

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

**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS AND AUDITOR'S REPORT  
(LIMITED REVIEW) FOR THE THREE  
MONTHS AND NINE MONTHS PERIODS  
ENDED SEPTEMBER 30, 2014**

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
(LIMITED REVIEW)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

---

<b>INDEX</b>	<b>PAGE</b>
Auditor's report (limited review)	1
Consolidated interim balance sheet	2
Consolidated interim statement of income	3
Consolidated interim statement of cash flows	4
Notes to the consolidated interim financial statements	5-12



Dr. Mohamed Al-Amri & Co.  
Accountants & Consultants

P.O. Box 2590, Dammam 31461  
Tel.: +966 13 834 4311  
Fax: +966 13 833 8553  
info@alamri.com

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

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

**Scope of Review**

We have reviewed the consolidated interim balance sheet of NAMA Chemicals Company (Saudi Joint Stock Company) and Subsidiaries as of September 30, 2014 and the related consolidated interim statements of income for the three months and nine months periods then ended and consolidated cash flows for the nine months then ended, and notes 1 to 11 which form an integral part of these consolidated interim financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These consolidated interim financial statements are the responsibility of the Company's management.

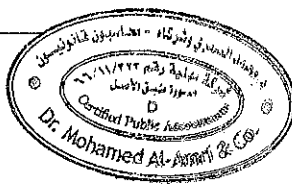
We conducted our review in accordance with the standard of auditing applicable to interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Review Results**

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

For Dr. Mohamed Al-Amri & Co.

Gihad M. Al-Amri  
Certified Public Accountant  
Registration No. 362



October 16, 2014 G  
Dhu Al-Hijjah 22, 1435 H

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

**CONSOLIDATED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2014**

	Notes	2014 SR'000 (Un-audited)	2013 SR'000 (Un-audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		284,577	99,583
Trade receivables		173,462	173,081
Inventories		97,863	155,629
Advances, prepayments and other receivables		20,394	16,381
<b>Total current assets</b>		<b>576,296</b>	<b>444,674</b>
<b>Non-current assets</b>			
Time deposits		39,000	113,600
Available for sale investments		225,668	187,868
Other non-current assets		8,882	9,557
Cost of projects under development	3	65,957	17,323
Property, plant and equipment		1,763,198	1,849,039
Intangible assets		41,240	44,507
<b>Total non-current assets</b>		<b>2,143,945</b>	<b>2,221,894</b>
<b>TOTAL ASSETS</b>		<b>2,720,241</b>	<b>2,666,568</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short term borrowings		60,528	74,988
Current portion of long-term debts		355,267	172,633
Accounts payable		79,826	84,952
Accrued expenses and other payables		106,535	137,041
<b>Total current liabilities</b>		<b>602,156</b>	<b>469,614</b>
<b>Non-current liabilities</b>			
Long-term debts		750,162	783,123
End-of-service indemnities		28,359	25,266
Interest rate swap		4,528	8,404
<b>Total non-current liabilities</b>		<b>783,049</b>	<b>816,793</b>
<b>Stockholders' equity</b>			
Share capital	1	1,285,200	1,285,200
Statutory reserve	4	-	-
Change in fair value of available for sale investments		163,168	125,368
Foreign currency translation adjustments		(420)	(505)
Accumulated losses		(112,912)	(29,902)
<b>Total stockholders' equity</b>		<b>1,335,036</b>	<b>1,380,161</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>2,720,241</b>	<b>2,666,568</b>

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

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

**CONSOLIDATED INTERIM STATEMENT OF INCOME  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

	From July 1 to September 30,		From January 1 to September 30	
	2014 SR'000 (Un-audited)	2013 SR'000 (Un-audited)	2014 SR'000 (Un-audited)	2013 SR'000 (Un-audited)
Sales	164,648	180,348	496,505	564,665
Cost of sales	(166,052)	(172,198)	(498,121)	(516,001)
<b>Gross (loss) profit</b>	<b>(1,404)</b>	<b>8,150</b>	<b>(1,616)</b>	<b>48,664</b>
Selling and marketing expenses	(12,060)	(16,785)	(38,964)	(49,514)
General and administrative expenses	(7,585)	(7,093)	(22,678)	(21,541)
<b>Loss from operations</b>	<b>(21,049)</b>	<b>(15,728)</b>	<b>(63,258)</b>	<b>(22,391)</b>
Financial expenses	(7,956)	(7,292)	(25,425)	(21,048)
Change in interest rate swap position	52	(129)	1,791	2,885
Investment income, net	128	428	900	832
Other income, net	6,546	12,328	22,638	16,576
<b>Net loss before zakat</b>	<b>(22,279)</b>	<b>(10,393)</b>	<b>(63,354)</b>	<b>(23,146)</b>
Zakat (note 5)	(1,078)	(1,630)	(3,235)	(4,756)
<b>NET LOSS</b>	<b>(23,357)</b>	<b>(12,023)</b>	<b>(66,589)</b>	<b>(27,902)</b>
<b>(Loss) earnings per share -- note 6</b>				
(Loss) per share from net (loss) (in SR)	(0.18)	(0.09)	(0.52)	(0.22)
(Loss) per share from continuing main operations (in SR)	(0.23)	(0.19)	(0.72)	(0.38)
Earnings per share from other operations (in SR)	0.05	0.10	0.20	0.16
Weighted average number of shares	<b>128,520,000</b>	<b>128,520,000</b>	<b>128,520,000</b>	<b>128,520,000</b>

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

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

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014**

	2014 SR'000 (Un-audited)	2013 SR'000 (Un-audited)
<b>OPERATING ACTIVITIES</b>		
Net loss before zakat	(63,354)	(23,146)
Adjustments for:		
Depreciation	71,864	62,881
Amortization	5,158	4,365
End-of-service benefits	4,118	4,349
Change in interest rate swap position	(1,791)	(2,885)
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	(7,956)	(29,122)
Inventories	40,364	(36,181)
Advances, prepayments and other receivables	(9,450)	6,296
Accounts payable, accrued expenses and other payables	(12,884)	18,609
<b>Cash-from operations</b>	<b>26,069</b>	<b>5,166</b>
End-of-service benefits paid	(2,173)	(1,996)
Zakat paid	(4,424)	(5,749)
<b>Net cash from (used in) operating activities</b>	<b>19,472</b>	<b>(2,579)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,831)	(28,036)
Additions to cost of projects under development	(45,795)	(5,560)
Change in other non-current assets	506	443
Change in time deposits more than three months maturity	53,900	(20,700)
Additions to intangible assets	-	(17,400)
<b>Net cash from (used in) investing activities</b>	<b>4,780</b>	<b>(71,253)</b>
<b>FINANCING ACTIVITIES</b>		
Change in short term borrowings	(2,392)	32,586
Long term debts obtained	-	101,054
Repayment of long term debts	(43,061)	(55,000)
<b>Net cash (used in) from financing activities</b>	<b>(45,453)</b>	<b>78,640</b>
<b>Net change in cash and cash equivalents</b>	<b>(21,201)</b>	<b>4,808</b>
Foreign exchange differences on foreign operations	10	(44)
Cash and cash equivalents, January 1	305,768	94,819
<b>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</b>	<b>284,577</b>	<b>99,583</b>
<u>Non cash transaction:</u>		
Project under development transferred to property, plant and equipment	-	88,467
CWIP transferred to deferred expenses/capital spares	15,001	-

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

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

**1. ORGANIZATION AND ACTIVITIES**

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

The subsidiaries of NAMA are as follows:

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

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

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

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

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

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

As of September 30, 2014, property, plant and equipment of SR.1,763 million (2013: SR 1,849 million) include costs of SR 380.4 million (2013: SR 399.2 million) incurred by the company on the expansion of Epoxy plant capacity from 60,000 metric tons to 120,000 metric tons which has been capitalized on April 01, 2014. Borrowing cost capitalized during the period amounted to SR 1.4 million (2013: SR 4.6 million). Management of the Company believes that the capacity expansion has the ability to provide the entity with future economic benefits.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Accounting estimates**

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

**Accounting convention**

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

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

**Principles of consolidation**

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

**Investments**

Investments in financial instruments are classified according to Group's intent with respect to these securities. Investments in companies whose shares are not readily marketable and in which NAMA owns less than 20% of the share capital are accounted for at cost. Impairment in value is recorded in the period in which the impairment is determined and charged to the consolidated interim statement of income. Dividends are recorded when received.

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

**Revenue recognition**

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

**Expenses**

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

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

**Cash and cash equivalents**

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

**Trade receivables**

Trade receivables are carried at their original amount less provision made for doubtful accounts. An allowance for doubtful accounts is established when there is significant doubt that the Group will be able to collect all amounts due according to the original terms of trade receivables.

**Inventories**

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

**Derivative financial instruments**

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated interim statement of income as they arise.

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



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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

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

**Intangible assets**

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

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

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease.

The estimated useful lives of the principal classes of assets are as follows:

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

Cost of assets disposed of and the related accumulated depreciation are removed from the interim financial statements and the resulting gain or loss is taken to the interim statement of income, at the time of disposal of assets.

**Borrowing costs**

Borrowing costs directly attributable to cost of projects under development are added to the cost of the project until such time as the project is ready for its intended use. Investment income earned on temporary investment of specific borrowings pending their expenditure on the project under construction is deducted from the borrowing costs eligible for capitalization.

**Impairment**

As of each balance sheet date, the Group reviews the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

---

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized as income immediately.

**Foreign currency translation**

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

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

**Provision for obligation**

A provision is recognized in the consolidated interim balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**End-of-service indemnities**

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

**Zakat**

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

**Leasing**

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the operating lease.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

---

**Segmental Reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographical segment), which is subject to risks and rewards that are different from those of the other segments. Because the Group carries out its activities in the Kingdom of Saudi Arabia and abroad reporting is provided by products and geographical segments.

**3. COST OF PROJECTS UNDER DEVELOPMENT**

The balance of cost of projects under development as of September 30, 2014 comprised the Employee Housing Project which included construction costs under various agreements and directly attributable costs to bring the asset to the location and working condition necessary for it to be capable of operating in a manner intended by the management. Directly attributable costs includes employee benefits, site preparation costs, and construction costs. Interest cost capitalized during the period is SR 1.51 million (2013: nil)

**4. STATUTORY RESERVE**

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

In 2012 the stockholders and subsequently the directors resolved to offset the accumulated losses of SR 273.381 million against statutory reserve. As the Company has loss in the current period no allocation has been made to the statutory reserve.

**5. ZAKAT**

The Group has yet to receive the final zakat assessments for the years 2000 to 2013 as these are still under review by the Department of Zakat and Income Tax (DZIT), except for subsidiaries JANA and SODA for which the final zakat assessments for the years from 2003 to 2013 and from 2008 to 2013 respectively are under review by the DZIT.

**6. (LOSS) EARNINGS PER SHARE**

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

Earnings per share from the continuing main operations is computed by dividing (loss) income from operations after finance charges and zakat for the period with the weighted average number of shares outstanding during the periods.

Earnings per share from other operations are computed by dividing the total investment income, change in interest rate swap position and other income net, with the weighted average number of shares outstanding during the periods.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

**7. SEGMENTAL ANALYSIS**

a) As of September 30, analysis of sales, operating loss and net assets by activities:

	Sales		Operating loss		Net assets	
	For the nine months ended September 30, 2014, SR 000	For the nine months ended September 30, 2013, SR 000	For the nine months ended September 30, 2014, SR 000	For the nine months ended September 30, 2013, SR 000	As of September 30, 2014, SR 000	As of September 30, 2013, SR 000
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
Epoxy resin products	434,959	568,265	(47,615)	(14,102)	351,501	427,331
Chlor Alkali products	154,014	168,309	(8,301)	(2,690)	152,362	173,902
Others	-	-	(7,342)	(5,599)	1,359,055	1,389,556
Total	588,973	736,574	(63,258)	(22,391)	1,862,918	1,990,789
Inter-company eliminations	(92,468)	(171,909)	-	-	(527,882)	(610,628)
<b>Net</b>	<b>496,505</b>	<b>564,665</b>	<b>(63,258)</b>	<b>(22,391)</b>	<b>1,335,036</b>	<b>1,380,161</b>

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

b) As of September 30, analysis of sales and operating income by geographical location:

	Sales		Operating loss	
	For the nine months ended September 30, 2014, SR 000	For the nine months ended September 30, 2013, SR 000	For the nine months ended September 30, 2014, SR 000	For the nine months ended September 30, 2013, SR 000
	Un-audited	Un-audited	Un-audited	Un-audited
Export sales	410,427	541,807	(35,958)	(19,365)
Local sales	178,546	194,767	(19,958)	2,573
Others	-	-	(7,342)	(5,599)
Total	588,973	736,574	(63,258)	(22,391)
Inter-company Eliminations	(92,468)	(171,909)	-	-
<b>Net</b>	<b>496,505</b>	<b>564,665</b>	<b>(63,258)</b>	<b>(22,391)</b>

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

**8. COMMITMENTS AND CONTINGENCIES**

As of September 30, 2014, the Group has outstanding letters of credit and letters of guarantee of SR 47.40 million (2013: SR 33.44 million) issued in the normal course of business.

As of September 30, the Group had the following capital commitments:

	2014 SR'000 <u>(Un-audited)</u>	2013 SR'000 <u>(Un-audited)</u>
Commitments for the acquisition/construction of property, plant and equipment	138,947	38,203

**9. GENERAL**

(i) Hassad Project

As of September 30, 2014; property, plant and equipment of SR 1,763 million (2013: SR 1,849 million) include costs of SR 1,064 million (2013: SR 1,124 million) incurred by the Company on the development and construction of Hassad Plant. Hassad Plant costs includes SR 158 million (2013: SR 167 million) relating to the Calcium chloride plant and SR 68 million (2013: SR 72 million) relating to the infrastructure development costs incurred for the future expansion, which were mainly capitalized in the last quarter of 2012.

In last quarter of 2011, management hired a third party to undertake an impairment review of Hassad project. This impairment report was based on certain assumptions and out come of future events. Based on the results of the report, management recognized an impairment loss of SR 144.8 million. Updated impairment review was carried out by a third party in the last quarter of 2012. The review was conducted based on the business plan prepared by the management which includes among other things aggressive assumptions regarding the growth in sales, higher capacity utilizations, and increase in profits etc. Based on the results of the report, management has determined that no further impairment loss is required.

(ii) Others

- a) As of September 30, 2014 property, plant and equipment also includes SR 9 million (2013: SR 9 million) representing advances paid to a contractor on the expansion of Epoxy plant capacity from 60,000 metric tons to 120,000 metric tons project, the contract was terminated in 2010 and similar scope was awarded to another contractor. The management is still in the process of analyzing this advance against the services performed by the original contractor and materials received.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2014**

---

**10. RESULTS OF INTERIM PERIOD**

The results of the interim periods are not audited and therefore it may not give an accurate indicator of the annual operating results.

**11. COMPARATIVE FIGURES**

Certain figures for 2013 have been reclassified to conform to the presentation in current period.

---