NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY**)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The shareholders
Nama Chemicals Company
(A Saudi Joint Stock Company)
Jubail Industrial City - Kingdom of Saudi Arabia

Introduction
We have reviewed the accompanying condensed consolidated interim statement of financial position of Nama Chemicals Company ("the Company") (a Saudi joint stock company) and its subsidiaries (collectively referred to as "the Group") as of September 30, 2018, the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three and nine months periods then ended, the condensed consolidated interim statements of changes in equity and cash flows for the nine-months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standards No. 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standards No. 34, as endorsed in the Kingdom of Saudi Arabia.

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INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 to the condensed consolidated interim financial statements which states that the accompanying condensed consolidated interim financial statements have been prepared assuming that the group will continue as a going concern. As illustrated in note 1, as at September 30, 2018, the current liabilities of the Group exceeded its current assets by SR 553.1 million (December 31, 2017: SR 663 million) mainly on account of current portion of SIDF's long term loan amounting to SR 520.6 million (December 31, 2017: SR 488.6 million). Additionally, the group was in breach of its loans financial covenants. The management of the Company is currently in the process of negotiating for the restructuring of the loan with SIDF in addition to taking the necessary remedial actions to resolve the breach of the loans covenants. Management believes that the Group will be successful in restructuring of SIDF loan and resolving the breach in the near future. Accordingly, these condensed consolidated interim financial statements are prepared on going concern basis and the loans are continued to be classified as per their original terms of repayment.

Al-Bassam & Co.
Allied Accountants

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November 01, 2018
23 Safar, 1440 H

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2018

	Note	September 30, 2018 (Unaudited) SR '000	December 31, 2017 (Audited) SR '000
ASSETS			
Non- current assets			
Property, plant and equipment	4	**757,221**	794,198
Investment properties		**127,902**	130,547
Investments		**142,155**	117,974
Long term prepaid employees' benefits		**157,872**	175,269
Other non-current assets		**2,911**	2,911
		1,188,061	1,220,899
Current assets			
Inventories		**87,329**	46,230
Trade receivables		**125,445**	117,799
Advances, prepayments and other receivables		**46,690**	16,594
Cash and cash equivalents		**27,500**	28,575
		286,964	209,198
TOTAL ASSETS		**1,475,025**	1,430,097
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**235,200**	235,200
Other reserves		**121,470**	97,290
Accumulated losses		**(3,005)**	(55,362)
Total equity		**353,665**	277,128
LIABILITIES			
Non-current liabilities			
Long term loans	5	**220,950**	225,811
Employees' end of service benefits		**60,331**	54,878
		281,281	280,689
Current liabilities			
Trade and other payables		**73,676**	78,804
Short term loans	5	**52,017**	110,779
Long term loans - current portion	5	**575,136**	600,271
Accrued and other liabilities		**139,250**	82,426
		840,079	872,280
Total liabilities		**1,121,360**	1,152,969
TOTAL EQUITY AND LIABILITIES		**1,475,025**	1,430,097

The condensed consolidated interim financial statements were approved and authroised for issue by the board of directors, on behalf of shareholders and were signed on its behalf on November --, 2018.

Chief financial officer **Chief Executive officer** **Chairman**

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018

	Note	Period from July 1 to September 30		Period from January 1 to September 30	
		2018 (Unaudited) SR '000	2017 (Unaudited) SR' 000	**2018 (Unaudited) SR '000**	2017 (Unaudited) SR' 000
Sales	8	**137,483**	145,637	**481,676**	435,824
Cost of sales		**(118,240)**	(126,060)	**(362,365)**	(375,859)
Gross profit		**19,243**	19,577	**119,311**	59,965
Selling and distribution expenses		**(7,043)**	(10,127)	**(23,858)**	(29,666)
Administrative expenses		**(7,879)**	(5,891)	**(25,637)**	(19,113)
Operating profit		**4,321**	3,559	**69,816**	11,186
Finance charges		**(7,123)**	(8,857)	**(21,506)**	(26,119)
Investment income, net		**3,512**	3,270	**7,021**	7,379
Other income, net		**152**	1,337	**644**	2,925
Profit (loss) before zakat		**862**	(691)	**55,975**	(4,629)
Zakat		**(113)**	(1,332)	**(3,618)**	(3,997)
Net profit (loss) for the period		**749**	(2,023)	**52,357**	(8,626)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Change in fair value of equity instruments at fair value through other comprehensive income		**(7,217)**	7,118	**24,181**	10,579
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(28)**	20	**(1)**	76
Total other comprehensive (loss) / income		**(7,245)**	7,138	**24,180**	10,655
Total comprehensive (loss) / income for the period		**(6,496)**	5,115	**76,537**	2,029
Earnings/ (loss) per share					
- Basic	10	**0.03**	(0.09)	**2.2**	(0.12)
- Diluted	10	**0.03**	(0.09)	**2.2**	(0.12)

The condensed consolidated interim financial statements were approved and authroised for issue by the board of directors, on behalf of shareholders and were signed on its behalf on November **--**, 2018.

Chief financial officer	**Chief Executive officer**	**Chairman**

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Share Capital SR '000	Other reserves SR '000	Accumulated losses SR '000	Total SR '000
Balance at January 1, 2017 (Audited)	1,285,200	87,759	(1,094,824)	278,135
Net loss for the period	-	-	(8,626)	(8,626)
Other comprehensive income	-	10,655	-	10,655
Total comprehensive income (loss) for the period	-	10,655	(8,626)	2,029
Reduction of capital (note 1)	(1,050,000)	-	1,050,000	-
Balance at September 30, 2017 (Un-audited)	235,200	98,414	(53,450)	280,164
Balance at January 1, 2018 (Audited)	235,200	97,290	(55,362)	277,128
Net profit for the period	**-**	**-**	**52,357**	**52,357**
Other comprehensive income	**-**	**24,180**	**-**	**24,180**
Total comprehensive income for the period	**-**	**24,180**	**52,357**	**76,537**
Balance at September 30, 2018 (Un-audited)	**235,200**	**121,470**	**(3,005)**	**353,665**

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.

NAMA CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	September 30, 2018 (Unaudited) SR '000	September 30, 2017 (Unaudited) SR '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) for the period	**52,357**	(8,626)
Adjustments for:		
Depreciation and amortization	**44,226**	43,004
Zakat	**3,618**	3,997
Finance charges	**21,506**	26,119
Provision for employees' end of service benefits	**8,223**	4,929
	129,930	69,365
Working capital adjustments:		
Inventories	**(41,099)**	(3,939)
Trade receivables	**(7,646)**	(21,605)
Advances, prepayments and other receivables	**(30,096)**	7,973
Trade and other payables	**(5,128)**	1,704
Accrued and other liabilities	**58,023**	(11,191)
Cash generated from operations	**103,984**	42,307
Finance cost paid	**(21,506)**	(20,337)
Employees' benefits paid	**(2,770)**	(2,048)
Zakat Paid	**(4,817)**	-
Net cash generated from operating activities	**74,891**	19,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(2,667)**	(2,541)
Additions to cost of projects under development	-	(28,611)
Change in investments	-	85,678
Recovery of long term prepaid employees' benefits	**15,460**	-
Net cash generated from investing activities	**12,793**	54,526
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in short term loans	**(58,762)**	22,465
Repayment of long term loans	**(29,996)**	(124,338)
Net cash used in financing activities	**(88,758)**	(101,873)
Net change in cash and cash equivalents	**(1,074)**	(27,425)
Exchange differences on translation of foreign operations	**(1)**	76
Cash and cash equivalents at January 1,	**28,575**	47,558
Cash and cash equivalents at September 30,	**27,500**	20,209

The accompanying notes from 1 to 11 form an integral part of these condensed consolidated interim financial statements.

1. ORGANIZATION AND ACTIVITIES

NAMA Chemicals Company ("the Company") ("NAMA") is a Saudi Joint Stock Company registered in Al-Jubail Industrial City under the commercial registration Number 2055007420. The registered office of the Company is situated in Al- Jubail, Kingdom of Saudi Arabia. The share capital of the Company amounts to SR 235.2 million divided into 23.52 million shares of SR 10 each.

The principal activities of NAMA and its subsidiaries ("the Group"), each of which operates under individual commercial registration, are to own, establish, operate and manage industrial projects in the petrochemical and chemical fields. The Group incurs costs on projects under construction and development and subsequently establishes a separate company for each project that has its own commercial registration.

The Company's registered address is P.O. Box 11919, Jubail Industrial City 31961, Kingdom of Saudi Arabia.

The Board of Directors of NAMA decided in the Extraordinary Assembly Meeting held on December 27, 2016, to reduce the Company's share capital from SR 1,285,200,000 to SR 235,200,000 at a reduction rate of 81.7% for the purpose of restructuring the share capital of the Company. As a result, total number of shares of the Company were reduced from 128,520,000 to 23,520,000 by way of cancellation. The effective date for said capital reduction is May 11, 2017. Legal procedures associated with the reduction were completed in 2017.

The accompanying consolidated condensed interim financial statements have been prepared assuming that the Group will continue as a going concern. As at September 30, 2018, the current liabilities of the Group exceeded its current assets by SR 553.1 million (December 31, 2017: SR 663 million) mainly on account of current portion of SIDF's long term loan amounting to SR 520.6 million (December 31, 2017: SR 488.6 million). The management of the Company is currently in the process of negotiating for the restructuring of the loan with SIDF. Management believes that the Group will be successful in restructuring of SIDF loan in the near future.

As at September 30, 2018, the accumulated losses of one of the subsidiaries, JANA, has reached to more than 50% of its share capital. The shareholders of JANA in the prior years have resolved to continue JANA and to provide it with the necessary financial support as deemed required. JANA performance over the period has improved significantly resulting in net profit during the period ended September 30, 2018. Further, the Group has not complied with the covenants requirements of its loan agreements to maintain certain financial ratios. However, the management is in the process of taking necessary remedial actions in this regard. Management believes that the Group will be successful in resolving the breach in near future. Accordingly, these loans are continued to be classified as per the original terms of repayment.

The Board of Directors of the Company in their meeting held on July 28, 2018 recommended to the shareholders of the Company to increase the share capital of the Company by Saudi Riyals SR 200 million through right issue. The decision is taken in continuance of the Board's resolution to increase the share capital by SR 400 million previously passed in their meeting held in August 7, 2016. Subsequent to September 30, 2018, an application for right issue has been submitted to Capital Market Authority (CMA) on October 11, 2018.

1.1 Structure of the group

The condensed consolidated interim financial statements include the financial statements of the company and the following subsidiaries:

Al-Jubail Chemical Industries Company ("JANA"), a limited liability Company, is owned 95% by NAMA and 5% by NAMA Industrial Investment Company, a subsidiary of NAMA.

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

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

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

NAMA Germany GMBH, a limited liability Company incorporated in Germany, is fully owned by NAMA Europa GMBH.

1. ORGANIZATION AND ACTIVITIES (Continues)

NAMA has effectively 100% ownership in these subsidiaries. The above wholly owned subsidiaries, including its assets, liabilities and results of operations are included in the accompanying condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the nine months' period ended 30 September 2018 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and hence should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2017. The Group has adopeted IFRS 9 "Financial intruments" and IFRS 15 "Revenue from contracts with customers" from January 1, 2018 and accordingly the accounting policy for these new standards are disclosed in note 3.4.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention, as modified for financial assets at fair value through other comprehensive income and by using the actuarial basis for employees' end of service benefits, on the accrual basis of accounting. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017 except those stated in note 3.4.

The preparation of these condensed consolidated interim financial statements in conformity with IFRS required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation related to the application of IFRS 9 and IFRS 15.

2.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyals (SR), which is the functional and presentation currency of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the Group:

3.1 Basis of consolidation

The condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries detailed in note 1.1. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Condensed consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.2 New Standards, Amendments to Standards and Interpretations

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018. There are no material impacts of adoption of the said IFRS on the Group's condensed consolidated interim financial statements. A number of other new standards, amendments to standards are effective from January 1, 2018 but they also do not have a material effect on the Group's condensed consolidated interim financial statements.

3.3 New standards, amendments and revised IFRS in issue but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements.

New and revised IFRSs	Description	Effective for annual periods beginning on or after
IFRS 16	Leases	January 1, 2019
IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019
IAS 19	Plan Amendment, Curtailment or Settlement	January 1, 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact, except as mentioned in below paragraph, on the consolidated financial statements of the Group in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 16 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2019. The application of IFRS 16 is effective January 1, 2019 and may have a significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its leases. However, it is not practicable at this stage to provide a reasonable estimate of effects of the application of IFRS 16 until the Group performs a detailed review.

3.4 Changes in accounting policies

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 and IFSR 15 are set as follows:

a) IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

The standard eliminates the existing IAS 39 categories of held-to-maturity, loan and receivables and available-for-sale. The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed together with its relevant contractual cash flow characteristics. IFRS 9 largely retains the existing requirements in IAS 39 for classification and measurement of financial liabilities.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied under the modified retrospective approach. However, there were no material effect of adopting IFRS 9 on the date of initial application.

Classification of financial assets

Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Group classified its investments in quoted equity securities under fair value through other comprehensive income category from available for sale investments.

Financial Asset at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. The Group does not have fianancial asset under FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate (EIR).

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model associated with its financial assets. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The impairment methodology is generally dependent on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach as required by IFRS 9.

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Changes in accounting policies (Continued)

a) IFRS 9 Financial instruments (Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group recognizes revenue when a performance obligation is satisfied, i.e. customer obtains control of the goods at a point of time which is on delivery and acknowledgement of goods by the customer, and this is in line with the requirements of IFRS 15. Accordingly, there were no material effect of adopting IFRS 15 “Revenue from contracts with customers” on the recognition of revenue of the Group.

The details of the new significant accounting policies in relation to the Group’s sales of goods set out below.

The company has different types of products i.e. epoxy resins, caustic soda, Hydrochloric acid and calcium chloride. Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognized at that point in time. Credit invoices are usually payable within 30-90 days. Invoice is generated and recognized as revenue net-off applicable discounts which relate to the items sold.

Transition

Changes in accounting policies resulting from the adoption of IFRS 15 have been applied under modified retrospective approach. However, there were no material effect of adopting IFRS 15 on the date of initial application.

4. PROPERTY, PLANT AND EQUIPMENT

The Group acquired assets in nine months ended September 30, 2018 amounting to SR 2.67 million (September 30, 2017: SR 2.54 million).

5. LOANS

Short term loans

JANA, one of the subsidiaries of the Group, obtained bank facilities from local banks for short-term loans and letters of credits. These facilities bear interest at rate based on SIBOR plus a margin. These facilities are secured by a corporate guarantee from NAMA.

Long term loans

	September 30, 2018	December 31, 2017
Saudi industrial development Fund (SIDF)	**591,279**	591,279
Less: Current portion	**(520,579)**	(488,579)
Non-current portion	**70,700**	102,700

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. LOANS (Continued)

Long term loans (Continued)

	September 30, 2018	December 31, 2017
Other loans from local banks	**204,807**	234,803
Less: current portion	**(54,557)**	(111,692)
Non-current portion	**150,250**	123,111
Total non-current portion	**220,950**	225,811

Loans from local banks

These loans have been obtained from two banks i.e. Jazira and Alawwal Bank to finance the expansion projects' costs of the Group as well as the working capital loan converted to medium term loan.

The loan obtained from Jazira Bank is repayable in 57 equal monthly installments of SR 2.7 million each. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

One of Alawwal Bank loan remaining balance is repayable in 47 equal monthly installments of SR 0.75 million. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

The second Alawwal Bank loan is repayable in 47 equal monthly installements of SR 1.06 million. It is subject to mark-up at SIBOR plus margin and is secured by promissory notes.

6. CONTINGENCIES AND COMMITMENTS

(a) The Group's outstanding contingencies and commitments were as follows:

	September 30, 2018	December 31 2017
Letters of credit	**25,128**	17,050
Letters of guarantee	**7,958**	9,420

(b) The Group's operating lease commitments are as follows:

	September 30, 2018	December 31, 2017
Less than one year	**958**	1,060
More than one year but less than five years	**2,859**	3,552
More than five years	**10,356**	10,356
	14,173	14,968

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties consist of subsidiaries, affiliates and Board of Directors and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group's management.

The Compensation of key management personnel during the period is as follows:

	For the three months ended September 30, 2018	**For the nine months ended September 30, 2018**	For the three months ended September 30, 2017	For the nine months ended September 30, 2017
Short term benefits	**975**	**2,942**	912	2,747
Employees end of service benefits	**99**	**298**	87	262
	1,074	**3,240**	999	3,009

8. SEGMENTAL INFORMATION

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's sales, net loss, assets and liabilities, by business segment, are as follows:

	Epoxy resin products	**Chlor Alkali products**	**Inter-Group eliminations**	**Others**	**Total**
For the period ended Sep 30,2018					
Revenue	**310,229**	**174,099**	**(18,366)**	**15,714**	**481,676**
Net (loss) / profit	**(16,116)**	**72,494**	**(12,326)**	**8,305**	**52,357**
As of September 30, 2018					
Total assets	**593,682**	**593,759**	**-**	**287,584**	**1,475,025**
Total liabilities	**415,390**	**491,949**	**-**	**214,021**	**1,121,360**

	Epoxy resin products	**Chlor Alkali products**	**Inter-Group eliminations**	**Others**	**Total**
For the period ended Sep 30, 2017					
Revenue	265,913	180,729	(26,343)	15,525	435,824
Net (loss) / profit	(46,865)	37,998	(13,361)	13,602	(8,626)
As of September 30, 2017					
Total assets	440,507	565,727	-	507,806	1,514,040
Total liabilities	437,676	466,506	-	329,694	1,233,876

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. SEGMENTAL INFORMATION (Continued)

Reconciliation of net profit / (loss) of operating segments

	September 30, 2018	September 30, 2017
Segment profit	**64,683**	4,735
Inter-segment profit elimination	**(12,326)**	(13,361)
Net profit / (loss)	**52,357**	(8,626)

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

September 30, 2018	**Carrying value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Investments – FVTOCI	**142,155**	**142,155**	**142,155**	**-**	**-**	**142,155**
December 31,2017						
Financial assets						
Investments – FVTOCI	117,974	117,974	117,974	-	-	117,974

10. EARNING PER SHARE

Basic and diluted earnings per share is based on net profit/loss for the period attributable to the shareholders of the Company and weighted average number of shares issued by the Company.

11. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements have been approved and authorized for issue by the Company's Board of Directors on November 1, 2018.