

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022

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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated interim 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 2022 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2022. Management is responsible for the preparation and fair presentation of this condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Allied Accountants for Professional Services Company



Mohammed Farhan Bin Nader
License No. 435
Al Khobar, Saudi Arabia
16 Muharram 1444 H (Corresponding 14 August 2022)



BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	Restated Note 13 (Unaudited)
Sales		160,620,724	118,594,509	327,299,658	244,691,087
Cost of sales		(120,242,825)	(81,829,280)	(243,068,052)	(170,615,635)
Gross profit		40,377,899	36,765,229	84,231,606	74,075,452
Selling and distribution expenses		(13,487,313)	(10,997,780)	(26,419,290)	(21,817,958)
General and administrative expenses		(6,960,061)	(9,438,358)	(14,023,474)	(18,264,432)
Other operating income - net		909,968	186,164	2,084,618	99,835
Operating profit		20,840,493	16,515,255	45,873,460	34,092,897
Gain (loss) on the fair value measurements of the derivative financial instrument		2,207,404	394,729	5,164,658	(990,164)
Finance costs		(3,420)	(24,101)	(30,447)	(49,970)
Profit before zakat and income tax		23,044,477	16,885,883	51,007,671	33,052,763
Zakat expense	10	(532,615)	(738,404)	(1,821,650)	(2,421,567)
Income tax expense	10	(1,101,359)	(1,107,894)	(3,428,741)	(2,565,372)
Profit for the period		21,410,503	15,039,585	45,757,280	28,065,824
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		21,410,503	15,039,585	45,757,280	28,065,824
Total comprehensive income for the period is attributable to:					
- Shareholders of Basic Chemical Industries Company		13,001,731	8,131,272	30,439,401	15,562,469
- Non-controlling interests		8,408,772	6,908,313	15,317,879	12,503,355
		21,410,503	15,039,585	45,757,280	28,065,824

Earnings per share (Saudi Riyals)

Basic and diluted earnings per share	12	0.47	0.30	1.11	0.56
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The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 14 August 2022 and was signed on their behalf by:



Uthman Alhumaidan
Designated Member



Alaa Al-Shaikh
Chief Executive Officer



Fares Nehme Lahoud
Chief Financial Officer

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



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

	Note	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	835,830,631	754,317,322
Right-of-use assets		16,400,599	17,089,027
Long-term investments	7	21,000,000	-
Total non-current assets		873,231,230	771,406,349
Current assets			
Inventories		124,906,684	88,924,053
Trade and other receivables	8	158,505,017	144,003,970
Cash and cash equivalents		66,457,165	71,364,737
Total current assets		349,868,866	304,292,760
Total assets		1,223,100,096	1,075,699,109
Equity and liabilities			
Equity			
Share capital		275,000,000	275,000,000
Statutory reserve		69,458,983	69,458,983
Retained earnings		256,125,567	225,686,166
Equity attributable to the shareholders of Basic Chemical Industries Company		600,584,550	570,145,149
Non-controlling interests		73,567,470	58,249,591
Total equity		674,152,020	628,394,740
Liabilities			
Non-current liabilities			
Long-term borrowings	9	177,500,000	207,093,635
Lease liabilities		13,835,378	15,525,570
Employee benefit obligations		28,691,534	35,332,477
Decommissioning liability		6,060,864	6,060,864
Derivative financial instruments		17,335,342	22,500,000
Total non-current liabilities		243,423,118	286,512,546
Current liabilities			
Short term loan		66,352,560	-
Lease liabilities		1,286,934	2,860,392
Long-term borrowings	9	84,500,000	52,400,000
Trade and other payables		146,152,632	97,442,198
Zakat and income tax payable	10	7,232,832	8,089,233
Total current liabilities		305,524,958	160,791,823
Total liabilities		548,948,076	447,304,369
Total equity and liabilities		1,223,100,096	1,075,699,109


Uthman Athumaidan
Designated Member


Alaa Al-Shaikh
Chief Executive Officer


Fares Nehme Lahoud
Chief Financial Officer

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BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

Note	Attributable to the shareholders of Basic Chemical Industries Company			
	Share capital	Statutory reserve	Retained Earnings	Non- controlling interests
			Total	Total
At 1 January 2021 (Audited), as previously stated	275,000,000	66,022,133	218,729,589	63,547,133
Restatement	-	-	(21,201,987)	(79,391)
At 1 January 2021, as restated	275,000,000	66,022,133	197,527,602	63,467,742
Profit for the period	-	-	15,562,469	12,503,355
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	15,562,469	12,503,355
At 30 June 2021 (Unaudited), as restated	275,000,000	66,022,133	213,090,071	75,971,097
At 1 January 2022 (Audited)	275,000,000	69,458,983	225,686,166	58,249,591
Profit for the period	-	-	30,439,401	15,317,879
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	30,439,401	15,317,879
At 30 June 2022 (Unaudited)	275,000,000	69,458,983	256,125,567	73,567,470
			600,584,550	674,152,020



Uthman Alhumaidan
Designated Member



Alaa Al-Shaikh
Chief Executive Officer



Fares Nehme Lahoud
Chief Financial Officer

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



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

	Note	For the six-month period ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		51,007,671	33,052,763
<u>Adjustments for:</u>			
Depreciation	6	7,250,444	9,867,240
Write-off of property, plant and equipment		-	1,309,975
(Gain)/Loss on disposal of property and equipment		(42,390)	30,178
Finance costs		30,447	49,970
Loss on the fair value measurement of derivative financial instruments		(5,164,658)	(990,164)
Provision for employee benefit obligations		2,204,042	3,414,555
<u>Changes in operating assets and liabilities:</u>			
Increase in inventories		(35,982,631)	(3,824,725)
Increase in trade and other receivables		(14,501,047)	(4,888,478)
Increase (decrease) in trade and other payables		48,710,434	(20,514,819)
Cash generated from operations		53,512,312	17,506,495
Finance costs paid	9	(5,345,695)	(49,970)
Zakat and income tax paid		(6,106,792)	(6,205,960)
Employee benefit obligations paid		(8,844,983)	(760,955)
Net cash inflow from operating activities		33,214,842	12,469,938
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	6	(83,353,714)	(86,400,681)
Proceeds from disposal of property and equipment		42,390	20,000
Long-term investments	7	(21,000,000)	-
Net cash outflow from investing activities		(104,311,324)	(86,380,681)
Cash flow from financing activities			
Proceeds from long-term borrowings	9	3,100,000	87,000,000
Proceeds from short-term loan		66,352,560	(538,031)
Repayment of lease liabilities		(3,263,650)	-
Net cash outflow from financing activities		66,188,910	86,461,969
Net change in cash and cash equivalents		(4,907,572)	12,551,226
Cash and cash equivalents at beginning of the period		71,364,737	84,447,626
Cash and cash equivalents at end of the period		66,457,165	96,998,852
Non-cash transactions:			
Finance costs of lease liabilities capitalized		285,890	-
Finance costs on loans capitalized		4,117,721	1,327,679
Depreciation on right-of-use assets capitalized		269,618	269,618


Uthman Alhumaidan
Designated Member


Alaa Al-Shaikh
Chief Executive Officer


Fares Nehme Lahoud
Chief Financial Officer

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



BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
 (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 listed below. The Group is principally engaged in the manufacturing of various chemicals as well as to purchase, formulation, processing, export, import, marketing, distribution and acting 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 1392H (corresponding 2 February 1973). The registered address of the Company is P.O. Box 1053, Dammam 31431, Kingdom of Saudi Arabia.

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

	Effective ownership percentage at	
	30 June 2022	31 December 2021
Basic Chemicals National Company Limited ("BCNC")	100%	100%
Chemical Marketing and Distribution Company Limited ("CMD")	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 condensed consolidated interim 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.

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 2022 and 31 December 2021, the investment was fully impaired.

2 Accounting policies

The principal accounting policies applied in the preparation of condensed consolidated interim 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 2021.

2.1 Basis of preparation

This condensed consolidated interim 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 the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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

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 condensed consolidated interim 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 2022 reporting period 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 2022 and 31 December 2021, 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 and long-term investments 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 condensed consolidated interim 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 condensed consolidated interim financial information from those that were applied and disclosed in the annual financial statements for the year ended 31 December 2021.

5 Segment information

The Group's operations are principally organized into the following two business segments based on its products:

- **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.

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals unless otherwise stated)
5 Segment information (continued)

Selected financial information as of 30 June 2022 and 2021 and for the three-month and six-month periods then ended, summarized by the above operating segments, is as follows:

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 June 2022			
Sales	84,741,300	75,879,424	160,620,724
Cost of sales	(63,369,285)	(56,873,540)	(120,242,825)
Gross profit	21,372,015	19,005,884	40,377,899
Selling and distribution expenses	(6,378,788)	(7,108,525)	(13,487,313)
General and administrative expenses	(5,324,789)	(1,635,272)	(6,960,061)
Other operating income (expenses) – net	1,163,480	(253,512)	909,968
Operating profit	10,831,918	10,008,575	20,840,493
Gain on the fair value of the derivative financial instrument	2,207,404	-	2,207,404
Finance costs	883	(4,303)	(3,420)
Profit before zakat and income tax	13,040,205	10,004,272	23,044,477
Zakat expense	(250,183)	(282,432)	(532,615)
Income tax expense	(923,571)	(177,788)	(1,101,359)
Segment results	11,866,452	9,544,051	21,410,503
Depreciation expense	2,452,033	786,602	3,238,635
	Chemicals	Adhesives and other materials	Total
For the six-month period ended 30 June 2022			
Sales	177,635,280	149,664,378	327,299,658
Cost of sales	(131,984,228)	(111,083,824)	(243,068,052)
Gross profit	45,651,052	38,580,554	84,231,606
Selling and distribution expenses	(12,548,899)	(13,870,391)	(26,419,290)
General and administrative expenses	(10,418,131)	(3,605,343)	(14,023,474)
Other operating income – net	1,943,424	141,194	2,084,618
Operating profit	24,627,446	21,246,014	45,873,460
Gain on the fair value of the derivative financial instrument	5,164,658	-	5,164,658
Finance costs	(20,790)	(9,657)	(30,447)
Profit before zakat and income tax	29,771,314	21,236,357	51,007,671
Zakat expense	(1,053,811)	(767,839)	(1,821,650)
Income tax expense	(1,964,891)	(1,463,850)	(3,428,741)
Segment results	26,752,612	19,004,668	45,757,280
Depreciation expense	5,113,169	1,559,986	6,673,155
As at 30 June 2022			
Total assets	1,031,915,911	191,184,185	1,223,100,096
Total liabilities	501,401,207	47,546,869	548,948,076
Property, plant and equipment	813,115,129	22,715,502	835,830,631

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 June 2021			
Sales	60,400,559	58,193,950	118,594,509
Cost of sales	(41,815,507)	(40,013,773)	(81,829,280)
Gross profit	18,585,052	18,180,177	36,765,229
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 income (expenses) – net	289,168	(103,004)	186,164
Operating profit	8,380,350	8,134,905	16,515,255
Gain on the fair value of the derivative financial instrument	394,729	-	394,729
Finance costs	(21,569)	(2,532)	(24,101)
Profit before zakat and income tax	8,753,510	8,132,373	16,885,883
Zakat expense	(396,944)	(341,460)	(738,404)
Income tax expense	(80,327)	(1,027,567)	(1,107,894)
Segment results	8,276,239	6,763,346	15,039,585
Depreciation expense	3,155,115	1,329,371	4,484,486
For the six-month period ended 30 June 2021			
Sales	127,867,034	116,824,053	244,691,087
Cost of sales	(90,696,194)	(79,919,441)	(170,615,635)
Gross profit	37,170,840	36,904,612	74,075,452
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
Operating profit	13,874,984	20,217,913	34,092,897
Loss on the fair value of the derivative financial instrument	(990,164)	-	(990,164)
Finance costs	(44,262)	(5,708)	(49,970)
Profit before zakat and income tax	12,840,558	20,212,205	33,052,763
Zakat expense	(1,577,733)	(843,834)	(2,421,567)
Income tax expense	(426,957)	(2,138,415)	(2,565,372)
Segment results	10,835,868	17,229,956	28,065,824
Depreciation expense	6,900,878	2,547,551	9,448,429
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

BASIC CHEMICAL INDUSTRIES COMPANY
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Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals unless otherwise stated)

6 Property, plant and equipment

	1 January 2022	Additions	Disposals	30 June 2022
2022				
Cost				
Land	2,824,561	-	-	2,824,561
Buildings and leasehold improvements	101,779,529	139,800	-	101,919,329
Plant and machinery	444,888,461	1,182,162	-	446,070,623
Furniture, fixtures and office equipment	28,187,258	193,072	-	28,380,330
Vehicles	33,508,892	124,396	(80,000)	33,553,288
Capital work-in-progress	669,682,592	86,547,035	-	756,229,627
	1,280,871,293	88,186,465	(80,000)	1,368,977,758
Accumulated depreciation and impairment				
Buildings and leasehold Improvements	(74,653,164)	(1,485,817)	-	(76,138,981)
Plant and machinery	(396,678,026)	(4,455,236)	-	(401,133,262)
Furniture, fixtures and office equipment	(26,497,682)	(172,677)	-	(26,670,359)
Vehicles	(28,725,099)	(559,425)	79,999	(29,204,525)
	(526,553,971)	(6,673,155)	79,999	(533,147,127)
Net book value	754,317,322			835,830,631

The Group's capital-work-in-progress as at 30 June 2022 principally comprises the following:

- Costs incurred amounting to Saudi Riyals 741.3 million (31 December 2021: Saudi Riyals 647.5 million) on a new plant for chlorine-based derivatives in Jubail on a leased land. 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 plant has started the commercial production subsequent of six-month period ended 30 June 2022.
- Costs incurred amounting to Saudi Riyals 13.7 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 million.

7 Long-term investments

These investments represent investments made during the six-month period ended 30 June 2022 by certain subsidiaries in Sukuks issued by a local financial institution and earn profit at prevailing market rates which are based on Saudi inter-bank offer rate.

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2022
(All amounts in Saudi Riyals unless otherwise stated)

8 Trade and other receivables

	As at 30 June 2022	As at 31 December 2021
Trade receivables - Third parties	127,103,215	121,768,097
- Related parties	4,262,824	3,662,901
	131,366,039	125,430,998
Less: allowance for expected credit losses	(10,382,540)	(12,387,735)
Net trade receivables	120,983,499	113,043,263
Advances to suppliers	15,237,238	8,819,846
Value added tax receivable	12,484,749	13,172,927
Advance income tax	3,842,803	1,755,302
Due from employees	3,583,243	4,247,075
Prepaid expenses	1,383,291	2,363,550
Other	990,194	602,007
	158,505,017	144,003,970

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

	For the period ended 30 June 2022	For the year ended 31 December 2021
As at 1 January	12,387,735	11,542,696
Net impact of ECL allowance recognised in profit or loss during the period / year	(2,005,195)	845,039
	10,382,540	12,387,735

9 Long-term and short-term borrowings

9.1 Long-term borrowing

	As at 30 June 2022	As at 31 December 2021
Principal outstanding	262,000,000	258,900,000
Accrued financial costs	-	593,635
	262,000,000	259,493,635

Borrowing is presented as follows:

Non-current portion	177,500,000	207,093,635
Current portion	84,500,000	52,400,000
	262,000,000	259,493,635

The movement in borrowing is as follows:

	For the period ended 30 June 2022	For the year ended 31 December 2021
1 January	259,493,635	85,565,944
Proceeds from borrowing	3,100,000	174,900,000
Finance costs	4,741,626	2,271,813
Repayment of finance costs	(5,335,261)	(3,244,122)
	262,000,000	259,493,635

9 Long-term and short-term borrowings (Continued)

9.1 Long-term borrowing (Continued)

During the year 2018, Basic Chemicals Industries Company entered into an agreement with a commercial bank for credit facilities amounting to Saudi Riyals 262 million against a promissory note to partially finance its project as explained in Note 6. 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 an agreement with the bank.

During the period ended 30 June 2022, the Group renegotiated the terms of the agreement and rescheduled the repayment period. In accordance with the terms of the amendment loan agreement, the repayment terms of the loan have been rescheduled with the first installment becoming due in December 2022.

Borrowing costs capitalized during the period ended 30 June 2022 amounted to Saudi Riyals 4.7 million. Also see Note 6.

9.2 Short-term loan

During the six-month period ended 30 June 2022, Basic Chemicals Industries Company obtained short term loan to fulfill the working capital requirements.

10 Zakat and income tax matters

10.1 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 applicable zakat 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.

In accordance with the regulations of 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%.

10.2 Provision for zakat and income taxes

	Zakat	Income tax	Total
1 January 2022	5,561,817	2,527,416	8,089,233
Provisions			
- For current period	2,578,070	3,428,741	7,232,834
- Adjustments related to prior years	(756,420)	(1,226,023)	(1,982,443)
	1,821,650	3,428,741	5,250,391
Payment during the period	(3,544,332)	(2,562,460)	(6,106,792)
30 June 2022	3,839,135	3,393,697	7,232,832

At 30 June 2022, the portion of advance income tax paid by the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 3.8 million (31 December 2021: Saudi Riyals 1.8 million) has been classified under "Trade and other receivables".

10.3 Status of final assessments

a) Basic Chemicals Industries

ZATCA has finalized the zakat assessments for the Company for the years through 2010 which have been agreed by the Company.

For the years 2011 to 2015, the ZATCA had issued assessments for the Company 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, ZATCA issued revised 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 finalisation of the appeal.

For the years 2016 to 2020, ZATCA issued assessments for the Company with an additional zakat liability of Saudi Riyals 0.7 million. The Company has accepted such additional assessment and settled the amount.

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10 Zakat and income tax matters (Continued)

10.3 Status of final assessments (Continued)

b) National Adhesives Company Limited "NAL"

For the years 2015 to 2018, ZATCA issued assessments with an additional zakat liability of Saudi Riyals 11.1 million. NAL has filed an appeal with 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 finalisation of the appeal.

For the years 2019 and 2020, no assessments have been received.

c) Chemical Marketing and Distribution Company limited "CMDC"

For the years 2016 and 2017, ZATCA issued assessments with an additional zakat liability of Saudi Riyals 2.1 million. CMDC has filed an appeal with 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 finalisation of the appeal. For the year 2018, ZATCA issued assessments for the Company with an additional zakat liability of Saudi Riyals twenty-five thousand. The Company has accepted such additional assessment and settled the amount. For the years 2019 to 2020, no assessments have been received.

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 ZATCA. The subsidiaries have received the respective zakat and income tax certificates for the years through 2021.

11 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-month period ended 30 June		For the six-month period ended 30 June	
		2022	2021	2022	2021
Sales to related parties	Associated companies	6,682,344	3,818,708	10,765,542	8,635,533
Purchases from related parties	Associated companies	23,228,697	9,952,866	49,458,881	18,744,704
Royalty charged by a related party	Associated companies	2,431,119	1,936,747	4,902,164	3,820,492

(b) Key management personnel compensation:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
Salaries and other short-term employee benefits	2,356,412	2,118,862	4,010,159	3,281,926
Employee benefit obligations	147,733	70,512	212,526	129,900
	2,504,145	2,189,374	4,222,685	3,411,826

Board of directors' fee for the period ended 30 June 2022 was Saudi Riyals 1.05 million (30 June 2021: Saudi Riyals 1.05 million).

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12 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 are the same as the basic earnings per share.

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022	2021	2022	2021
Profit attributable to the shareholders of Basic Chemical Industries Company	13,001,731	8,131,272	30,439,401	15,562,469
Number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share	0.47	0.30	1.11	0.56

13 Restatements

As explained in Note 30 of the 2021 annual consolidated financial statements, management of the Group has identified certain errors which have been corrected by restating financial information of the prior years. The effect of these adjustments on the balances as at 1 January 2021 and for the period ended 30 June 2021 is as follows:

	Balance, previously reported	Restatement	Balance, as restated
Consolidated statement of financial position			
As at 1 January 2021			
Retained earnings	218,729,589	(21,201,987)	197,527,602
Non-controlling interests	63,547,133	(79,391)	63,467,742
Derivative financial instruments	-	17,000,000	17,000,000
Employee benefit obligations	31,138,971	4,281,378	35,420,349
Consolidated statement of profit and loss and other comprehensive income for the six-month period ended 30 June 2021			
Gain on the fair value of the derivative financial instrument	-	(990,164)	(990,164)
Profit for the period	29,055,988	(990,164)	28,065,824
Total comprehensive income	29,055,988	(990,164)	28,065,824
Profit for the period attributable to:			
Shareholders of Basic Chemical Industries Company	16,552,633	(990,164)	15,562,469
Non-controlling interests	12,503,355	-	12,503,355
Total	29,055,988	(990,164)	28,065,824
Earnings per share			
Basic and diluted earnings per share	0.60	(0.04)	0.56

The above restatements do not have any impact of the consolidated statement of cash flows for the period ended 30 June 2021.

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14 Contingencies and commitments

- (i) The Group is contingently liable at 30 June 2022 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 9.85 million (31 December 2021: Saudi Riyals 8.2 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 June 2022 is approximately Saudi Riyals 78.5 million mainly related to the new project under construction in Jubail (31 December 2021: Saudi Riyals 108.5 million). Also see Note 6.

15 Approval of the interim condensed consolidated financial information

This condensed consolidated interim financial information was approved by the Board of Directors on 16 Muharram 1444 H (Corresponding 14 August 2022).