Kingdom of Saudi Arabia
Ministry of Finance

Saudi Industrial Development Fund

Annual Report for the Fiscal Year 1433 / 1434 H (2012 G)

Saudi Industrial Development Fund
Capital increased in 2012
In the year 1433/1434 H
from SR 20 billion to SR 40 billion
40 billion
40 in 2012
Capital increased
Saudi Industrial Development Fund
In the year 1433/1434 A Record of SR 9.9 billion
from SR 20 billion to SR 40 billion
Approvals reached 1433/1434 record value
9.9 9.9 billion Approvals
Record Value 9.9
record value 9.9 billion
A Record of SR 9.9 billion
Year 2012
Saudi Industrial Development Fund record value
Repayments
Reached Repayments
Record Value
4.3 Reached
4.3
Saudi Industrial Development Fund
Reached billion
Repayments Year 2012 1433/1434 H
Repayments 4.3
Saudi Industrial Development Fund

IN THE NAME OF ALLAH

MOST BENEFICENT, MOST MERCIFUL

Custodian of the Two Holy Mosques

King Abdullah Bin Abdulaziz Al Saud

His Royal Highness

Crown Prince Salman Bin Abdulaziz Al Saud

The Deputy Premier and the Minister of Defence

His Royal Highness

Prince Muqrin Bin Abdulaziz Al Saud

Second Deputy premier, Advisor and Special Envoy of the Custodian of the Two Holy Mosques

Vision

To continue as a leading industrial financing institution, supporting economic and human development in the Kingdom of Saudi Arabia to help the Kingdom become a distinguished industrial center.

Mission

Catalyze industrial development in the Kingdom by focusing on:

- Industrial Lending.
- Supporting and influencing industrial strategies and policies.
- Consultancy services.
- Customer Centricity.
- Training, skills and knowledge development.

Contents

Foreword by H.E., The Minister of Finance

I am delighted to introduce the Annual Report of the Saudi Industrial Development Fund (SIDF) for the fiscal year 1433/1434H (2012G). The report features unprecedented achievements in terms of loans approved, disbursed and repaid. These achievements are an indisputable corollary of the prodigious support extended by the Government of the Custodian of the Two Holy Mosques to SIDF and similar institutions.

The Fund, which plays a pivotal role in the Kingdom's industrial development, has been remarkably successful in attaining its objectives at a time when the Kingdom is experiencing a parallel development boom in all sectors, particularly the industrial. By the Grace of Allah and the wise policies of the Government of the Custodian of the Two Holy Mosques, the Kingdom has managed to meet formidable challenges while successfully maintaining its liberal support of economic development throughout the country. The State budget for the new fiscal year 1434/1435H (2013G), the Largest budget in the history of the kingdom, attests to the importance of this policy.

The fiscal year 1433/1434H (2012G) witnessed remarkable developments at SIDF. The Custodian of the Two Holy Mosques issued a Noble Approval of the increase allocated to the Fund's capital, from SR 20 billion to SR 40 billion. Furthermore, the ceiling set for an individual loan committed to the financing of a project in less developed regions was raised to a maximum of SR 1.2 billion; and that for an individual loan approved for financing of a project in any of the major cities was increased to a maximum of SR 900 million.

As a result, SIDF approvals during the fiscal year 1433/1434H (2012G) increased by 23% or SR 9,940 million representing the highest value of loans committed in one year by the Fund since its inception in 1394H. These loans contributed to the establishment of 101 new industrial projects and expansion of 35 existing industrial projects, with investments totaling SR 30,987 million. At the same time, loan disbursements for the fiscal year 1433/1434H (2012G) have grown by 16% to SR 6,058 million. Repayments during the year covered by the report amounted to SR 4,310 million, an increase of 67% over the previous fiscal year's figure, and the highest for any one year since the foundation of SIDF.

On the other hand, SIDF-managed Small & Medium Enterprises Loan Guarantee Program (Kafala) celebrated outstanding accomplishments in developing, upgrading and supporting Small & Medium enterprises. During the fiscal year 1433/1434H, the Program issued 1,670 guarantees totaling SR 949 million against commercial banks' credits of SR 1,768 million. These guarantees were issued in favor of 918 small and medium enterprises. Hence, the cumulative guarantees issued by the Program since its establishment up to the end of last year totaled 4,765 in terms of number and SR 2,304 million in terms of value. These guarantees were issued - against cumulative bank's financing of SR 4,836 million - in favor of small and medium enterprises engaged in activities encompassing all economic sectors Kingdom-wide.

Finally, I would like to express my sincere appreciation and gratitude to the Custodian of the Two Holy Mosques and his faithful Crown Prince for their unwavering support for and sapient guidance to industrial development in the Kingdom which, in turn, have created the economic and social environment fundamental to SIDF's leadership in the Kingdom's industrial development.

I would also like to extend my thanks and appreciation to the Chairman and members of the Board of Directors of SIDF, its executive management and all employees for their dedicated efforts, reflected in the egregious accomplishments of the Fund during the fiscal year 1433/1434H (2012G).

May Allah guide all of us!

Ibrahim Bin Abdulaziz Al-Assaf

Minister of Finance

Board of Directors

Dr. **Abdulrahman Bin Abdullah Al-Hamidy**
Vice Governor of the Saudi Arabian Monetary Agency
and Chairman of the Board, SIDF

Eng. **Saleh Bin Ibrahim Al-Rasheed**
Acting Director General,
Saudi Industrial Property Authority (Modon)

Dr. **Ahmed H. Salah**
Deputy Minister for Economic Affairs
Ministry of Economy and Planning

Mr. **Abdulla Bin Ebrahim AL-Ayadhi**
Assistant Secretary General,
Public Investment Fund

Mr. **Sultan Bin Jamal Shawli**
Deputy Minister for Mineral Resources
Ministry of Petroleum & Mineral Resources

Chairman's Statement

It is with great pleasure I introduce the SIDF annual report for the fiscal year 1433/1434H (2012G). The report reflects the high performance rates at all levels which parallel the progressive development of the industrial sector in the Kingdom and the gracious care and support extended to the Fund by the Government of the Custodian of The Two Holy Mosques. Thus, SIDF has continued implementing its lending policy in order to realize the aspirations of both local and foreign investors. During the fiscal year 1433/1434H (2012G), the Fund approved 136 loans representing an increase of 15% over loan approvals in the previous fiscal year. These loans totaled SR 9,940 million: the highest value of loans approved in one year since SIDF's inception in 1394H. During the fiscal year 1433/1434H (2012G), disbursed amounts totaled SR6,058 million and repayments amounted to SR 4,310 million which is the highest value of repayments made in one year since the foundation of the Fund.

The number of loans approved by the Fund, since its inception in 1394H up to the end of the last fiscal year 1433/1434H (2012G), has totaled 3,480 loans committed to assisting the implementation of 2,472 industrial projects all over the Kingdom with financial commitments amounting to SR 105,415 million. Out of that total, SR 70,662 million was disbursed, and beneficiaries from extended loans have so far repaid SR 41,526 million. This massive support, provided by the Fund, has had a marked impact: national factories were able to satisfy the local market needs for numerous products; many were in a position to export their surplus products besides the employment opportunities provided to Saudi nationals. These achievements attest to the success of the beneficiary borrower projects.

During the fiscal year 1433/1434H (2012G), the "Noble Approval" of the increase of the Fund's capital from SR 20 billion to SR 40 billion was issued. Furthermore, SIDF Board of Directors approved financing industrial sector services projects, implemented within the industrial areas, with the objective of providing support and logistics services. Such services contribute to the provision of an integrated-services system in industrial areas and create a favorable environment for industrial investments therein.

As for the ceilings set for SIDF loans, the Board of Directors approved the raising of the ceiling of a single loan committed to financing a joint stock company-owned new project, or the expansion of an existing project in less developed areas and towns, to a maximum of SR 1.2 billion. The Board also approved the raising of the ceiling of a single loan committed to financing a joint stock company-owned new or expansion projects in major cities to a maximum of SR 900 million. For a new or an expansion project owned by either a sole proprietorship, partnership company, limited liability company or limited partnership in less developed areas, the ceiling of a single loan was raised to SR 400 million. For new or expansion project owned by either a sole proprietorship, partnership company, limited liability company or limited partnership in the major cities, the ceiling of a single loan was raised to SR 300 million.

Pursuant to the State's policy of diversifying the sources of income and supporting small and medium enterprises, the Government of the Custodian of The Two Holy Mosques gave special attention to the Fund-administered Small & Medium Enterprises Loan Guarantee Program (Kafala). The Program achieved remarkable results during the fiscal year 1433/1434H (2012G). These results comprise the Program's approval of 1,670 guarantees valued at SR 949 million to guarantee SR 1,768 million worth of credits provided by commercial banks to 918 small & medium enterprises. In contrast with the previous year, this represents an increase of 38% and 49% in the number and value of guarantees respectively; an increase of 38% in the financing provided by commercial banks, and an increase of 24% in the number of beneficiary small and medium enterprises.

Finally, I would like to extend my sincere thanks to my colleagues in the Board of Directors for monitoring the activities of the Fund, to SIDF's management for upgrading the performance of the Fund and to SIDF's staff for their commendable efforts.

May Allah bless all of us.

Abdulrahman Bin Abdullah Al-Hamidy

Chairman of the Board of Directors

Saudi Industrial Development Fund

Preface:
Trends and Indicators in the Domestic Economy

Preface: Trends and Indicators in the Domestic Economy

KSA Economic Review for the Year 2012:

The Saudi economy exhibited strong performance in all economic indicators in 2012G. Such remarkable performance was achieved in spite of the persistent repercussions of the global financial and economic crisis on the world economic climate. Increase in the Kingdom's oil production accompanied with improved oil prices throughout 2012G, enabled government to continue with structural and organizational reforms of the Saudi economy, and steady government expenditure on infrastructure projects has been instrumental in bringing about these positive results. According to the Ministry of Finance's statement accompanying the state budget announcement, the Kingdom's gross domestic product (GDP) is expected to reach SR 2,727 billion in 2012G, reflecting a growth of 8.6% at current prices and 6.8% at constant prices. Preliminary estimates reveal that the public debt will decline to around SR 98.8 billion, i.e., 3.6% of GDP, by the end of the fiscal year 2012G.

The private sector and its constituents continued their strong performance in 2012G by achieving high growth rates. The Private sector is expected to grow by 11.5% at current prices and by 7.5% at constant prices. Moreover, the private sector contribution to GDP is projected to be about 58% in 2012G. Furthermore, all economic activities comprising the non-oil GDP maintained their commendable performance in 2012G. The Non-oil Manufacturing sector is expected to grow by 8.3%; Building and Construction sector by 10.3%; Communication, Transportation and Storage sector by 10.7%; Wholesale, Retail, Restaurants and Hotel sector by 8.3%; Electricity, Gas and Water by 7.3%; and the Financial, Business Services, Insurance and Real Estate sector by 4.4%.

With respect to inflation and price levels, the revised goods and services basket based on the new 2007G base year reveals that the cost of living index rose by 2.9% in 2012G. The non-oil GDP deflator, a key economic indicator for calculating inflation for the whole economy, showed an increase of 3.8% in 2012G.

It is estimated that the current account of the balance of payments, according to the preliminary estimates of the Saudi Arabian Monetary Agency (SAMA), will record a considerable surplus exceeding SR 669 billion in 2012G as opposed to SR 594 billion in 2011. In the same context, the balance of trade in 2012G is expected to achieve an enormous surplus: SR 1,005 billion, i.e., an increase of 10% in contrast with the previous year (2011G). This exceptionally high figure can be attributed to the increase in the volume of oil and non-oil exports. In the case of exports, the total volume of goods was estimated at SR 1,485 billion in 2012G, representing an increase of 9% on the previous year (2011G). The value of the volume of Non-oil exports of goods is expected to reach SR 183 billion in 2012G, reflecting an increase of 4% and representing 12% of total goods exported. On the other hand, the total volume of imported goods is estimated at SR 480 billion in 2012G, a growth rate of 7% in contrast with the figure for 2011G.

At the level of financial and monetary developments, and in the light of developments in domestic and global economies, the Kingdom continued its firm fiscal and monetary policies to achieve a suitable level of liquidity to satisfy the requirements of the national economy. The money supply, in term of its broad definition, recorded a growth rate of 10% in the first ten months of the fiscal year 2012G, as opposed to 10.2% for the same period in the previous year.

In terms of the banking sector, commercial banks continued to strengthen their financial position. During the first ten months of 2012G, capital and reserves of the commercial banks rose by 10.3% to SR 210 billion, while total claims on public and private sectors increased by 11.5%. During the same period, bank deposits grew by 9.5% (SR 1,208 billion). Moreover, commercial banks continued their vital role in supporting and expanding the economic activities of the private sector. The total credit extended by banks to the various economic activities in the private sector amounted to more than SR 973 billion during the first nine months of 2012G. However, bank's performance involving provision of credit to various economic activities was relatively uneven during the said period. For example, credit extended to the Financing sector increased by 81%; Water, Electricity, Gas and Health Services sector by 52.3%; Services sector by 50.3%; Mining and Quarrying sector by 43.7%; Building & Construction sector by 33.7%; Transportation and Telecommunication sector by 17.5%; Manufacturing & Processing sector by 16.9%, and Commercial sector by 1.4%. In contrast, credit extended to the Agriculture and Fishing sector declined by 9.4%.

Similarly, the Saudi Industrial Development Fund continued its unstinted commitment to the support of local industry in all spheres of industrial activities. SIDF's loan approvals in the fiscal year 2012G amounted to 136 Loans valued SR 9,940 million. Furthermore, the Small and Medium Enterprises Loan Guarantee Program (KAFALA) administered by the Fund, witnessed a significant increase in the number of guarantee documents approved in 2012G. 1,670 guarantees were approved, having a total value of SR 949 million, to guarantee financing of SR 1,768 million extended by local commercial banks to 918 small and medium enterprises.

In another important sphere, the Saudi General Share Price Index registered 6,801 points at the end of 2012G as opposed to 6,417 points at the end of 2011. An additional seven companies made partial public offerings on the market, bringing the total number of companies registered in the market to 158. Furthermore, the Capital Market Authority (CMA) continued to draw up and issue a set of regulations to organize and develop the market and enhance the principles of fairness, transparency, disclosure, and investor protection. The CMA Council has amended the regulations pertaining to registration, listing, merger and acquisition as well as CMA's regulations' terminology. The Council has also created a new listing and trading mechanism for rights issues as securities for listed companies, in addition to issuing the Prudential Rules. To ensure that the best practices in corporate governance will be applied, CMA has announced that internal control systems' rules shall be mandatory for all listed companies. Moreover, an amendment to the instructions of corporate announcement has also been introduced by CMA.

In pursuit of development and consolidation of structural and organizational reforms intended to strengthen the national economic structure, new entities were established, and laws passed pertaining to fiscal, institutional, and organizational reform were issued during 2012G, including: the Evaluation of General Education Commission; the Television and Broadcasting Commission; the General Authority for Audiovisual Information; the Public Transport Authority; Saudi Press Agency regulations; Law on Supervision of Finance Companies; Real Estate Finance Law; Financial Lease Law; Registered Real Estate Mortgage law; Anti money-laundering law; Arbitration Law, in addition to establishing a new industrial city in the Northern Frontier Region named ''Waad Al-Shamal Mining City''.

As a result of the remarkable performance of the Saudi economy in 2012G, the Kingdom was highly praised by major international economic organizations. The International Monetary Fund (IMF) commended the economic policies of the Kingdom in allocating oil revenues towards local development objectives. The government also announced a number of initiatives to address pressing social issues such as employment of nationals; housing, and SME financing. The IMF also welcomed the Kingdom's efforts to stabilize the international oil market; enhance financial control and risk management, and improve anti money-laundering and terrorism financing laws. Despite the global financial crisis engulfing the financial institutions of several countries, the global rating agency (Fitch) lauded the Kingdom's prudent financial and monetary policies, and confirmed Saudi Arabia's sovereign rating at AA-. This attests to the Kingdom's economic and financial strengths and its sound management of its foreign investments and reserves as well as its disciplined supervision of the banking sector. In addition, a report by G20 ranked the Kingdom at first place among the members of the group in the implementation of the obligations of G20 in terms of structural reforms; fiscal discipline; financial institutions reform; regulation of financial markets; resistance to trade protectionism, and progress made in development agenda.

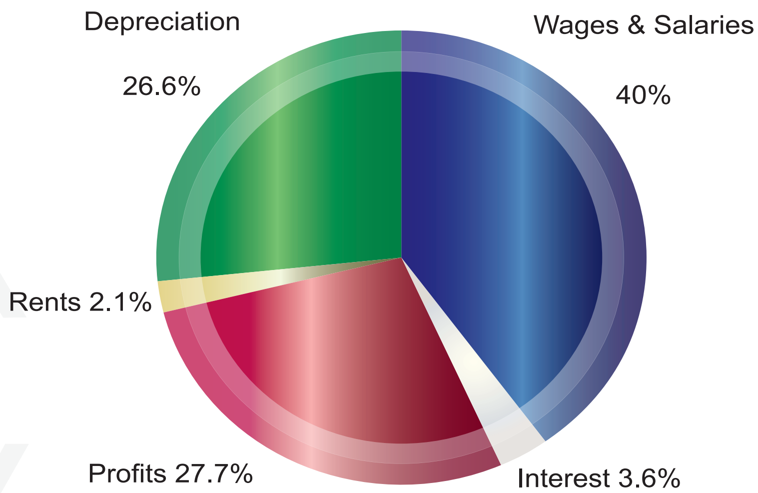
In conclusion, while most economies are still in the grip of financial and economic turbulence, the Saudi economy has achieved a commendable performance and emerged economically healthy and vibrant in 2012G. Moreover, according to current indicators, the Kingdom's economy is expected to continue its robust performance over the coming years, and the government is fully committed to continuing its implementation of programs of economic reform in pursuit of the achievements of sustainable development and improved competitiveness of the Saudi economy.

Local Industrial Sector's Performance Indicators

The non-oil manufacturing sector in the Kingdom achieved substantial growth, approximately 8.3 % in 2012G. In addition, the relative contribution of the sector to the country's GDP had increased to 11.9 % by the end of 2012G, comprising the major share among all non-oil producing sectors. Furthermore, the industrial sector has contributed to a great extent in the growth of the Saudi non-oil exports to international markets, reaching SR 183 billion with an increase of 4% over the 2011G figure.

In the context of the general picture of the industrial sector outlined above, we should consider the performance of certain specific indicators in this sector. Since the data for 2012G is unavailable, we will, instead, refer to the data for 2011G. Figures 1, 2 and 3 show the distribution of the components of value added and Saudi labor ratio in the main Saudi manufacturing sectors.

Figure (1) Components of the Saudi Manufacturing Sector Value Added (2011G)

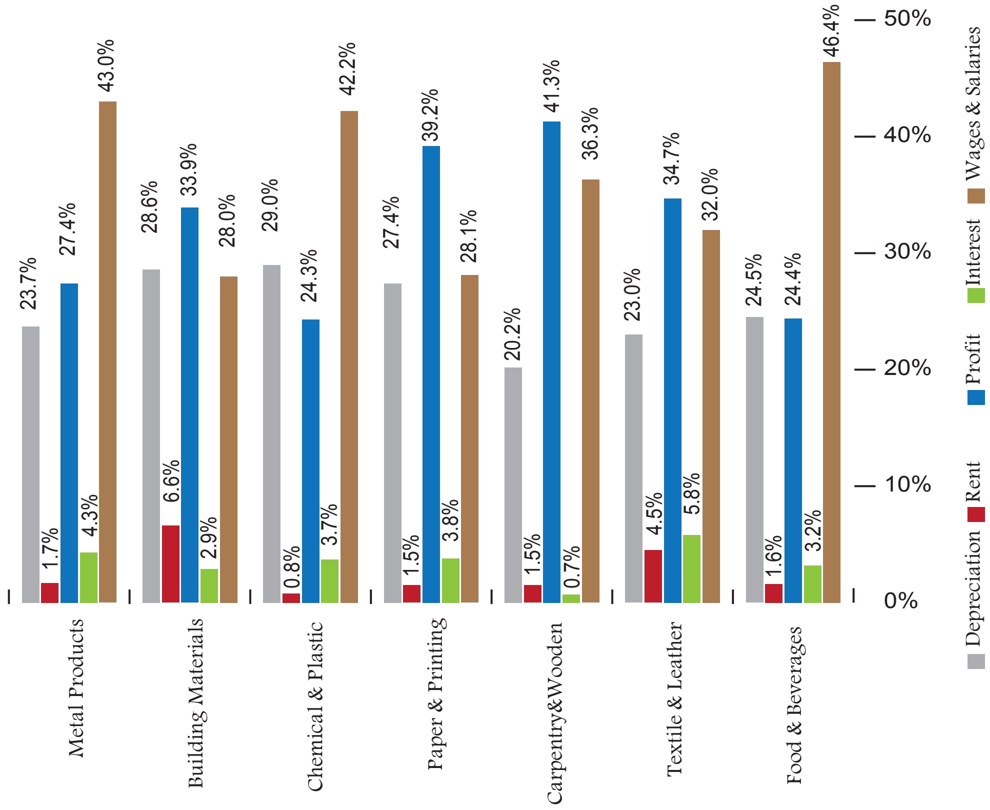


Source: SIDF Manufacturing Database (2011G)

With reference to the value added indicator, figure 1 above shows the distribution of the components of the Saudi manufacturing sector value added in the year 2011G, indicating that wages and salaries accounted for 40.0% of the total manufacturing value added; profits accounted for about 27.7%; depreciation 26.6%; interest rates 3.6% and, finally, rents accounted for about 2.1%. This distribution pattern highlights the contribution of the manufacturing sector towards increasing GNP by reaching a higher value added covering wages and salaries, and, in addition, by contributing towards the expansion of production capacity.

Figure 2 presents a more detailed picture of the distribution of the specific components of value added in the major industrial sectors. Profits with wages and salaries accounted for above 70% of gross value added in each of the Wood, Food and Metal Products sectors. This figure has declined to 67.3% in the Paper & Printing sector; 66.7% in the Textiles & Leather Products Sector; 66.5% in the Chemical Products Sector; and, finally, to 61.9% in the Building Materials sector. The main reason for this reduction is the technical nature of these commodities making them relatively more capital-intensive with a higher share of depreciation costs in contrast with other industries.

Figure (2) Components of the Value Added in the Major Industrial Sectors (2011G)

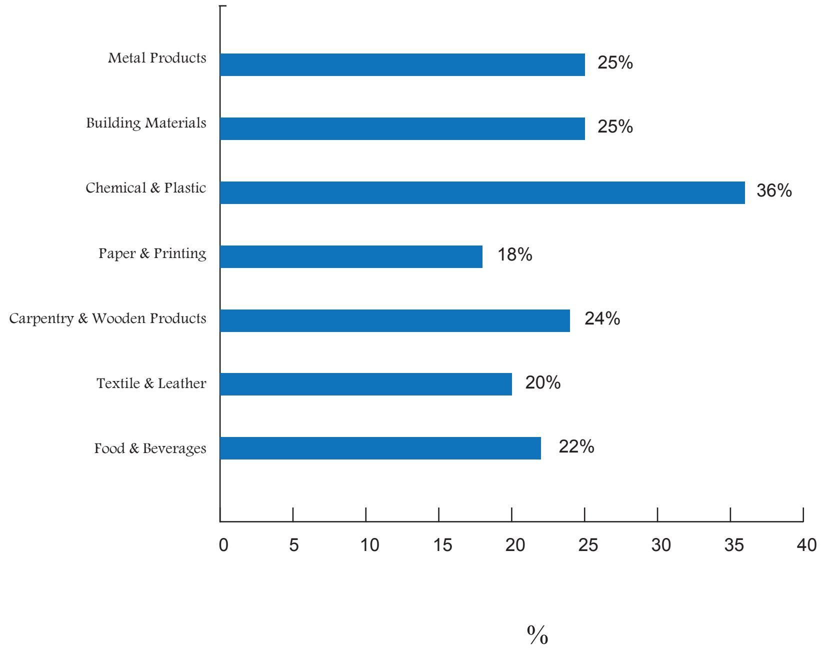


Source: SIDF Manufacturing Database (2011G)

As regards ratio of Saudi labor to total labor in the industrial sector, it is clear that this indicator is gaining increasing importance at the national level. Figure 3 shows the Saudi labor ratio to total labor in the major industrial sectors during 2011, indicating that the Chemical Products Sector was ahead of all other sectors with a Saudi employment ratio of 36%. It was followed by Metal Products and Building Materials sectors, each with 25%, Wooden Products sector with a Saudi employment ratio of 24%; Food Products with 22%; Textiles & Leather with 20%, and, finally, the Paper & Printing sector with Saudi employment ratios of 18%. As for the whole industrial sector, the Saudi labor ratio is 26%.

Figure (3) Percentage of Saudi Workers to Total Workers

By Major Sectors (2011G)



Source: SIDF Manufacturing Database (2011G).

Saudi Industrial Development Fund

SIDF Performance Review

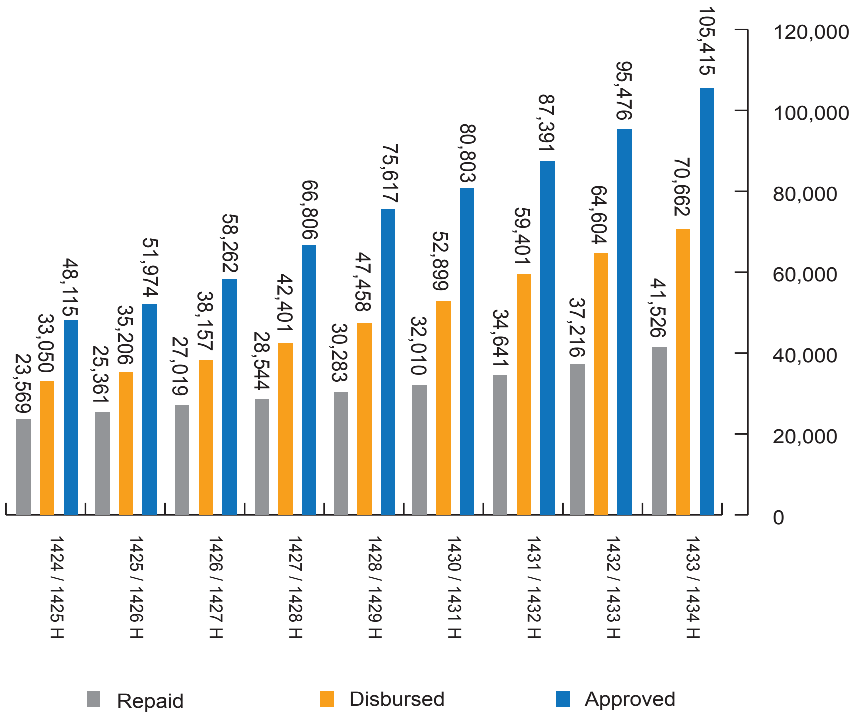
SIDF Performance Review:

Lending Activities for the Fiscal year 1433/1434 H (2012G):

The Saudi Industrial Development Fund continued to achieve high performance rates at all levels over the fiscal year 1433/1434 H (2012G). Such achievements are only to be expected in the light of the steadfast support extended by the State to SIDF and similar development funds in the Kingdom. Likewise, these remarkable achievements reflect the solid base of the domestic economy as confirmed by the government budget made public this year, which is the Largest budget in the history of the Kingdom.

In 1433/1434H(2012G), the Fund committed SR 9,940 million in loans. In terms of value, this figure represents the highest amount committed by the Fund in one year since inception. It is also 23% higher than commitments for the previous fiscal year of 1432/1433H (2011G). In terms of the number of commitments, that for 2012G totaled 136 loans, a 15% increase over the number of loans approved in the previous year. The loans approved assisted in the building of 101 new industrial projects and expansion of 35 existing industrial plants with total investments of SR 30,987 million. During the report year, disbursements made amounted to SR 6,058 million, and SR 4,310 million was received in repayment of outstanding loans – the highest in one year since SIDF's establishment in 1394H (1974G).

Figure (4) Cumulative Value of SIDF Approved, Disbursed and Repaid Loans (SR Millions)



Overall, the Fund, since its inception up to the end of 1433/1434H (2012G), has approved a total of 3,480 loans amounting to SR 105,415 million, which has assisted in the setting up of 2,472 industrial projects Kingdom-wide. Under the terms of these commitments, a total of SR 70,662 million has been disbursed and SR 41,526 million repaid by the end of the year. These figures testify to the success of those projects which benefited from the loans and advisory support provided by the Fund, particularly in the technical, managerial, financial, and marketing areas.

It is worthwhile noting that the fiscal year 1433/1434H (2012G) marked the considerable achievements of the Fund at internal level. Inter alia, a special team for appraisal of loan applications from small industrial enterprises has been formed. The key role of the team will be to "soften" SIDF evaluation requirements and expedite application processing with high standards of professionalism. The procedure will be streamlined to effectively meet the needs of the sector while taking account of the key factors for approval of financing, such as, project's feasibility, and capability of meeting their obligations to the Fund. Moreover, the Fund has activated the Customer Services Division to facilitate the Fund's liaising with local and foreign investors in addition to the development of electronic transactions; online connection with the Ministry of Commerce and Industry; and coordination with the Industrial Property and Technology Zones Authority through online links for simplifying business dealings with industrial investors all over the Kingdom. During the current fiscal year 2012 G, the Fund has continued to develop online customer services to facilitate loan application submission and processing with maximum speed.

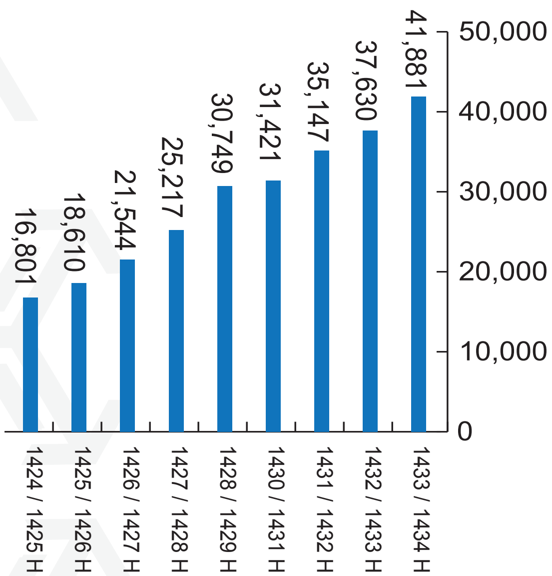
1. Distribution of Loans by Sector:

Review of major industrial sectors by value of loans approved indicate the following salient features:

Chemical Industries:
Cumulative Amount of Loans:

This sector still leads all other sectors in terms of amount of loan commitments since SIDF's inception up to the end of the fiscal year 1433/1434H (2012G). Cumulative commitments extended to the sector totaled SR 41,881 million, representing 40% of the total value of loans approved by the Fund during the period.

Figure (5) Cumulative Value of SIDF Industrial Loans for the Chemical Industries Sector (SR Millions)



Projects Approved During 1433/1434H (2012G):

During the fiscal year 1433/1434H (2012G), SIDF approved 35 loans to this sector representing 26% of the total number of loans approved during the year. Total commitment to this sector amounted to SR 4,251 million, representing approximately 43% of the value of all loans approved during the year. Hence, the sector ranked first in terms of value of approved loans and third in terms of number of approved loans. These loans supported the establishment of 24 new industrial projects and the expansion of 11 existing projects.

Among the loans approved to this sector in 1433/1434H (2012G), two were approved for the setting up of two plants in Jubail: one for SR 600 million extended for the production of super absorbent polymers, and the other for SR 312 million approved for the production of di-amino glycol; morpholine; secondary products such as amine c-11 & amine c-10 and morpholine precipitate. A third loan of SR 310 million was approved in support of the building of a factory in Yanbu for the production of tires for passenger cars and mini buses. A fourth loan amounting to SR 203 million was approved in support of the erection of a plant in Riyadh for the production of liquefied petroleum gas.

Commitments to expansion projects included three loans approved for the expansion of three Jubail-based plants. One of these loans, amounting to SR 592 million, was committed to the production of polyethylene trephthalates; another for SR530 million approved for the production of pure terphthalic acid and the third, totaling SR 528 million, was committed to the production of para-xylene. In addition, a loan of SR116 million was approved for the expansion of a factory in Dammam for the production of transparent packaging film.

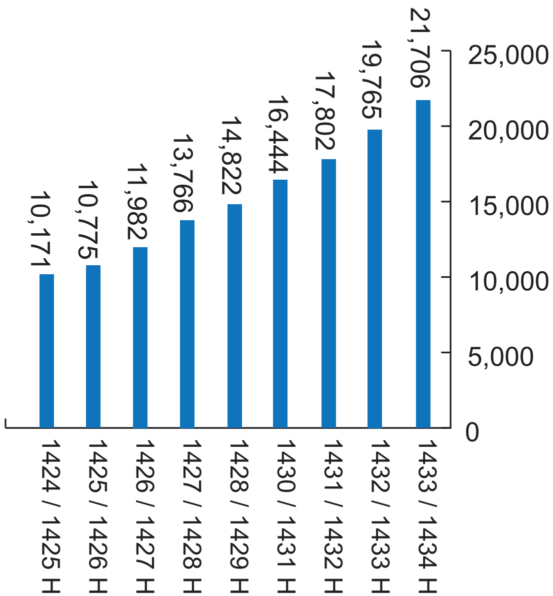
Engineering Industries:
Cumulative Amount of Loans:

This sector came second in terms of the value of approved loans since inception of the Fund up to the end of the fiscal year 1433/1434H (2012G). Cumulative commitments extended to the sector totaled SR21,706 million representing 20% of total loans approved by SIDF.

Projects Approved During 1433/1434 (2012G):

SIDF approved 37 loans to this sector, amounting to SR1,942 million, or more than 26% of the total number of loans approved during the fiscal year

Figure (6) Cumulative Value of Approved SIDF Industrial Loans for the Engineering Industries Sector (SR Millions)



1433/1434H (2012G) and 20% of the value of these loans. Thus, the sector came first in terms of number of loans and third in terms of value of loans approved during the year. These loans financed the construction of 30 new industrial projects and the expansion of 7 existing plants.

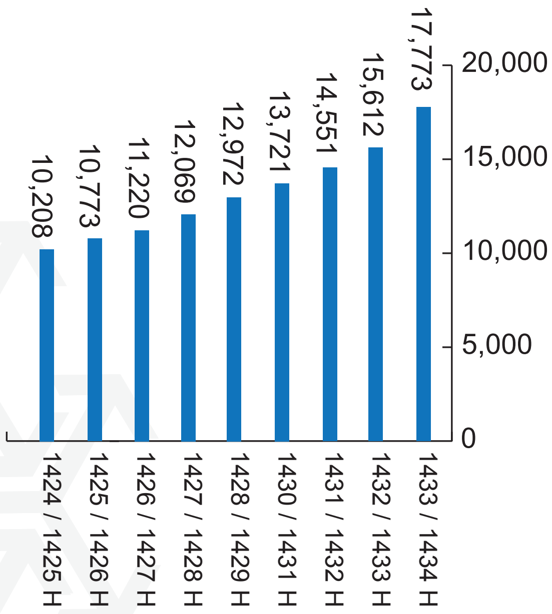
Among the new loans committed to this sector during the year 1433/1434H (2012G), a loan for the sum of SR 900 million was extended for the setup of a Ras Alkhair-based plant for the production of raw bauxite & alumina. Two additional loans were extended in support of the setting up of two plants in Dammam: one amounting to SR 188 million for the building & maintenance of ships; the other for the sum of SR 57 million for the production of electric power transformers. In addition, a loan for SR 125 million was extended in support of the building of a Riyadh-based plant for the production of steel billets.

Moreover, expansion loans comprised two loans amounting to SR145 million for expansion of a Dammam-based plant for the production of bent, steel, threaded steel and internally coated, pipes. An additional loan of SR 59 million was extended for expansion of a factory in Al-Khumra (south of Jeddah) for the production of steel billets, reinforcement bars and wire bars.

Consumer Industries:
Cumulative Amount of Loans:

This sector ranked third in terms of the value of approved loans. Since inception of the Fund up to the end of the fiscal year 1433/1434H (2012G), cumulative commitments extended to the sector totaled SR17,773 million representing about 17% of total loans approved by SIDF.

Figure (7) Cumulative Value of Approved SIDF Industrial Loans to the Consumer Industries Sector (SR Millions)



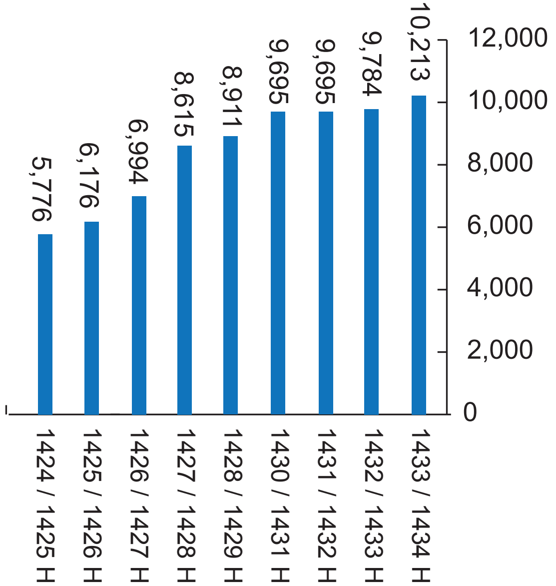
Projects Approved During 1433/1434H (2012G):

During the year 1433/1434H (2012 G), SIDF approved 36 loans to this sector amounted to SR 2,161million or 26% and 22%, respectively, of the total number and value of loans approved during the year. Thus, the sector came second in terms of both number and value of loans approved during the year. The loans committed to this sector financed the construction of 29 new industrial projects and the expansion of 7 existing plants.

Among the new loans committed to this sector during the report year, a loan of SR590 million was extended for the building of a plant in Hail for the production of whole chicken (chilled); whole chicken (frozen); fresh chicken portions; boneless chicken breasts, and secondary products such as bowels & offal. In addition, a loan of SR 214 million was committed to the setting up of a plant in Dammam for the production of animal feed. Another loan for the sum of SR 96 million was approved for the construction of a Kharj-based factory producing animal and poultry feed and other types. Also, a loan amounting to SR 35 million was granted for the setting up of a Riyadh–based plant for the production of ketchup, mayonnaise, tomato paste and other condiments.

Expansion loans included a SR 300 million loan for the expansion of a factory in Yanbu producing soya bean oil; raw vegetable oil; refined vegetable oil, and compound feed. An additional loan of SR 115 million was approved for the expansion of a Kharj-based plant producing a variety of juice products; UHT milk, and cheese squares. A third expansion loan for the sum of SR 78 million was extended to a Riyadh-based factory producing long-life foodstuff cans with covers.

Figure (8) Cumulative Value of Approved SIDF Industrial Loans for the Cement Industry Sector (SR Millions)



Cement Industry:

Cumulative Amount of Loans:

Since inception of the Fund up to the end of the fiscal year 1433/1434H (2012G), the cumulative amount of loans committed to this sector totaled SR 10,213 million or approximately 10% of total loans approved, thereby ranking the sector fifth in terms of the value of loans committed.

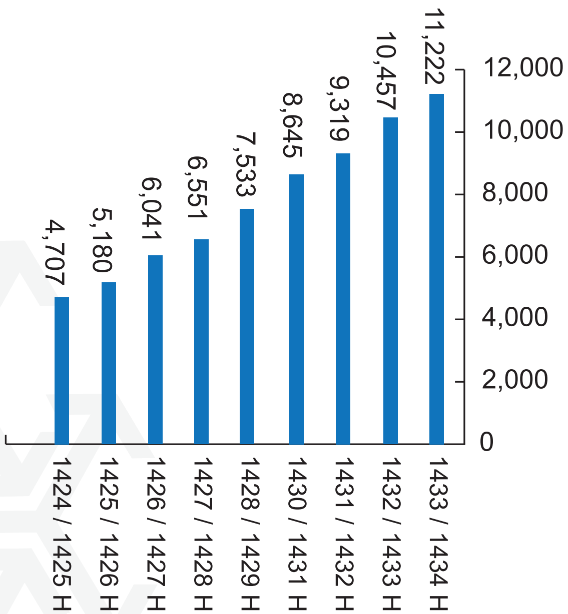
Projects Approved During 1433/1434 (2012G):

During the year 1433/1434H (2012G), the Fund approved two loans amounting to SR 429 million, one for the construction of a factory in Hail for the production of regular Portland sulfur-resistant cement; the other for the expansion of a cement factory in Najran, installing a power generation plant to utilize waste heat from the production facilities.

Other Building Materials Industries: Cumulative Amount of Loans:

Up to the end of the year 1433/1434H (2012G), the cumulative amount of loans extended to the "other building materials" sector totaled SR 11,222 million or 11% of total loans approved, thereby ranking the sector fourth in terms of the value of loans committed.

Figure (9) Cumulative Value of Approved SIDF Industrial Loans for the Other Building Materials Sector (SR Millions)



Projects Approved During 1433/1434 (2012G):

During the year 1433/1434H (2012G), SIDF approved 19 loans to this sector, amounting to SR 765 million or 14% and 8% respectively of the total number and value of loans approved during the year. Thus, the sector came fourth in terms of number and value of loans approved during the year. These loans supported the establishment of 12 new industrial projects and the expansion of seven existing projects.

Among the loans approved to this sector during the year 1433/1434H (2012G) was a loan of SR 51 million, extended for the construction of a Kharj-based factory for the production of insulating vacuum concrete blocks and insulating vacuum concrete panels. Also, two loans for the sum of SR 41 million were extended for the setting up of two factories for the production of ready mixed concrete, one in Hail, the other in Al-Madinah Al-Munawarah. In addition, a loan of SR 13 million was approved for the construction of a factory in Ar'ar for the production of sidewalk cement slabs and curbstones.

Expansion loans extended included one for SR 205 million to finance the expansion of a plant in Jubail producing fiberglass. Two other loans for the sum of SR 122 million were approved for the expansion of two factories producing red brick in Bahrah (situated south of Jeddah) and Khulais (situated north-east of Jeddah). Moreover, a loan amounting to SR 80 was extended to assist in financing the expansion of a Yanbu-based plant producing glass panels.

Other Industries: Cumulative Amount of Loans:

Since inception of the Fund up to the end of the fiscal year 1433/1434H (2012G), the cumulative amount of loans committed to this sector totaled SR 2,620 million or 2% of total loans approved, thereby ranking the sector sixth in terms of the amount of loans committed.

Projects Approved During 1433/1434H (2012G):

In 1433/1434H (2012G), SIDF approved seven loans to this sector amounting to SR 392 million or 4% of the total value of loans approved. Thus, the sector came sixth in terms of value of loans approved during the year. The loans committed to this sector financed the construction of five new industrial projects and the expansion of two existing plants.

Among the new loans approved for this sector during the year, within SIDF's framework for financing the industrial support services sector, One for SR 139 million was extended to support the construction of a plant in Dhahran for the production of industrial cooling water for the purposes of central air conditioning in offices and services, industrial and housing buildings. Another loan for the sum of SR 60 million was approved for the building of a workers' housing compound in the Second Industrial City in Riyadh. Furthermore, a loan amounting to SR 38 million was granted for the construction of standard factories, and office and services buildings in Dammam's Second Industrial City.

Expansion loans included two loans amounting to SR 132 million extended for the expansion of a storage facility in Yanbu used for storing petrochemicals and liquid petroleum .

Projects which Commenced Production During the Year 1433/1434H (2012G):

SIDF-financed industrial projects which started production during the year 1433/1434 H totaled 56, including 30 new projects and 26 expansions, as the table below describes.

Sector	Number of Projects Started Production during the Report Year	Projected Number of Manpower
Engineering Industries	17	1,763
Consumer Industries	16	3,072
Chemical Industries	15	1,409
Other Building Materials Industries	5	642
Cement Industry	2	1,466
Other Industries	1	15
Total	**56**	**8,367**

2. Distribution of Loans by Region:

Review of the geographical distribution of number and value of total loans approved by the Kingdom's regional administration is as follows:

Riyadh Region:
Cumulative Amount of Loans:

The cumulative number of SIDF-committed loans towards setting up of industrial projects in the Riyadh region totaled 1,270 loans granted to finance 888 industrial projects, representing about 36% of the total loans approved since SIDF inception up to year-end 1433/1434H (2012G). Therefore, Riyadh region was ranked first in terms of number of approved loans but second in terms of value of committed loans which totaled SR 20,856 million, representing approximately 20% of SIDF total approved loans.

Loans Approved During 1433/1434:

During the fiscal year (FY) 1433/1434H (2012G), SIDF approved 47 loans to industrial projects in the Riyadh region, representing approximately 35% of the total number of approved loans. These loans were extended to finance 33 new industrial projects and expansions of 14 existing ones. Riyadh region was ranked first in terms of number and third in terms of value of approved loans which totaled SR 1,547 million, or about 16% of the total value of loans approved during the report year 1433/1434H.

Makkah Al-Mukarramah Region:
Cumulative Amount of Loans:

The cumulative number of SIDF-committed loans towards setting up of industrial projects in Makkah region totaled 877 loans valued at SR 16,860 million granted to finance 596 industrial projects. Thus, Makkah region ranked third in terms of number and value of the loans approved since SIDF's inception up to year-end 1433/1434H (2012G), representing 25% and 16%, by total number and value of loans, respectively.

Loans Approved During the Year 1433/1434:

During the year 1433/1434H, the Fund approved 19 loans with a cumulative value of SR 674 million for projects located in the Makkak region, representing 14% and 7% of the total number and value of SIDF-committed loans during the year, respectively. Therefore, Makkah region came third in rank by number and fifth by value of loans approved by the Fund during the year 1433/1434H.

Eastern Region:
Cumulative Amount of Loans:

The cumulative number of loans approved by the Fund to projects in the Eastern province totaled 984 committed towards the setting up of 698 projects valued at SR 48,086 million, representing 28% and 46% of the total number and value of loans respectively. Thus, the Eastern region ranked first by value and second by number of loans approved by the Fund since its inception up to the end of the fiscal year 1432/1433H.

Loans Approved During the Year 1433/1434:

During the year 1433/1434H, the Fund approved 39 loans valued at SR 3,843 million for projects in the Eastern Region which ranked first and second, respectively, in terms of value and number of approved loans, accounting for 39% of the value and 29% of the number of loans approved during the report year. These loans were provided to finance the setting up of 30 new industrial projects and expansions of 9 existing ones.

Al-Madinah Al-Munawarah Region:
Cumulative Amount of Loans:

The cumulative number of loans approved by the Fund for implementation of 100 projects in this region up to year 1433/1434H totaled 136 loans amounting to SR11,957 million, representing approximately 4% of the total number and 11% of the total value of SIDF approved loans. Therefore, the Al-Madinah Al- Munawarah region ranked fourth in terms of both the number and value of loans approved since SIDF's inception up to year-end 1433/1434H (2012G).

Loans Approved During the Year 1433/1434:

During the year 1433/1434H, the Fund approved 16 loans for projects in Al-Madinah Al-Munawarah Region, valued at SR 2,558 million, representing approximately 12% and 26% of the total number and value of approved loans, respectively. Therefore, Al-Madinah Al-Munawarah Region came fourth in rank by total number and second by total value of the loan approvals for the year. These loans were provided to finance the setting up of 9 new industrial projects and expansions of 7 existing ones. This high percentage of value compared to number of loans approved for Al-Madinah Al-Munawarah Region can be attributed to major investments in projects in Yanbu Industrial City which is located in Al-Madinah Al-Munawarah Region.

Qassim Region:
Cumulative Amount of Loans:

The cumulative number of loans approved by the Fund for the implementation of 57 projects in Qassim region totaled 68 loans amounting to SR 1,377 million, representing about 2% and 1% of the total number and value of loans approved by the Fund, respectively. Thus, the Qassim region ranked fifth in terms of the number and value of loans committed by the Fund since its inception up to the end of the fiscal year 1433/1434H.

Loans Approved During the Year 1433/1434:

SIDF approved 2 loans amounting to SR 36 million for the setting up of 2 new factories in Qassim, one for the production of electrical steel and PVC plastic pipes; cable holders; electrical distribution boards, and steel boxes for electrical applications, as well as another factory for the manufacture of poultry feed.

Other Regions of the Kingdom:
Cumulative Amount of Loans:

The cumulative number of loans extended by the Fund to finance 131 projects in the other regions of the Kingdom up to the end of the year 1433/1434H totaled 145, amounting to SR 6,280 million, representing 4% of the total number and 6% of the value of loans approved since SIDF's inception up to year-end 1433/1434H (2012G).

Loans Approved During the Year 1433/1434:

During the year 1433/1434H, the Fund approved 13 loans totaling SR 1,281 million for the setting up of 12 new industrial projects and one expansion project. Four of these projects are located in Hail; three in Aseer; two in Tabuk; two in Ar'ar, and two in Najran, one of which involves the expansion of an existing project.

3.Financing of Joint Venture Projects:

Since its inception, the Fund has spared no effort in promoting the implementation of joint venture projects, particularly with reputable international companies. In this regard, the Fund builds on its conviction that the requisites for the success of these projects are in place in the Kingdom. SIDF firmly believes that direct foreign investment is an effective tool for the attraction and transfer of modern technology to the Kingdom and the creation of new employment opportunities for Saudi citizens, besides its critical role in providing access for national products to foreign export markets. Therefore, SIDF does not require Saudi partnership in these projects as it also finances projects that are wholly owned by foreign investors. In this context, SIDF treats wholly foreign-owned projects on an equal footing with projects wholly or partly owned by Saudi investors.

The number of joint-venture projects approved by SIDF since its inception up to the end of the fiscal year 1433/1434H (2012G) totaled 666 projects or 27% of all projects approved. Moreover, loans committed to such joint-venture projects amounted to SR 41,108 million or 39% of total value of SIDF loans and foreign partners' capital share of 34% in these projects.

It is worthwhile noting that 115 of these projects, for which a total of SR10,579 million was committed in loans, have now become fully owned by Saudi investors after their acquisition of the foreign partners' shares, following their eventual success and full repayment of their debts. The chemical industries sector surpassed other industrial sectors in terms of value of loans approved by SIDF since its inception up to the end of the fiscal year 1433/1434H (2012G) due to the huge volume of capital invested in this sector's projects. The chemical industries sector's share accounted for 53% of SIDF approved loans, followed by the engineering industries sector's share (31%) and consumer industries sector's share (9%).

During the report year 1433/1434H (2012G), SIDF approved 24 loans for the establishment of 20 new industrial joint-venture projects and expansions of 4 existing ones. Loans committed to these projects totaled SR 3,218 million or 32% of SIDF commitments for the year. Loans for the new joint-venture projects comprised 9 loans to the engineering industries sector; 5 to the chemical industries sector; 3 to the consumer industries sector, 2 loans to the building materials sector and one loan to the other industries sector.

Joint-venture projects approved during the year created new job opportunities for 3,375 employees, or approximately 17% of the total employment opportunities provided by all projects financed by SIDF during the year 1433/1434H (2012G), totaling 19,847 job opportunities.

Small and Medium Enterprises Loan Guarantee Program

The SME Loan Guarantee Program (KAFALA) continued its key role in supporting small and medium enterprises Kingdom-wide. Such a role is based on the program's status as a major player in community service, expanding its beneficiary base and creating new employment opportunities that would contribute to reducing unemployment rates in the Kingdom.

The seventh year of the program set the standard for outstanding performance. During the year 1433/1434H (2012), the program management approved 1,670 guarantees in contrast with 1,208 guarantees approved in the previous year, i.e., a growth rate of 38%. Guarantees issued during the year totaled SR 949.4 million in contrast with SR 635.4 million for the previous year, or a growth rate of 49%. Loans provided by commercial banks to Small and Medium Enterprises during the year amounted to SR 1,768 million in contrast with SR 1,283 million extended during the previous year, i.e., an increase of 38%.

The Contracting sector led all other sectors with a total of 922 guarantees amounting to SR 461 million, representing 55% of the number of guarantees and 49% of the value of guarantees issued by the Program during the fiscal year 1433/1434H (2012). The Commercial sector came second with 225 guarantees for SR 138 million, i.e., 13% of the number of guarantees and 15% of the value of guarantees. The industrial sector ranked third with 219 guarantees valued at SR 250 million representing 13% of the number of guarantees and 15% of the value of guarantees. Fourth was the Finance and Business sector with 145 guarantees for SR 84 million representing 9% of the guarantees and 9% of the value of guarantees. The remaining 159 guarantees are distributed among the following sectors: Public and Individual Social Services 80; Transportation, Storing and Cooling, 62; Agriculture and Fishing, 8; Electricity, Gas and Water, 6; and Mining and Petroleum, 3.

Within the framework of balanced regional development, the Program Management focused on distribution of guarantees in a manner calculated to ensure optimized use of guarantees by all of the Kingdom's administrative regions. Riyadh region ranked first in terms of number and value of guarantees issued by the Program during the report year. It received 768 guarantees amounting to SR 431 million. The Eastern region came second with 374 guarantees to the value of SR 235 million followed by Makkah Al-Mukarrama region with 269 guarantees totaling SR 144 million. Al-Qasim region ranked fourth with 67 guarantees, followed by Najran region with 65 guarantees. The remaining regions received 127 guarantees. It should be noted that approvals for the report year covered most of the administrative regions of the Kingdom.

As for the program's participating banks, the National Commercial Bank (NCB) led all other participating banks in terms of the total number and value of guarantees approved by the Program during the fiscal year 2012, with 521 guarantees valued at SR 201 million, or 31% of the total number of guarantees and 21% of the value of the guarantees. Riyadh Bank came second with 388 guarantees totaling SR 273 million, or 23% of the number of guarantees and 29% of the total value of guarantees issued. The Arab National Bank (ANB) ranked third in terms of number and fourth in terms of value with 258 guarantees totaling SR 120 million, or 15% of the number of guarantees and 13% of the value of guarantees. The remaining banks received 503 guarantees totaling SR 355 million, i.e. 30% and 37%, respectively.

Since its initiation at the beginning of 1426/1427H (2006) up to the end of the fiscal year 1433/1434H (2012), the Small and Medium Enterprises Loan Guarantee Program has issued a total of 4,765 guarantees to 2,909 SME enterprises for a total sum of SR 2,304 million against total approved financing of SR 4,836.

The year 1433/1434 H (2012) witnessed liquidation of 5 guarantees valued at SR 1 million in favor of the financing banks. Thus, the number of the liquidated guarantees increased to 43 totaling SR 18.5 million up to the end of 2012. Distribution of liquidated guarantees is as follows: 18 for SABB; 17 for National Commercial

Bank; 4 for Riyad Bank; 3 for Alrajhi Bank, and 1 for Albilad Bank.

It is worth noting that the program's activities are not simply limited to the issuing of guarantees for SMEs, but also embrace training, education, and development of SME owners and related parties in collaboration with the International Finance Corporation, a member of the World Bank Group; the Institute of Banking [established by Saudi Arabian Monetary Agency (SAMA)], and the participation of the Saudi Banks and Chambers of Commerce and Industry. 59 training courses entitled "Basics of Start-Up, Operating and Managing Commercial Businesses" have been provided for SME owners by the Program up to the end of 2012. 1,400 trainees have benefited from these courses, out of which 1,045 are males and 355 are females. The program has also organized a number of educational activities under the name of "SME Day" in collaboration with the Saudi Chambers of Commerce & Industry and participating local banks to introduce the program and familiarize SME proprietors with its requirements and business mechanisms, in addition to participation in SME forums, seminars and exhibitions.

Table showing Number and Value of Approved Guarantees and Number of Enterprises by Financing Commercial Banks

Bank	2012 G Approved Guarantees				Total Since Launch of the Program			
	Number of Guarantees	SR 000		Number of Beneficiary Enterprises	Number of Guarantees	SR 000		Number of Beneficiary Enterprises
		Value of Guarantees	Value of Finance			Value of Guarantees	Value of Finance	
National Commercial Bank	521	200,770	311,589	229	1,381	531,601	921,575	739
Riyad Bank	388	273,571	531,565	273	1,315	669,324	1,463,158	936
Arab National Bank	258	119,698	346,407	86	712	299,848	920,455	276
Al-Rajhi Bank	190	140,580	216,203	132	632	348,432	650,124	440
SAMBA Financial Group	68	45,029	81,724	46	192	103,196	213,828	140
Al-Jazira Bank	64	29,986	42,500	24	85	39,259	64,000	33
Al-Bilad Bank	58	36,266	69,989	40	87	53,121	113,409	59
Saudi Hollandi Bank	55	56,811	78,744	46	109	101,435	148,494	93
Saudi Investment Bank	42	26,201	54,861	22	50	33,506	66,232	29
Saudi British Bank	13	9,462	13,997	10	121	77,367	156,761	108
Saudi French Bank	13	11,040	20,431	10	81	47,274	118,095	56
Total	1,670	949,414	1,768,010	918	4,765	2,304,363	4,836,132	2,909

Manpower and Training:

SIDF Management has managed to attract and employ, through its effectively designed training programs, qualified Saudis to work at the Fund in various positions and specialties. SIDF's employment process is linked to career development and the career ladder program, covering such areas as financial analysis; auditing; information technology; economics and statistics studies and research; marketing; documentary accounting and financial sciences; management studies and technical consultancy; information analysis, legal studies, etc.

In the fiscal year (FY) 1433/1434H, 523 in-house and overseas training programs were provided for Saudi employees, including specialized basic courses, master's degrees, short courses, workshops, seminars and professional conferences, in addition to SIDF in-house training courses. 564 Saudi employees have been trained in accordance with work requirements and the demands of in-house and overseas training courses. 104 of those employees have attended specialized basic courses, including master's degrees and intensive English language courses abroad. 396 Saudi employees have attended short courses held abroad; 138 employees attended short courses held domestically, and 531 Saudi employees joined short courses held locally at the Fund. Also included are 81 Saudi university-graduate employees who received practical on-job professional training in the relevant Departments of the Fund.

SIDF has capitalized on its good relations with many similar financial institutions inside and outside the Kingdom to further develop the professional skills of SIDF's Saudi staff through effective participation in specialized professional conferences, seminars, and workshops held by these institutions. Such collaboration ensures exchange of professional expertise and experience which has contributed to enhanced skills and improved work capability of Saudi staff - a positive effect that is reflected in the general performance of the Fund.

In keeping with advanced financial and administrative systems, SIDF has successfully implemented its adopted FY 1433/1434H Saudization programs as evidenced by the 145 Saudis who were recruited to fill the various vacancies in the Fund's Departments within the context of the SIDF approved budget.

Ali Bin Abdullah Al-Ayed

Director General

Saudi Industrial Development Fund

SIDF Loan Application's Cycle & SIDF's Organization Chart

SIDF Loan Application's Cycle

The Fund's management is unceasing in its efforts to extend its lending services to national and foreign industrialists with due speed and efficiency. Therefore, it is constantly developing procedures, guidelines and policies to improve the lending activities of the Fund so as to cater for such requirements and keep pace with the lending schemes of similar financial institution worldwide.

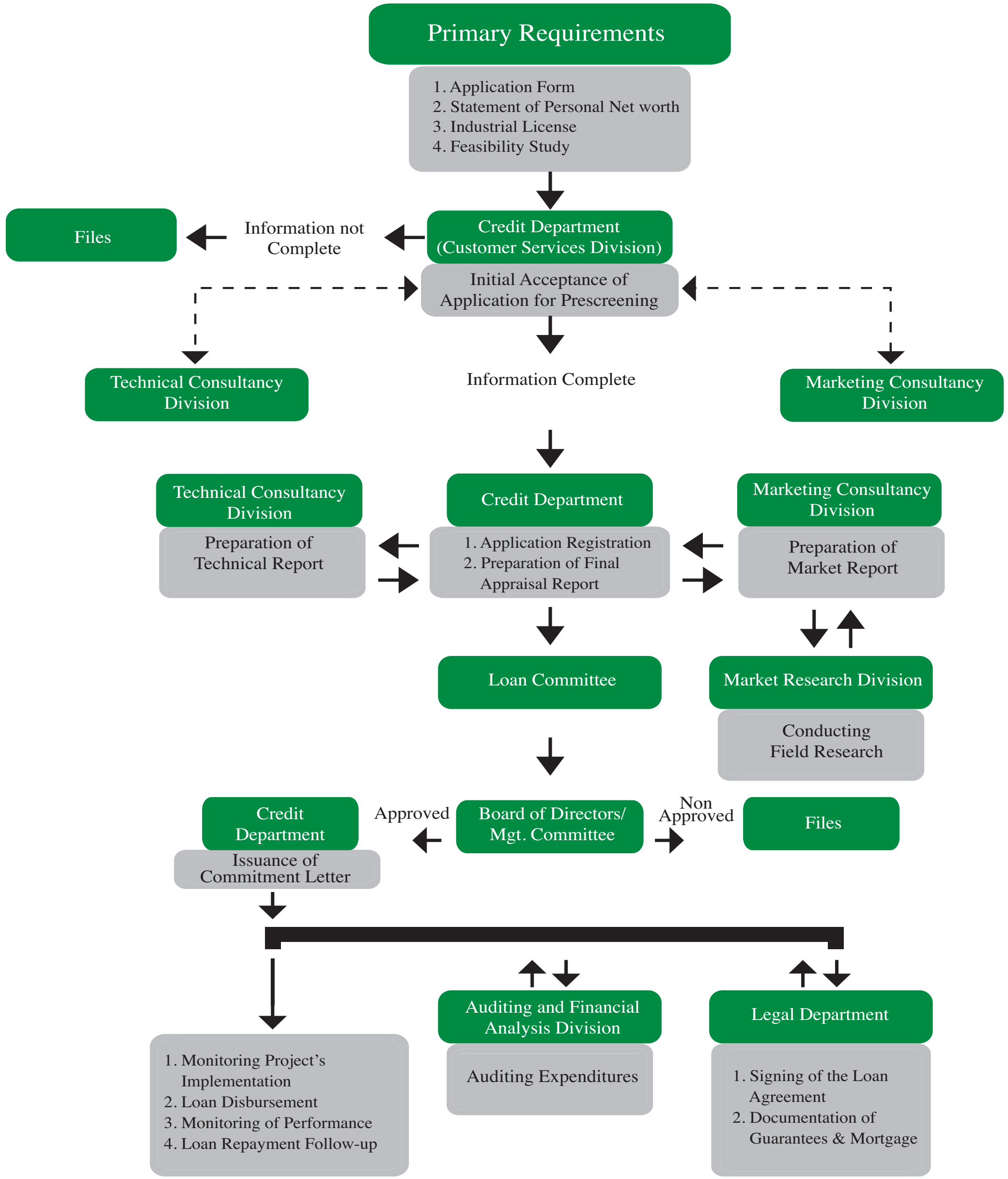
All these efforts are embodied in the adopted Application cycle which is modified from time to time in line with prevailing practices to facilitate the adoption of the latest developments in the fields of administrative organization, financial analysis and technological progress.

The flow chart overleaf shows the Application cycle currently adopted by the Fund. The flow chart shows processing, appraisal, and implementation follow-up procedures relating to the projects to be financed. It also indicates disbursement of the Fund's commitment to borrowing projects, and the monitoring of loan maturities' repayment by beneficiary borrowers.

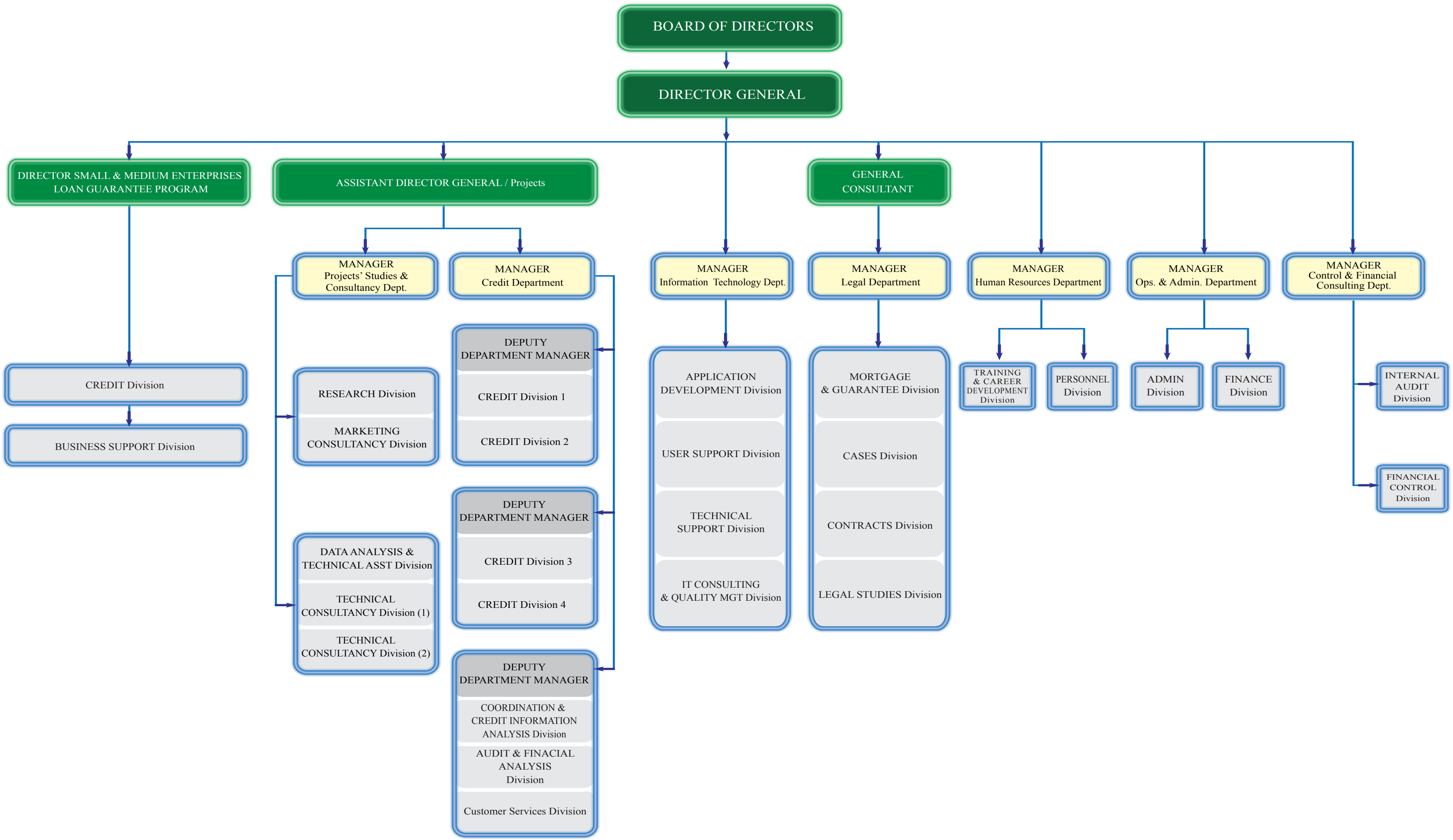
Note:

1. The duration of the project evaluation period is determined by the applicant's cooperation and the timely submission of required information.
2. For expansion projects the stages outlined above also apply though some are likely to be omitted.

Loan Application's Processing Flow Chart



SIDF's Organization Chart



In Focus:

Operations and Administration Department

The Operations and Administration Department is a pivotal department of the Saudi Industrial Development Fund bearing as it does the responsibility of administering its major financial and administrative policies. This is attained through developing and applying financial and administrative regulations as well as investment of surplus resources to achieve the main objectives of SIDF. The duties and responsibilities of the Department can be summarized as follows:

- Reducing cost and increasing revenue through proper management of financial resources.
- Managing liquidity by maintaining equilibrium between lending requirements and investment of surplus moneys.
- Issuing SIDF quarterly & annual budgets.
- Furnishing Senior Management with up-to-date financial information.
- Retaining the legal documentation pertaining to SIDF loans.
- Supplying the Fund's capital ,consumable and services purchases.
- Providing various support services such as maintenance, communication, transportation and housing services.

The Operations and Administration Department consists of two divisions, namely, the Financial Division and the Administration Division. These two Divisions comprise a number of subdivisions whose major responsibilities are as follows:

A. Financial Division

(1) General Accounting Section:

This section undertakes operational and capital financial transactions and ensures the availability of cash liquidity necessary to meet lending requirements. Furthermore, it manages the financial resources of the fund and records all transactions in official accounting books and detailed ledgers using automated systems. This section also prepares the annual budgets, quarterly financial statements and year-end accounts, in addition to the financial data required by senior management. The section comprises four units: Financial Ledgers Unit; Investment and Banks Unit; Fixed Assets Unit, and Information Processing and Treasury Unit.

(2) Loan Accounting Section

This section undertakes completion of financial and accounting transactions relating to the disbursement of loan amounts; payment of installments, and costs payable on loans. It also sends to borrowers claims of loan installments and periodical follow-up fees. Furthermore, it retains and tracks loan-related legal documentation and mortgage notes, and issues the relevant periodical reports in this regard. Moreover, this section issues monthly reports to the Saudi Arabian Monetary Agency (SAMA) and provides senior management with loan related data. The section consists of three units: Industrial Loans Unit; Posting & Computer Reports Unit, and Control Guarantees & Loans Records Unit.

B. Administration Division

(1) Premises & Maintenance Sections:

These sections' responsibilities include supervising the operations, maintenance, and cleaning services necessary for the Fund's premises and direction of, and control over the maintenance contractor and labor to ensure compliance with the terms and conditions of the maintenance contract as well as guidance in, and supervision of, the execution of requests for the modification of offices and facilities. The sections' duties also include operation and maintenance of motor vehicles; housing units, and all related assets such as fixtures, furniture, appliances, and basic equipment, in coordination with the departments and divisions of the Fund. Its staff's duties include handling housing units over to eligible personnel and, receiving returned units in the case of employee's who leave the Fund as well as completing an inventory of units' contents, and assessment of the need for replacement of, or addition to, fixed assets. In addition, they are responsible for renewal of lease contracts; inspection of new housing units, and coordinating with landlords for receiving and handing over units.

(2) General Services & Purchasing Sections:

These sections are tasked with providing services and utilities such as water, power and telephone for the Fund and its premises; operating and maintaining office equipment; operating, distributing, and tracking the movement of motor vehicles; securing telecommunication services (post, fax, etc.), distributing mail; following-up transactions; obtaining cover for the Fund properties from insurance companies; providing catering services; maintaining the Fund's central archives, newspapers and periodicals; supplying security services for the Fund and its premises; supervising car parking lots and the Guest House, and shipment of departing expatriate officers' personal belongings. They are also responsible for securing all Fund purchases and requirements and those of its facilities; storing and issuing all materials and assets from Fund warehouses and selling, scrapping, and relocating used assets, as necessary. These sections also prepare supply and maintenance contracts; implement follow-up procedures and retain all related legal documentation in a secure location.

(3) Translation Section:

The chief responsibility of this section is the rendering of all relevant documentation in Arabic and English verbal and written translation and making the latter available to all SIDF departments and divisions.

Saudi Industrial Development Fund

Industrial Study : Flexible Plastic Packaging

Industrial Study:

Flexible Plastic Packaging

The Product

Packaging is an integral part of the final stage of industrial and agricultural production. Besides providing material protection to the product, all product information, particularly ingredients and expiry date, is printed on the packaging label. For many industrial products, packaging adds value and plays a vital role in attracting buyers.

Packaging is classified into the following three primary categories:

1. Flexible,
2. Semi-Flexible,
3. Rigid.

The differences between these three categories arise chiefly from the raw material used in producing the packaging product. Flexible packaging is made of flexible materials such as plastic film, aluminum foil and duplex paper boards, the predominant choice for this category. Semi-Flexible Packaging is primarily manufactured from cardboard and a range of plastic materials. Glass and aluminum are among the most widely-used materials in Rigid Packaging. The study focuses mainly on flexible packaging products manufactured from plastic materials because the Kingdom of Saudi Arabia has the advantage of such locally sourced raw materials among the principal products of SABIC.

Flexible Packaging products are produced from the following raw materials:

1. Polypropylene Resins.
2. HD & LD Polyethylene Resins.
3. Polyvinyl Chloride Resins.
4. Polyethylene Terephthalate Resins.

The properties and usages of the above materials are detailed as follows:

- **Polypropylene(PP)** – In general, the most common types of plastic film used in flexible packaging are derived from PP which is a versatile polymer. Demand for PP has witnessed remarkable growth due to such useful qualities as flexibility. The latter include transparency; an effective gas barrier, and excellent sealing. It is also a preferred medium for printing, producing a glossy appearance. Furthermore, PP can easily be laminated with other plastic film (PE, PVC, or aluminum foil) to produce multi-layer flexible packaging. In fact, it can be conveniently adapted to suit customers' needs.
The polypropylene polymer is produced in two forms, namely Bi-Oriented Polypropylene (BOPP) and Cast Polypropylene(CPP):

- **BOPP (bi-oriented polypropylene)** – A heavy-duty packaging product with stronger properties than polyethylene, PVC and polystyrene. However, it has a tendency to become brittle in low temperatures. Such brittleness is overcome by co-polymerization with either ethylene or monomers. This is the most common form of plastic film (accounting for more than 60% of current local market demand). Bi-oriented polymers are polymers which have been stretched in two directions, thereby producing packaging products with excellent durability.

- **CPP (cast polypropylene)** – This is a new form of plastic film. It is cheaper than BOPP, but stronger than PE film & BOPP. However, printing on CPP cannot reach the same level of clarity as that achievable with BOPP.

  Both BOPP and CPP are used in wrapping and packaging foodstuffs – i.e. meat, dairy, confectionary as well as fruit and bakery products. BOPP can be supplied in a plain format for printing, or can be pearled (non- transparent) or metalized (layered with aluminum foil). The snack-food industry, in particular, uses metallized film in the manufacture of bags, which prevents penetration of ultra violet rays and reduces oxidation, thus prolonging the product's life.

- **Polyethylene (PE)** – PE is a plastic film used in lamination with other plastic films. More recently, it has been used in the printing of sleeves for packaging products; carbonated soft drinks, and juices. These sleeves are stretched and applied to the HDPE/PET 1- liter take away bottles.

- **Polyvinyl Chloride (PVC)** – PVC is a stiff plastic made soft and flexible by the addition of plasticizers. It is used in the twist-wrapping of candles and chocolate. This form of packaging is the only one of its kind. PVC packaging material is superior to BOPP/CPP film, which tends to shrink upon exposure to heat. It is also used for labeling glass bottles. The popularity of PVC labeling is growing in the soft drinks industries as it is a cheaper form of labeling and is preferable to more traditional labels (wet, self-adhesive, etc.).

- **Polyethylene Terephthalate (PET)** – It is a plastic resin and a form of polyester. It is a polymer which is formed by combining two monomers: modified ethylene glycol and pure terephthalic acid.

Market Characteristics

- Converting raw flexible packaging products into finished products demands two main processes, namely printing and laminating. In order to reduce costs, some local converters metalize their products in their own plants in preference to outsourcing a necessary raw material (plastic film) that is already being metalized by other suppliers.

- All required forms of plastic film are produced locally. BOPP film is produced by two local factories. CPP film is also produced by two local factories. The remaining secondary types of film are manufactured by several local factories.

- The most commonly used plastic films are BOPP and CPP films. The following table lists their salient features:

BOPP Films	CPP Films
• Good Mechanical Properties	• Poor Mechanical Properties
• Good Seal Forming for gases	• Best Seal Forming for gases
• Good Barrier	• Poor Barrier
• Good Print Clarity	• Fair Print Clarity

BOPP film captures 60% of the total local consumption in the flexible packaging industry. It comes in a variety of thicknesses which are tailored to each customer's requirements.

Local Production

Local production is the main source of supply to the local market for plastic flexible packaging products. There are nine conversion factories spread around the Kingdom. However, only six are major converters; the rest are minor producers. The following table shows the total local production (tons per annum) for the last three years 2009 – 2011G:

Year	2009G	2010G	2011G
Production	42,735	46,999	55,716
Variance Ratio	-	+10%	+19%

The table shows the remarkable increase of local production sales volume over the last two years. It has increased by 10% & 19% over the years 2010G & 2011G, respectively. This significant increase in the volume of local production can be attributed to the increase in local demand for flexible packaging products. In addition, some converter companies have maximized their production capacities with the objective of satisfying the needs of their clients outside the Kingdom and penetrating newly-targeted export markets.

The installed production capacity of local factories amounts to 67,401 tons per annum. It is mainly concentrated in the major cities (Riyadh 36% , Jeddah 33% Dammam 31%). Based on actual total production of 55,716 tons per annum, national factories producing plastic flexible packaging products utilized about 83% of their total installed capacity in 2011G.

Imports

The local converter companies have demonstrated their ability to serve the bulk of local market needs. In fact, local producers have several advantages in catering to the domestic market. These advantages include: (1) proximity to consumers, which allows prompt delivery; (2) employment of state-of-the-art printing techniques and services, reflected in the high quality of their products. However, a small segment of local market needs still relies on imported flexible packaging products.

Foreign Trade Statistics do not have special codes for the different types of imported flexible packaging products. Such imported finished products are, most likely, included under headings related to plastic and/or paper classification codes. Based on the feedback of local converter companies, SIDF estimates of the volume of flexible packaging products imported over the last three years are as follows:

Year	2009G	2010G	2011G
Imports Volume (tons)	4,540	5,053	5,558
Variance Ratio	-	+11%	+10%

The above table shows that the total volume of flexible packaging products imported into the Kingdom has been increasing over the last few years. This is due to increased demand and the unavailability of certain products with particular specifications in the Saudi market. Most imported flexible packaging products come from the United Arab Emirates and a number of European countries.

Exports

Most local producers of flexible packaging products concentrate on the export trade. This is due to the high potential of adjacent nearby markets, especially in the GCC and other Arab countries. It can also be attributed to the fact that several advantages enjoyed by local converter companies facilitate their targeting of certain export markets. Such advantages include:

- Employment of state-of-the-art technologies in their printing facilities.
- The chief raw materials, i.e., BOPP(plain & metalized) and CPP are obtainable from local suppliers.
- Prices of the raw materials (various forms of plastic film) are highly competitive in contrast to produce their prices in the targeted export markets since raw materials used by local producers (resins of PP, PE, PET) are sourced locally from SABIC and the National Industrialization Company(TASNEE), therefore minimizing costs.
- Selling prices of Saudi packaging products are moderate in contrast to the prices prevailing in export markets.
- The advantageous geographical location of local producers as well as proximity to the markets of other Arab and neighboring countries, beside the additional advantage of low customs duties.

All local converter companies producing flexible packaging products are engaged in export activities. The following table shows the total volume of exports over the past three years:

Year	2009G	2010G	2011G
Exports Volume (tons)	11,305	12,492	16,962
Variance Ratio	-	+11%	+36%

As the above table shows, the total volume of exports of flexible packaging products has witnessed progressive growth in the last few years. Exports increased by 11% in 2010G and 36% in 2011G. In terms of quantity, exports increased from 11,305 tons in 2009G to 16,962 tons in 2011G.

Historical Demand

It is evident that the customer base of the plastic flexible packaging industry is wide and diverse, as it serves many manufacturers and consumers. The majority of the plastic flexible packaging products (around 65%) are used by the food industry. Each year, demand for snack foods falls drastically in Ramadan and during school holidays from June to August. On the other hand, demand for snack foods; carbonated soft drinks; mineral water and ice cream/candies peaks in summer and declines in winter. Estimated local historical demand for flexible packaging products can be calculated by subtracting the volume of total exports from that of total local production and then adding the figures for imports. Historical domestic demand for plastic flexible packaging products is shown in the following table:

Year	2009G	2010G	2011G
Total Local Production(tons)	42,735	46,999	55,716
Imports	4,540	5,053	5,558
(Exports)	(11,305)	(12,492)	(16,962)
Historical Demand	35,970	39,560	44,312
Variance Ratio	-	+10%	+12%

The above table shows a trend towards progressive growth in demand for plastic flexible packaging products over the past few years. Local demand increased by 10% from 35,970 tons in 2009G to 39,560 tons in 2010G. Demand continued to increase and reached 44,312 tons in 2011G, or an increase of 12%. This can be attributed to the steady increase in demand for industrial products which rely on plastic flexible packaging as their main packaging material.

Future Demand

As indicated previously, snack-food producing companies account for the bulk of demand in the flexible packaging products market. They contribute to approximately 65% of the total market sales. Other users, such as soft drinks, water and dairy industries consume the remaining market supplies. These sectors are expected to enjoy a growth rate of 6% - 8% per annum. Growth of global demand for BOPP is in the range of 7% - 8% per annum. According to SIDF estimates, future demand for plastic flexible packaging products is expected to increase by an average growth rate of 6% annually. The following table shows the details:

Year	2012G	2013G	2014G	2015G	2016G
Future Demand(tons)	47,000	49,800	52,800	55,900	59,300
Variance Ratio	-	+6%	+6%	+6%	+6%

Finally, the Kingdom's plastic flexible packaging industry has witnessed positive growth during the past few years. This growth trend is expected to continue by virtue of the increasing local demand for consumer products which depend on flexible packaging for their main packaging material. On the other hand, local producers of plastic flexible packaging products have the potential to increase their exports to neighboring markets. Their principal advantages, which consist of local raw materials; quality products and competitive prices, will undoubtedly play a key role in increasing exports of plastic flexible packaging products to adjacent markets.

Saudi Industrial Development Fund

Subject Under Scrutiny :
" KAFALA" Program's Role in Supporting and Developing Small & Medium Enterprises Sector

Subject Under Scrutiny:

"KAFALA" Program's Role in Supporting and Developing the Small & Medium Enterprises Sector

Small and medium enterprises (SMEs) are the most important constituents of economic development in many of the developed, and developing, countries of the world. This can be attributed to their effective role in creating numerous job opportunities; elevating living conditions and promoting balanced development in rural areas. Economic studies show that SMEs represent more than 90% of active enterprises worldwide. They employ 50% - 60% of available manpower. Furthermore, their contribution to GDP is around 50%. Despite their vital role in fostering economic development, there is no universal definition or classification for SMEs. They are defined on the basis of workforce size; amount of capital; or both; annual sales volume or other criteria. For instance, the World Bank relies on one specific feature in their definition of SMEs: Workforce size. Enterprises employing less than 50 workers are considered small. However, in the USA small and medium enterprises are defined as those employing less than 500 employees in the manufacturing and mining industries, or those having sales amounting to $ 35.5 million annually. According to the KAFALA Program managed by the Saudi Industrial Development Fund, KSA, any small or medium profit-seeking activity having maximum annual sales amounting to SR 30 million is classified as a small and medium enterprise.

Obstacles in the way of the Development and Upgrading of the SME Sector

SMEs face a number of obstacles and difficulties which hamper and debar achievement of their goals and objectives. The latter can be summarized as follows:

- **Administrative & Procedural:** These are manifested in the weak administrative capabilities & skills of the SMEs' owner(s) and lack of proper organizational charts defining responsibilities and duties, hence resulting in confusion over ownership and management, in addition to the duplication of some government procedures and complexity of procedures in obtaining licenses.
- **Insufficiency of Information:** One of the major challenges facing the enterprise's owner(s), is lack of information on SME's development; nature of business activity; volume of work, and financial capabilities, as well as shortage of market information, resources, needs, and capacity.
- **Funding Problem:** Financing parties are frequently reluctant to provide the funds required for establishing and operating SMEs. This is due to the high risk factor involved; lack of adequate guarantees; absence of effective accounting to confirm the financial standing of the enterprise.
- **Shortage of Technical Support:** SMEs' sector may suffer from lack of technical support in production, marketing and technical sectors. Also, there may be a shortage of training, facilities and skilled personnel in the workforce. Furthermore, the enterprise's products may not meet international standards.
- **Well prepared Business Plans:** The SMEs' sector maybe characterized by intensive competition and the entrance of new players employing innovative strategies into the market. The only way to deal with such a challenge is to draft well prepared business plans and to analyse the weaknesses and strengths of each proposed project in order to exploit all opportunities for the of success of these projects.

Bank Credit Risks Guarantee Programs

The question of establishing an independent institution to guarantee bank financing risks invariably arises in situations where institutions take on part of the risk on behalf of the financing banks. Such protection and confidence in an ensured, undiminished real support encourages the financing banks to continue providing SMEs with the required funding.

Previous global studies show that institutions guaranteeing SMEs' financing risks are numerous, varied and take many forms: bureaus in the USA and Turkey; commissions in Japan; companies in Egypt & Jordan or joint burden sharing by the debtors themselves as in Bangladesh. Institutions guaranteeing credit risks train banks' and companies' staff to handle information systems efficiently and provide extensive reference data to assist the decision-making process with regard to finance.

SMEs' Sector in the Kingdom of Saudi Arabia

The SMEs' sector in the Kingdom of Saudi Arabia plays a crucial role in economic development by supporting local products; enhancing added value; diversifying the economic base; creating job opportunities for Saudi nationals; restructuring economic sectors in order to cope with economic changes and providing highly effective models for the allocation and utilization of domestic resources, for the purpose of productive investments.

SMEs account for 90% of the total working enterprises in the Kingdom and employ 80% of its manpower. Despite their importance in terms of number and provision of employment, SMEs' contribution to the Kingdom's GDP is comparatively small. The GDP of the private sector, to which SMEs belong, amounted to 34.6% of the Kingdom's GDP in current prices (58% in constant prices) in the year 2012 G. This modest contribution of the private sector to the national economy can be explained by the extent of the oil and public sectors. Both of them play a dynamic role in the Saudi economy and are the driving force of socio-economic development in the Kingdom. Furthermore, the limited contribution of the private sector is due to the challenges facing the sector as a result of the multiplicity of government agencies supervising and controlling it, thus creating a formidable range of procedures necessary to start and develop an enterprise.

KAFALA SMEs' Loan Guarantee Program

- Establishment of the Program:

Since the SMEs' sector requires the service of a third party which will guarantee its credit risks and facilitate obtaining required financing, the SMEs' Loan Guarantee Program was established in 2006, with the support of the Ministry of Finance and collaborating local banks. The program capital amounted to SR 200 million (50% paid by the Ministry Of Finance & 50% by the collaborating local banks). SIDF was entrusted with management of the Program. The chief objective in establishing the Program was to overcome the obstacles to financing SMEs which are economically viable and have the potential to succeed but are unable to provide the required guarantees and/or the accounting records as evidence of their eligibility for financing. The latter is facilitated by partial coverage of the risk of the financing party (80% of the value of the financing with a ceiling of SR 1.6 million) should a guaranteed party fail to repay. The aim is to encourage the banks to finance such enterprises and expand the base of beneficiaries from the government financing programs.

-Progress of the Program's activities during the period 2006 - 2012:

Since its initiation in 2006 up to the end of 2012, the Program's Management approved a total of 4,765 guarantees at a total value of SR 2,304 million thereby benefiting 2,909 small and medium enterprises against a total financing of SR 4,836 million, which generated 11,636 job opportunities.

Despite the fact that commercial banks tended to be conservative and reluctant when it came to granting credit facilities under the umbrella of the KAFALA Program in its early stages as the concept of SMEs was then a relatively new one, participant commercial banks nevertheless conducted the necessary feasibility studies required to restructure departments dealing with provision of credit to SMEs; put in place the new information systems required to activate the mechanisms of the Program's activities, and facilitated procedures and policies adopted by the Program Management to streamline the obtaining of guarantees. The results greatly improved performance and enhanced efficiency, in turn leading to a considerable increase in the number and value of the approved guarantees.

Table Showing the Program's performance since its inception in 2006 until the end of 2012 contrasted with pre-program projections (SR million)

Years	Number of guarantees			Value of guarantees (SR million)			Value of financing (SR million)		
	Actual	Expected	realized %	Actual	Expected	realized %	Actual	Expected	realized %
2006	51	500	10	22	150	15	49	200	25
2007	263	750	35	123	225	56	270	300	93
2008	292	1000	29	122	300	39	286	400	70
2009	504	1000	50	181	300	60	464	400	116
2010	777	1000	78	271	300	90	716	400	179
2011	1208	1000	121	636	300	212	1,283	400	321
2012	1670	1000	167	949	300	316	1,768	400	442
Total	4765	6250	76	2,304	1,875	123	4,836	2,500	193

Source : Research and Inf. Analysis Unit - Kafala Program.

In contrast with the results achieved from 2006 until the end of 2012, and forecasts projected in the study prepared before the Program's initiation by an experienced house of consultancy, based on previous and similar experience in other countries, it is worth noting that the Program's achievements over the period referred to indicates a decrease in the number of guarantees (24%) as opposed to that of expected guarantees. However, the value of guarantees increased by 23% and the value of financing extended by creditors under the Program umbrella rose by 93%. Guarantees issued by the Program over the past two years (2011 and 2012) surpassed in terms of number and value the projected guarantees. Furthermore, financing provided by banks exceeded, in terms of value, the estimates for 2009. Based on the Program's projections, it is expected that the Program will issue guarantees to approximately 4,900 SMEs from 2013 to 2017, thereby creating 19,600 job opportunities.

- The Program's training, awareness and development activities:

The role of SMEs' Financing Guarantee Program, KAFALA, is not restricted to the issuing of guarantees to ensure provision of finance required for sponsors of small and medium enterprises, but has been extended to include training, awareness and development programs as well as cultivating spirit of entrepreneurship among young businessmen. To this end, the Program organizes training courses and workshops for spreading awareness of and introducing KAFALA in collaboration with the IFC (International Finance Corporation); Banking Institute of Saudi Arabian Monetary Agency (SAMA), Banking Information and Awareness Committee, and the participation of Saudi banks and Chambers of Commerce and Industry in the Kingdom.

Training and introductory courses are designed by the Program to suit the various sectors of small and medium enterprises and are devised to achieve a range of major objectives, including: -

- Providing SMEs' sponsors with basic information and effective steps for establishment of business, development and growth.
- Spreading awareness of the importance and benefits of training and introducing programs for SMEs' sponsors prior to the establishment of new business ventures.
- Applying advanced training methods to cater for sector's requirements.
- Improving professional capabilities of employees working for SMEs support centers.
- Spreading awareness among staff of KAFALA participant banks of the mechanisms for conducting business, and conditions to be satisfied by an enterprise to qualify for the Program's guarantee.

Since the start-up of the Program's training and awareness activities in 2008 to the end of 2012, KAFALA has arranged, in collaboration with the Saudi Chambers of Commerce and Industry and participant commercial banks, a number of introductory activities under the name "The Day of SMEs", informing SMEs sponsors of the KAFALA Program, its terms and conditions and the mechanisms of conducting business. Also, in cooperation with the International Finance Corporation of the World Bank; the Banking Institute of SAMA and Saudi Chambers of Commerce & Industry, KAFALA conducted 59 training courses entitled "Basics of Start Up, Operating and Managing Commercial Business", in a number of cities and towns in the Kingdom, and targeted SMEs' sponsors. These courses were attended by 1400 trainees, including 355 female trainees.

- Program's success in meeting challenges and increasing efficiency:

The Program Management opted to face the challenges and obstacles posed in the early years of the Program's inception, such as, lack of qualified personnel in credit banks to deal with SMEs sponsors; Limited advertising and promotion campaign by lending banks to encourage the provision of financing under the KAFALA umbrella. These difficulties were exacerbated by sponsor misconceptions of the program, the objectives and mechanisms of conducting business, and sponsors failure to meet the standards stipulated by credit banks for lending, and lack of knowledge on the part of some sponsors on how to prepare and complete application files, including preparation of feasibility studies for proposed projects.

The Program Management overcame these challenges by adopting the following strategies :

- Conducting training courses for employees of participant banks and financial institutions in collaboration with SAMA Banking Institute.
- Conducting training courses for managers of SMEs development centers in Chambers of Commerce and Industry on dealing with the financing of applicants in collaboration with the World Bank and Council of Saudi Chambers of Commerce and Industry.
- Conducting training courses for investors on how to manage small and medium enterprises, in cooperation with the World Bank.
- Focusing on advertising and promotion campaigns relating to KAFALA Programs in collaboration with participant lenders in less-developed regions.
- Coordinating with major companies and institutions to advertise, via websites, the investment opportunities afforded by these companies, and SMEs' development centers in Chambers of Commerce and Industry.
- Providing guidance for young people on dealing with private lending institutions, support agencies and mechanisms for accessing capital.
- Upgrading the role of Chambers of Commerce and Industry and SMEs' support centers in arranging meetings and seminars in less-developed regions for the exchange of experiences among practitioners who support the development of pioneer projects for youth and SMEs' sponsors.
- Increasing training and rehabilitation programs for sponsors of the existing or enterprises still under construction.
- Organizing seminars and awareness programs for young Saudis to emphasize the importance of entrepreneurship and self-employment; highlighting the benefits of establishing privately owned projects, and the role of the private sector in achieving economic and social development in cooperation with competent, supportive agencies.

Saudi Industrial Development Fund

SIDF Lending Activity Charts

SIDF Lending Activity Charts:

Table 1 **Number of Newly-Approved SIDF Industrial Projects by Minor Sector**

Sector	1433/1434H - (2012 G)	Cumulative Total
Consumer Products	29	670
Food	21	318
Beverages	2	60
Textiles	0	69
Leather & substitutes	0	24
Carpentry products	3	17
Wooden furniture	2	55
Paper products	1	91
Printing	0	36
Chemical Products	24	609
Chemicals	11	290
Oil & gas products	1	35
Rubber Products	1	18
Plastic Products	11	266
Building Materials	12	397
Ceramic Products	0	13
Glass Products	1	64
Other Building Material	11	320
Cement	1	31
Engineered Products	30	713
Metal Products	23	431
Machinery	1	89
Electrical Equipment	5	135
Transport Equipment	1	58
Other Manufacturing	5	52
Total	101	2,472 *

* of which (484) loans were terminated.

Table 2 **Value of Approved SIDF Industrial Loans by Minor Sector (SR millions)**

Sector	1433/1434H - (2012 G)	Cumulative Total
Consumer Products	2,161	17,773
Food	1,976	9,882
Beverages	24	1,639
Textiles	0	2,298
Leather & substitutes	0	133
Carpentry products	12	217
Wooden furniture	19	387
Paper products	130	3,002
Printing	0	215
Chemical Products	4,251	41,881
Chemicals	3,284	32,663
Oil & gas products	203	3,379
Rubber Products	310	787
Plastic Products	454	5,052
Building Materials	765	11,222
Ceramic Products	0	1,369
Glass Products	401	3,386
Other Building Material	364	6,467
Cement	429	10,213
Engineered Products	1,942	21,706
Metal Products	1,628	16,346
Machinery	27	899
Electrical Equipment	99	3,216
Transport Equipment	188	1,245
Other Manufacturing	392	2,620
Total	9,940	105,415*

* of which SR(15,028) million were terminated or reduced.

Table 3 **Number of Newly Approved SIDF Industrial Projects by Province**

Province	1433/1434H - (2012 G)	Cumulative Total
Riyadh	33	888
Makkah	15	596
Madinah	9	100
Qassim	2	57
Eastern Province	30	698
Asir	3	39
Tabouk	2	11
Hail	4	21
Jizan	0	19
Najran	1	13
Al-Baha	0	9
Al-Jouf	0	16
Northern Frontier	2	5
Total	101	2,472*

* of which (484) loans were terminated.

Table 4 **Value of Approved SIDF Industrial Loans by Province (SR Millions)**

Province	1433/1434H - (2012 G)	Cumulative Total
Riyadh	1,547	20,856
Makkah	674	16,860
Madinah	2,558	11,957
Qassim	36	1,377
Eastern Province	3,843	48,086
Asir	42	912
Tabouk	40	536
Hail	1,034	1,165
Jizan	0	1,337
Najran	140	1,096
Al-Baha	0	28
Al-Jouf	0	230
Northern Frontier	26	975
Total	9,940	105,415*

* of which SR(15,028) million were terminated or reduced.

Saudi Industrial Development Fund
P.O.Box: 4143 - Riyadh 11149
Kingdom of Saudi Arabia
Tel.: 00966 1 477 4002
Fax: 00966 1 479 0165
PR@sidf.gov.sa
www.sidf.gov.sa

Annual Report 1433 / 1434 H
Legal Deposit No. 16/3419
ISSN: 1319 - 5530

www.sidf.gov.sa