

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

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT (LIMITED REVIEW)
FOR THE THREE MONTHS AND YEAR ENDED
DECEMBER 31, 2016**

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
(LIMITED REVIEW)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

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

To the stockholders of
NAMA Chemicals Company
(Saudi Joint Stock Company)
Al-Jubail, Kingdom of Saudi Arabia

Scope of Limited Review

We have reviewed the accompanying consolidated interim balance sheet of NAMA Chemicals Company (Saudi Joint Stock Company) and subsidiaries (hereinafter referred to as "the Group") as of December 31, 2016 and the related consolidated interim statement of income for the three months and the year then ended, and the consolidated interim statement of cash flows for the year then ended and the attached notes 1 to 17 which form an integral part of these consolidated interim financial statements. These consolidated interim financial statements are the responsibility of the Company's management and have been prepared by them and presented to us with all necessary information and explanations which we required.

We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). 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.

Observations

As mentioned in note no 5 to the consolidated interim financial statements, the management of the Group has booked an impairment loss of SR 655 million in these consolidated interim financial statements against the property, plant and equipment owned by one of the subsidiaries of the Group, Jubail Chemical Industries Limited (JANA). The impairment loss was based on an analysis of value in use (impairment analysis) relating to JANA which has been carried out as of September 30, 2015 (the valuation date) using management forecasts. We have various reservations about the impairment report, which we do not agree with, including the assumptions used, the date of valuation and various other matters which could increase the amount of impairment booked.

In addition, the Group has weak financial fundamentals as mentioned in note 1 to the accompanying consolidated interim financial statements and as such there is a doubt on the Group's ability to continue as a going concern. Consequently, the Group is dependent on the materialization of its plans mentioned in the said note to continue as a going concern.

Review Results

Based on our limited review, except for the matters described in the observation paragraphs above, 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 standards in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

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



January 18, 2017 G
Rabi 'II, 20, 1438 H

NAMA CHEMICALS COMPANY AND SUBSIDIARIES
(SAUDI JOINT STOCK COMPANY)

CONSOLIDATED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

	Notes	2016 SR'000 (Un-audited)	2015 SR'000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		47,558	119,225
Time deposits		157,906	81,250
Accounts receivable		95,293	99,116
Inventories		56,606	77,810
Advances, prepayments and other receivables		15,984	13,960
Total current assets		373,347	391,361
Non-current assets			
Time deposits		-	78,900
Available for sale investments	3	108,994	83,759
Other non-current assets		5,604	8,185
Cost of projects under development	4	200,902	163,456
Property, plant and equipment	5	946,882	1,649,763
Intangible assets	6	-	31,912
Total non-current assets		1,262,382	2,015,975
TOTAL ASSETS		1,635,729	2,407,336
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short term borrowings	7	94,072	72,059
Current portion of long term loans	8	571,455	283,579
Accounts payable		65,963	63,488
Interest rate swap		-	849
Accrued expenses and other payables		102,059	77,591
Total current liabilities		833,549	497,566
Non-current liabilities			
Long-term loans		456,600	777,600
End-of-service indemnities		43,173	35,860
Total non-current liabilities		499,773	813,460
Stockholders' equity			
Share capital	1	1,285,200	1,285,200
Statutory reserve	9	-	-
Change in fair value of available for sale investments		88,455	45,084
Foreign currency translation adjustments		(696)	(664)
Accumulated losses		(1,070,552)	(233,310)
Total stockholders' equity		302,407	1,096,310
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,635,729	2,407,336

The accompanying notes from 1 to 17 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 YEAR ENDED DECEMBER 31, 2016**

	From October 1 to December 31,		From January 1 to December 31	
	2016 SR'000 (Un-audited)	2015 SR'000 (Un-audited)	2016 SR'000 (Un-audited)	2015 SR'000 (Audited)
Sales	110,440	107,578	432,165	459,670
Cost of sales	(779,911)	(123,141)	(1,133,866)	(484,619)
Gross loss	(669,471)	(15,563)	(701,701)	(24,949)
Selling and marketing expenses	(12,956)	(10,008)	(46,150)	(37,192)
General and administrative expenses	(60,778)	(7,253)	(85,688)	(30,757)
Loss from operations	(743,205)	(32,824)	(833,539)	(92,898)
Financial charges	(8,221)	(7,099)	(33,100)	(30,099)
Change in interest rate swap position	277	1,034	849	2,128
Investment income, net (note 10)	928	8,750	7,823	31,517
Other income, net	9,434	5,555	31,759	20,464
Net loss before zakat	(740,787)	(24,584)	(826,208)	(68,888)
Zakat (note 11)	(7,037)	(780)	(11,034)	(5,622)
NET LOSS	(747,824)	(25,364)	(837,242)	(74,510)
(Loss)/ earnings per share – note 12				
Loss per share from net loss (in SR)	(5.82)	(0.20)	(6.51)	(0.58)
Loss per share from continuing main operations (in SR)	(5.90)	(0.32)	(6.83)	(1.00)
Earnings per share from other operations (in SR)	0.08	0.12	0.31	0.42
Weighted average number of shares	128,520,000	128,520,000	128,520,000	128,520,000

The accompanying notes from 1 to 17 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 YEAR ENDED DECEMBER 31, 2016**

	2016 SR'000 (Un-audited)	2015 SR'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before zakat	(826,208)	(68,888)
Adjustments for:		
Depreciation	97,913	98,722
Amortization	7,957	7,083
End-of-service indemnities	8,291	7,349
Loss on disposal of property, plant and equipment	481	430
Impairment loss - available for sale investments	20,531	-
Impairment loss - property, plant and equipment	655,000	-
Surplus realized on available for sale investments	-	(25,163)
Change in interest rate swap position	(849)	(2,128)
Changes in operating assets and liabilities:		
Accounts receivable	3,823	52,941
Inventories	21,204	(10,518)
Advances, prepayments and other receivables	(2,024)	1,340
Accounts payable, accrued expenses and other payables	20,955	(45,172)
Cash-from operations	<u>7,074</u>	<u>15,996</u>
End-of-service indemnities paid	(978)	(3,126)
Zakat paid	(5,046)	(6,404)
Net cash from operating activities	<u>1,050</u>	<u>6,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(26,582)	(2,640)
Proceeds from disposal of property, plant and equipment	24	-
Additions to cost of projects under development	(37,446)	(75,118)
Change in other non-current assets	186	692
Change in time deposits	2,244	(3,250)
Proceeds from sale of available for sale investments	-	48,988
Net cash used in investing activities	<u>(61,574)</u>	<u>(31,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in short term borrowings	22,013	(6,523)
Long term loan obtained	-	5,000
Repayment of long term loan	(33,124)	(23,400)
Net cash used in financing activities	<u>(11,111)</u>	<u>(24,923)</u>
Net change in cash and cash equivalents	<u>(71,635)</u>	<u>(49,785)</u>
Foreign exchange differences on foreign operations	(32)	(61)
Cash and cash equivalents, January 1	119,225	169,071
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>47,558</u>	<u>119,225</u>
Non cash transaction:		
Capital spares transferred to property, plant and equipment	-	5,720

The accompanying notes from 1 to 17 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 YEAR ENDED DECEMBER 31, 2016**

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.

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.

The Group has incurred a net loss in the period under review amounted to SR 747.8 million (2015 – SR 25.3 million) and a net loss for the year under review amounted to SR 837.2 million (2015 – SR 74.5 million). As at December 31, 2016, the accumulated losses has reached to SR 1,070.5 million (2015: SR 233.3 million) and the Group's current liabilities exceeded its current assets by SR 460.2 million (2015 – SR 106.2 million). Further, as mentioned in note 8, one of the subsidiaries has not complied with the covenant requirements of maintaining certain financial ratios of its loan agreements. These factors cast doubt on the Group's ability to continue as a going concern. However, the management of the Group is confident that due to steps/measures/mitigation plan explained in the following paragraphs, the going concern assumption is appropriate and as such, these consolidated interim financial statements have been prepared on going concern basis.

In order to improve the profitability and financial position, the Group has entered into a long term agreement with Huntsman Europe to supply its products for an initial period of 5 years which can be renewed for further periods. In addition, the Group has decided to produce special grade products as well as import substitution products to the Kingdom of Saudi Arabia. To raise the necessary funds for this project, the Group has decided to increase its share capital through a rights issue and is negotiating with the lenders to reschedule the long term loans to improve its cash flow position.

The Board of Directors of NAMA Chemicals Company 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 reconstruction of the share capital of the Company. As a result, total number of shares of the Company will be reduced from 128,520,000 to 23,520,000 by way of a cancellation. The said capital reduction is pending upon completion of certain legal requirements.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying interim consolidated financial statements have been prepared in accordance with the Standard for Interim Financial reporting 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 available for sale investments which are stated at fair value.

Principles of consolidation

The consolidated interim financial statements included the accounts of NAMA and its subsidiaries which it controls after eliminating significant inter-company balances and transactions between Company and its subsidiaries.

Cash and cash equivalents

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

Accounts receivables

Accounts 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 accounts 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.

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.

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

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 is 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 consolidated interim 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.

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.

During the interim period, the Group has terminated the contracts for derivatives in accordance with the terms and conditions in the relevant contracts.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation less impairment. Expenditure on maintenance and repairs is expensed, while expenditure for improvement 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 consolidated interim financial statements and the resulting gain or loss is taken to the consolidated interim statement of income, at the time of disposal of assets.

Intangible assets

Intangible assets principally represent enterprise resource planning (ERP) solution program implementation costs and deferred charges. The 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.

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.

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

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

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.

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.

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.

Provision for obligations

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.

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.

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.

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

The Group'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 interim financial statements into Saudi Arabian Riyals are reported as a separate component of equity attributable to stockholders of the Group in the consolidated interim financial statements.

Zakat and income tax

The Group is subject to the regulations of the General Authority of Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on accruals basis and are charged to the consolidated interim statement of income. Income tax is computed on adjusted net income of GCC and foreign shareholders. The zakat and income tax estimates are computed for the interim periods and the actual zakat and income tax charge are computed at year end and the difference is adjusted in the fourth quarter. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leasing

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

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. AVAILABLE FOR SALE INVESTMENTS

The available for sale investments as of December 31, 2016 comprises of investments in marketable securities and investments in unquoted companies. During the period, the Group has carried out impairment testing for the unquoted investments and accordingly recorded an impairment loss of SR 18.1 million..

4. COST OF PROJECTS UNDER DEVELOPMENT

The cost of projects under development as of December 31, 2016 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 amounted to SR 5.43 million (2015: SR 4.00 million).

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

5. PROPERTY, PLANT AND EQUIPMENT

The Group has carried out an impairment testing, with the assistance of an external consultant, with respect to the operations of one of the subsidiary of the group, Jubail Chemical Industries Limited (JANA) due to continuous operating losses over the years. For the purpose of impairment, the management has considered JANA as a single cash generating unit and the value in use was determined as on September 30, 2015, based on various assumptions approved by the management. Based on the said impairment testing, the management determined the value in use of JANA as SR. 843.4 million and accordingly, an impairment loss amounting to SR 655 million has been recorded on December 28, 2016.

6. INTANGIBLE ASSETS

As mentioned in the note 5, the impairment loss allocated to intangible assets is SR 23.95 million. During the period, the Group has charged off pre-operating expenses amounted to SR 7.96 million.

7. SHORT TERM BORROWINGS

The Group has obtained short term working capital facilities with local banks. Commission is charged at commercial rates. The short term loans are secured by promissory notes.

8. CURRENT PORTION OF LONG TERM LOANS

- The loan installment of SR.207.58 million relating to Saudi Industrial Development Fund (SIDF) loan, due on July 20, 2016 corresponding to Shawwal 15, 1437 has been agreed to repay along with the next installment, which will be due on January 14, 2017 corresponding to Rabi Al- Thani 16, 1438.
- The loan installment of SR. 26.30 million relating to Al Jazeera Bank due on December 14, 2016 corresponding to Rabi Al- Awal 15, 1438 has been agreed to repay along with the next installment, which will be due on June 17, 2017 corresponding to Ramadan 22, 1438.

One of the subsidiaries has not complied with the covenant requirements of maintaining certain financial ratios of its loan agreements. However, the management of the Group is sure that the lenders will not demand immediate repayment of the loans as they have communicated with the respective lenders, the management has classified loans as current and non-current in accordance with the original loan repayment schedules.

9. STATUTORY RESERVE

In accordance with its Articles of Association, 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.

As the Group has loss in the current and prior period, no allocation has been made to the statutory reserve.

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

10. INVESTMENT INCOME

	For the year ended December 31, 2016, SR 000	For the year ended December 31, 2015, SR 000
	Un-audited	(Audited)
Income from disposal of available for sale investments	-	25,163
Dividend income	5,013	5,013
Others	2,810	1,341
	7,823	31,517

11. ZAKAT

The Company has yet to receive the final zakat assessments for the years 2000 to 2015 as these are still under review by the General Authority of Zakat and Income Tax (GAZT), except for subsidiaries JANA and SODA for which the final zakat assessments for the years from 2003 to 2015 and from 2008 to 2015 respectively are under review by the GAZT.

12. (LOSS)/ EARNINGS PER SHARE

Loss per share from net loss is computed by dividing net loss for the periods/year with the weighted average number of shares outstanding during the periods/year.

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

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/year.

13. SEGMENTAL ANALYSIS

a) As of December 31, analysis of sales, operating income and net assets by activities:

	Sales		Operating loss		Net assets	
	For the year ended December 31, 2016, SR 000	For the year ended December 31, 2015, SR 000	For the year ended December 31, 2016, SR 000	For the year ended December 31, 2015, SR 000	As of December 31, 2016, SR 000	As of December 31, 2015, SR 000
	(Un- audited)	(Audited)	(Un- audited)	(Audited)	(Un- audited)	(Audited)
Epoxy resin products	280,558	342,765	(322,027)	(37,619)	(71,462)	268,422
Chlor Alkali products	170,134	163,321	(480,599)	(45,931)	(419,504)	73,014
Others	-	-	(30,913)	(9,348)	365,546	1,141,675
Total	450,692	506,086	(833,539)	(92,898)	(125,420)	1,483,111
Inter-company Eliminations	(18,527)	(46,416)	-	-	427,827	(386,801)
Net	432,165	459,670	(833,539)	(92,898)	302,407	1,096,310

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

The total impairment during the year under review amounting to SR 655 million was recognized under Epoxy resin products segment.

**NAMA CHEMICALS COMPANY AND SUBSIDIARIES
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**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
FOR THE THREE MONTHS AND YEAR ENDED DECEMBER 31, 2016**

13. SEGMENTAL ANALYSIS (Continued)

b) As of December 31, analysis of sales and operating income by geographical location:

	Sales		Operating loss	
	For the year ended December 31, 2016, SR 000 (Un-audited)	For the year ended December 31, 2015, SR 000 (Audited)	For the year ended December 31, 2016, SR 000 (Un-audited)	For the year ended December 31, 2015, SR 000 (Audited)
Export sales	282,194	289,175	(489,688)	(44,775)
Local sales	168,498	216,911	(312,938)	(38,775)
Others	-	-	(30,913)	(9,348)
Total	450,692	506,086	(833,539)	(92,898)
Inter-company Eliminations	(18,527)	(46,416)	-	-
Net	432,165	459,670	(833,539)	(92,898)

14. COMMITMENTS AND CONTINGENCIES

As of December 31, 2016, the Group has outstanding letters of credit and letters of guarantee of SR 21.19 million (2015: SR 12.10 million) issued in the normal course of business.

As of December 31, the Group had the following capital commitments:

	2016 SR'000 (Un-audited)	2015 SR'000 (Audited)
Commitments for the acquisition/construction of property, plant and equipment	22,840	41,680

15. 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.

16. COMPARATIVE FIGURES

Certain figures for 2015 have been reclassified to conform to the presentation in current period.

17. APPROVAL OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These consolidated interim financial statements have been approved by the management on January 18, 2017-G corresponding to Rabi 'II, 1438-H.