



SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
AND INDEPENDENT AUDITOR'S REVIEW REPORT



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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019

Index	Pages
Independent auditor's review report	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of income	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8 – 16

**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Basic Industries Corporation (SABIC)
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Basic Industries Corporation ("SABIC") and its subsidiaries (collectively with SABIC referred to as "the Group") as at 30 September 2019, and the related interim condensed consolidated statements of income and comprehensive income for the three and nine months periods ended 30 September 2019, and the related interim condensed consolidated 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 (the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

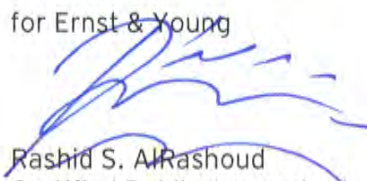
Scope of Review

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" endorsed in the Kingdom of Saudi Arabia. A review of 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 that are 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young


Rashid S. AlRashoud
Certified Public Accountant
License No. (366)

Riyadh: 28 Safar 1441H
(27 October 2019)



SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	As at 30 September 2019	As at 31 December 2018
ASSETS			
Non-current assets:			
Property, plant and equipment and right-of-use assets	4, 6	171,532,760	163,819,684
Intangible assets		12,361,476	12,947,211
Investments in associates and joint ventures	5.2	22,938,292	25,780,550
Other non-current assets	5.1, 7	10,054,987	9,575,601
Total non-current assets		216,887,515	212,123,046
Current assets:			
Inventories		27,655,246	28,244,803
Trade receivables		19,813,024	21,821,849
Prepayments and other current assets	5.1	6,602,735	5,114,857
Short-term investments		6,460,911	9,815,499
Cash and bank balances		33,327,141	42,590,820
Total current assets		93,859,057	107,587,828
TOTAL ASSETS		310,746,572	319,710,874
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent		167,650,555	173,084,380
Non-controlling interests		45,590,175	48,352,095
Total equity		213,240,730	221,436,475
Non-current liabilities:			
Long-term debt and lease liabilities	4	43,411,030	42,345,396
Employee benefits		18,594,939	15,000,025
Other non-current liabilities	8	3,828,842	3,820,575
Total non-current liabilities		65,834,811	61,165,996
Current liabilities:			
Short-term borrowings, current portion of long-term debt and lease liabilities	4	5,293,713	4,917,845
Trade payables and other current liabilities		26,377,318	32,190,558
Total current liabilities		31,671,031	37,108,403
Total liabilities		97,505,842	98,274,399
TOTAL EQUITY AND LIABILITIES		310,746,572	319,710,874



EVP Corporate Finance



Vice Chairman & CEO



Authorised Board of Directors Member

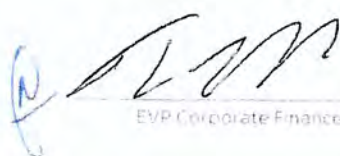
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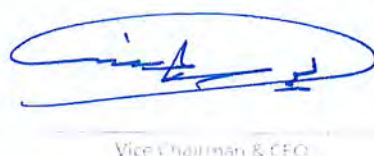
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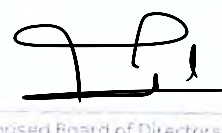
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Notes	For the three months period ended 30 September		For the nine months period ended 30 September	
		2019	2018	2019	2018
Revenue		33,689,500	43,711,932	106,926,182	128,858,126
Cost of sales		(24,056,390)	(28,585,626)	(76,001,428)	(83,212,045)
Gross profit		9,633,110	15,126,306	30,924,754	45,646,081
General and administrative expenses		(2,619,395)	(2,708,365)	(7,841,195)	(8,281,220)
Selling and distribution expenses		(2,357,307)	(2,462,351)	(7,445,236)	(7,633,607)
Income from operations		4,656,408	9,955,590	15,638,323	29,731,254
Share of results of associates and joint ventures	5.2	(1,418,897)	327,168	(1,376,289)	1,023,468
Finance cost, net		(454,715)	(333,892)	(1,106,385)	(886,648)
Other expenses, net		(14,927)	(66,046)	(90,971)	(188,640)
Income before zakat and income tax		2,767,869	9,882,820	13,064,678	29,679,434
Zakat expense		(675,000)	(650,000)	(2,025,000)	(1,950,000)
Income tax expense		(255,458)	(164,000)	(924,118)	(1,010,000)
Net income for the period		1,837,411	9,068,820	10,115,560	26,719,434
Attributable to:					
Equity holders of the Parent		834,102	6,097,894	6,357,693	18,301,292
Non-controlling interests		1,003,309	2,970,926	3,757,867	8,418,142
		1,837,411	9,068,820	10,115,560	26,719,434
Basic and diluted earnings per share (Saudi Riyals):					
Earnings per share from income from operations		1.55	3.32	5.21	9.91
Earnings per share from net income attributable to equity holders of the Parent		0.28	2.03	2.12	6.10


EVP Corporate Finance


Vice Chairman & CFO



Authorised Board of Directors Member

The notes on page 8 to 10 form an integral part of these interim condensed consolidated financial statements.


SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in Saudi Riyals '000 unless otherwise stated)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2019	2018	2019	2018
Net income for the period	1,837,411	9,068,820	10,115,560	26,719,434
Other comprehensive income				
<i>Items that will not be reclassified to the consolidated statement of income (net of tax):</i>				
- Re-measurement (loss) gain on defined benefit plans and others	(1,581,330)	95,847	(2,751,748)	614,867
- Share of other comprehensive income of associates and joint ventures	(117,883)	-	(167,726)	-
- Net change on revaluation of investments in equity instruments at FVOCI	-	-	(20,579)	-
<i>Items that will be reclassified to the consolidated statement of income (net of tax):</i>				
- Exchange difference on translation of foreign operations and others	(830,642)	(253,735)	(906,029)	(995,542)
- Share of other comprehensive income of associates and joint ventures	(476,364)	(106,153)	(412,449)	282,296
Movement of other comprehensive income	(3,006,219)	(264,041)	(4,258,531)	(98,379)
Total comprehensive income for the period	(1,168,808)	8,804,779	5,857,029	26,621,055
Attributable to:				
Equity holders of the Parent	(1,886,824)	5,835,044	2,530,864	18,102,752
Non-controlling interests	718,016	2,969,735	3,326,165	8,518,303
	(1,168,808)	8,804,779	5,857,029	26,621,055


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Vice Chairman & CEO



Authorised Board of Directors Member

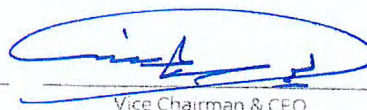
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SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in Saudi Riyals '000 unless otherwise stated)

	Attributable to the equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Statutory reserve	General reserve	Other reserves	Retained earnings	Total		
Balance as at 1 January 2018	30,000,000	15,000,000	110,889,032	(1,860,638)	10,233,854	164,262,248	46,218,398	210,480,646
Net income	-	-	-	-	18,301,292	18,301,292	8,418,142	26,719,434
Other comprehensive income	-	-	-	(198,540)	-	(198,540)	100,161	(98,379)
Total comprehensive income	-	-	-	(198,540)	18,301,292	18,102,752	8,518,303	26,621,055
Dividends and others	-	-	-	-	(13,200,000)	(13,200,000)	(5,937,496)	(19,137,496)
Balance as at 30 September 2018	30,000,000	15,000,000	110,889,032	(2,059,178)	15,335,146	169,165,000	48,799,205	217,964,205
Balance as at 1 January 2019	30,000,000	15,000,000	110,889,032	(1,359,184)	18,554,532	173,084,380	48,352,095	221,436,475
Net income	-	-	-	-	6,357,693	6,357,693	3,757,867	10,115,560
Other comprehensive income	-	-	-	(3,826,829)	-	(3,826,829)	(431,702)	(4,258,531)
Total comprehensive income	-	-	-	(3,826,829)	6,357,693	2,530,864	3,326,165	5,857,029
Acquisition of non-controlling interests (Note 5.1)	-	-	-	15,154	5,220,157	5,235,311	(847,811)	4,387,500
Dividends and others	-	-	-	-	(13,200,000)	(13,200,000)	(5,240,274)	(18,440,274)
Balance as at 30 September 2019	30,000,000	15,000,000	110,889,032	(5,170,859)	16,932,382	167,650,555	45,590,175	213,240,730


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Vice Chairman & CEO


Authorised Board of Directors Member

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SAUDI BASIC INDUSTRIES CORPORATION (SABIC) AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals '000 unless otherwise stated)

	Note	For the nine months period ended 30 September 2019	For the nine months period ended 30 September 2018
Operating activities:			
Income before zakat and income tax		13,064,678	29,679,434
<i>Adjustments to reconcile income before zakat and income tax to net cash inflow from operating activities:</i>			
- Depreciation, amortisation and impairment		12,646,831	11,548,725
- Finance costs		2,008,739	1,932,354
- Share of results of associates and joint ventures		1,376,289	(1,023,468)
- Provisions and other movements, net		380,669	164,913
<i>Changes in operating assets and liabilities:</i>			
Decrease in other non-current assets		1,102,420	370,770
Working capital changes		(1,223,651)	(4,121,747)
Increase (decrease) in employee benefits		387,644	(1,080,131)
Increase in other non-current liabilities		69,525	119,153
Cash from operations		29,813,144	37,590,003
Finance cost paid		(1,081,739)	(1,252,183)
Zakat and income tax paid		(3,993,295)	(3,353,820)
Net cash from operating activities		24,738,110	32,984,000
Investing activities:			
Purchase of tangible and intangible assets, net		(13,646,522)	(9,271,185)
Short-term investments, net		3,482,641	(20,676,886)
Other assets movements		494,941	77,744
Investments in associates and joint ventures, net		841,777	(10,467,531)
Net cash used in investing activities		(8,827,163)	(40,337,858)
Financing activities:			
Proceeds from debt		7,471,102	15,294,270
Debt and lease repayments		(13,261,705)	(10,775,490)
Acquisition of non-controlling interests	5.7	1,125,000	-
Dividends, net		(19,908,153)	(19,377,111)
Net cash used in financing activities		(24,573,756)	(14,858,331)
Net decrease in cash and cash equivalents		(8,662,809)	(22,212,189)
Cash and cash equivalents at the beginning of the period		41,423,231	57,973,656
Cash and cash equivalents at the end of the period		32,760,422	35,761,467
Cash and bank balances		33,327,141	36,837,173
Less: bank overdrafts		(566,719)	(1,075,706)
Cash and cash equivalents		32,760,422	35,761,467
Supplementary non-cash information			
Right-of use assets		7,843,507	
- Lease liabilities		7,377,529	



EVP Corporate Finance



Vice Chairman & CEO



Authorised Board of Directors Member

The notes on page 8 to 16 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

1. Corporate information

Saudi Basic Industries Corporation ("SABIC" or "the Parent") is a Saudi Joint Stock Company established pursuant to Royal Decree Number M/66 dated 13 Ramadan 1396H (corresponding to 6 September 1976) registered in Riyadh under commercial registration No. 1010010813 dated 14 Muharram 1397H (corresponding to 4 January 1977). SABIC is 70% owned by the Government of the Kingdom of Saudi Arabia ("KSA") through the Public Investment Fund ("PIF") and 30% by the private sector. The registered office is located at Qurtubah district, P.O. Box 5101, Riyadh 11422, KSA.

On 27 March 2019, PIF and Saudi Arabian Oil Company ("Saudi Aramco") have signed a share purchase agreement pursuant to which Saudi Aramco has agreed to acquire all of PIF's stake in SABIC. Completion of the transaction is subject to customary closing conditions, including regulatory approvals. Upon completion of the transaction, Saudi Aramco will own 70% of SABIC's issued share capital.

SABIC and its subsidiaries (collectively the "Group") are engaged in the manufacturing, marketing and distribution of chemicals, polymers, plastics, agri-nutrients and metal products in global markets.

The interim condensed consolidated financial statements of the Group for the three and nine months period ended 30 September 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 24 October 2019.

2. Basis of preparation

These interim condensed consolidated financial statements for the three and nine months period ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 '*Interim Financial Reporting*' ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

Certain prior periods' figures have been reclassified to conform to the current period's presentation.

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of International Financial Reporting Standard 16 '*Leases*' ("IFRS 16") at its effective date 1 January 2019.

IFRS 16 replaces IAS 17 '*Leases*' ("IAS 17"), IFRIC 4 '*Whether an arrangement contains a lease*' ("IFRIC 4"), SIC-15 '*Operating leases - Incentives*' and SIC-27 '*Evaluating the substance of transactions involving the legal form of a lease*'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has not early adopted any new standard, interpretation or amendment that have been issued but which are not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

4. Changes in accounting policies

IFRS 16 – Leases

The Group has adopted IFRS 16 from its mandatory adoption date 1 January 2019 using the modified simplified transition approach as permitted under the specific transition provisions in the standard. As a result, comparatives have not been restated.

The Group has not used the practical expedient of applying IFRS 16 to only those contracts that were previously identified as leases under IAS 17 (and IFRIC 4). In adopting IFRS 16, the Group has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months at 1 January 2019;
- exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

As at 1 January 2019, the Group has recognised additional lease liabilities amounting to SR 6.83 billion and associated right-of-use assets amounting to SR 7.29 billion in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The associated right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The Group's weighted average incremental borrowing rate applied to the lease liabilities was 4.04%.

The following table shows the reconciliation of operating lease commitments under IAS 17 to the lease liabilities under IFRS 16 on 1 January 2019:

	1 January 2019
Operating lease commitments disclosed as at 31 December 2018	8,905,562
Discounted using the Group's incremental borrowing rate	(1,980,916)
Less: short-term leases recognised on a straight-line basis as expense	(190,859)
Less: low-value leases recognised on a straight-line basis as expense	(19,493)
Add: contracts reassessed as lease agreements	118,287
	6,832,581
Add: finance lease liabilities recognised as at 31 December 2018	738,925
Lease liabilities recognised as at 1 January 2019	7,571,506

Leases are recognised as right-of-use assets along with their corresponding liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the interim condensed consolidated statement of income over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs; if applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

4. Changes in accounting policies (continued)

IFRS 16 – Leases (continued)

Lease liabilities include, if applicable, the net present value of fixed payments including in-substance fixed payments, less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term and low value assets' leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the interim condensed consolidated statement of income.

Variable lease payments

Some leases contain variable payments that are linked to the usage or performance of the leased asset. Such payments are recognised in the interim condensed consolidated statement of income.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

5. Significant matters during the period

5.1. Increase of shareholding in a subsidiary

SABIC and Japan Saudi Arabia Methanol Company, Inc. ("JSMC"), the partner in Saudi Methanol Company ("Ar-Razi"), a 50% owned subsidiary of SABIC, entered into an agreement, whereby SABIC agreed to acquire an additional 25% of shares in Ar-Razi from JSMC, and renew the Joint Venture Agreement ("JVA") for 20 years. At the end of June 2019, all required regulatory approvals were obtained to complete this transaction.

In relation to the above, SABIC and JSMC agreed that SABIC will receive a net consideration of SR 4.50 billion from JSMC in three installments. The first installment amounting to SR 1.13 billion (USD 0.30 billion) was received on 25 June 2019, after offsetting a consideration of SR 0.56 billion (USD 0.15 billion) for the acquisition of additional 25% shares of Ar-Razi. The remaining two installments of SR 1.69 billion (USD 0.45 billion) each, will be due on 31 March 2020 and 2021, respectively. The current installment of receivable has been recorded as part of prepayments and other current assets and the final discounted installment amounting to SR 1.58 billion has been recorded as part of other non-current assets. The final installment has been discounted at 4% per annum.

Considering this transaction is related to the acquisition of an additional ownership interest in a subsidiary without a change of control, accordingly, it is accounted for as an equity transaction and excess consideration over the carrying amount of the non-controlling interests is recognised in equity attributable to the Parent. The Group has elected to recognise this effect in retained earnings. With respect to the subsidiary to which these non-controlling interests relate, there were accumulated components recognised in OCI amounting to SR 15 million which has been reallocated within equity of the Parent.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

5. Significant matters during the period (continued)

5.1. Increase of shareholding in a subsidiary (continued)

The accounting impact of the transaction can be summarised as follows:

Consideration from JSMC	5,062,500
Less: acquisition of 25% shares in Ar-Razi	(562,500)
Net consideration	4,500,000
Discounting of third installment	(112,500)
Net consideration after discounting at 4% per annum	4,387,500
Add: carrying value of the additional shares in Ar-Razi	847,811
Less: transfer of other comprehensive income	(15,154)
Excess recognised in retained earnings	5,220,157

5.2. Investment in Clariant AG

During the third quarter 2019, SABIC reassessed the carrying value of its investment in Clariant AG (an associate) comparing to the higher of fair value less cost of disposal and value in use approach. The assessment is based on publicly available information and average analyst consensus regarding the development of the 12-month forecast of the Clariant share price, including a reasonable premium given the fact that SABIC has significant influence on this investment through its 24.99% share. As a result, SABIC has recorded an impairment provision of SR 1.51 billion as at 30 September 2019 as part of 'share of results of associates and joint ventures' in the interim condensed consolidated statement of income. The trading price of a Clariant share as at 30 September 2019 was CHF 19.43.

6. Property, plant and equipment and right-of-use assets

	As at 30 September 2019	As at 31 December 2018
Property, plant and equipment	164,363,131	163,819,684
Right-of-use assets	7,169,629	-
	171,532,760	163,819,684

7. Other non-current assets

	As at 30 September 2019	As at 31 December 2018
Investments in debt instruments	1,849,865	2,493,880
Receivables from JSMC (Note 5.1)	1,590,525	-
Investments in equity instruments and funds	1,106,194	1,090,109
Deferred tax assets	893,258	865,156
Others	4,615,145	5,126,456
	10,054,987	9,575,601

Refer to note 5.1 for further information on the receivables from Japan Saudi Arabia Methanol Company, Inc. ("JSMC"), the partner in Saudi Methanol Company ("Ar-Razi"), a subsidiary of SABIC.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

8. Other non-current liabilities

	As at 30 September 2019	As at 31 December 2018
Deferred tax liabilities	1,602,880	1,664,138
Others	2,225,962	2,156,437
	3,828,842	3,820,575

9. Fair value measurement

As at 30 September 2019, the Group has no derivative financial assets (as at 31 December 2018: SR 29.7 million). These financial assets are valued at fair value and classified as level 2 measurement.

The fair value of equity instruments at FVOCI is determined using a significant non-observable input and is classified as a level 3 measurement.

Description of valuation techniques used and key inputs to valuation investments in equity instruments is as follows:

Valuation technique	Significant non-observable input	Range
Market approach	Equity value to EBITDA multiple	7.9 to 13.1
	Midpoint of Net Asset Value and Price to Book multiple	0.76
Net Asset Value approach	Point estimate of distributable cash and cash equivalents and net assets	SR 46.1 to SR 49.9
Expected Returns approach	Equity value to Revenue multiple	0.73

At 30 September 2019, the fair values of Group's other financial assets and financial liabilities approximate the carrying value.

10. Related party transactions and balances

The significant related party transactions and balances are broken down as follows:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Loans to related parties	Loans from related parties
	<u>For the nine months period ended 30 September 2019</u>		<u>As at 30 September 2019</u>		<u>As at 30 September 2019</u>	
Associates	43,218	5,664,029	36,455	451,153	35,135	-
Joint ventures and partners	9,400,480	497,860	2,602,050	18,286	735,810	1,871,791
	<u>For the nine months period ended 30 September 2018</u>		<u>As at 31 December 2018</u>		<u>As at 31 December 2018</u>	
Associates	9,655	6,291,717	25,818	368,434	35,135	-
Joint ventures and partners	12,502,959	532,076	3,256,958	45,798	769,654	2,309,743

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

11. Segment information

For management purposes, the Group is organised into three Strategic Business Units ("SBUs") and Hadeed, a wholly owned manufacturing business, which based on its products are grouped in three reporting segments.

Based on a management decision and in line with changes in management reporting, the income, expenses, assets and liabilities relating to 'Corporate' segment, in prior years, has been allocated over the Petrochemicals & Specialties and Agri-nutrients SBUs and Hadeed according to an internally agreed consistent basis. Accordingly, segment information for prior period are restated in line with current period presentation.

All intercompany transactions within the reporting segments have been appropriately eliminated. The segments' financial details are shown below:

	For the three months period ended 30 September 2019			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	29,705,051	1,679,270	2,305,179	33,689,500
Depreciation, amortisation and impairment	(3,924,494)	(200,504)	(281,738)	(4,406,736)
Income (loss) from operations	4,458,960	420,747	(223,299)	4,656,408
Share of results of associates and joint ventures	(1,373,966)	(44,931)	-	(1,418,897)
Finance cost, net				(454,715)
Other expenses, net				(14,927)
Income before zakat and income tax				2,767,869

	For the three months period ended 30 September 2018			
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	39,050,579	2,135,480	2,525,873	43,711,932
Depreciation, amortisation and impairment	(3,765,806)	(182,860)	(265,607)	(4,214,273)
Income from operations	9,091,946	751,941	111,703	9,955,590
Share of results of associates and joint ventures	283,364	43,804	-	327,168
Finance cost, net				(333,892)
Other expenses, net				(66,046)
Income before zakat and income tax				9,882,820

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

11. Segment information (continued)

For the nine months period ended 30 September 2019				
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	93,513,071	5,291,407	8,121,704	106,926,182
Depreciation, amortisation and impairment	(11,212,060)	(592,719)	(842,052)	(12,646,831)
Income (loss) from operations	14,548,025	1,444,026	(353,728)	15,638,323
Share of results of associates and joint ventures	(1,349,287)	(27,002)	-	(1,376,289)
Finance cost, net				(1,106,385)
Other expenses, net				(90,971)
Income before zakat and income tax				13,064,678

For the nine months period ended 30 September 2018				
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Revenue	114,226,534	5,979,049	8,652,543	128,858,126
Depreciation, amortisation and impairment	(10,208,973)	(542,228)	(797,524)	(11,548,725)
Income from operations	27,673,821	1,605,047	452,386	29,731,254
Share of results of associates and joint ventures	835,417	188,051	-	1,023,468
Finance cost, net				(886,648)
Other expenses, net				(188,640)
Income before zakat and income tax				29,679,434

As at 30 September 2019				
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Total assets	281,301,931	11,609,302	17,835,339	310,746,572
Total liabilities	90,155,335	2,421,611	4,928,896	97,505,842

As at 31 December 2018				
	Petro-chemicals & Specialties	Agri-nutrients	Hadeed	Consolidated
Total assets	290,154,965	10,975,287	18,580,622	319,710,874
Total liabilities	91,477,793	3,009,863	3,786,743	98,274,399

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

11. Segment information (continued)

Geographical distribution of revenue

	For the three months period ended 30 September 2019		For the three months period ended 30 September 2018	
KSA	5,687,661	17%	6,068,638	14%
China	6,262,629	19%	8,304,028	19%
Rest of Asia	7,420,043	22%	10,966,312	25%
Europe	7,712,943	23%	10,199,043	23%
Americas	3,008,475	9%	3,710,238	8%
Others	3,597,749	10%	4,463,673	11%
	33,689,500	100%	43,711,932	100%
	For the nine months period ended 30 September 2019		For the nine months period ended 30 September 2018	
KSA	18,922,452	18%	19,720,053	15%
China	18,597,496	17%	26,183,436	20%
Rest of Asia	23,737,768	22%	28,232,695	22%
Europe	24,985,358	23%	30,777,082	24%
Americas	9,466,404	9%	11,402,031	9%
Others	11,216,704	11%	12,542,829	10%
	106,926,182	100%	128,858,126	100%

The revenue information above is based on the locations of the customers.

Geographical distribution of property, plant and equipment

	As at 30 September 2019		As at 31 December 2018	
KSA	136,666,367	83%	138,563,584	85%
Europe	13,577,818	8%	13,949,262	8%
Americas	12,657,088	8%	9,758,799	6%
Asia	1,459,211	1%	1,545,193	1%
Others	2,647	-	2,846	-
	164,363,131	100%	163,819,684	100%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2019
(All amounts in Saudi Riyals '000 unless otherwise stated)

12. Appropriations

The Annual General Assembly ("AGA"), in its meeting held on 4 Shabaaan 1440H (corresponding to 9 April 2019), approved cash dividends of SR 13.2 billion (SR 4.4 per share), which includes the interim cash dividends amounting to SR 6.6 billion (SR 2.2 per share) for the first half of 2018, which has been recognised in equity in the consolidated financial statements for the year ended 31 December 2018. The remaining of the dividend declared of SR 6.6 billion has been recognised in the interim condensed consolidated financial statements for the period ended 30 June 2019, which was made available for distribution in April 2019.

The AGA also approved Board of Directors' remuneration of SR 1.8 million that is charged to general and administrative expenses.

On 18 Ramadan 1440H (corresponding to 23 May 2019), SABIC declared interim cash dividends for the first half of the year 2019 amounting to SR 6.6 billion (SR 2.2 per share), which has been recognised in the interim condensed consolidated financial statements for the period ended 30 June 2019, which was made available for distribution in September 2019.

13. Subsequent events

In the opinion of management, there have been no significant subsequent events since the period ended 30 September 2019, which would have a material impact on the financial position of the Group as presented in these interim condensed consolidated financial statements.