

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

Index	Page
Report on review of 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 - 16

REPORT ON REVIEW OF 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 and its subsidiaries (the "Group") as of 31 March 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and 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 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Allied Accountants Professional Services Company



Mohammed Farhan Bin Nader
License No. 435
Al Khobar, Saudi Arabia
17 Shawwal 1443H (Corresponding 18 May 2022)



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-month period ended 31 March	
		2022	2021
		(Unaudited)	Restated Note 13 (Unaudited)
Sales		166,678,934	126,096,578
Cost of sales		(122,825,227)	(88,786,355)
Gross profit		43,853,707	37,310,223
Selling and distribution expenses		(12,931,977)	(10,820,178)
General and administrative expenses		(7,063,413)	(8,826,074)
Other operating income (expenses) - net		1,174,661	(86,329)
Operating profit		25,032,978	17,577,642
Gain (loss) on the fair value measurements of the derivative financial instrument		2,957,254	(1,384,893)
Finance costs		(27,027)	(25,869)
Profit before zakat and income tax		27,963,205	16,166,880
Zakat expense	10	(1,289,045)	(1,683,163)
Income tax expense	10	(2,327,382)	(1,457,478)
Profit for the period		24,346,778	13,026,239
Other comprehensive income for the period		-	-
Total comprehensive income for the period		24,346,778	13,026,239
Total comprehensive income for the period is attributable to:			
Shareholders of the Basic Chemical Industries Company		17,437,671	7,431,197
Non-controlling interests		6,909,107	5,595,042
		24,346,778	13,026,239

Earnings per share

Basic and diluted earnings per share	12	0.63	0.27
--------------------------------------	----	------	------

The interim condensed consolidated financial information including notes was authorized for issue by the Board of Directors on 18 May 2022 and was signed on their behalf by:


Abdulatif Abdulhadi
Designated Member


Alaa Al-Shaikh
Chief Executive Officer


Fares Nehme Lahoud
Chief Financial Officer

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

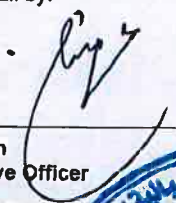


BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Interim condensed consolidated statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	794,338,109	754,317,322
Right-of-use assets		16,744,813	17,089,027
Long-term investments	7	21,000,000	-
Total non-current assets		832,082,922	771,406,349
Current assets			
Inventories		96,864,883	88,924,053
Trade and other receivables	8	170,082,058	144,003,970
Cash and cash equivalents		68,238,379	71,364,737
Total current assets		335,185,320	304,292,760
Total assets		1,167,268,242	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		243,123,837	225,686,166
Equity attributable to the shareholders of Basic Chemical Industries Company		587,582,820	570,145,149
Non-controlling interests		65,158,698	58,249,591
Total equity		652,741,518	628,394,740
Liabilities			
Non-current liabilities			
Long-term borrowings	9	196,500,000	207,093,635
Lease liabilities		16,153,203	15,525,570
Employee benefit obligations		29,283,431	35,332,477
Decommissioning liability		6,060,864	6,060,864
Derivative financial instruments		19,542,746	22,500,000
Total non-current liabilities		267,540,244	286,512,546
Current liabilities			
Short term loan		19,000,000	-
Lease liabilities - current portion		2,225,102	2,860,392
Long-term borrowings - current portion	9	65,500,000	52,400,000
Trade and other payables		148,555,718	97,442,198
Zakat and income tax payable	10	11,705,660	8,089,233
Total current liabilities		246,986,480	160,791,823
Total liabilities		514,526,724	447,304,369
Total equity and liabilities		1,167,268,242	1,075,699,109

The Interim condensed consolidated financial information including notes was authorized for issue by the Board of Directors on 18 May 2022 and was signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Alaa Al-Shaikh
Chief Executive Officer


Fares Nehme Lahoud
Chief Financial Officer

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



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 of Basic Chemical Industries Company			Non- controlling interests	Total
	Share capital	Statutory reserve	Retained earnings		
At 1 January 2021 (Audited), as previously stated	275,000,000	66,022,133	218,729,589	63,547,133	623,298,855
Restatement	-	-	(21,201,987)	(79,391)	(21,281,378)
At 1 January 2021, as restated	275,000,000	66,022,133	197,527,602	63,467,742	602,017,477
Profit for the period	-	-	7,431,197	5,595,042	13,026,239
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	7,431,197	5,595,042	13,026,239
At 31 March 2021 (Unaudited), as restated	275,000,000	66,022,133	204,958,799	69,062,784	615,043,716
At 1 January 2022 (Audited)	275,000,000	69,458,983	225,686,166	58,249,591	628,394,740
Profit for the period	-	-	17,437,671	6,909,107	24,346,778
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	17,437,671	6,909,107	24,346,778
At 31 March 2022 (Unaudited)	275,000,000	69,458,983	243,123,837	65,158,698	652,741,518

The interim condensed consolidated financial information including notes was authorized for issue by the Board of Directors on 18 May 2022 and was signed on their behalf by:

Abdullatif Abdulhadi
Designated Member

Alaa Al-Shaikh
Chief Executive Officer

Fares Néma Lahoud
Chief Financial Officer



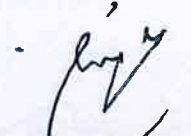
The accompanying notes are an integral part of this interim condensed consolidated financial information.


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

	Note	For the three-month period ended 31 March	
		2022 (Unaudited)	2021 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		27,963,205	16,166,880
<u>Adjustments for:</u>			
Depreciation	6	3,643,925	5,098,753
Write-off of property, plant and equipment		-	1,308,331
Loss on disposal of property and equipment		-	108,925
Finance costs		27,027	25,869
(Gain)/ loss on the fair value measurement of derivative financial instruments		(2,957,254)	1,384,893
Provision for employee benefit obligations		803,372	1,152,410
<u>Changes in operating assets and liabilities:</u>			
(Increase) decrease in inventories		(7,940,830)	2,800,030
Increase in trade and other receivables		(26,078,088)	(11,157,941)
Increase (decrease) in trade and other payables		51,113,520	(1,816,145)
Cash generated from operations		46,574,877	15,072,005
Finance costs paid	9	(2,875,882)	(25,869)
Employee benefit obligations paid		(6,852,418)	(259,065)
Net cash inflow from operating activities		36,846,577	14,787,071
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	6	(41,038,251)	(41,119,740)
Proceeds from disposal of property and equipment		-	20,000
Long-term investments	7	(21,000,000)	-
Net cash outflow from investing activities		(62,038,251)	(41,099,740)
Cash flow from financing activities			
Proceeds from long-term borrowings	9	3,100,000	42,000,000
Proceeds from short-term loan		19,000,000	-
Repayment of lease liabilities		(34,684)	(206,569)
Net cash outflow from financing activities		22,065,316	41,793,431
Net change in cash and cash equivalents		(3,126,358)	15,480,762
Cash and cash equivalents at beginning of the period		71,364,737	84,447,626
Cash and cash equivalents at end of the period		68,238,379	99,928,388
Non-cash transactions:			
Finance costs of lease liabilities capitalized		-	967,412
Finance costs on loans capitalized		2,282,247	-
Depreciation on right-of-use assets capitalized		134,809	134,809

The Interim condensed consolidated financial information including notes was authorized for issue by the Board of Directors on 18 May 2022 and was signed on their behalf by:


Abdullah Abdulhadi
Designated Member


Alaa Al-Shaikh
Chief Executive Officer


Fares Nehme Lahoud
Chief Financial Officer

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



BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 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 to 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 includes the accounts of the Company, its branches and its various Saudi Arabian subsidiaries, operating under individual CRs, as follows:

	Effective ownership percentage at	
	31 March 2022	31 December 2021
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 the year 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 31 March 2022 and 31 December 2021, 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 2021.

2.1 Basis of preparation

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

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

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 consolidated 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 31 March 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 31 March 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 interim condensed consolidated 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 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 interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

Selected financial information as of 31 March 2022 and 31 March 2021 and for the three-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 31 March 2022			
Sales	92,893,980	73,784,954	166,678,934
Cost of sales	(68,614,943)	(54,210,284)	(122,825,227)
Gross profit	24,279,037	19,574,670	43,853,707
Selling and distribution expenses	(6,170,111)	(6,761,866)	(12,931,977)
General and administrative expenses	(5,093,342)	(1,970,071)	(7,063,413)
Other operating income - net	779,955	394,706	1,174,661
Operating profit	13,795,539	11,237,439	25,032,978
Gain on the fair value of the derivative financial instrument	2,957,254	-	2,957,254
Finance costs	(21,673)	(5,354)	(27,027)
Profit before zakat and income tax	16,731,120	11,232,085	27,963,205
Zakat expense	(803,638)	(485,407)	(1,289,045)
Income tax expense	(1,041,320)	(1,286,062)	(2,327,382)
Profit for the period	14,886,162	9,460,616	24,346,778
Depreciation expense	2,661,136	773,384	3,434,520
As at 31 March 2022			
Total assets	981,378,725	185,889,517	1,167,268,242
Total liabilities	462,732,886	51,793,838	514,526,724
Property, plant and equipment	771,504,140	22,833,969	794,338,109
Additions to property, plant and equipment	42,904,560	550,747	43,455,307

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

6 Segment information (continued)

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 31 March 2021, as restated			
Sales	67,466,475	58,630,103	126,096,578
Cost of sales	(48,880,687)	(39,905,668)	(88,786,355)
Gross profit	18,585,788	18,724,435	37,310,223
Selling and distribution expenses	(5,666,931)	(5,153,247)	(10,820,178)
General and administrative expenses	(7,540,903)	(1,285,171)	(8,826,074)
Other operating income (expenses) - net	116,680	(203,009)	(86,329)
Operating profit	5,494,634	12,083,008	17,577,642
Loss on the fair value of the derivative financial instrument	(1,384,893)	-	(1,384,893)
Finance costs	(22,693)	(3,176)	(25,869)
Profit before zakat and income tax	4,087,048	12,079,832	16,166,880
Zakat expense	(1,180,789)	(502,374)	(1,683,163)
Income tax expense	(346,630)	(1,110,848)	(1,457,478)
Profit for the period	2,559,629	10,466,610	13,026,239
Depreciation expense	3,745,763	1,218,180	4,963,943
As at 31 March 2021			
Total assets	756,883,918	165,816,979	922,700,897
Total liabilities	245,857,775	39,133,135	284,990,910
Property, plant and equipment	566,028,387	25,269,591	591,297,978
Additions to property, plant and equipment	31,879,338	92,623	31,971,961

Chemicals: sales of approximately Saudi Riyals 19.7 million are derived from four external customers (31 March 2021: Saudi Riyals 19.5 million from four external customers).

Adhesives and other materials: sales of approximately Saudi Riyals 11.3 million are derived from one external customer (31 March 2021: Saudi Riyals 14.3 million from one external customer).

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

6 Property, plant and equipment

	1 January 2022	Additions	31 March 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	521,697	445,410,158
Furniture, fixtures and office equipment	28,187,258	200,719	28,387,977
Vehicles	33,508,892	-	33,508,892
Capital work-in-progress	669,682,592	42,593,091	712,275,683
	1,280,871,293	43,455,307	1,324,326,600
Accumulated depreciation and impairment			
Buildings and leasehold Improvements	(74,653,164)	(743,342)	(75,396,506)
Plant and machinery	(396,678,026)	(2,268,305)	(398,946,331)
Furniture, fixtures and office equipment	(26,497,682)	(127,610)	(26,625,292)
Vehicles	(28,725,099)	(295,263)	(29,020,362)
	(526,553,971)	(3,434,520)	(529,988,491)
Net book value	754,317,322		794,338,109

During the three-month period ended 31 March 2021, the management considered certain buildings and related improvements with a carrying amount 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 31 March 2022 principally comprises the following:

- Costs incurred amounting to Saudi Riyals 696.8 million (31 December 2021: Saudi Riyals 647.5 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 during 2nd quarter of the year 2022 with a total estimated cost of Saudi Riyals 750 million.
- 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 19.4 million.

7 Long-term investments

These investments represent investments made during three-month period ended 31 March 2022 by certain of the 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 interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

8 Trade and other receivables

	As at 31 March 2022	As at 31 December 2021
Trade receivables - Third parties	142,998,545	121,768,097
- Related parties	3,940,971	3,662,901
	146,939,516	125,430,998
Less: allowance for expected credit losses	(11,914,751)	(12,387,735)
Net trade receivables	135,024,765	113,043,263
Advances to suppliers	14,114,342	8,819,846
Prepaid expenses	3,646,510	2,363,550
Due from employees	2,078,546	4,247,075
Advance income tax	1,754,945	1,755,302
VAT receivable	12,578,617	13,172,927
Other	884,333	602,007
	170,082,058	144,003,970

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

	For the period ended 31 March 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	(472,984)	845,039
	11,914,751	12,387,735

9 Long-term borrowings

	As at 31 March 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

Borrowings are presented as follows:

Non-current portion	196,500,000	207,093,635
Current portion	65,500,000	52,400,000
	262,000,000	259,493,635

The movement in borrowings is as follows:

	For the period ended 31 March 2022	For the year ended 31 December 2021
1 January	259,493,635	85,565,944
Proceeds from borrowings	3,100,000	174,900,000
Finance costs	2,282,247	2,271,813
Repayment of finance costs	(2,875,882)	(3,244,122)
	262,000,000	259,493,635

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
 (All amounts in Saudi Riyals unless otherwise stated)

9 Long-term borrowings (Continued)

During 2018, Basic Chemicals Industries Company entered into an agreement with a commercial bank for credit facilities amounting to Saudi Riyals 262 million 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 three-month period ended 31 March 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 three-month period ended 31 March 2022 amounted to Saudi Riyals 2.3 million. Also see Note 6.

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 GAZT, 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
- For current period	1,289,045	2,327,382	3,616,427
	6,850,862	4,854,798	11,705,660

At 31 March 2022, the portion of advance income tax paid by one of the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 1.8 million (31 December 2021: Saudi Riyals 1.8 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-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

10 Zakat and income tax matters (Continued)

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, issued revised the 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 finalisation of the appeal.

For the years 2016 to 2020, the 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.

b) National Adhesives Company Limited "NAL"

For the years 2015 to 2018, the ZATCA issued assessments 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 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 to 2017, the ZATCA issued assessments with an additional zakat liability of Saudi Riyals 2.1 million. CMDC 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 finalisation of the appeal. For the year 2018, the 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.

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. 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 31 March	
		2022	2021
Sales to related parties	Associated companies	4,083,198	4,816,825
Purchases from related parties	Associated companies	26,230,184	8,791,838
Royalty charged by a related party	Associated companies	2,471,045	1,883,745

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

11 Related party transactions and balances (Continued)

(b) Key management personnel compensation:

	For the three-month period ended 31 March	
	2022	2021
Salaries and other short-term employee benefits	1,653,747	1,163,064
Employee benefit obligations	64,793	59,388
	1,718,540	1,222,452

Board of directors' fee for the three-month periods ended 31 March 2022 and 2021 was Saudi Riyals 0.5 million.

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 is the same as the basic earnings per share.

	For the three-month period ended 31 March	
	2022	2021
Profit attributable to the shareholders of Basic Chemical Industries Company	17,437,671	7,431,197
Number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000
Basic and diluted earnings per share	0.63	0.27

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 three-month period ended 31 March 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 three-month period ended 31 March 2021			
Loss on the fair value of the derivative financial instrument	-	(1,384,893)	(1,384,893)
Profit for the period	14,411,132	(1,384,893)	13,026,239
Total comprehensive income	14,411,132	(1,384,893)	13,026,239

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the interim condensed consolidated financial information (Unaudited)
For the three-month period ended 31 March 2022
(All amounts in Saudi Riyals unless otherwise stated)

13 Restatements (Continued)

	Balance, previously reported	Restatement	Balance, as restated
Profit for the year is attributable to:			
Shareholders of Basic Chemical Industries Company	8,816,090	(1,384,893)	7,431,197
Non-controlling interests	5,595,042	-	5,595,042
Total	14,411,132	(1,384,893)	13,026,239

Earnings per share

Basic and diluted earnings per share	0.32	(0.05)	0.27
--------------------------------------	------	--------	------

The above restatements do not have any impact of the consolidated statement of cash flows for the three-month period ended 31 March 2021.

14 Contingencies and commitments

- (i) The Group is contingently liable at 31 March 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 31 March 2022 is approximately Saudi Riyals 82.2 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 interim condensed consolidated financial information was approved by the Board of Directors on 17 Shawwal 1443H (corresponding to 18 May 2022).