

**BASIC CHEMICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE- MONTHS AND SIX-MONTHS PERIODS ENDED 30 JUNE 2021

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
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<b>Index</b>	<b>Page</b>
Independent auditor's review report on the interim condensed consolidated financial information	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial information	7 - 15



## RSM Allied Accountants

Dr. Abdelgadir Bannaga & Partners Co.

Al Oruba Road, Al Olaya District

1<sup>st</sup> Floor, Building No. 3193

VAT Number : 300103434300003

P.O. Box Riyadh 12333 - 8335 K.S.A

Tel: +966 11 416 9361

Fax: +966 11 416 9349

Kingdom of Saudi Arabia

www.rsmksa.com

### INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of Basic Chemical Industries Company  
(A Saudi Joint Stock Company)

#### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Basic Chemical Industries Company ( the "Company")**, a **Saudi Joint Stock Company**, and its subsidiaries (collectively the **"Group"**) as at 30 June 2021 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-months and six-months periods then ended, and interim condensed consolidated statements of changes in equity and cash flows for the six-months period then ended, a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

#### Scope of review

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

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with "Interim Final Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia.

**Allied Accountants**  
**Dr. Abdelgadir Bannaga and Partners Company**

Mohammed Farhan Bin Nader

License No. 435

9 Muharram 1443 H (Corresponding 17 August 2021).

Al Khobar, Saudi Arabia



**BASIC CHEMICAL INDUSTRIES COMPANY**
**(A Saudi Joint Stock Company)**
**Interim condensed consolidated statement of profit or loss and other comprehensive income**
**(All amounts in Saudi Riyals unless otherwise stated)**

	Note	For the three-months period ended 30 June		For the six-months period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Sales		118,594,509	131,139,854	244,691,087	272,097,685
Cost of sales		(81,829,280)	(96,361,737)	(170,615,635)	(201,341,587)
<b>Gross profit</b>		<b>36,765,229</b>	<b>34,778,117</b>	<b>74,075,452</b>	<b>70,756,098</b>
Selling and distribution expenses		(10,997,780)	(11,585,978)	(21,817,958)	(24,464,001)
General and administrative expenses		(9,438,358)	(6,024,062)	(18,264,432)	(11,892,613)
Other operating income -net		186,164	505,331	99,835	846,426
<b>Operating profit</b>		<b>16,515,255</b>	<b>17,673,408</b>	<b>34,092,897</b>	<b>35,245,910</b>
Finance costs		(24,101)	(32,441)	(49,970)	(66,160)
<b>Profit before zakat and income tax</b>		<b>16,491,154</b>	<b>17,640,967</b>	<b>34,042,927</b>	<b>35,179,750</b>
Zakat expense	9	(738,404)	(1,060,759)	(2,421,567)	(2,365,255)
Income tax expense	9	(1,107,894)	(1,264,238)	(2,565,372)	(2,430,889)
<b>Profit for the period</b>		<b>14,644,856</b>	<b>15,315,970</b>	<b>29,055,988</b>	<b>30,383,606</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>14,644,856</b>	<b>15,315,970</b>	<b>29,055,988</b>	<b>30,383,606</b>
<b>Total comprehensive income for the period is attributable to:</b>					
- Shareholders of the Company		7,736,543	10,664,064	16,552,633	21,084,839
- Non-controlling interests		6,908,313	4,651,906	12,503,355	9,298,767
		<b>14,644,856</b>	<b>15,315,970</b>	<b>29,055,988</b>	<b>30,383,606</b>
<b>Earnings per share (Saudi Riyals)</b>					
Basic and diluted	11	<b>0.28</b>	0.39	<b>0.60</b>	0.77

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Abdullatif Abdulhadi  
Designated Member

Alaa Al-Shaikh  
Chief Executive Officer

Ashraf Bahnacy  
Finance Manager

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of financial position**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>Note</b>	<b>As at 30 June 2021 (Unaudited)</b>	<b>As at 31 December 2020 (Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment, net	6	642,687,275	565,497,879
Right-of-use assets, net		17,777,456	18,465,885
<b>Total non-current assets</b>		<b>660,464,731</b>	<b>583,963,764</b>
<b>Current assets</b>			
Inventories		81,215,225	77,390,500
Trade and other receivables, net	7	122,456,588	118,331,883
Cash and cash equivalents		96,998,852	84,447,626
<b>Total current assets</b>		<b>300,670,665</b>	<b>280,170,009</b>
<b>Total assets</b>		<b>961,135,396</b>	<b>864,133,773</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		275,000,000	275,000,000
Statutory reserve		66,022,133	66,022,133
Retained earnings		235,282,222	218,729,589
<b>Equity attributable to shareholders of the Company</b>		<b>576,304,355</b>	<b>559,751,722</b>
Non-controlling interests		76,050,488	63,547,133
<b>Total equity</b>		<b>652,354,843</b>	<b>623,298,855</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	8	144,745,757	18,500,000
Lease liabilities		16,004,541	16,576,577
Employee benefit obligations		33,792,571	31,138,971
<b>Total non-current liabilities</b>		<b>194,542,869</b>	<b>66,215,548</b>
<b>Current liabilities</b>			
Trade and other payables		79,388,821	99,903,640
Current portion of lease liabilities		3,002,385	2,671,625
Current portion of long-term borrowings	8	28,851,111	67,065,944
Zakat and income tax payable	9	2,995,367	4,978,161
<b>Total current liabilities</b>		<b>114,237,684</b>	<b>174,619,370</b>
<b>Total liabilities</b>		<b>308,780,553</b>	<b>240,834,918</b>
<b>Total equity and liabilities</b>		<b>961,135,396</b>	<b>864,133,773</b>

The accompanying notes are an integral part of this interim condensed consolidated financial information.

**Abdullatif Abdulhadi**  
**Designated Member**

**Alaa Al-Shaikh**  
**Chief Executive Officer**

**Ashraf Bahnacy**  
**Finance Manager**

**BASIC CHEMICAL INDUSTRIES COMPANY**

(A Saudi Joint Stock Company)

**Interim condensed consolidated statement of changes in equity**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	Attributable to the shareholders the Company				Non-controlling interests	Total
		Share capital	Statutory reserve	Retained earnings	Total		
Balance as at 1 January 2020 (Audited)		275,000,000	62,159,669	213,032,612	550,192,281	70,618,544	620,810,825
Profit for the period		-	-	21,084,839	21,084,839	9,298,767	30,383,606
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	21,084,839	21,084,839	9,298,767	30,383,606
Dividends	12	-	-	(27,500,000)	(27,500,000)	(26,500,000)	(54,000,000)
Balance as at 30 June 2020 (Unaudited)		275,000,000	62,159,669	206,617,451	543,777,120	53,417,311	597,194,431
Balance as at 1 January 2021 (Audited)		275,000,000	66,022,133	218,729,589	559,751,722	63,547,133	623,298,855
Profit for the period		-	-	16,552,633	16,552,633	12,503,355	29,055,988
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	16,552,633	16,552,633	12,503,355	29,055,988
Balance as at 30 June 2021 (Unaudited)		275,000,000	66,022,133	235,282,222	576,304,355	76,050,488	652,354,843

The accompanying notes are an integral part of these interim condensed consolidated financial information.

Abdullatif Abdulhadi  
Designated Member

Alaa Al-Shaikh  
Chief Executive Officer

Ashraf Bahnacy  
Finance Manager

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim condensed consolidated statement of cash flows**  
(All amounts in Saudi Riyals unless otherwise stated)

	<b>Note</b>	<b>For the six-months period ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		34,042,927	35,179,750
Adjustments for:			
Depreciation of property, plant and equipment	6	9,448,429	14,277,219
Depreciation of right of use assets		418,811	244,927
Write-off of property, plant and equipment		1,309,975	-
Loss / (gain) on disposal of property, plant and equipment		30,178	(109,019)
Finance costs		49,970	66,160
Employee benefit obligations		3,414,555	1,292,148
<b>Changes in operating assets and liabilities:</b>			
Inventories		(3,824,725)	(359,401)
Trade and other receivables		(4,888,478)	34,544,891
Trade and other payables		(20,514,819)	19,690,745
<b>Cash generated from operations</b>		<b>19,486,823</b>	<b>104,827,420</b>
Finance costs paid	8	(49,970)	(687,441)
Zakat and income tax paid		(6,205,960)	-
Employee benefit obligations paid		(760,955)	(748,508)
<b>Net cash from operating activities</b>		<b>12,469,938</b>	<b>103,391,471</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(86,400,681)	(78,430,007)
Proceeds from disposal of property, plant and equipment		20,000	109,024
<b>Net cash used in investing activities</b>		<b>(86,380,681)</b>	<b>(78,320,983)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	8	87,000,000	60,000,000
Repayment of lease liabilities		(538,031)	(353,583)
Dividends paid to Company's shareholders		-	(27,500,000)
Dividends paid to non-controlling interests in subsidiaries		-	(26,500,000)
<b>Net cash from financing activities</b>		<b>86,461,969</b>	<b>5,646,417</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,551,226</b>	<b>30,716,905</b>
Cash and cash equivalents at beginning of period		84,447,626	79,749,958
<b>Cash and cash equivalents at end of period</b>		<b>96,998,852</b>	<b>110,466,863</b>
<b>Non-cash operating, investing and financing transactions:</b>			
Finance costs capitalized		1,327,679	-
Capitalization of right-of-use assets depreciation		269,618	-

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Abdullatif Abdulhadi  
Designated Member

Alaa Al-Shaikh  
Chief Executive Officer

Ashraf Bahnacy  
Finance Manager

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

## 1 General information

Basic Chemical Industries Company (the “Company” or “BCI”) and its subsidiaries (collectively the “Group”) consist of the Company and its subsidiaries as indicated below. The Group is principally engaged in the manufacturing of various chemicals as well as to purchase, formulate, process, export, import, market, distribute and act as an agent for the sale of chemicals.

The Company is a joint stock company registered in the Kingdom of Saudi Arabia under commercial registration (“CR”) number 2050002795 issued in Dammam on 28 Dhul Al Hijjah 1392 H (2 February 1973). The registered address of the Company is P.O. Box 1053, Dammam 31431, Kingdom of Saudi Arabia.

The accompanying interim condensed consolidated financial information include the accounts of the Company, its branches and its following various Saudi Arabian subsidiaries, operating under individual CRs:

	Effective ownership percentage at	
	30 June 2021	31 December 2020
Basic Chemicals National Company Limited (“BCNC”)	100%	100%
Chemical Marketing and Distribution Company Limited (“CMDC”)	100%	100%
Saudi Water Treatment Company (“SWTC”)	100%	100%
Huntsman APC (“HAPC”)	49%	49%
National Adhesives Company Limited (“NAL”)	47%	47%

The Company has consolidated the accounts of HAPC and NAL in the accompanying interim condensed consolidated financial information as a parent company by virtue of respective shareholders’ agreements. Pursuant to such agreements:

- BCI appoints its representative as Chief Executive Officer for both HAPC and NAL for managing day to day operations.
- BCI’s representative(s) on the Board of Directors have the power to direct all key relevant business activities as a result of the voting arrangements under the terms of these agreements.

Accordingly, the Company has the right to exercise control through its ability to affect the amount of returns generated from these companies, its power over these companies and its exposure and right to the variable returns.

During 2013, CMDC acquired 50% equity interest in Mars Chemical Marketing and Distribution Company Limited (“Mars-CMDC”), a limited liability company incorporated in Qatar under CR number 56892 issued on 12 Ramadan 1433 H (31 July 2012). Mars-CMDC is engaged in marketing and distribution of various chemicals, solvents, additives, catalysts, plastics, polymers and resins. The investment is recorded as an investment in an associate and accounted for using the equity method of accounting. As at 30 June 2021 and 31 December 2020, the investment was fully impaired.

## 2 Accounting policies

The principal accounting policies applied in the preparation of interim condensed consolidated financial information of the Group are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020.

### 2.1 Basis of preparation

This interim condensed financial information of the Group has been prepared in compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial information does not include all the information and disclosures required in the annual financial statements. Accordingly, this interim condensed financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

## **BASIC CHEMICAL INDUSTRIES COMPANY**

**(A Saudi Joint Stock Company)**

**Notes to the interim condensed consolidated financial information (Unaudited)**

**For the three-months and six-months periods ended 30 June 2021**

**(All amounts in Saudi Riyals unless otherwise stated)**

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### **2 Accounting policies (*Continued*)**

#### **2.2 New and amended standards**

Certain amendments to existing standards became applicable for the current reporting period. The amendments did not have an impact on the interim condensed financial information of the Group and accordingly the Group did not have to change its accounting policies or make any retrospective adjustments.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### **3 Fair value of assets and liabilities**

As at 30 June 2021 and 31 December 2020, the fair values of the Group'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 realized at their current carrying values within twelve months from the date of 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 Critical accounting estimates and judgements**

The preparation of interim condensed financial information in conformity with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, 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 sales 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 Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the interim condensed consolidated financial information from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

**BASIC CHEMICAL INDUSTRIES COMPANY****(A Saudi Joint Stock Company)****Notes to the interim condensed consolidated financial information (Unaudited)****For the three-months and six-months periods ended 30 June 2021****(All amounts in Saudi Riyals unless otherwise stated)****5 Segment information**

The Group's operations are principally in the following business segments:

- Chemicals: this part of the business manufactures and sells industrial chemicals such as hydrochloric acid, caustic soda, chlorine gas, sodium hypochlorite, polyurethane chemicals etc. used in multiple industries.
- Adhesives and other materials: this part of the business manufactures and sells ferric chloride, hot and cold melt adhesives, sulfuric acid etc. used in multiple industries.

Selected financial information as at 30 June 2021 and 30 June 2020 and for the three-months and six-months periods ended 30 June 2021 and 2020, summarized by the above operating segments, is as follows:

	Chemicals	Adhesives and other materials	Total
<b>For the three-months period ended 30 June 2021</b>			
Sales	60,400,559	58,193,950	118,594,509
Cost of sales	(41,815,507)	(40,013,773)	(81,829,280)
<b>Gross profit</b>	<b>18,585,052</b>	<b>18,180,177</b>	<b>36,765,229</b>
Selling and distribution expenses	(5,676,510)	(5,321,270)	(10,997,780)
General and administrative expenses	(4,817,360)	(4,620,998)	(9,438,358)
Other operating expenses - net	289,168	(103,004)	186,164
<b>Operating profit</b>	<b>8,380,350</b>	<b>8,134,905</b>	<b>16,515,255</b>
Finance costs	(21,569)	(2,532)	(24,101)
<b>Profit before zakat and income tax</b>	<b>8,358,781</b>	<b>8,132,373</b>	<b>16,491,154</b>
Zakat expense	(396,944)	(341,460)	(738,404)
Income tax expense	(80,327)	(1,027,567)	(1,107,894)
<b>Segment results</b>	<b>7,881,510</b>	<b>6,763,346</b>	<b>14,644,856</b>
Depreciation expense	3,155,115	1,329,371	4,484,486
<b>For the six-months period ended 30 June 2021</b>			
Sales	127,867,034	116,824,053	244,691,087
Cost of sales	(90,696,194)	(79,919,441)	(170,615,635)
<b>Gross profit</b>	<b>37,170,840</b>	<b>36,904,612</b>	<b>74,075,452</b>
Selling and distribution expenses	(11,343,441)	(10,474,517)	(21,817,958)
General and administrative expenses	(12,358,263)	(5,906,169)	(18,264,432)
Other operating income (expenses) - net	405,848	(306,013)	99,835
<b>Operating profit</b>	<b>13,874,984</b>	<b>20,217,913</b>	<b>34,092,897</b>
Finance costs	(44,262)	(5,708)	(49,970)
<b>Profit before zakat and income tax</b>	<b>13,830,722</b>	<b>20,212,205</b>	<b>34,042,927</b>
Zakat expense	(1,577,733)	(843,834)	(2,421,567)
Income tax expense	(426,957)	(2,138,415)	(2,565,372)
<b>Segment results</b>	<b>11,826,032</b>	<b>17,229,956</b>	<b>29,055,988</b>
Depreciation expense	6,900,878	2,547,551	9,448,429

**BASIC CHEMICAL INDUSTRIES COMPANY**  
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**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**5. Segment information (Continued)**

**As at 30 June 2021**

Total assets	791,747,904	169,387,492	961,135,396
Total liabilities	274,550,615	34,229,938	308,780,553
Property, plant and equipment	618,523,741	24,163,534	642,687,275

	Chemicals	Adhesives and other materials	Total
For the three-months period ended 30 June 2020			
Sales	71,204,314	59,935,540	131,139,854
Cost of sales	(55,996,149)	(40,365,588)	(96,361,737)
Gross profit	15,208,165	19,569,952	34,778,117
Selling and distribution expenses	(5,846,277)	(5,739,701)	(11,585,978)
General and administrative expenses	(5,230,991)	(793,071)	(6,024,062)
Other operating income (expenses) - net	590,680	(85,349)	505,331
Operating profit	4,721,577	12,951,831	17,673,408
Finance costs	(30,527)	(1,914)	(32,441)
Segment results	4,691,050	12,949,917	17,640,967
Depreciation expense	5,649,201	1,298,038	6,947,239

	Chemicals	Adhesives and other materials	Total
For the six-months period ended 30 June 2020			
Sales	154,156,750	117,940,935	272,097,685
Cost of sales	(121,425,880)	(79,915,707)	(201,341,587)
Gross profit	32,730,870	38,025,228	70,756,098
Selling and distribution expenses	(13,693,503)	(10,770,498)	(24,464,001)
General and administrative expenses	(10,804,312)	(1,088,301)	(11,892,613)
Other operating income (expenses) - net	996,794	(150,368)	846,426
Operating profit	9,229,849	26,016,061	35,245,910
Finance costs	(62,080)	(4,080)	(66,160)
Segment results	9,167,769	26,011,981	35,179,750
Depreciation expense	11,649,190	2,628,028	14,277,218

**As at 30 June 2020**

Total assets	660,680,456	156,845,600	817,526,056
Total liabilities	168,562,493	51,769,132	220,331,625
Property, plant and equipment	455,733,738	31,515,060	487,248,798

**BASIC CHEMICAL INDUSTRIES COMPANY****(A Saudi Joint Stock Company)****Notes to the interim condensed consolidated financial information (Unaudited)****For the three-months and six-months periods ended 30 June 2021****(All amounts in Saudi Riyals unless otherwise stated)****6 Property, plant and equipment**

	<b>1 January</b>	<b>Additions</b>	<b>Disposals / write-off</b>	<b>30 June</b>
<b>2021</b>				
<b>Cost</b>				
Land	2,824,561	-	-	2,824,561
Buildings and leasehold improvements	104,643,399	43,000	(5,216,180)	99,470,219
Plant and machinery	443,049,605	781,972	(334,065)	443,497,512
Furniture, fixtures and office equipment	27,603,993	133,537	(195,958)	27,541,572
Vehicles	33,876,425	244,885	(127,659)	33,993,651
Capital work-in-progress	469,122,009	86,794,584	-	555,916,593
	<b>1,081,119,992</b>	<b>87,997,978</b>	<b>(5,873,862)</b>	<b>1,163,244,108</b>
<b>Accumulated depreciation and impairment</b>				
Buildings and leasehold Improvements	75,771,392	1,683,317	(3,945,884)	73,508,825
Plant and machinery	385,531,375	6,779,617	(479,516)	391,831,476
Furniture, fixtures and office equipment	26,164,559	185,477	(67,032)	26,283,004
Vehicles	28,154,787	800,018	(21,277)	28,933,528
	<b>515,622,113</b>	<b>9,448,429</b>	<b>(4,513,709)</b>	<b>520,556,833</b>
<b>Net book value</b>	<b>565,497,879</b>			<b>642,687,275</b>

During the six-months period ended 30 June 2021, the management considered certain buildings and related improvements with a net book value of Saudi Riyals 1.3 million as no longer useable. Such amounts were accordingly written-off and charged to profit or loss under general and administrative expenses.

The Group's Capital-work-in-progress as at 30 June 2021 principally comprises the following:

- Costs incurred amounting to Saudi Riyals 535.5 million (31 December 2020: Saudi Riyals 450.4 million) on a new plant for chlorine-based derivatives in Jubail. Such balance represents capital expenditure under different arrangements entered for procurement of plant and machinery, engineering services, civil and construction work and other related items. The project is expected to be completed by November 2021 with a total estimated cost of Saudi Riyals 750 million. Also see Note 8.
- Costs incurred amounting to Saudi Riyals 13.6 million in respect of construction of an administrative block at Dammam head office. The building is expected to be completed in 2022 with a total estimated cost of Saudi Riyals 21.0 million. Also see Note 13.

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**7 Trade and other receivables**

	2021	2020
Trade receivables - Third parties	114,626,680	114,323,696
- Related parties	3,694,911	2,545,260
	118,321,591	116,868,956
Less: allowance for expected credit losses	(15,961,353)	(11,542,696)
Net trade receivables	102,360,238	105,326,260
Advances to suppliers	7,913,140	5,391,182
Prepaid expenses	1,266,228	2,308,053
Due from employees	3,112,988	2,084,409
VAT receivable	4,760,540	1,331,423
Other	3,043,454	1,890,556
	122,456,588	118,331,883

Movement in the ECL allowances for trade receivables is as follows:

	2021	2020
Opening balance	11,542,696	12,575,871
Net impact of ECL allowance recognized in profit or loss during the year	4,418,657	(1,021,062)
Receivables written-off during the year as uncollectible	-	(12,113)
Closing balance	15,961,353	11,542,696

**8 Long-term borrowings**

	2021	2020
Principal outstanding	171,000,000	84,000,000
Accrued financial costs	2,596,868	1,565,944
	173,596,868	85,565,944

Borrowings are presented as follows:

Non-current portion	144,745,757	18,500,000
Current portion	28,851,111	67,065,944
	173,596,868	85,565,944

The movement in borrowings is as follows:

	2021	2020
Opening balance	85,565,944	15,000,000
Proceeds from borrowings	87,000,000	69,000,000
Finance costs	1,030,924	2,187,225
Repayment of finance costs	-	(621,281)
Closing balance	173,596,868	85,565,944

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**8 Long-term borrowings (Continued)**

During 2018, BCI entered into an agreement with a commercial bank for credit facilities with a limit amounting to Saudi Riyals 262.0 million to partially finance its project as explained in Note 6. Borrowings as at 30 June 2021 represent the amount drawn by the Group from such facility. The loan is denominated in Saudi Riyals and bears financial charges based on prevailing market rates. There are no financial covenants applicable to the Company under such agreement with the bank.

In accordance with the terms of the agreement, such borrowings will be repayable in 16 equal quarterly installments of Saudi Riyals 16.4 million each commencing March 2021. On 26 May 2021, this agreement was revised and according to revised terms, loan will be repayable in 20 equal installments of Saudi Riyal 13.1 million each starting from 31 March 2022. Accordingly, the borrowings as at 30 June 2021 has been classified as due within the next twelve-month period and non-current portion based on revised terms.

Borrowing costs capitalized during the six-months period ended 30 June 2021 amounted to Saudi Riyals 1.03 million (30 June 2020: 0.9 million). Also see Note 6.

**9 Zakat and income tax**

**9.1 Components of zakat base**

The Company and its subsidiaries are subject to zakat and income tax. The Group files zakat and income tax declarations on an unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulations principally comprise shareholders' equity, provisions at beginning of the year and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

**9.2 Provision for zakat and income taxes**

	<b>Zakat</b>	<b>Income tax</b>	<b>Total</b>
Opening balance	3,852,317	1,125,844	4,978,161
Provisions			
- For current period	<b>1,926,160</b>	<b>2,443,850</b>	<b>4,370,010</b>
- Adjustments related to prior years	<b>495,407</b>	<b>121,522</b>	<b>616,929</b>
	<b>2,421,567</b>	<b>2,565,372</b>	<b>4,986,939</b>
Adjustment against advance income tax	-	(763,773)	(763,773)
Payments	<b>(4,347,724)</b>	<b>(1,858,236)</b>	<b>(6,205,960)</b>
Closing balance	<b>1,926,158</b>	<b>1,069,209</b>	<b>2,995,367</b>

In accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"), zakat is payable at 2.578% on all components of zakat base except for adjusted net profit for the year which is subject to zakat at the rate of 2.5%. Income tax on the share of the adjusted net profit related to the foreign shareholders in the subsidiaries, is charged to profit or loss.

At 30 June 2021, the portion of advance income tax paid by one of the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 1.4 million (31 December 2020: Saudi Riyals 1.1 million) has been classified under "Trade and other receivables".

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**9 Zakat and income tax (Continued)**

**9.3 Status of final assessments**

The ZATCA has finalized the zakat assessments for Basic Chemicals Industries Company (the Company) for the years through 2010 which have been agreed by the Company.

During 2020, the ZATCA issued assessments for the Company for the years 2016 to 2018 with an additional zakat liability of Saudi Riyals 0.4 million. The Company has accepted such additional assessment and settled the amount in 2021.

During the prior years, the ZATCA had issued assessments for the Company for the years 2011 to 2015 with an additional zakat liability of Saudi Riyals 12.9 million. The Company filed an appeal with the ZATCA requesting them to issue revised assessments based on their contentions in such appeals and correction of material errors. During the year ended 31 December 2019, the ZATCA issued revised additional assessments for the years 2011 and 2015, partially accepting the Company's contentions and accordingly, reduced the additional zakat liability from Saudi Riyals 12.9 million to Saudi Riyals 3.2 million. Upon the request of the Company, the case was transferred to General Secretariat of Tax Committees ("GSTC") in respect of the matters not accepted by the ZATCA. The Company management believes that no additional zakat liability will arise upon finalization of the appeal.

During 2020, the ZATCA issued assessments for NAL for the years 2015 to 2018 with an additional zakat liability of Saudi Riyals 11.1 million. NAL has filed an appeal with the ZATCA requesting them to issue revised assessment based on their contentions in such appeals and correction of material errors. The Group management believes that no additional zakat liability will arise upon finalization of the appeal.

The ZATCA has issued zakat and income tax assessments related to the remaining subsidiaries for certain years which have been agreed by the subsidiaries. Zakat and income tax assessments for certain years are currently under review by the ZATCA. All subsidiaries have received the respective zakat and income tax certificates for the years through 2020.

**10 Related party transactions and balances**

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) Following are the significant transactions with the associated entities entered into by the Group:

Nature of transaction	Relationship	For the three-months period ended 30 June		For the six-months period ended 30 June	
		2021	2020	2021	2020
Sales to related parties	Associated companies	3,818,708	2,629,263	8,635,533	6,806,450
Purchases from related parties	Associated companies	9,952,866	9,266,166	18,744,704	17,178,722
Royalty charged by a related party	Associated companies	1,936,747	1,984,832	3,820,492	3,898,652

(b) Key management personnel compensation:

Nature of transaction	For the three-months period ended 30 June		For the six-months period ended 30 June	
	2021	2020	2021	2020
Salaries and other short-term employee benefits	2,118,862	2,419,679	3,281,926	4,820,075
Employee benefit obligations	70,512	123,795	129,900	247,092
	2,189,374	2,543,474	3,411,826	5,067,167

Board of directors' fee for the six-months period ended 30 June 2021 and 2020 was Saudi Riyals 1.05 million.

**BASIC CHEMICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the interim condensed consolidated financial information (Unaudited)**  
**For the three-months and six-months periods ended 30 June 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**11 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-months period ended 30 June		For the six-months period ended 30 June	
	2021	2020	2021	2020
Profit attributable to the shareholders of the Company	<b>7,736,543</b>	10,664,064	<b>16,552,633</b>	21,084,839
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>27,500,000</b>	27,500,000	<b>27,500,000</b>	27,500,000
Basic and diluted earnings per share	<b>0.28</b>	0.39	<b>0.60</b>	0.77

**12 Dividends**

In 2020, the shareholders of the Company in their general assembly meeting held on 9 March 2020 approved dividends of Saudi Riyal 1.0 per share, amounting to Saudi Riyals 27.5 million, for the nine-month period ended 30 September 2019, which were fully paid during the six-month period ended 30 June 2020.

**13 Contingencies and commitments**

The Group was contingently liable at 30 June 2021 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 8.9 million (31 December 2020: Saudi Riyals 8.8 million). For zakat and income tax contingencies see Note 9.

The capital expenditure contracted by the Group but not yet incurred till 30 June 2021 was approximately Saudi Riyals 164.8 million mainly related to the new project under construction in Jubail. (31 December 2020: Saudi Riyals 249 million)

**14 Covid-19 updates**

In response to the spread of the COVID-19 pandemic and its consequential disruption to the social and economic activities in those markets, the Group's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures to ensure the health and safety of its employees and contractors as well as the wider community where it is operating and minimizing the impact of the pandemic on its operations.

Notwithstanding these challenges, the Group was successful in maintaining stable operations. The Group's management believes that the COVID-19 pandemic, by itself, has had limited direct material effects on the Group's reported results for the six-months period ended 30 June 2021. However, the Group continues to monitor the Covid-19 situation closely based on the prospective developments.

**15 Approval of condensed consolidated interim financial statements**

These interim condensed consolidated financial statements were approved by the Board of Directors on 9 Muharram 1443 H (Corresponding 17 August 2021).