 18 September 2006.

13.3.2.5.6 SEPC – Agreement for Supply of Ethylene to Sahara and Ma'aden

This is an agreement having an effective date of 20 August 2007 (and running for a term of 20 years from that date) between the parties which provides for SEPC to sell to Sahara and Ma'aden 85,000 metric tons of ethylene per contract year at a price calculated annually using a formula specified in the contract. The title and risk of loss of such product shall pass to Sahara and Ma'aden at the outer fence on the boundary limit of the Tasnee Petrochemicals Site. Force majeure events specifically include any party's inability to perform any part of the agreement as a result of government action (which includes passing any mandatory rules and regulations).

13.3.2.5.7 SEPC – Agreement for Supply of Propylene to Saudi Polyolefins Company

SEPC has entered into an Agreement for Supply of Propylene with Saudi Polyolefins Company ("SPC") dated 22 July 2006 for the supply of 285,000 metric tons per contract year of propylene to SPC. The agreement runs up to the 31st December falling 15 years after the issue of the provisional acceptance certificate pursuant to either the Cracker construction contract or expansion of the SPC polypropylene processing plant. It is automatically renewed for 3 year terms thereafter in the absence of at least 3 years' notice of an intention not to renew the agreement by either party. On commercial operation of a propylene plant of its own, SPC may either reduce its annual order by no more than 1/3 on 12 months' notice or terminate the agreement, as long as it has provided at least 3 years' notice of, and kept SEPC updated on, its best estimate as to the expected date of commercial operation.

The purchase price is calculated with reference to Platts' monthly contract price for propylene. If SPC does not accept delivery of propylene from SEPC in accordance with the agreement, SPC shall compensate SEPC in respect of such un-lifted propylene, provided that such failure is not a result of: (i) SEPC's failure to deliver; (ii) a force majeure event; or (iii) the propylene failing to conform with the specifications, and provided that SPC has used reasonable efforts to mitigate any losses. A reciprocal provision provides that SEPC shall compensate SPC in respect of any failure by SEPC to deliver propylene in accordance with the monthly delivery plan, and such failure is not the result of either (i) a force majeure event; or (ii) SPC's failure to lift. The compensation includes amounts required to compensate SPC to the extent that it has purchased replacement propylene from a third party.

Either party may terminate the agreement in the event of insolvency or liquidation for unremedied material breach.

The quantity of supply was later amended to 185,000 metric tons of Propylene per year as against the earlier 285,000 metric tons.

13.3.2.5.8 SEPC – Agreement for Supply of Propylene

SEPC has entered an Agreement for Supply of Propylene with TSOC dated 15 April 2009 for the supply of 100,000 metric tons per contract year (or an amount in excess of this if agreed to in writing by the parties in respect of the relevant contract year) to TSOC, with the first delivery date taking place no later than 31 March 2011. TSOC will also be entitled to 35% of the storage capacity of the SEPC plant. Any such propylene so stored will be deemed to have been timely and properly delivered. This agreement is from the effective date until the 31st of December that falls after the 15th anniversary of the date upon which the provisional acceptance certificate is issued by the EPC contractor in connection with the construction of the acrylic acid plant and is automatically renewable for subsequent three-contract-year terms, unless either party gives notice of its intention not to renew at least three contract-years prior to the expiry of the initial term or three years prior to any subsequent term.

The purchase price is an amount equal to the SEPC's actual propylene manufacturing costs during the pricing period plus five percent (5%) return on certain components of such manufacturing costs (including actual catalyst and chemicals costs, utilities costs, fixed cash costs for operating labour, supervision, maintenance, direct and indirect costs and reasonable overheads and financing costs, actual depreciation and amortization charges, and a portion of the actual propane costs) as set out in a formula in section 6 of the agreement. If TSOC does not accept delivery of propylene from SEPC in accordance with the monthly plan, TSOC shall compensate SEPC in respect of such un-lifted propylene, provided that such failure is not a result of: (i) SEPC's failure to deliver; (ii) a force majeure event; or (iii) the propylene failing to conform with the specifications, and provided that SEPC has used reasonable efforts to mitigate any losses. A reciprocal provision provides that SEPC shall compensate TSOC in respect of any failure by SEPC to deliver propylene in accordance with the monthly delivery plan, and such failure is not the result of either: (i) a force majeure event; or (ii) TSOC's failure to lift. The compensation includes amounts required to compensate TSOC to the extent that it has purchased replacement propylene from a third party. Force majeure events include laws and regulations of government or governmental authorities of the Kingdom of Saudi Arabia. In no other event, other than as explained above, shall either party be liable to the other party for any consequential, punitive, incidental or indirect damages of any kind or nature whatsoever, howsoever caused.

Either party may immediately terminate this agreement by notice delivered to the other party in the event of insolvency or liquidation for in the event of an unremedied material breach.

Neither party may assign this agreement or any rights or obligations under this agreement without the prior written consent of the other party, provided that TSOC may assign, transfer or otherwise dispose of its interests in this agreement for the purposes of securing financing from lenders from whom TSOC is seeking finance for the acrylic acid project (i.e. SAMC), subject to certain restrictions. Also, TSOC may freely assign all of its rights and obligations of this agreement to SAMC upon or after its formation without the consent of SEPC. This will serve as a novation, with SAMC being deemed to be a party to this agreement and TSOC being relieved of all its rights and obligations under the agreement.

13.3.2.6 Land Allocation

SEPC has entered into an agreement with Tasnee Petrochemicals dated 18 June 2006 to sublease a portion of the land leased to Tasnee Petrochemicals under an agreement with the Royal Commission for the development of new Cracker and PE plants and facilities. In addition, further premises leased to Tasnee Petrochemicals by the Royal Commission are to be subleased to SEPC to be used temporarily as a lay-down and construction facility and returned to Tasnee Petrochemicals upon issue of the project provisional acceptance certificate or December 2008, whichever is the earlier.

Payment of rent is effective from 4 March 2002 on the main premises and from 21 September 2005 on the temporary premises. Tasnee Petrochemicals remains contractually liable and responsible to the Royal Commission under the above agreement. SEPC is to comply with and to be bound by all the provisions of the land lease agreement between Tasnee Petrochemicals and the Royal Commission in all respects, with regard to the main premises and temporary premises, as if it were a party to the land lease agreement.

13.3.2.7 Joint Venture Agreement

TSOC has entered into a Joint Venture Agreement with Basell Moyen Orient Investissements SAS (Basell MOI) for the purpose of establishing SEPC. The balance of SEPC's profits is to be distributed to the shareholders pro-rata according to the percentage of shares owned by each shareholder. SEPC is to be managed by a board of managers with eight members, two of which are appointed by Basell MOI and six of which are appointed by TSOC. 8 members have already been appointed and their names are mentioned in Exhibit 6.8.

The agreement provides for a right of pre-emption in the event that the paid in capital of SEPC is increased and in case a party wishes to transfer its shares in SEPC.

Basell MOI has a put option in the event that Tasnee Petrochemicals ceases to hold more than 30% of the shares in TSOC or in the event that Tasnee ceases to hold more than 50% of the shares in Tasnee Petrochemicals. The agreement also provides that Basell MOI has an option, where TSOC intends to accept an offer from a third party to purchase its shares in SEPC, to require TSOC to procure that Basell MOI's shares are also purchased, either by the same third party, an alternative third party or, if necessary, by TSOC.

Either party may terminate the agreement for a default of any material obligation which has a material adverse effect and is not remedied on 60 days' notice.

14 UNDERWRITING

14.1 Underwriter

The Lead Underwriter for the Offering is Saudi Hollandi Capital and the Co-underwriter for the Offering is Albilad Investment Company (hereinafter referred to as "Underwriters"). A total of 105,030,000 Shares will be underwritten which represents 100% of the Offering.

14.2 Summary of the Underwriting Agreement

14.2.1 Underwriting of the Offering and the sale of Shares

In accordance with the provisions of the underwriting agreement signed between Sahara and the Underwriters:

- The Company undertakes to issue and allocate all unsubscribed underwritten Offer Shares to the Underwriters on the date of allocation.
- The Underwriters commit to buy all underwritten Offer Shares that were not subscribed by Eligible Shareholders at the rights issue price on the date of allocation,

The Company agrees to comply with all the provisions of the underwriting agreement.

14.2.2 Offering Costs and Fees

The Company shall pay the underwriting fees to the Lead Underwriter. In addition to that the Company will pay any other related costs and fees to the Underwriters.

15 SUBSCRIPTION TERMS AND CONDITIONS

Eligible Shareholders must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form, as the execution of the Subscription Application Form constitutes acceptance and agreement to the Subscription Terms and Conditions.

15.1 Subscription to the Offered Shares

Eligible Shareholders wishing to subscribe to the Offer Shares must submit a Subscription Application Form during the Offer Period. Subscription Application Forms can be obtained from any of the following Receiving Banks:

Eligible Shareholders who have not subscribed to the Offering, whether in full or in part, ("Non-Participating Shareholders") will not be granted any benefits or privileges for their Rights other than the Compensation Amount, if any, as detailed below. However, they will keep ownership of the same number of Existing Shares. Shareholders who do not exercise their pre-emption rights will experience a reduction of their ownership percentage of Existing Shares and a reduction of total value of their Existing Shares.

Each Eligible Shareholder must agree to the terms and conditions and complete all sections of the Subscription Application Form. If a submitted Subscription Application Form is not in compliance with the terms and conditions, the Company shall have the right to reject, in full or in part, such application and the Applicant shall accept any number of Offer Shares allocated. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Banks, the Subscription Application Form will be considered void. Any amendment or withdrawal of a Subscription Application Form is not permitted, and once the Company accepts it, it becomes a binding contract between the Applicant and the Company.

15.2 Non-Participating Shareholders

Non-Participating Shareholders will experience a reduction of their ownership percentage of Existing Shares and the total value of their Existing Shares. In accordance, and in compliance, with CMA instructions and requirements, Non-Participating Shareholders may be entitled to receive a Compensation Amount, if any, calculated as set out below, but will still keep ownership of the same number of Existing Shares as they had prior to the Offering. In the event that the highest Bid Price is the same as the Issue Price, Non-Participating Shareholders will not receive any compensation.

The compensation amount (if any) for Non-Participating Shareholders will be calculated as follows:

(a) From the proceeds realized from the sale of the Additional Shares:

Issue Shares remaining as a result of Non-Participating Shareholders not having exercised their pre-emptive right (the "Additional Shares") shall be allocated to Eligible Shareholders requesting subscription in a number of shares exceeding their rights entitlement according to the price inserted in the Application Form. Priority in allocation shall be to Eligible Shareholders subscribing by the highest price. The amounts payable for each share sold (after deducting the Issue Price which will revert to the Company and the administrative charges), are the amounts which will be distributed to Non-Participating Shareholders ("Compensation Amount").

(b) The Compensation Amount:

The Compensation Amount due for each Share shall be calculated by dividing the Compensation Amount, if any, (after deducting the Issue Price which will revert back to the Company and the administrative expenses of the allocation of Additional Shares) by the total number of shares which were not subscribed for by Non-Particpating Shareholders, and shall be paid to Non-Participating Shareholders based on the total number of Offer Shares that were not subscribed for by each Non-Participating Shareholder.

15.3 Completing the Subscription Application Form

Eligible Shareholders must specify the number of the Offer Shares they are applying for in the Subscription Application Form, along with the whole due subscription amount. The number of shares the Eligible Shareholder is allowed to subscribe in is calculated by multiplying the number of shares he owns by 0.56016.

15.4 Taking up additional entitlements to Rights

Eligible Shareholders have the right to subscribe in additional numbers of shares to cover those shares which the priority right to subscribe was not exercised on ("Additional Shares"). Subscription for Additional Shares will only be by one of the following prices rounded to the closest whole number:

- The Issue Price;
- The Issue Price adding to it an amount equalling 30 per cent of the difference between the Company's Share price at the close of trade on Tadawul immediately preceding the commencement of the EGM and the Share price, as amended, after the EGM multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue;
- The Issue Price adding to it an amount equalling 60 per cent of the difference between the Company's Share price at the close of trade on Tadawul immediately preceding the commencement of the EGM and the Share price, as amended, after the EGM multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue; or
- The Issue Price adding to it an amount equalling 90 per cent of the difference between the Company's Share price at the close of trade on Tadawul immediately preceding the commencement of the EGM and the Share price, as amended, after the EGM multiplied by the ratio of existing number of shares before the rights issue to the number of new shares issued in the rights issue.

The Issue Price for additional numbers of shares will be as follows:

SAR (10) per share;
SAR (12) per share;
SAR (14) per share; or
SAR (16) per share.

An Eligible Shareholder cannot choose more than one subscription price for Additional Shares. Any Offer Shares remaining after excess subscription by Eligible Shareholders on expiry of the Offering Period shall be taken up by the Underwriters at the price of SAR 10.

15.5 Taking up full entitlements to Rights

Eligible Shareholders wishing to take up all of their Entitlement Offer Shares must submit a completed Subscription Application Form, together with the Subscription Monies for their full entitlement and the required accompanying documents, to the Receiving Banks during the Offer Period.

The full entitlement of an Eligible Shareholder is calculated by multiplying the number of Existing Shares held by 0.56016. Partial entitlements are not applicable and any entitlement should be rounded down where necessary. The Subscription Monies payable by an Eligible Shareholder for their full entitlement is calculated by multiplying SAR 10 by the number of Offer Shares to which they are entitled to subscribe for by virtue of their shareholding.

15.6 Taking up no entitlement to Rights

If an Eligible Shareholder does not wish to take up any of their Rights to the Offer Shares, then no action is required and he shall be considered a Non-Participating Shareholder in relation to those Offer Shares which he is entitled to subscribe for. Any Offer Shares not taken up by a Eligible Shareholder during the Offer Period will be taken up by other Eligible Shareholders.

15.7 Taking up some entitlements to Rights

If an Eligible Shareholder wishes to take up some, but not all, of their entitlements, they must submit a Subscription Application Form, together with the applicable Subscription Monies and the required accompanying documents, during the Offer Period. Information on the calculation of Rights and Subscription Monies is set out above. An Eligible Shareholder who only takes up some of their entitlement shall be considered as a Non-Participating Shareholder with regard to the number of Offer Shares not taken up to which they are entitled by virtue of their shareholding and shall be entitled to a Compensation Amount in respect of the Offer Shares not taken up, if any.

15.8 Accompanying documents with the Subscription Application Form

The Subscription Application Form must be submitted accompanied by the following documents, as applicable. The Receiving Bank employee will verify all copies against the originals and will return the originals to the Applicant:

- Original and copy of the Applicant's national identification card (in the case of individuals);
- Original and copy of the Family identification card (family members) (in the case of individuals);
- Original and copy of a power of attorney (in the event of authorising another person to subscribe);
- Original and copy of Certificate of Guardianship (for orphans) (in the case of individuals);
- Original and copy of the residency permits of non-Saudi Applicant, where relevant (in the case of individuals); and
- Original and copy of the Commercial Registration of the Juristic Person.

The Subscription Monies must be paid in full at the time of submitting the Subscription Application Form, to a branch of the Receiving Bank by authorizing a debit to the Eligible Shareholder's account held with the Receiving Bank or by bank draft cheque, pursuant to Saudi Arabian Monetary Agency instructions.

A proxy is limited to family members (parents and children only). If a Subscription Application Form is submitted on behalf of another person, the name of the person signing on behalf of the Applicant should be stated in the Subscription Application Form, accompanied by an original and a copy of a valid power of attorney. The power of attorney must be issued before a notary (for those who are in Saudi Arabia) or must be legalised by the Saudi Embassy or Saudi Consulate in the relevant country (for those who reside outside Saudi Arabia).

15.9 Submission of the Subscription Application Form

The Receiving Banks will commence receiving Subscription Application Forms at their branches throughout Saudi Arabia from 8/9/1430H (corresponding to 29/9/2009G) to 17/9/1430H (corresponding to 7/9/2009G). Subscription Application Forms can be submitted through the Receiving Banks during the Offer Period or through, telephone banking or Automated Teller Machines of the Receiving Banks which offered one or more of these delivery channels to those Applicants who subscribed to Sahara's IPO. Further instructions are set out in the Subscription Application Form.

Once the Subscription Application Form is signed and submitted, the Receiving Bank will stamp it and provide the Eligible Shareholder with a copy of the completed Subscription Application Form.

Eligible Shareholders agree to subscribe for that number of Offer Shares specified in the Subscription Application Form submitted by the Eligible Shareholder for an amount equal to:

- Regarding Offer Shares to which they are entitled by virtue of their shareholding: the number of shares intended to subscribe for multiplied by the Issue Price, SAR 10 per Offer Share;
- Regarding Additional Shares: an amount equalling the number of Additional Shares applied for multiplied by one of the bid prices stated under section "Taking Up Additional Entitlement to Rights" and in the Application Form.

Each Eligible Shareholder shall have purchased the number of Offer Shares allotted to them upon:

- Delivery by the Eligible Shareholder of the Subscription Application Form to the Receiving Banks;
- Payment in full of the Subscription Monies by the Eligible Shareholder to the Receiving Bank; and
- Delivery to the Eligible Shareholder by the Receiving Bank of the allotment letter specifying the number of Offer Shares allotted to such Eligible Shareholder.

15.10 Acknowledgements

By completing and delivering the Subscription Application Form, the Applicant:

- Agrees to subscribe for the Offer Shares for that number of Offer Shares specified in the Subscription Application Form;
- Represents and warrants that they have read the entire Prospectus and understands all of its contents;
- Accepts the By-Laws of the Company;
- Acknowledges that the Company has the right to reject any or all ineligible/incomplete applications;
- Accepts the number of Offer Shares allocated to them and accepts all other subscription instructions and terms mentioned in this Prospectus and the Subscription Application Form;
- Undertakes not to cancel or amend the Subscription Application Form after submitting it to a Receiving Bank; and

The Applicant retains the right to bring a claim against the Company for damages caused by incorrect material information contained in the Prospectus or the omission of material information that should have been included in the Prospectus and could have affected an Applicant's decision to invest in the Offer Shares.

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

15.11 Allocations and Refunds

The Receiving Banks shall open and operate a temporary trust account named "Sahara Rights Offering Account" in which Receiving Banks shall deposit all amounts received from the Eligible Shareholders.

Regarding Non-Participating Shareholders, the compensation amount, if any, shall be distributed after deducting administrative charges specific to this allocation and Excess of Subscription Monies, if any, will be refunded to Applicants without any charge or withholding by the Receiving Banks. Notification of the final allotment and refund of subscription amounts, over subscription amounts or compensation amounts, if any, will be made no later than 22/9/1430H (corresponding to 12/9/2009G).

Eligible Shareholders shall not be allocated shares exceeding the number of shares they have applied to be subscribed in, and in case of excess, remaining shares shall be purchased by the Underwriters at SAR 10 per share.

15.12 Miscellaneous

The terms and conditions and any receipt of the Subscription Application Forms or contracts resulting therefrom shall be governed by, and interpreted and implemented in accordance with, the laws in force in Saudi Arabia. This Prospectus has been released in the Arabic language only.

15.13 Registration in the Saudi Stock Exchange

Application has been made to the Authority for the Offer Shares to be registered and admitted to the Official List of the Saudi Stock Exchange. It is expected that Registration will be approved and that dealing in the Offer Shares will commence on the Saudi Stock Exchange after completion of the final allotment of the company's shares. Tadawul will announce the start date of trading once determined. Dates and times included in this Prospectus are indicative only and may be changed or extended subject to the approval of the Authority.

Although the existing Shares of the Company are registered in the Official List and listed in the financial market "Tadawul", there can be no dealing with the New Shares until the New Shares have been allocated to the subscribing Eligible Shareholders and lodged in their accounts in Tadawul. It is completely forbidden to deal with the New Shares before allocation and any Subscribers engaging in forbidden dealing activities bear complete responsibility in this regard and the Company bears no responsibility in this case.

Tadawul (The Saudi Arabian Stock Exchange)

Tadawul was founded in 2001 as the successor to the Electronic Share Information System. In 1999, full electronic trading in Saudi Arabian equities was introduced. As of August 04, 2008, the market capitalization had reached SAR 1,665.4 billion and 124 companies were listed and traded on Tadawul.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order to settlement. Trading occurs each business day (Saturday to Wednesday) between 11.00 am to 3.30 pm. After close of exchange trading, orders can be entered, amended or deleted until 8.00 pm (the system is not available between 8.00 pm and 10.00 am the next business day). From 10.00 am, new entries and inquiries can be made. For the opening phase (starting at 11.00 am) the system starts opening procedures, it establishes the opening prices and determines orders to be executed according to the matching rules. For the opening phase (starting at 11.00 am), the system starts by opening procedures, it then establishes the opening prices and determines the orders to be executed in accordance with the matching rules. In the holy month of Ramadan, different timing applies, as advised by the CMA.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limited orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, in particular, the Tadawul website and Tadawul information link. The Tadawul information link makes Tadawul accessible in real time to information providers such as Reuters.

Exchange transactions are settled on a T+0 basis, meaning that ownership transfer takes place immediately after the trade has been executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public.

Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

16 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's Head Office in Jubail Industrial City between 8.30 am to 5.00 pm 14 days before the commencement of the subscription and throughout the subscription period.

- The Company's Articles of Association
- The Company's By-Laws
- Commercial Registration Certificate
- Board of Directors' resolution pertaining to the increase of capital
- Audited financial statements for the years ended 31 December 2006, 2007 and 2008.
- Market study reports prepared by Jacobs, CMAI, CMRI and BMI
- Valuation report
- CMA's approval of the Offering
- Written consent of Certified Accountants for the use of their report in the prospectus
- Written consent from Market Research Consultants for the use of their reports in the prospectus
- Written consent from the Legal Advisor for the use its name in the prospectus as Legal Advisor to the Issuer
- Industrial licenses
- Feedstock allocation letters
- Material contracts
- Sub-lease contracts

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Deloitte.

BOODAI

Deloitte & Touche
Bakr Abulkhair & Co.
P. O. Box 182, Dammam 31411
Kingdom of Saudi Arabia

P. O. Box 87241
Riyadh 11596
Kingdom of Saudi Arabia

AUDITORS' REPORT

To the stockholders
Sahara Petrochemical Company
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

Scope of Audit

We have audited the consolidated balance sheet of Sahara Petrochemical Company (Saudi Joint Stock Company) and Subsidiary as of December 31, 2008 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, and notes 1 to 31 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 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and Subsidiary as of December 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting standards appropriate to the nature of the Company and Subsidiary, 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

BOODAI CPA

Dr. Adel Abdulaziz Boodai
License No. 293

11 Muharram, 1430
January 8, 2009

Deloitte & Touche
Bakr Abulkhair & Co.
C.P.A

- 1 -

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2008

	Note	2008 SAR 000	2007 SAR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	453,036	81,162
Other receivables and prepayments		3,322	1,946
Total current assets		456,358	83,108
Non-current assets			
Investment in associate	4	732,947	760,886
Cost of projects under development	5	22,839	11,226
Projects under construction	6	3,390,364	2,092,733
Property and equipment	7	5,482	1,467
Intangible assets	8	112,860	98,497
Total non-current assets		4,264,492	2,964,809
TOTAL ASSETS		4,720,850	3,047,917
LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST			
Current liabilities			
Due to banks	9	589,032	229,000
Advances against Islamic facilities		15,560	-
Retentions payable		130,925	-
Accounts payable and other liabilities	10	93,634	78,205
Zakat and income tax payable	14	-	1,623
Total current liabilities		829,151	308,828
Non-current liabilities			
Long term loans	11	957,670	200,000
Advances against Islamic facilities	12	659,620	112,530
Profit rate swap	17	148,547	-
End-of-service indemnities	13	7,606	3,688
Retentions payable		-	85,587
Total non-current liabilities		1,773,443	401,805
Stockholders' equity and minority interest			
Share capital	1	1,875,000	1,875,000
Statutory reserve	16	69	69
Change in fair value of cash flow hedge position	17	(167,987)	(28,074)
Retained earnings		62,102	103,248
Total stockholders' equity		1,769,184	1,950,243
Minority interest		349,072	387,041
Total stockholders' equity and minority interest		2,118,256	2,337,284
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST		4,720,850	3,047,917

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 SAR 000	2007 SAR 000
Revenues			
Murabaha and other income		65	14,392
Share of income from associate	4	3,323	2,365
Total revenues		3,388	16,757
Costs and expenses			
General and administrative expenses	15,18	40,168	12,381
Pre-operative expenses		3,776	4,980
Total costs and expenses		43,944	17,361
Net loss before minority interest and zakat		(40,556)	(604)
Minority interest		944	(2,735)
Net loss before zakat		(39,612)	(3,339)
Zakat	14	(1,534)	(1,773)
NET LOSS		(41,146)	(5,112)
Earning (loss) per share for the year (in SAR)	22		
Loss per share for the year		(0.22)	(0.03)
Loss per share from continuing main operation (in SAR)		(0.22)	(0.11)
Earning per share from other operations (in SAR)		-	0.08
Weighted average number of shares		187,500,000	187,500,000

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

	Share capital SAR 000	Statutory reserve SAR 000	Change in fair value of cash flow hedge position SAR 000	Retained earnings SAR 000	Total SAR 000
January 1, 2007	1,500,000	48,343	-	435,086	1,983,429
Issuance of bonus shares	375,000	(48,343)	-	(326,657)	-
Net loss for the year	-	-	-	(5,112)	(5,112)
Transfer to statutory reserve	-	69	-	(69)	-
Change in fair value of cash flow hedge position	-	-	(28,074)	-	(28,074)
December 31, 2007	1,875,000	69	(28,074)	103,248	1,950,243
Net loss for the year	-	-	-	(41,146)	(41,146)
Change in fair value of cash flow hedge position	-	-	(139,913)	-	(139,913)
December 31, 2008	1,875,000	69	(167,987)	62,102	1,769,184

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 SAR 000	2007 SAR 000
OPERATING ACTIVITIES		
Net loss before zakat	(39,612)	(3,339)
Adjustments for:		
Depreciation	1,033	305
Write-off of property and equipment, net	29	-
End-of-service indemnities	4,021	1,653
Share of income from associate	(3,323)	(2,365)
Minority interest	(944)	2,735
Loss on disposal of property and equipment	9	-
Changes in operating assets and liabilities:		
Other receivables and prepayments	(1,376)	(769)
Accounts payable and other liabilities	15,429	(6,598)
Cash used in operations	(24,734)	(8,378)
End-of-service indemnities paid	(103)	(34)
Zakat and income tax paid	(401)	(4,419)
Net cash used in operating activities	(25,238)	(12,831)
INVESTING ACTIVITIES		
Additions to property and equipment	(5,152)	(1,296)
Additions to cost of projects under development	(11,613)	(12,231)
Proceeds from disposal of property and equipment	66	12
Additions to projects under construction	(1,252,293)	(1,199,889)
Additions to intangible assets	(14,363)	(46,163)
Net cash used in investing activities	(1,283,355)	(1,259,567)
FINANCING ACTIVITIES		
Due to banks	360,032	229,000
Proceeds from long term loans	757,670	200,000
Advances against Islamic facilities	562,650	112,530
Reimbursement of income tax from minority shareholder	115	-
Net cash from financing activities	1,680,467	541,530
Net change in cash and cash equivalents	371,874	(730,868)
Cash and cash equivalents, January 1	81,162	812,030
CASH AND CASH EQUIVALENTS, DECEMBER 31	453,036	81,162

Non-cash transactions:

1- Cost of projects under development transferred to projects under construction amounted to nil (2007 - SAR 1.53 million)

2- Cost of project under construction includes retentions payable amounting to SAR 45.34 million (2007 - SAR 65.36 million)

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

1. ORGANIZATION AND ACTIVITIES

Sahara Petrochemical Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010199710 dated 19 Jumada I, 1425 (July 7, 2004). The authorized, issued and fully paid share capital of the Company, amounting to SAR 1,500 million, was divided into 150 million shares of SAR 10 each.

During March 2007, the Board of Directors proposed to increase the share capital of the Company through transfer of SAR 375 million from retained earnings and statutory reserve by issuing 37.5 million bonus shares (one share for every four shares held by the existing stockholders) and also by issuing 100 million rights shares totalling SAR 1,000 million to be issued to the existing shareholders (two shares for every three shares held by the stockholders). This would increase the capital of the Company to SAR 2,875 million, with amounts raised being for the purpose of funding the new projects. In July 2007, the stockholders of the Company in their extraordinary general assembly meeting approved the proposal of Board of Directors to increase the share capital by SAR 375 million through capitalization of the statutory reserves and part of retained earnings (one share for every four shares held by the existing stockholders at the date of the extraordinary general meeting). The legal formalities for increase in share capital by issuance of bonus shares were completed in July 2007. The rights issue has been postponed and consequently the bridge loan facility has been extended.

Al Waha Petrochemical Company ("the Subsidiary"), a Saudi limited liability company registered under commercial registration number 2055007751 and with a share capital of SAR 1,547.6 million, is owned 75% by the Company and 25% by Basell Arabie Investments.

The principal activities of the Company and its Subsidiary ("the Group") are to invest in industrial projects in the petrochemical and chemical fields and to own and execute projects necessary to supply raw materials and utilities. The Group incurs costs on projects under development and subsequently establishes a separate company for each project that has its own commercial registration. Costs incurred by the Group will be transferred to separate companies when they are established.

The Company also owns a 32.55% share (initial contribution – SAR 781.2 million) in Tasnee and Sahara Olefins Company (the "Associate"), a closed Saudi Joint Stock Company, an associated company.

The Company's principal place of business is at Jubail Industrial City, Kingdom of Saudi Arabia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in compliance 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 and its Subsidiary:

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its Subsidiary controlled by the Company prepared up to the end of year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated in preparing the consolidated financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Income from murabaha placements and deposits are recognized on an accrual basis.

Expenses

General and administrative expenses generally comprise of salaries and related expenses of staff involved in such activities, rent, subscription etc. Costs related to projects under development are capitalized.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

Investment in associate

An associate is an enterprise in which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of investee. The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting based on the latest available financial information. Where reliable financial data is not available, investment in associated company is recorded at cost and related income is recognized when dividends are received. The carrying amount of such investment is reduced to recognize any impairment in the value of the individual investment.

Intangible assets

Intangible assets mainly comprise a front end fee related to the loan from Saudi Industrial Development Fund (“SIDF”) and debt acquisition and arrangement fees relating to the Islamic facilities.

These costs are being amortized over the period of the loans and the amortization is capitalized as part of projects under constructions up to the date of commencement of commercial production and subsequently charged to the statement of income.

Cost of projects under development

Cost of projects under development represents costs incurred for the study and development of industrial projects and are accounted for at cost. Upon successful development of the projects, costs associated with the project will be transferred to the respective company subsequently established for each project. Costs are written-off when projects are deemed not feasible.

Property and equipment

Property 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. The estimated useful lives of the principal classes of assets are as follows:

	Years
Vehicles	4
Computer, furniture, fixtures and office equipment	2-10

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions, except changes in the fair value of derivative financial instruments that are designated as effective hedge for certain foreign currency risks, are included in the consolidated statement of operations.

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.

Zakat and income tax

The Company and its Subsidiary are subject to zakat and income tax in accordance with the Regulations of the Department of Zakat and Income Tax (“DZIT”). Zakat and income tax are provided on an accrual basis. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and the Company’s share of zakat in Subsidiary and Associate. The income tax, assessable on the minority shareholder, is included in minority interest.

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.

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 projects under construction is deducted from the borrowing costs eligible for capitalization.

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 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.

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, 2008 and 2007, cash and cash equivalents consist entirely of cash and bank balances, including murabaha investment of an amount equivalent to SAR 428.0 million (2007 – SAR 53.3 million).

4. INVESTMENT IN ASSOCIATE

At December 31, 2008, investment in associate represents 32.55% equity interest in Tasnee and Sahara Olefins Company, a Closed Saudi Joint Stock Company.

Summarized financial information of the Associate as of the balance sheet date is as follows:

	2008 SAR 000	2007 SAR 000
Working capital	697,523	817,274
Other assets – net of liabilities	2,193,388	2,187,343
Net assets (including minority interest of SAR 639,154 thousand)	2,890,911	3,004,617
The Company's share of net assets	732,947	760,886
Net income before zakat	10,209	7,266
The Company's share of income before zakat	3,323	2,365

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

5. COST OF PROJECTS UNDER DEVELOPMENT

Cost of projects under development mainly represent project relating to Chlor - Alakali and EDC.

	2008 SAR 000	2007 SAR 000
January 1	11,226	527
Incurred during the year	11,613	12,231
Transferred to projects under construction	-	(1,532)
December 31	22,839	11,226

6. PROJECTS UNDER CONSTRUCTION

Projects under construction mainly represents the costs incurred by the Subsidiary for the construction of a Propane Dehydrogenation and Polypropylene Plant ('the Project") at Jubail Industrial City, Kingdom of Saudi Arabia. The cost of the project is currently estimated at approximately SAR 4,000 million of which approximately 40% is financed by equity and the remaining by debt finance from SIDF, Public Investment Fund ("PIF") and commercial borrowings.

Construction related costs at December 31, 2008 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 include employee benefits, site preparation costs, installation costs, licensing fees, professional fees and borrowing costs.

Finance costs capitalized by the Subsidiary during the year amounted to SAR 88.44 million (2007: SAR 2.66 million).

The Subsidiary's plant facilities are constructed on a plot of land allocated by the Royal Commission of Jubail and Yanbu to the Company and sub-leased to the Subsidiary.

7. PROPERTY AND EQUIPMENT

	Vehicles SAR 000	Computers, furniture, fixtures & office equipment SAR 000	Total SAR 000
Cost			
January 1, 2008	986	1,043	2,029
Additions	2,845	2,307	5,152
Disposal	-	(82)	(82)
Write-off	-	(82)	(82)
December 31, 2008	3,831	3,186	7,017
Depreciation			
January 1, 2008	135	427	562
Charge for year	562	471	1,033
Disposal	-	(7)	(7)
Write-off	-	(53)	(53)
December 31, 2008	697	838	1,535
Net book value			
December 31, 2008	3,134	2,348	5,482
December 31, 2007	851	616	1,467

8. INTANGIBLE ASSETS

Intangible assets at December 31 mainly represent the debt acquisition and arrangement costs and loan front end fees.

	2008 SAR 000	2007 SAR 000
January 1	98,497	52,334
Additions	14,363	46,163
December 31	112,860	98,497

9. DUE TO BANKS

These represents the short term financing facilities received from two banks and are utilized to bridge finance the project costs incurred by the Subsidiary until the disbursement of remaining loan facility from SIDF (note 11) and bridge loan obtained by the Company due to the postponement of the right issue (note 1). These facilities carry commission at commercial rates.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2008 SAR 000	2007 SAR 000
Accounts payable	58,118	77,015
Accrued expenses and other liabilities	35,516	1,190
	93,634	78,205

11. LONG TERM LOANS

	2008 SAR 000	2007 SAR 000
SIDF loan	320,000	200,000
PIF loan	637,670	-
	957,670	200,000

SIDF loan

On June 18, 2007, the Subsidiary signed a term loan agreement of SAR 400 million with SIDF. The loan is secured through mortgage of assets, assignment of insurance proceeds, technology rights and corporate guarantee of the shareholders to the extent of their ownership in the Subsidiary. The loan is payable over 13 semi-annual installments starting from 15 Sha'aban, 1432 (July 17, 2011). The loan agreement includes covenants to maintain financial ratios during the loan period. At December 31, 2008, the Subsidiary has drawn down SAR 320 million (2007 - SAR 200 million).

The repayment schedule is as follows:

Hegira year	SAR 000
1432	15,000
1433	40,000
1434	50,000
1435	60,000
1436	75,000
1437	80,000
1438	80,000
	400,000

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

PIF loan

On October 31, 2007, the Subsidiary signed a term loan agreement of US$ 250 million (SAR 937.5 million) with PIF. This loan carries interest at London Inter Bank Offered Rate ("LIBOR") plus 0.5% and is repayable in twenty semi annual equal installments starting from May 2011. The loan is secured over the assets of the Subsidiary through an interparty deed with the commercial banks under Islamic Facilities Agreement ("IFA"). At December 31, 2008, the Subsidiary has drawn down US$ 170 million (2007 - nil) from the total available facility.

12. ADVANCES AGAINST ISLAMIC FACILITIES

During 2006, the Subsidiary signed an IFA for US$ 276.6 million (SAR 1,037.3 million) through which the commercial banks will participate in the procurement of the Project assets on the basis of co-ownership. On the completion of the Project, the co-owned assets will be leased to the Subsidiary at an annual rental calculated at LIBOR plus 1.95%. Under a separate Purchase Undertaking Agreement, the Subsidiary will purchase the above assets from the banks over a period of 11 years starting six months after the completion of the Project. As of December 31, 2008, the Subsidiary has drawn down US$ 180 million (2007: US$ 30 million) from the total available facility. One installment of SAR 15.6 million due in 2009 is shown as current liability.

The Subsidiary has entered into an profit rate swap contract with commercial banks to manage the exposure to volatility in interest rates for a notional amount ranging from US$ 16.71 million (SAR 62.68 million) to US$ 503.79 million (SAR 1,889.71 million) with no upfront premium. The option fixed rate is 5.105% per annum and is exercisable effective June 29, 2007 on a half yearly basis, up to December 31, 2016.

13. END-OF-SERVICE INDEMNITIES

	2008 SAR 000	2007 SAR 000
January 1	3,688	2,069
Provision for year	4,021	1,653
Utilization of provision	(103)	(34)
December 31	7,606	3,688

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base based on the Company's stand alone financial statements are as follows:

	2008 SAR 000	2007 SAR 000
Non-current assets	1,965,552	1,938,570
Non-current liabilities	5,520	2,823
Opening stockholders' equity	1,950,810	1,990,941
Net loss before zakat	36,780	11,545

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

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

	2008 SAR 000	2007 SAR 000
Zakat		
January 1	1,649	4,303
Provision for year	-	1,648
(Over) under provision for previous years	(1,225)	2
Payment during year	(424)	(4,304)
December 31	-	1,649

	2008 SAR 000	2007 SAR 000
Income tax		
January 1	(26)	-
Provision for year	-	89
Adjustment (payment) during year	23	(115)
Under provision for previous year	3	-
December 31	-	(26)

No provision for zakat has been provided for year 2008 as the zakat base was negative for the Company and Subsidiary.

The zakat liability of the Company's investment in associate being SAR 2.76 million (2007 – SAR 0.12 million) is excluded from the Company's zakat liability above but is included in the zakat charge for the year in the consolidated statement of operations and is reflected in the carrying value of the investment.

The charge for the year for zakat is as follows:

	2008 SAR 000	2007 SAR 000
Zakat for current year	-	1,648
(Over) under provision for previous years	(1,225)	2
Share of zakat of associated company	2,759	123
Charge to consolidated statement of operations	1,534	1,773

During 2008, the Company received the final zakat assessment of SAR 4.69 million related to period ended December 31, 2005 from the DZIT. The Company has filed an objection against the DZIT assessment and believes that no additional zakat is payable and no provision is provided in the books of accounts.

The DZIT has yet to issue the final assessment for the years ended December 31, 2006 and 2007, as these are currently under study by the DZIT.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

15. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Zamil group of companies	Affiliate

The significant transactions and the related amounts are as follows:

	2008 SAR 000	2007 SAR 000
Services received	5,889	1,157

Board of Directors' fees and expenses for the year ended December 31, 2008 amounted to SAR 0.71 million (2007 – 0.88 million)

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the articles of association of the Company, 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.

17. CHANGE IN FAIR VALUE OF CASH FLOW HEDGE POSITION

This includes the difference arising from translation of those long term loans borrowed by the Associate denominated in Euros at the exchange rates prevailing at the balance sheet date, which have been designated as a hedge of expected future revenues denominated in the same currency. It also includes the difference arising from fair value measurements of the effective portion of interest rate swap contracts signed by the Subsidiary and Associate at the balance sheet date, which are hedging instruments against foreign currency loans based on LIBOR rates.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2008 SAR 000	2007 SAR 000
Salaries, wages and other benefits	30,972	7,985
Rent	1,153	893
Dues and subscription	396	663
Advertising and public relations	1,910	372
Others	5,737	2,468
	40,168	12,381

19. OPERATING LEASE ARRANGEMENTS

	2008 SAR 000	2007 SAR 000
Payments under operating leases recognized as an expense during the year	8,447	921

Operating lease payments represent rentals payable by the Company and Subsidiary for certain office properties and precious metals. Leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

20. CAPITAL COMMITMENTS

As at December 31, 2008, the Group had outstanding capital commitments amounting to SAR 251 million (2007 - SAR 1,033 million).

21. CONTINGENCIES AND COMMITMENTS

	2008 SAR 000	2007 SAR 000
Letters of guarantee	380,801	-
Letters of credit	21,859	-
Forward foreign exchange contracts	-	86,337

22. LOSS PER SHARE

Loss per share from net loss after zakat is computed by dividing net loss for the year by the weighted average number of shares outstanding.

Loss per share from the continuing main operations is computed by dividing operating loss less minority interest less zakat for the year by the weighted average number of shares outstanding.

23. FAIR VALUES

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

Deloitte.

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AUDITORS' REPORT

To the stockholders
Sahara Petrochemical Company
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia

We have audited the accompanying consolidated balance sheet of Sahara Petrochemical Company (Saudi Joint Stock Company) and Subsidiary as of December 31, 2007 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, and notes 1 to 24 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 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and Subsidiary as of December 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles appropriate to the nature of the Company and Subsidiary, 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
30 Dhu Al-Hijjah, 1428
January 9, 2008

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2007

	Note	2007 SAR 000	2006 SAR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	81,162	812,030
Other receivables and prepayments		1,946	1,177
Total current assets		83,108	813,207
Non-current assets			
Investment in associate	4	760,886	786,718
Cost of projects under development	5	11,226	527
Projects under construction	6	2,092,733	825,953
Property and equipment	7	1,467	488
Intangible assets	8	98,497	52,334
Total non-current assets		2,964,809	1,666,020
TOTAL ASSETS		3,047,917	2,479,227
LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST			
Current liabilities			
Due to banks	9	229,000	-
Accounts payable and other liabilities	10	78,205	84,803
Zakat and tax payable	13	1,623	4,303
Total current liabilities		308,828	89,106
Non-current liabilities			
Long term loan	11	200,000	-
Advances against Islamic facilities	12	112,530	
End-of-service indemnities	13	3,688	2,069
Retentions payable		85,587	20,228
Total non-current liabilities		401,805	22,297
Stockholders' equity and minority interest			
Share capital	1	1,875,000	1,500,000
Statutory reserve	16	69	48,343
Other reserve	17	(28,074)	
Retained earnings		103,248	435,086
Total stockholders' equity		1,950,243	1,983,429
Minority interest		387,041	384,395
Total stockholders' equity and minority interest		2,337,284	2,367,824
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST		3,047,917	2,479,227

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2007

	Note	2007 SAR 000	2006 SAR 000
Revenues			
Murabaha and other income		14,392	31,595
Realized gain on investments		-	160,398
Share of income from associate	4	2,365	5,659
Total revenue		16,757	197,652
Costs and expenses			
General and administrative expenses	15,18	12,381	13,642
Pre-operative and floatation costs		4,980	16,404
Finance charges		-	847
Total costs and expenses		17,361	30,893
Net (loss) income before minority interest and zakat		(604)	166,759
Minority interest		(2,735)	2,505
Net (loss) income before zakat		(3,339)	169,264
Zakat		1,773	4,464
NET (LOSS) INCOME		(5,112)	164,800
Earning per share for the year (in SAR)	22	(0.03)	0.88

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2007

	Share capital SAR 000	Statutory reserve SAR 000	Unrealized gains on available for sale investments SAR 000	Other reserves SAR 000	Retained earnings SAR 000	Total SAR 000
January 1, 2006	1,500,000	31,863	441,606	-	286,766	2,260,235
Net income for the year	-	-	-	-	164,800	164,800
Transfer to statutory reserve	-	16,480	-	-	(16,480)	-
Unrealized gains on available for sale Investments	-	-	(441,606)	-	-	(441,606)
December 31, 2006	1,500,000	48,343	-	-	435,086	1,983,429
Issuance of bonus shares	375,000	(48,343)	-	-	(326,657)	-
Net loss for the year	-	-	-	-	(5,112)	(5,112)
Transfer to statutory reserve	-	69	-	-	(69)	-
Movement in other reserve	-	-	-	(28,074)	-	(28,074)
December 31, 2007	1,875,000	69	-	(28,074)	103,248	1,950,243

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

	2007 SAR 000	2006 SAR 000
OPERATING ACTIVITIES		
Net (loss) income before zakat	(3,339)	169,264
Adjustments for:		
Depreciation	305	161
End-of-service indemnities	1,653	1,408
Share of income from associate	(2,365)	(5,659)
Minority interest	2,735	(2,505)
Changes in operating assets and liabilities:		
Other receivables and prepayments	(769)	3,953
Accounts payable and other liabilities	(6,598)	79,546
Retentions payable	65,359	20,228
Cash from operations	56,981	266,396
End-of-service indemnities paid	(34)	(144)
Zakat paid	(4,419)	(39,038)
Net cash from operating activities	52,528	227,214
INVESTING ACTIVITIES		
Additions to property and equipment	(1,296)	(188
Additions to cost of projects under development	(12,231)	(94,508
Additions to investment in associate	-	(781,200
Proceeds from disposal of held to maturity investments	-	187,500
Proceeds from disposal of available for sale investments	-	920,184
Proceeds from disposal of property	12	-
Additions to intangible assets	(46,163)	(52,334)
Additions to construction work in progress	(1,265,248)	(623,013)
Net cash used in investing activities	(1,324,926)	(443,559)
FINANCING ACTIVITIES		
Due to banks	229,000	-
Proceeds from long term loan	200,000	-
Advances against Islamic facilities	112,530	-
Contributions by minority shareholders	-	386,900
Net cash from financing activities	541,530	386,900
Net change in cash and cash equivalents	(730,868)	170,555
Cash and cash equivalents, January 1	812,030	641,475
CASH AND CASH EQUIVALENTS, DECEMBER 31	81,162	812,030

Non-cash transactions:

- Cost of projects under development transferred to construction work in progress amounted to SAR 1.53 million (2006: SAR 202.94 million).

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

1. ORGANIZATION AND ACTIVITIES

Sahara Petrochemical Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010199710 dated 19 Jumada I, 1425 (July 7, 2004). The authorized, issued and fully paid share capital of the Company, amounting to SAR 1,500 million, is divided into 30 million shares of SAR 50 each. Based on the Capital Market Authority decision No. 4-154-2006 dated 27/2/1427H (March 27, 2006), the number of shares of the Company was increased to 150 million shares of SAR 10 each starting from April 2006.

During the month of March 2007, the Board of Directors proposed to increase the share capital of the Company through transfer of SAR 375 million from retained earnings and statutory reserves by issuing 37.5 million bonus shares (one share for every four shares held by the existing stockholders) and also by issuing 100 million right shares totalling SAR 1,000 million to be issued to the existing stockholders (two shares for every three shares held by the stockholders). This will increase the capital of the Company to SAR 2,875 million, with amounts raised being for the purpose of funding the new projects. In July 2007, the stockholders of the Company in their extraordinary general assembly meeting approved the proposal of Board of Directors to increase the share capital by SAR 375 million through capitalization of the statutory reserves and part of retained earnings (one share for every four shares held by the existing stockholders at the date of the extraordinary general meeting). The legal formalities for increase in share capital by issuance of bonus shares have been completed in July 2007. The legal formalities associated with issuance of the additional right shares are still in progress at the year end.

On September 2, 2006, Al Waha Petrochemical Company ("the Subsidiary"), a Saudi limited liability company registered under commercial registration number 2055007751 was incorporated with a share capital of SAR 1,237.5 million. The Subsidiary is owned 75% by the Company and 25% by Basell Arabie Investments. Through a shareholders resolution dated December 19, 2006, the shareholders of the Subsidiary agreed to increase the share capital by an amount of SAR 310.1 million to revise the share capital to SAR 1,547.6 million. The legal formalities for increase in share capital were completed during 2007.

The principal activities of the Company and its subsidiary ("the Group") are to invest in industrial projects in the petrochemical and chemical fields and to own and execute projects necessary to supply raw materials and utilities. The Group incurs costs on projects under development and subsequently establishes a separate company for each project that has its own commercial registration. Costs incurred by the Group will be transferred to separate companies when they are established.

In April 2006, the Company contributed SAR 781.2 million as its 32.55% share in Tasnee and Sahara Olefins Company ("the Associate"), a closed Saudi Joint Stock Company, an associated company (note 4).

The Company's principal place of business is at Jubail Industrial City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in compliance 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 and its Subsidiary:

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary controlled by the Company prepared up to the end of year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated in preparing the consolidated financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Income from murabaha placements and deposits are recognized on an accrual basis.

Expenses

General and administrative expenses generally comprise of salaries and related expenses of staff involved in such activities, rent, subscription etc. Costs related to project under development are capitalized.

Investment in associate

An associate is an enterprise in which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of investee. The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting based on the latest available financial information. Where reliable financial data is not available, investment in associated company is recorded at cost and related income is recognized when dividends are received. The carrying amount of such investment is reduced to recognize any impairment in the value of the individual investment.

Intangible assets

Intangible assets mainly comprise a front end fee related to the loan from Saudi Industrial Development Fund ("SIDF") and debt acquisition and arrangement fees relating to commercial loan.

These costs are being amortized over the period of the loans and the amortization is capitalized as part of projects under constructions up to the date of commencement of commercial production and subsequently charged to the statement of income.

Cost of projects under development

Cost of projects under development represents costs incurred for the study and development of industrial projects and are accounted for at cost. Upon successful development of the projects, costs associated with the project will be transferred to the respective company subsequently established for each project. Costs are written-off when projects are deemed not feasible.

Property and equipment

Property 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. The estimated useful lives of the principal classes of assets are as follows:

	Years
Vehicles	4
Computer, furniture, fixtures and office equipment	2-10

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions, except changes in the fair value of derivative financial instruments that are designated as effective hedge for certain foreign currency risks, are included in the consolidated statement of operations.

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.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

Zakat

The Company and its subsidiary is subject to zakat and income tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Zakat and income taxes are provided on an accrual basis. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. The zakat charge in the consolidated financial statements represents the zakat for the Company and the Company's share of zakat in subsidiary and associated company. The income tax, assessable on the minority shareholders, is included in minority interest.

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.

Borrowing costs

Borrowing costs directly attributable to the project 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.

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 interim 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 interim consolidated statement of income. 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 interim consolidated statement of income.

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 equity. Subsequently, the amount is included in the interim consolidated statement of income 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.

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, 2007, cash and cash equivalents consist entirely of cash and bank balances, including murabaha investment of an amount equivalent to SAR 53.3 million (2006 – SAR 458.8 million)

4. INVESTMENT IN ASSOCIATE

At December 31, 2007, investment in Associate represents 32.55% equity interest in Tasnee and Sahara Olefins Company, a Closed Saudi Joint Stock Company.

Summarized financial information of the as of the balance sheet date are as follows:

	2007 SAR 000	2006 SAR 000
Working capital	817,274	320,644
Other assets – net of liabilities	2,187,343	2,096,307
Net assets (including minority interest of SAR 667,028 thousand)	3,004,617	2,416,951
The Company's share of net assets	760,886	786,718
Revenue	-	-
Net income before zakat	7,266	17,386
The Company's share of income before zakat	2,365	5,659

5. COST OF PROJECTS UNDER DEVELOPMENT

Cost of projects under development mainly represent project relating to Chlor - Alakali and EDC.

	2007 SAR 000	2006 SAR 000
January 1	527	108,959
Incurred during the year	12,231	94,508
Transferred to construction work in progress	(1,532)	(202,940)
December 31	11,226	527

6. CONSTRUCTION WORK IN PROGRESS

Project under construction mainly represents the costs incurred by the Subsidiary for the construction of a Propane Dehydrogenation and Polypropylene Plant at Jubail Industrial City, Kingdom of Saudi Arabia. The cost of the project is currently estimated at approximately SAR 3,838 million of which approximately 40% will be financed by equity and the remaining by debt finance from SIDF, Public Investment Fund ("PIF") and commercial borrowings.

Construction related costs at December 31, 2007 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 include employee benefits, site preparation costs, installation costs, licensing fees, professional fees and borrowing costs.

The Subsidiary's plant facilities are constructed on a plot of land allocated by the Royal Commission of Jubail and Yanbu to the Company and sub-leased to the Subsidiary.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

7. PROPERTY AND EQUIPMENT

	Vehicles SAR 000	Computers, furniture, fixtures & office equipment SAR 000	Total SAR 000
Cost			
January 1, 2007	70	676	746
Additions	916	380	1,296
Disposal		(13)	(13)
December 31, 2007	986	1,043	2,029
Depreciation			
January 1, 2007	13	245	258
Charge for year	122	183	305
Disposal	-	(1)	(1)
December 31, 2007	135	427	562
Net book value			
December 31, 2007	851	616	1,467
December 31, 2006	57	431	488

8. INTANGIBLE ASSETS

Intangible assets at the end of the year mainly represent the debt acquisition and arrangement costs.

	2007 SAR 000	2006 SAR 000
January 1	52,334	-
Additions	46,163	52,334
December 31	98,497	52,334

9. DUE TO BANKS

These represents the short term financing facilities received from two banks and are utilized to bridge finance the project costs incurred by the Subsidiary until disbursement of loan facility from SIDF (note 11). These facilities carry profit at commercial rates.

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2007 SAR 000	2006 SAR 000
Accounts payable	77,015	83,239
Due to related parties	-	465
Accrued expenses	1,190	1,099
	78,205	84,803

11. LONG TERM LOAN

On June 18, 2007, the Subsidiary signed a term loan agreement of SAR 400 million with SIDF. The loan is secured through mortgage of assets, assignment of insurance proceeds, technology rights and corporate guarantee of the shareholders to the extent of their ownership in the Subsidiary. The loan is payable over 13 semi-annual installments starting from July 17, 2011. The loan agreement includes covenants to maintain financial ratios during the loan period. At December 31, 2007, the Subsidiary has draw down SAR 200 million.

On October 31, 2007, the Subsidiary signed a term loan agreement of US$ 250 million (SAR 937.5 million) with PIF. This loan carries interest at LIBOR plus 0.5% and is repayable in twenty semi annual equal installments starting from May 2011. The loan is secured over the assets of the Subsidiary through an interparty deed to be executed with the commercial banks under IFA. No amount has been drawn from the facility at the year end.

12. ADVANCES AGAINST ISLAMIC FACILITIES

During 2006, the Subsidiary signed an Islamic Facilities Agreement ("IFA") for US$ 276.3 million (SAR 1,036.1 million) through which the commercial banks will participate in the procurement of the project assets on the basis of co-ownership. On the completion of the Project, the co-owned assets will be leased to the Subsidiary at annual rental calculated at London Inter bank Overnight Rate ("LIBOR") plus 1.95%. Under a separate Purchase Undertaking Agreement, the Subsidiary will purchase the above assets from the banks over the period of 11 years starting six months after the completion of the Project. As at December 28, 2007, the Subsidiary has draw down US$ 30 million from the total available facility.

The Company has entered into an interest rate swap contract with commercial banks to manage the exposure to volatility in interest rates for a notional amount of SAR 993.54 million (Euro 179.30 million) with no upfront premium. The option fixed rate is 5.105% per annum and is exercisable effective from June 29, 2007 on a quarterly basis, upto December 30, 2016.

13. END-OF-SERVICE INDEMNITIES

	2007 SAR 000	2006 SAR 000
January 1	2,069	805
Provision for year	1,653	1,408
Utilization of provision	(34)	(144)
December 31	3,688	2,069

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base based on the Company's stand alone financials are as follows:

	2007 SAR 000	2006 SAR 000
Non-current assets	1,966,644	1,948,780
Non-current liabilities	2,823	1,545
Opening stockholders' equity	1,990,941	1,818,629
Net (loss) income before zakat	(11,545)	169,264

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

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

	2007 SAR 000	2006 SAR 000
Zakat		
January 1	4,303	39,018
Provision for year	1,648	4,303
Under provision for previous years	2	20
Payment during year	(4,304)	(39,038)
December 31	1,649	4,303

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

The zakat liability of the Company's investment in Associate being SAR 0.12 million (2006 – SAR 0.14 million) is excluded from the Company's zakat liability above but is included in the zakat charge for the year in the consolidated statement of operations and is reflected in the carrying value of the investment.

The charge for the year for zakat is as follows:

	2007 SAR 000	2006 SAR 000
Zakat for current year	1,648	4,303
Under provision for previous years	2	20
Share of zakat of associated company	123	141
Charge to consolidated statement of operations	1,773	4,464

Outstanding assessments

The DZIT has yet to issue the final assessment for the period ended December 31, 2005 and year ended December 31, 2006 as these are currently under study by the DZIT.

15. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Zamil group of companies	Affiliate

The significant transactions and the related amounts are as follows:

	2007 SAR 000	2006 SAR 000
Services received	1,157	1,011

The board of directors' fees and expenses for the year ended December 31, 2007 amounted to SR Nil (2006 - SAR 0.01 million.)

Additionally, the Subsidiary has reimbursed the shareholders all costs and expenses incurred by them in developing this project up to the incorporation of the Subsidiary. The total amounted to SAR 256.1 million.

16. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the articles of association of the Company, 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.

17. OTHER RESERVE

This represents the difference arising from translation of long term loans borrowed by the Associate denominated in Euros at the exchange rates prevailing at the balance sheet date, which have been designated as a hedge of expected future revenues denominated in the same currency.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2007 SAR 000	2006 SAR 000
Salaries, wages and other benefits	7,985	11,281
Rent	893	672
Dues and subscription	663	489
Advertising and public relations	372	206
Others	2,468	994
	12,381	13,642

19. OPERATING LEASE ARRANGEMENTS

	2007 SAR 000	2006 SAR 000
Payments under operating leases recognized as an expense during the year	921	447

Operating lease payments represent rentals payable by the Company and Subsidiary for certain office properties. Leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

20. CAPITAL COMMITMENTS

As at December 31, 2007, the Group had outstanding capital commitments amounting to SAR 1,033 million (2006 - SAR 2,244.30 million).

21. CONTINGENCIES AND COMMITMENTS

	2007 SAR 000	2006 SAR 000
Letters of credit	-	353,409
Forward foreign exchange contracts	86,337	860,298

22. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year by the number of shares amounting to 187.5 million shares.

23. FAIR VALUES

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

24. RECLASSIFICATION

Comparative figures for 2006 have been reclassified to conform with presentation in current year.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

AUDITORS' REPORT

To the stockholders
Sahara Petrochemical Company
(Saudi Joint Stock Company)
Riyadh, Saudi Arabia.

We have audited the accompanying consolidated balance sheet of Sahara Petrochemical Company (Saudi Joint Stock Company) and Subsidiary as of December 31, 2006 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended, and notes 1 to 20 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 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and Subsidiary as of December 31, 2006, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles appropriate to the nature of the Company and Subsidiary, 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
12 Muharram, 1428
January 31, 2007

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2006

	Note	2006 SAR 000	2005 SAR 000
ASSETS			
Current assets			
Cash and cash equivalents	3	353,209	55,461
Investments - trading	4	458,821	586,014
Investments - available for sale	4	-	1,361,790
Other receivable and prepayments		1,177	5,130
Total current assets		813,207	2,008,395
Non-current assets			
Investments - held to maturity	4	-	187,500
Investment in associate	5	786,718	-
Cost of projects under development	6	527	108,959
Construction work in progress	7	825,953	-
Property and equipment	8	488	461
Intangible assets	9	52,334	-
Total non-current assets		1,666,020	296,920
TOTAL ASSETS		2,479,227	2,305,315
LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST			
Current liabilities			
Accounts payable and accrued expenses	10	84,803	5,257
Zakat payable	12	4,303	39,018
Total current liabilities		89,106	44,275
Non-current liabilities			
End-of-service indemnities	11	2,069	805
Retentions payable		20,228	-
Total non-current liabilities		22,297	805
Stockholders' equity and minority interest			
Share capital	1	1,500,000	1,500,000
Statutory reserve	14	48,343	31,863
Unrealized gains on available for sale investments		-	441,606
Retained earnings		435,086	286,766
Total stockholders' equity		1,983,429	2,260,235
Minority interest		384,395	-
Total stockholders' equity and minority interest		2,367,824	2,260,235
TOTAL LIABILITIES, STOCKHOLDERS' EQUITY AND MINORITY INTEREST		2,479,227	2,305,315

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	2006 SAR 000	From inception (June 30, 2004) to December 31, 2005 SAR 000
Revenues			
Murabaha income		31,595	45,583
Realized gain on investments		160,398	331,028
Share of income from associate	5	5,659	-
Total revenue		197,652	376,611
Costs and expenses			
General and administrative expenses	13,15	13,642	6,306
Pre-operative and floatation costs		16,404	12,658
Finance charges		847	-
Total costs and expenses		30,893	18,964
Net income before minority interest and zakat		166,759	357,647
Minority interest		2,505	-
Net income before zakat		169,264	357,647
Zakat		4,464	39,018
NET INCOME		164,800	318,629
Earning per share for the year / period (in SAR)	19	1.10	2.12

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY

(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2006

	Note	Share capital SAR 000	Statutory reserve SAR 000	Unrealized gains on available for sale investments SAR 000	Retained earnings SAR 000	Total SAR 000
Share capital introduced	1	1,500,000	-	-	-	1,500,000
Net income for period		-	-	-	318,629	318,629
Transfer to statutory reserve	14	-	31,863	-	(31,863)	-
Unrealized gains on available for sale investments	4	-	-	441,606	-	441,606
December 31, 2005		1,500,000	31,863	441,606	286,766	2,260,235
Net income for the year		-	-	-	164,800	164,800
Transfer to statutory reserve	14	-	16,480	-	(16,480)	-
Unrealized gains on available for sale investments		-	-	(441,606)	-	(441,606)
		1,500,000	48,343	-	435,086	1,983,429

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2006

	2006 SAR 000	From inception (June 30, 2004) to December 31, 2005 SAR 000
OPERATING ACTIVITIES		
Net income before zakat	169,264	357,647
Adjustments for:		
Depreciation	161	97
End-of-service indemnities	1,408	808
Share of income from associate	(5,659)	-
Minority interest	(2,505)	-
Changes in operating assets and liabilities:		
Investments – trading	127,193	(586,014)
Other receivable and prepayments	3,953	(5,130)
Accounts payable and accrued expenses	79,546	5,257
Retention payable	20,228	-
Cash from (used in) operations	393,589	(227,335)
End-of-service indemnities paid	(144)	(3)
Zakat paid	(39,038)	-
Net cash from (used in) operating activities	354,407	(227,338)
INVESTING ACTIVITIES		
Additions to property and equipment	(188)	(558)
Additions to cost of projects under development	(94,508)	(108,959)
Additions to investment in associate	(781,200)	-
Proceeds from disposal of held to maturity investments	187,500	-
Proceeds from disposal of available for sale investments	920,184	-
Additions to intangible assets	(52,334)	-
Additions to construction work in progress	(623,013)	-
Additions to held to maturity investments	-	(187,500)
Additions to available for sale investments	-	(920,184)
Net cash used in investing activities	(443,559)	(1,217,201)
FINANCING ACTIVITIES		
Proceeds from share capital	-	1,500,000
Contributions by minority shareholders	386,900	-
Net cash from financing activities	386,900	1,500,000
Net change in cash and cash equivalents	297,748	55,461
Cash and cash equivalents, January 1	55,461	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	353,209	55,461

Non-cash transactions:

1) Cost of projects under development transferred to construction work in progress amounted to SAR 202.94 million.

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

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

1. ORGANIZATION AND ACTIVITIES

Sahara Petrochemical Company ("the Company") is a Saudi Joint Stock Company registered under commercial registration number 1010199710 dated 19 Jumada I, 1425 (July 7, 2004). The authorized, issued and fully paid share capital of the Company, amounting to SAR 1,500 million, is divided into 30 million shares of SAR 50 each. Based on the directives of The Custodian of the Two Holly Mosques, Capital Market Authority issued decision No. 4-154-2006 dated 27/2/1427H (March 27, 2006) where they decided to split the par value of the shares of all the listed companies to SAR 10 per share. Based on the above decision, the number of shares of the Company was increased to 150 million shares of SAR 10 each starting from April 2006.

On September 2, 2006, Al Waha Petrochemical Company ("the Subsidiary"), a Saudi limited liability company registered under commercial registration number 2055007751 was incorporated with a share capital of SAR 1,237.5 million. The Subsidiary is owned 75% by the Company and 25% by Basell Arabie Investments SAS. Through a resolution dated December 19, 2006, shareholders of the Subsidiary agreed to increase the share capital to SAR 1,547.6 million. The legal formalities for increase in share capital are in process at the year end.

The principal activities of the Company and its subsidiary ("the Group") are to invest in industrial projects in the petrochemical and chemical fields and to produce propylene, polypropylene, ethane and other hydrocarbon based products. The Company incurs costs on projects under development and subsequently establishes a separate entity for each project that has its own commercial registration. Costs incurred by the Company will be transferred to separate companies when they are established.

In April 2006, the Company contributed SAR 781.2 million as its 32.55% share in Tasnee & Sahara Olefins Company ("the Associate"), a Closed Saudi Joint Stock Company, an associated company (note 5).

The Company's principal place of business is at Jubail Industrial City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in compliance 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 and its Subsidiary:

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary controlled by the Company prepared up to December 31. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. All significant inter-company transactions and balances have been eliminated in preparing the consolidated financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Income from murabaha placements and deposits are recognized on an accrual basis.

Expenses

General and administrative expenses generally comprise of salaries and related expenses of staff involved in such activities, rent, subscription etc. Costs related to project under development are capitalized.

Investments

Investments in held to maturity securities, murabaha placements and equity portfolios are classified according to the Company's intent with respect to those securities. Held to maturity securities are stated at amortized cost, adjusted for the related premium or discount. Murabaha placements are classified as trading investments and are stated at fair value, and unrealized gains and losses thereon are included in the statement of income. Investments in equity portfolios are classified as available for sale and are stated at fair value, and unrealized gains and losses thereon are included in stockholders' equity. Where the fair value is not readily determinable, such financial instruments are stated at cost less allowance for impairment in value.

Investment in associate

An associate is an enterprise in which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of investee. The results and assets and liabilities of the associated company are incorporated in theses financial statements using the equity method of accounting based on the latest available financial information. Where reliable financial data is not available, the associate company is recorded at cost and related income is recognized when dividends are received. The carrying amount of such investment is reduced to recognize any impairment in the value of the individual investments.

Intangible assets

Intangible assets comprise debt acquisition and arrangement fees.

Debt acquisition and arrangement costs relate to the loan from Saudi Industrial Development Fund ("SIDF") and syndicate of banks. These costs are being amortized over the period of the loans and the amortization is capitalized as part of the pre-operating cost up to the date of commencement of commercial production and subsequently it is charged to the statement of income.

Cost of projects under development

Cost of projects under development represents costs incurred for the study and development of industrial projects and are accounted for at cost. Upon successful development of the projects, costs associated with the project will be transferred to the respective company subsequently established for each project. Costs are written-off when projects are deemed not feasible.

Property and equipment

Property 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. The estimated useful lives of the principal classes of assets are as follows:

	Years
Vehicles	4
Computer, furniture, fixtures and office equipment	2-10

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

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.

Zakat

The Company and its Subsidiary are subject to the Regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis and charged to the statement of income. The zakat charge is computed on the zakat base, which includes 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 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 maturities of three months or less. At December 31, 2006 and 2005, cash and cash equivalents comprise entirely of cash and bank balances.

4. INVESTMENTS

	2006 SAR 000	2005 SAR 000
Investments in equity portfolios	-	920,184
Unrealized gains on revaluation	-	441,606
Available for sale, at fair value	-	1,361,790
Held for trading, at fair value	458,821	586,014
Held to maturity, at cost	-	187,500
	458,821	2,135,304

5. INVESTMENT IN ASSOCIATE

At December 31, 2006, investment in Associate represents 32.55% equity interest in Tasnee & Sahara Olefins Company, a Closed Saudi Joint Stock Company.

Summarized financial information of the associated company as of the balance sheet date is as follows:

	2006 SAR 000	2005 SAR 000
Working capital	320,644	-
Other assets - net of liabilities	2,096,307	-
Net assets	2,416,951	-
The Company's share of net assets	786,718	-
Revenue	-	-
Net income before zakat	17,386	-
The Company's share of income before zakat	5,659	-

6. COST OF PROJECTS UNDER DEVELOPMENT

At December 31, 2006, cost of projects under development mainly represent project relating to Chlor - Alakali and EDC.

	2006 SAR 000	2005 SAR 000
Opening balance	108,959	-
Incurred during the year / period	94,508	108,959
Transferred to construction work in progress (note 7)	(202,940)	-
December 31	527	108,959

7. CONSTRUCTION WORK IN PROGRESS

This represents the cost incurred by the Subsidiary for the construction of a Propane Dehydrogenation and Polypropylene Plant at Jubail Industrial City, Kingdom of Saudi Arabia. The cost of the project is currently estimated at approximately SAR 3,838 million of which approximately 40% will be financed by equity and the remaining by debt financed from SIDF, Public Investment Fund and commercial borrowings.

During the year, the Subsidiary signed an Islamic Facilities Agreement (“IFA”) for SAR 1,886 million through which the commercial banks will participate in the procurement of the project assets on the basis of co-ownership which will subsequently leased upon the completion of the construction of the project and the Subsidiary will gradually purchase the same from the co-owners. The Subsidiary is also in the process of finalizing a term loan of SAR 400 million from SIDF. The conditions precedent for signing of the loan agreement is expected to be completed in the first quarter of 2007.

Construction related costs at December 31, 2006 principally comprise of progress payments on engineering, procurement and construction contract (“EPC Contract”) related to the Subsidiary’s plant facilities.

The Subsidiary’s plant facilities are constructed on a plot of land leased from Royal Commission of Jubail and Yanbu and sub-leased to the Subsidiary.

8. PROPERTY AND EQUIPMENT

	Vehicles SAR 000	Computer, furniture, fixtures & office equipment SAR 000	Total SAR 000
Cost			
January 1, 2006	-	558	558
Additions	70	118	188
December 31, 2006	70	676	746
Depreciation			
January 1, 2006	-	97	97
Charge for year	13	148	161
December 31, 2006	13	245	258
Net book value			
December 31, 2006	57	431	488
December 31, 2005	-	461	461

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

9. INTANGIBLE ASSETS

	2006 SAR 000	2005 SAR 000
Opening balance	-	-
Additions	52,334	-
December 31	52,334	-

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2006 SAR 000	2005 SAR 000
Accounts payable	83,239	24
Due to related parties	465	3,792
Accrued expenses	1,099	1,441
	84,803	5,257

11. END-OF-SERVICE INDEMNITIES

	2006 SAR 000	2005 SAR 000
Opening balance	805	-
Provision for year / period	1,408	808
Utilization of provision	(144)	(3)
December 31	2,069	805

12. ZAKAT

The principal elements of the zakat base based on the Company's standalone financials are as follows:

	2006 SAR 000	2005 SAR 000
Non-current assets	1,948,780	296,920
Non-current liabilities	1,545	805
Opening share capital	1,500,000	1,500,000
Opening statutory reserve	31,863	-
Opening retained earnings	286,766	-
Net income before zakat	169,264	357,647

Some of these amounts have been adjusted in arriving at the zakat charge for the year / period.

The movement in zakat provision is as follows:

	2006 SAR 000	2005 SAR 000
Opening balance	39,018	-
Provision for year	4,303	39,018
Under provision for previous period	20	-
Payment during year	(39,038)	-
December 31	4,303	39,018

The zakat liability of the Company's investment in Associate being SAR 0.14 million is excluded from the Company's zakat liability above but is included in the zakat charge for the year in the consolidated statement of income and is reflected in the carrying value of the investment.

The charge for the year / period for zakat is as follows:

	2006 SAR 000	2005 SAR 000
Zakat for current year	4,303	39,018
Under provision for previous years	20	-
Share of zakat of associated company	141	-
Charge to statement of income	4,464	39,018

Outstanding assessments

The DZIT has yet to issue the final assessment for the period ended December 31, 2005 as it is currently under study by the DZIT.

13. RELATED PARTY TRANSACTIONS

During the year / period, the Company transacted with the following related parties:

Name	Relationship
Zamil group of companies	Affiliate

The significant transactions and the related amounts are as follows:

	2006 SAR 000	From inception (June 30, 2004) to December 31, 2005 SAR 000
Services received	1,011	5,466

The board of directors' fees and expenses for the year ended December 31, 2006 amounted to SAR 0.1 million (2005 – SAR 0.2 million.)

14. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia and the articles of association of the Company, 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.

SAHARA PETROCHEMICAL COMPANY AND SUBSIDIARY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2006

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2006 SAR 000	From inception (June 30, 2004) to December 31, 2005 SAR 000
Salaries, wages and other benefits	11,281	4,143
Rent	672	869
Dues and subscription	489	404
Advertising and public relations	206	223
Others	994	667
	13,642	6,306

16. OPERATING LEASE ARRANGEMENTS

	2006 SAR 000	From inception (June 30, 2004) to December 31, 2005 SAR 000
Payments under operating leases recognized as an expense during the year / period	447	869

Operating lease payments represent rentals payable by the Company for certain office properties. Leases are negotiated for an average term of one year and rentals are fixed for an average of one year.

17. CAPITAL COMMITMENTS

As at December 31, 2006, the Group had outstanding capital commitments amounting to SAR 2,244.30 million (2005 - SAR 122.75 million).

18. CONTINGENCIES AND COMMITMENTS

	2006 SAR 000	2005 SAR 000
Letters of credit	353,409	-
Forward foreign exchange contracts	860,298	-

19. EARNINGS PER SHARE

Earnings per share are computed by dividing net income for the year / period by the number of shares amounting to 150 million shares.

20. FAIR VALUES

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

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