



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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2022**

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF METHANOL CHEMICALS COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction:**

We have reviewed the accompanying interim condensed statement of financial position of Methanol Chemicals Company (the "Company"), a Saudi Joint Stock Company as at 30 September 2022, and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed 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 financial statements are not prepared, in all material respects in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq  
Certified Public Accountant  
License No. 437



Al Khobar: 9 Rabi Al-Thani 1444H  
3 November 2022

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022  
(All amounts in Saudi Riyals unless otherwise stated)



	Note	For the three-month period ended 30 September 2022 (Unaudited)	For the three-month period ended 30 September 2021 (Unaudited)	For the Nine-month period ended 30 September 2022 (Unaudited)	For the Nine-month period ended 30 September 2021 (Unaudited)
Revenue		239,809,406	249,554,960	871,262,959	672,645,424
Cost of sales		(153,589,633)	(133,119,222)	(487,842,892)	(395,869,369)
<b>GROSS PROFIT</b>		<b>86,219,773</b>	<b>116,435,738</b>	<b>383,420,067</b>	<b>276,776,055</b>
Selling and distribution expenses		(29,854,004)	(19,701,986)	(84,619,885)	(55,165,632)
General and administration expenses		(14,892,472)	(10,891,863)	(39,069,727)	(31,900,553)
Other operating (expenses) income, net		(1,786,240)	(2,147,675)	(4,776,539)	1,168,991
<b>OPERATING PROFIT</b>		<b>39,687,057</b>	<b>83,694,214</b>	<b>254,953,916</b>	<b>190,878,861</b>
Finance costs		(10,734,287)	(6,409,890)	(27,155,910)	(17,498,162)
Finance income		674,272	122,229	2,468,776	243,177
Finance costs – net		(10,060,015)	(6,287,661)	(24,687,134)	(17,254,985)
<b>PROFIT BEFORE ZAKAT</b>		<b>29,627,042</b>	<b>77,406,553</b>	<b>230,266,782</b>	<b>173,623,876</b>
Zakat expense		(2,075,000)	(3,300,000)	(7,883,415)	(9,474,218)
<b>NET PROFIT FOR THE PERIOD</b>		<b>27,552,042</b>	<b>74,106,553</b>	<b>222,383,367</b>	<b>164,149,658</b>
Other comprehensive income for the period		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>27,552,042</b>	<b>74,106,553</b>	<b>222,383,367</b>	<b>164,149,658</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	8	0.41	1.10	3.30	2.43

The interim condensed financial statements including other explanatory notes were authorized for issue by the Board of Directors on 8 Rabi Al-Thani 1444H (corresponding to 2 November 2022) and were signed on their behalf by:

  
Abdullah Ali Al-Hajri  
Chief Financial Officer

  
Sabri Abdullah Al-Ghamdi  
Managing Director

  
Al-Abdul Aziz Al-Turki  
Chairman

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022  
(All amounts in Saudi Riyals unless otherwise stated)



	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,160,686,348	1,218,428,706
Right-of-use assets		17,741,995	18,752,460
Intangible assets		8,718,870	9,484,148
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,187,147,213</b>	<b>1,246,665,314</b>
<b>CURRENT ASSETS</b>			
Inventories		155,149,680	110,626,421
Trade receivables		220,167,026	297,057,583
Prepayments and other current assets		89,183,919	58,978,400
Short-term deposits		-	109,000,000
Cash and cash equivalents		264,084,925	80,239,057
<b>TOTAL CURRENT ASSETS</b>		<b>728,585,550</b>	<b>655,901,461</b>
<b>TOTAL ASSETS</b>		<b>1,915,732,763</b>	<b>1,902,566,775</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	674,508,630	674,508,630
Share premium		72,850,071	72,850,071
Statutory reserve	6	68,519,138	68,519,138
Retained earnings		425,046,993	202,663,626
<b>TOTAL EQUITY</b>		<b>1,240,924,832</b>	<b>1,018,541,465</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	371,497,988	420,292,715
Lease liabilities		22,357,300	23,360,258
Employee benefit obligations		63,292,128	55,276,548
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>457,147,416</b>	<b>498,929,521</b>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term borrowings	5	80,539,230	244,913,458
Trade payables		30,829,871	32,251,347
Accruals and other current liabilities		89,443,958	86,417,880
Current portion of lease liabilities		1,188,271	1,237,252
Zakat payable		15,659,185	20,275,852
<b>TOTAL CURRENT LIABILITIES</b>		<b>217,660,515</b>	<b>385,095,789</b>
<b>TOTAL LIABILITIES</b>		<b>674,807,931</b>	<b>884,025,310</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,915,732,763</b>	<b>1,902,566,775</b>

 Abdullah Ali Al-Hajri Chief Financial Officer	 Sabri Abdullah Al-Ghamdi Managing Director	 Ali Abdul Aziz Al-Turki Chairman
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The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022  
 (All amounts in Saudi Riyals unless otherwise stated)



	Share capital	Share premium	Statutory reserve	Retained earnings/ (accumulated losses)	Total equity
At 1 January 2021 ( <i>Audited</i> )	1,206,000,000	72,850,071	44,118,693	(544,437,034)	778,531,730
Absorption of accumulated losses against share capital (note 1)	(531,491,370)	-	-	531,491,370	-
Net profit for the period	-	-	-	164,149,658	164,149,658
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	164,149,658	164,149,658
At 30 September 2021 ( <i>Unaudited</i> )	<u>674,508,630</u>	<u>72,850,071</u>	<u>44,118,693</u>	<u>151,203,994</u>	<u>942,681,388</u>
At 1 January 2022 ( <i>Audited</i> )	674,508,630	72,850,071	68,519,138	202,663,626	1,018,541,465
Net profit for the period	-	-	-	222,383,367	222,383,367
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	222,383,367	222,383,367
At 30 September 2022 ( <i>Unaudited</i> )	<u>674,508,630</u>	<u>72,850,071</u>	<u>68,519,138</u>	<u>425,046,993</u>	<u>1,240,924,832</u>

Abdullah Ali Al-Hajri  
Chief Financial Officer

Sabri Abdullah Al-Ghamdi  
Managing Director

Ali Abdul Aziz Al-Turki  
Chairman

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

**METHANOL CHEMICALS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
INTERIM CONDENSED STATEMENT OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022  
(All amounts in Saudi Riyals unless otherwise stated)



	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before zakat	230,266,782	173,623,876
Adjustment to reconcile profit before zakat to net cash flows:		
Depreciation and amortization	82,507,596	82,575,799
Loss on disposal of property, plant and equipment	2,559	-
Provision for inventories	1,800,000	7,166,861
Reversal of provision for expected credit loss	(85,798)	(36,184)
Finance costs	27,155,910	17,498,162
Finance income	(2,468,776)	(243,177)
Provision for employee benefit obligations	11,367,220	4,838,049
	350,545,493	285,423,386
Changes in operating assets and liabilities:		
Increase in inventories	(46,323,259)	(11,184,140)
Decrease/(increase) in trade receivables	76,976,355	(102,679,629)
Increase in prepayments and other current assets	(30,355,722)	(43,887,726)
Decrease in trade payables	(1,421,476)	(5,753,150)
Increase in accruals and other current liabilities	3,026,078	19,892,485
Cash generated from operations	352,447,469	141,811,226
Finance costs paid on long-term borrowings	(21,673,328)	(22,370,216)
Finance income received on short-term deposits	2,618,979	178,453
Zakat paid during the period	(12,500,082)	(5,307,681)
Employee benefit obligations paid	(3,351,640)	(3,137,135)
<b>Net cash flows from operating activities</b>	317,541,398	111,174,647
<b>INVESTING ACTIVITIES</b>		
Movement in short-term deposits	109,000,000	(92,000,000)
Additions to property, plant and equipment	(22,462,898)	(23,952,130)
Additions to intangible assets	(529,156)	(5,465,117)
<b>Net cash flows from (used in) investing activities</b>	86,007,946	(121,417,247)
<b>FINANCING ACTIVITIES</b>		
Repayments of long-term borrowings	(672,720,080)	(58,777,370)
Refinancing facility, new long-term borrowings	455,000,000	-
Repayments of lease liabilities	(1,983,396)	(805,801)
<b>Net cash flows used in financing activities</b>	(219,703,476)	(59,583,171)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	183,845,868	(69,825,771)
Cash and cash equivalents at the beginning of the period	80,239,057	84,082,213
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	264,084,925	14,256,442

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(All amounts in Saudi Riyals unless otherwise stated)



30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
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**Non-cash transactions:**

Transfer of catalyst from inventory to plant and equipment

- 352,200

Transfer of employee benefit obligation to other liabilities

- 228,331

Absorption of accumulated losses against share capital (note 1)

- 531,491,370

Abdullah Ali Al-Hajri  
Chief Financial OfficerSabri Abdullah Al-Ghamdi  
Managing DirectorAli Abdul Aziz Al-Turki  
Chairman

The attached notes 1 to 10 form an integral part of these interim condensed financial statements.



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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

(All amounts in Saudi Riyals unless otherwise stated)



**1. CORPORATE INFORMATION**

Methanol Chemicals Company (the “Company” or “Chemanol”) is engaged in the production of Formaldehyde liquid and Urea Formaldehyde liquid or their mixture with different concentrations, Paraformaldehyde, liquid and powder Formaldehyde resins, Hexane Methylene Tetramine, Phenol Formaldehyde resins, concrete improvers, Methanol, Carbon monoxide, Di-methylamine, Mono-methylamine, Tri-mon-methylamine, Di-methyl Formamide, Di-methyl carbon, Penta Aritheretol, Sodium Formate and Acetaldehyde.

The Company is a joint stock company registered in the Kingdom of Saudi Arabia and operating under Commercial Registration (CR) number 2050057828 issued in Dammam on 30 Dhu al-Hijjah 1428H (9 January 2008). The accompanying interim condensed financial statements include the accounts of the Company and its branch registered in Jubail under CR No. 2055001870 dated 28 Dhu al-Hijjah 1409H (1 August 1989). The registered address of the Company is P.O. Box 2101, Jubail 31951, Kingdom of Saudi Arabia.

*Restructuring of long-term borrowings*

As explained in Note 5, during the three-month period ended 31 March 2021, the Company signed agreements with the respective lender institutions to restructure its long-term borrowings. Further, during the period ended 31 March 2022, the Company appointed a financial advisor, for identifying the optimum financing structure and work with the lenders to implement a sustainable financial solution with improved terms and conditions.

In July 2022, the Company entered in to a Murabaha facility agreement with Banque Saudi Fransi acting as the Murabaha Investment Agent for the purpose of repayment of existing financing facilities and accordingly fully settled the facilities obtained in the past. In addition to the Murabaha refinancing facility, an additional Murabaha expansion facility of Saudi Riyals 240 million is also available under the agreement for project financing subject to meeting certain conditions precedent prior to utilisation of the facility during 2023.

*Equity restructuring*

During the Company’s extraordinary General Assembly meeting held on 18 Dhu’l-Qi’dah 1442H (corresponding to 28 June 2021), a decrease in share capital from Saudi Riyals 1,206,000,000 to Saudi Riyals 674,508,630 was approved by the shareholders as proposed by the Board of Directors. The decrease in share capital was completed through absorbing accumulated losses of the Company amounting to Saudi Riyals 531,491,370. The legal formalities relating to the above were also completed in 2021.

On 9 August 2021, the Board of Directors of the Company resolved and recommended to the shareholders of the Company to increase the Company’s share capital from Saudi Riyals 674,508,630 to Saudi Riyals 1,225,000,000 through rights issue of 55,049,137 shares. Further, on 9 February 2022, in view of the improved financial position of the Company, the Board of Directors of the Company approved withdrawal of the rights issue file from Capital Market Authority (CMA).

**2. ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2021, except for the adoption of new amendments effective as of 1 January 2022, as disclose in note 2.2 below.

**2.1 BASIS OF PREPARATION**

These interim condensed financial statements have been prepared using historical cost convention. These interim condensed financial statements are presented in Saudi Riyals, which is both the functional and presentation currency of the Company. These interim condensed financial statements of the Company have been prepared in compliance with IAS 34 “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The Company has prepared the interim condensed financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2021. 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.

## **2. ACCOUNTING POLICIES (continued)**

### **2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

#### **2.2.1 New standards, interpretations and amendments**

Following standard, interpretation or amendment are effective as of 1 January 2022 and are adopted by the Company whenever applicable, however, these does not have any impact on the interim condensed financial statements for the period. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- i. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- ii. Reference to the Conceptual Framework – Amendments to IFRS 3
- iii. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- iv. IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- v. IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- vi. IAS 41 Agriculture – Taxation in fair value measurements

#### **2.2.2 Accounting standards issued but not yet effective**

- i. Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- ii. Definition of Accounting Estimates - Amendments to IAS 8
- iii. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- iv. Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction
- v. IFRS 17 Insurance contracts
- vi. A narrow-scope amendment to the transition requirements in IFRS 17 Insurance Contracts

## **3. FAIR VALUE OF ASSETS AND LIABILITIES**

As at 30 September 2022 and 31 December 2021, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realised at their current carrying values within twelve months from the date of interim condensed statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

## **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of interim condensed financial statements requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant accounting estimates and judgements applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022  
 (All amounts in Saudi Riyals unless otherwise stated)



**5. LONG-TERM BORROWINGS**

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Saudi Industrial Development Fund ("SIDF")	-	245,000,000
Murabaha facilities	-	427,720,080
Murabaha re-financing facility	<b>455,000,000</b>	-
Total principal amount outstanding	<b>455,000,000</b>	672,720,080
Add: accrued finance costs	<b>4,004,484</b>	1,175,593
Less: unamortised transaction costs	<b>(6,967,266)</b>	(8,689,500)
	<b>452,037,218</b>	665,206,173

Long-term borrowings are presented in the interim condensed statement of financial position as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Long-term borrowings	<b>371,497,988</b>	420,292,715
Current maturity shown under current liabilities	<b>80,539,230</b>	244,913,458
	<b>452,037,218</b>	665,206,173

Movement in long-term borrowings is as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At beginning of period / year	<b>665,206,173</b>	732,191,522
Murabaha re-financing facility obtained	<b>455,000,000</b>	-
Finance costs for the period / year	<b>17,394,719</b>	23,571,905
Amortisation of transaction costs	<b>8,829,734</b>	1,340,127
Transaction costs paid on Murabaha re-financing facility	<b>(7,107,500)</b>	-
Net gain on modification of terms of long-term borrowing agreements	-	(2,461,485)
Repayment of principal during the period / year	<b>(672,720,080)</b>	(58,777,370)
Repayment of finance costs	<b>(14,565,828)</b>	(30,658,526)
At end of period / year	<b>452,037,218</b>	665,206,173

**5.1 SIDF BORROWING**

The borrowing agreement with SIDF provided for a borrowing of Saudi Riyals 600 million to finance expansion and construction of the Company's production facilities, which was fully drawn by June 2010 and was due in March and September 2020. Up-front and annual administrative fees were charged by SIDF under the borrowing agreement. In March 2021, the Company signed a restructuring agreement with SIDF to principally reschedule the repayment of the principal amount of borrowing from 2021 to 2022. Such restructuring did not result in substantial modification of the terms of the previous borrowing agreement. The carrying amount of the borrowing was adjusted, as per the restructured terms, which resulted in a loss of Saudi Riyals 0.4 million. In February 2022, SIDF agreed, based on the Company's request to reschedule the instalment due in March 2022 to June 2022. In August 2022, Company has fully settled the remaining balance of SIDF borrowings.

## 5. LONG-TERM BORROWINGS (continued)

### 5.2 MURABAHA FACILITIES

During 2007, the Company entered into an agreement with a syndicate of banks, namely, Arab Banking Corporation (B.S.C), Riyad Bank, Samba Financial Group, Saudi Hollandi Bank, National Commercial Bank and Saudi British Bank (collectively "Murabaha Facility Participants") to provide Murabaha Facilities for financing of expansion projects. These borrowings bear finance costs based on prevailing market rates which are based on Saudi inter-bank offered rates.

In February 2021, the Company signed a restructuring agreement with the lender institutions to principally reschedule the repayment of the principal amount of borrowing from 2021 through 2022 to 2021 through 2028. Such restructuring did not result in substantial modification of the terms of the original borrowing agreement. The carrying amount of the borrowing was adjusted, as per the restructured terms, which resulted in a gain of Saudi Riyals 2.9 million. During August 2022, the Company has fully settled the remaining balance of Murabaha facilities through Murabaha re-financing facility obtained (refer note 5.3).

### 5.3 MURABAHA RE-FINANCING FACILITY

In July 2022, the Company entered into a Murabaha re-financing facility agreement with Banque Saudi Fransi and Alinma Bank (collectively "Murabaha Facility Participants"), with Banque Saudi Fransi acting as Murabaha Refinancing Investment Agent for the purpose of repayment of existing facilities. The total facility amount under the agreement of Saudi Riyals 455 million is fully utilized during the quarter ended 30 September 2022. The facility is repayable in 17 variable semi-annual installments commencing from December 2022 with the last installment due in December 2030. These borrowings bear finance costs based on prevailing market rates which are based on Saudi inter-bank offered rates (SAIBOR) plus fixed margin. The borrowing is secured by a mortgage of the property, plant and equipment of the Company. The carrying values of such long-term borrowings are denominated in Saudi Riyals.

In addition to the Murabaha re-financing facility, an additional Murabaha expansion facility of Saudi Riyals 240 million is also available under the agreement for project financing subject to meeting initial conditions precedent prior to utilisation of the facility during 2023.

### 5.4 MATURITY PROFILE OF LONG-TERM BORROWINGS

The maturity profile of long-term borrowings is as follows:

#### Years ending 30 September:

2023	78,093,561
2024	33,299,309
2025	28,747,173
2026	26,312,878
2027	40,465,426
Thereafter	248,081,653
	<b>455,000,000</b>

## 6. STATUTORY RESERVE

In accordance with the Company's By-laws and Regulations for Companies in the Kingdom of Saudi Arabia, at each year end the Company is required to transfer 10% of the profit for the year, after adjusting for accumulated deficit, to a statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders of the Company.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)  
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022  
 (All amounts in Saudi Riyals unless otherwise stated)



**7. RELATED PARTY TRANSACTIONS**

Related parties comprise the shareholders, directors, associated companies and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest ("other related parties").

- a) Significant transactions entered by the Company with its related parties comprise of costs and expenses charged by other related parties. During the three-month and nine-month periods ended 30 September 2022, no significant transactions were entered into by the Company with related parties (three-month and nine-month periods ended 30 September 2021: Saudi Riyals Nil and Saudi Riyals 54,399, respectively).
- b) Key management personnel compensation:

	For the three-month period ended 30 September 2022	For the three-month period ended 30 September 2021	For the nine-month period ended 30 September 2022	For the nine-month period ended 30 September 2021
Salaries and other short-term employee benefits	<b>4,375,199</b>	1,240,089	<b>7,863,659</b>	4,413,630
Employee benefit obligations	<b>48,952</b>	84,368	<b>156,419</b>	166,436
	<b>4,424,151</b>	1,324,457	<b>8,020,078</b>	4,580,066

**8. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. As the Company does not have any dilutive potential shares, the diluted earnings per share is the same as the basic earnings per share.

	For the three-month period ended 30 September 2022	For the three-month period ended 30 September 2021	For the nine-month period ended 30 September 2022	For the nine-month period ended 30 September 2021
Profit for the period	<b>27,552,042</b>	74,106,553	<b>222,383,367</b>	164,149,658
Adjusted number of ordinary shares for basic and diluted earnings per share	<b>67,450,863</b>	67,450,863	<b>67,450,863</b>	67,450,863
Earnings per share	<b>0.41</b>	1.10	<b>3.30</b>	2.43

## 9. CONTINGENCIES AND COMMITMENTS

- a) At 30 September 2022, the Company was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 49.4 million and Saudi Riyals 4.32 million respectively (31 December 2021: Saudi Riyals 50.6 million and Saudi Riyals 18.5 million respectively).
- b) The capital expenditure contracted by the Company but not incurred till 30 September 2022 was approximately Saudi Riyals 45.1 million (31 December 2021: Saudi Riyals 12.0 million).
- c) During 2020, Zakat, Tax and Customs Authority (ZATCA) issued additional zakat assessments for the years 2014 through 2018 amounting to Saudi Riyals 8.8 million, out of which the Company paid Saudi Riyals 0.2 million in 2020 relating to the years 2014 through 2017 and paid another Saudi Riyals 0.2 million in 2021 relating to 2016. The Company has filed an appeal against ZATCA's assessments.

During 2021, ZATCA issued a revised assessment with an additional zakat liability of approximately Saudi Riyals 21.3 million for the years 2014 through 2016. The Company has filed an appeal against ZATCA's revised assessment with the General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") for the years 2014 through 2016 and GSZTCC's review is awaited. The management of the Company believes that the maximum liability that may arise upon the ultimate resolution of the appeal for the remaining items in the assessment for 2014 to 2016 is Saudi Riyals 2 million which is included in zakat payable as of 30 September 2022. Further, ZATCA issued a revised assessment with no additional zakat liability for the years 2017 and 2018 and confirmed refund of SR 0.3 million for 2017.

Further, ZATCA issued additional zakat assessments during 2021 for the years 2019 and 2020 with an additional liability amounting to Saudi Riyals 12.5 million. The Company filed an objection against ZATCA's assessments for these years and paid an amount of Saudi Riyals 0.4 million in 2021. ZATCA subsequently issued a revised assessment for the years 2019 and 2020 amounting to Saudi Riyals 0.6 million against which the Company filed an appeal with the GSZTCC. During the period ended 30 September 2022, GSZTCC has raised queries relating to 2019 and 2020 assessments which were responded within the given time frame. The Company awaits the outcome of GSZTCC's review.

Based on management's best estimate, the provision recognised as of 30 September 2022 with respect of the assessments raised is appropriate and no additional provision is required.

## 10. SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period ended 30 September 2022 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.