



RSM

شركة آر إس إم المحاسبون المتحدون للإستشارات المهنية
RSM Allied Accountants Professional Services Co.

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

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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 September 2023 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 and other explanatory notes. 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.

RSM Allied Accountants Professional Services


Mohammed Bin Farhan Bin Nader

License No. 435

Al Khobar, Saudi Arabia

22 Rabi' Al-Thani 1445 H (Corresponding 6 November 2023)



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 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales		191,003,909	172,741,751	555,901,255	500,041,409
Cost of sales		(147,467,217)	(121,234,847)	(432,187,290)	(367,655,648)
Gross profit		43,536,692	51,506,904	123,713,965	132,385,761
Selling and marketing expenses		(6,536,677)	(7,204,936)	(21,137,760)	(20,961,479)
Distribution expenses		(12,711,588)	(9,634,888)	(35,072,409)	(25,495,691)
General and administrative expenses		(4,181,351)	(5,828,674)	(17,843,476)	(13,311,355)
Other operating income - net		1,723,350	353,074	3,152,789	2,373,611
Operating profit		21,830,426	29,191,480	52,813,109	74,990,847
Gain on the fair value measurements of the derivative financial instrument		1,120,301	1,464,615	4,335,416	6,629,273
(Loss) gain on disposal of property, plant and equipment		(83,718)	-	(269,022)	74,093
Finance costs		(10,562,463)	(3,754,439)	(28,344,278)	(3,784,886)
Profit before zakat and income tax		12,304,546	26,901,656	28,535,225	77,909,327
Zakat expense	10	(1,537,816)	(830,267)	(2,320,280)	(2,651,917)
Income tax expense	10	(1,682,862)	(491,026)	(4,914,384)	(3,919,767)
Profit for the period		9,083,868	25,580,363	21,300,561	71,337,643
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		9,083,868	25,580,363	21,300,561	71,337,643
Total comprehensive income (loss) for the period is attributable to:					
- Shareholders of Basic Chemical Industries Company		(1,141,202)	17,791,310	(7,995,049)	48,230,711
- Non-controlling interests		10,225,070	7,789,053	29,295,610	23,106,932
		9,083,868	25,580,363	21,300,561	71,337,643
Earnings (loss) per share (Saudi Riyals)					
Basic and diluted earnings (loss) per share	12	(0.04)	0.65	(0.29)	1.75

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 6 November 2023 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 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	830,553,064	852,490,092
Right-of-use assets		14,743,973	15,712,170
Long-term investments	7	21,000,000	21,000,000
Deferred tax assets	10.3	1,078,905	-
Total non-current assets		867,375,942	889,202,262
Current assets			
Inventories		129,580,610	130,048,867
Trade and other receivables	8	190,712,871	174,569,672
Cash and cash equivalents		76,914,431	61,960,384
Total current assets		397,207,912	366,578,923
Total assets		1,264,583,854	1,255,781,185
Equity and liabilities			
Equity			
Share capital		275,000,000	275,000,000
Statutory reserve		73,502,207	73,502,207
Retained earnings		229,465,975	264,961,024
Equity attributable to the shareholders of Basic Chemical Industries Company		577,968,182	613,463,231
Non-controlling interests		80,914,083	77,518,473
Total equity		658,882,265	690,981,704
Liabilities			
Non-current liabilities			
Long-term borrowings	9	339,500,000	321,900,000
Lease liabilities		13,284,030	13,362,487
Employee benefit obligations		21,033,924	24,019,278
Decommissioning liability		6,242,689	6,060,864
Derivative financial instruments		9,809,112	14,144,528
Total non-current liabilities		389,869,755	379,487,157
Current liabilities			
Short term loans	9	6,743,072	-
Lease liabilities - current portion		849,370	1,677,624
Long-term borrowings – current portion	9	54,000,000	39,300,000
Trade and other payables		145,325,729	132,817,923
Zakat and income tax payable	10	8,913,663	11,516,777
Total current liabilities		215,831,834	185,312,324
Total liabilities		605,701,589	564,799,481
Total equity and liabilities		1,264,583,854	1,255,781,185

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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
At 1 January 2022 (Audited)		275,000,000	69,458,983	225,686,166	58,249,591
					Total
					628,394,740
Profit for the period		-	-	48,230,711	23,106,932
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	48,230,711	23,106,932
Dividends		-	-	-	(10,600,000)
At 30 September 2022 (Unaudited)		275,000,000	69,458,983	273,916,877	70,756,523
					Total
					689,132,383
At 1 January 2023 (Audited)		275,000,000	73,502,207	264,961,024	77,518,473
					Total
					690,981,704
(Loss) profit for the period		-	-	(7,995,049)	29,295,610
Other comprehensive income for the period		-	-	-	-
Total comprehensive (loss) income for the period		-	-	(7,995,049)	29,295,610
Dividends		-	-	(27,500,000)	(25,900,000)
At 30 September 2023 (Unaudited)		275,000,000	73,502,207	229,465,975	80,914,083
					Total
					658,882,265

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Chief Executive Officer

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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 nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		28,535,225	77,909,327
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	6	29,172,463	12,492,302
Depreciation of right-of-use assets		968,197	718,088
Loss / (gain) on disposal of property and equipment		269,022	(74,093)
Finance costs		28,344,278	3,784,886
Gain on the fair value measurement of derivative financial instruments		(4,335,416)	(6,629,273)
Provision for employee benefit obligations		2,782,306	4,435,286
<u>Changes in operating assets and liabilities:</u>			
Decrease (increase) in inventories		468,257	(59,911,086)
Increase in trade and other receivables		(16,143,199)	(33,159,097)
Increase in trade and other payables		12,507,806	58,967,924
Cash generated from operations		82,568,939	58,534,264
Finance costs paid		(27,735,032)	(14,659,906)
Zakat and income tax paid		(10,916,683)	(6,740,544)
Employee benefit obligations paid		(5,767,660)	(12,175,431)
Net cash inflow from operating activities		38,149,564	24,958,383
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	6	(7,504,457)	(107,385,896)
Proceeds from disposal of property, plant and equipment		-	74,093
Long-term investments		-	(21,000,000)
Net cash outflow from investing activities		(7,504,457)	(128,311,803)
Cash flow from financing activities			
Proceeds from long-term borrowings		50,800,000	3,100,000
Repayment of from long-term borrowings		(18,500,000)	-
Changes in short-term loans		6,743,072	66,000,000
Repayment of lease liabilities		(1,334,132)	(3,762,918)
Dividends paid	13	(53,400,000)	(10,600,000)
Net cash (outflow) inflow from financing activities		(15,691,060)	54,737,082
Net change in cash and cash equivalents		14,954,047	(48,616,338)
Cash and cash equivalents at beginning of the period		61,960,384	71,364,737
Cash and cash equivalents at end of the period		76,914,431	22,748,399
Non-cash transactions:			
Finance costs of lease liabilities capitalized		-	330,826
Finance costs on loans capitalized		-	11,785,523
Depreciation on right-of-use assets capitalized		-	314,554

The interim condensed consolidated financial information including notes was authorized for issue by the Board of Directors on 6 November 2023 and was signed on their behalf by:

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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 nine-month periods ended 30 September 2023
(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 condensed consolidated interim financial information includes the accounts of the Company, its branches and its various subsidiaries, operating under individual CRs, as follows:

	Country of incorporation	Effective ownership percentage		Principal activities
		30 September 2023	31 December 2022	
Chemical Marketing and Distribution Company Limited ("CMDC")	Saudi Arabia	100%	100%	Manufacture and wholesale and retail of chemicals
Huntsman APC ("HAPC")	Saudi Arabia	49%	49%	Manufacture and sale of chemicals
National Adhesives Company Limited ("NAL")	Saudi Arabia	47%	47%	Manufacture and sale of chemicals
OKAZ Chemical Materials Marketing and Distribution Company	United Arab Emirates	100%	100%	Sale of basic industrial chemicals and solvents

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.

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 September 2023 and 31 December 2022, 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 2022.

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 endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Results for the period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023. 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 2022.

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(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 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 September 2023 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 September 2023 and 31 December 2022, 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 endorsed 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 2022.

5 Segment information

The Group's operations are principally organized into the following 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. Various chemicals products are produced through using the same assets and liabilities. The segment results that are reported to the Group's Chief Executive Officer who is the Chief Operating Decision Maker, includes operational results, only.
- **Polymers:** this part of the business manufactures and sells rigid, and semi-rigid polyurethane systems for the manufacture of different density foams. Being the lightest insulation material with the lowest thermal conductivity and polyurethane foam.
- **Adhesives and other materials:** this part of the business manufactures and sells ferric chloride, hot and colt 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 nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

Selected financial information as of 30 September 2023 and 30 September 2022 and for the three-month and nine-month periods then ended, summarized by the above operating segments, is as follows:

	Chemicals products				
	Basic Chemicals	Industrial Chemicals	Toll Manufacturing	Water Treatment	Total
For the three-month period ended 30 September 2023					
Sales	39,047,164	23,358,726	10,653,667	6,545,811	79,605,368
Cost of sales	(31,752,664)	(20,622,462)	(11,618,702)	(5,437,872)	(69,431,700)
Gross profit (loss)	7,294,500	2,736,264	(965,035)	1,107,939	10,173,668
Selling and marketing expenses	(458,418)	(877,978)	(58,238)	(235,465)	(1,630,099)
Distribution expenses	(4,697,945)	(613,405)	(639,480)	(931,476)	(6,882,306)
General and administrative expenses	(2,284,209)	(451,455)	(467,667)	(352,043)	(3,555,374)
Other operating income - net	526,073	114,341	172,316	94,550	907,280
Operating profit (loss)	380,001	907,767	(1,958,104)	(316,495)	(986,831)
Gain on the fair value of the derivative financial instrument					1,120,301
Loss on disposal of property, plant and equipment					(83,718)
Finance costs					(10,559,660)
(Loss) profit before zakat and income tax					1,120,301
Zakat expense					(83,718)
Income tax expense					(10,559,660)
(Loss) profit for the period					(10,509,908)
					(541,497)
					-
					(11,051,405)
Depreciation expense					9,370,669
					72,494
					383,843
					9,827,006

BASIC CHEMICAL INDUSTRIES COMPANY
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Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Chemicals products					
	Basic Chemicals	Industrial Chemicals	Toll Manufacturing	Water Treatment	Total	Total
For the nine-month period ended 30 September 2023						
Sales	105,043,564	66,431,029	33,238,502	18,935,691	223,648,786	555,901,255
Cost of sales	(83,305,899)	(58,557,265)	(35,240,208)	(19,021,361)	(196,124,733)	(432,187,290)
Gross profit (loss)	21,737,665	7,873,764	(2,001,706)	(85,670)	27,524,053	123,713,965
Selling and marketing expenses	(1,760,824)	(3,133,959)	(132,263)	(1,028,918)	(6,055,964)	(21,137,760)
Distribution expenses	(14,670,990)	(1,286,186)	(2,274,636)	(1,817,310)	(20,049,122)	(35,072,409)
General and administrative expenses	(9,907,140)	(2,339,311)	(2,585,233)	(1,522,139)	(16,353,823)	(17,843,476)
Other operating income - net	1,409,025	192,533	375,965	108,892	2,086,415	3,152,789
Operating (loss) profit	(3,192,264)	1,306,841	(6,617,873)	(4,345,145)	(12,848,441)	52,813,109
Gain on the fair value of the derivative financial instrument					4,335,416	4,335,416
Loss on disposal of property, plant and equipment					(269,022)	(269,022)
Finance costs					(28,344,278)	(28,344,278)
(Loss) profit before zakat and income tax					(37,126,325)	28,535,225
Zakat expense					5,579	(2,320,280)
Income tax expense					-	(4,914,384)
(Loss) profit for the period					(37,120,746)	21,300,561
Depreciation expense					28,727,690	30,140,660
Total assets					1,003,725,920	1,264,583,854
Total liabilities					529,682,472	605,701,589
Property, plant and equipment					821,245,680	830,553,064
Additions to property, plant and equipment					6,442,487	7,504,457

BASIC CHEMICAL INDUSTRIES COMPANY
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Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2023
(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Chemicals products				
	Basic Chemicals	Industrial Chemicals	Toll Manufacturing	Water Treatment	Total
For the three-month period ended 30 September 2022					
Sales	40,121,542	15,986,450	10,809,259	4,181,551	71,098,802
Cost of sales	(17,174,545)	(12,281,166)	(10,997,230)	(4,024,969)	(44,477,910)
Gross profit (loss)	22,946,997	3,705,284	(187,971)	156,582	26,620,892
Selling and marketing expenses	(717,020)	(1,346,018)	(26,228)	(124,984)	(2,214,250)
Distribution expenses	(4,141,525)	(284,532)	(544,917)	(309,664)	(5,280,638)
General and administrative expenses	(3,696,683)	(979,004)	(1,059,666)	(472,586)	(6,207,939)
Other operating income - net	191,993	95,943	87,744	34,564	410,244
Operating profit (loss)	14,583,762	1,191,673	(1,731,038)	(716,088)	13,328,309
Gain on the fair value of the derivative financial instrument					
Finance costs					
Profit before zakat and income tax					
Zakat expense					
Income tax expense					
Profit for the period					
Depreciation expense					

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information (continued)

	Chemicals products					
	Basic Chemicals	Industrial Chemicals	Toll Manufacturing	Water Treatment	Total	Total
For the nine-month period ended 30 September 2022						
Sales	84,827,651	51,358,073	32,651,995	12,190,934	181,028,653	500,041,409
Cost of sales	(41,507,893)	(40,110,805)	(32,032,111)	(12,472,702)	(126,123,511)	(367,655,648)
Gross profit (loss)	43,319,758	11,247,268	619,884	(281,768)	54,905,142	132,385,761
Selling and marketing expenses	(1,868,570)	(3,878,078)	(97,844)	(663,735)	(6,508,227)	(20,961,479)
Distribution expenses	(8,726,073)	(894,125)	(1,840,616)	(850,655)	(12,311,469)	(25,495,691)
General and administrative expenses	(8,805,635)	(2,563,792)	(2,822,321)	(1,395,133)	(15,586,881)	(13,311,355)
Other operating income - net	1,381,539	473,472	503,311	225,889	2,584,211	2,373,611
Operating profit (loss)	25,301,019	4,384,745	(3,637,586)	(2,965,402)	23,082,776	74,990,847
Gain on the fair value of the derivative financial instrument					6,629,273	6,629,273
Gain on disposal of property, plant and equipment					74,093	74,093
Finance costs					(3,784,886)	(3,784,886)
Profit before zakat and income tax					26,001,256	77,909,327
Zakat expense					(906,140)	(2,651,917)
Income tax expense					-	(3,919,767)
Profit for the period					25,095,116	71,337,643
Depreciation expense					11,559,572	13,210,390
Total assets					1,020,116,080	1,247,444,808
Total liabilities					493,222,192	558,312,425
Property, plant and equipment					851,719,666	861,641,818
Additions to property, plant and equipment					118,484,057	119,816,798

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6 Property, plant and equipment

	1 January 2023	Additions	Disposals	Transfers	30 September 2023
30 September 2023					
Cost					
Land	2,824,561	-	-	-	2,824,561
Buildings and leasehold improvements	432,733,627	1,286,159	(3,313,686)	-	430,706,100
Plant and machinery	895,198,658	4,465,381	(33,639,562)	-	866,024,477
Furniture, fixtures and office equipment	23,206,076	383,957	(11,399,691)	-	12,190,342
Vehicles	32,807,312	110,000	(2,634,868)	-	30,282,444
Capital work-in-progress	1,796,849	1,258,960	-	-	3,055,809
	1,388,567,083	7,504,457	(50,987,807)	-	1,345,083,733
Accumulated depreciation and impairment					
Buildings and leasehold improvements	(71,910,212)	(8,859,145)	3,272,569	-	(77,496,788)
Plant and machinery	(415,305,306)	(19,104,574)	33,555,700	-	(400,854,180)
Furniture, fixtures and office equipment	(19,955,072)	(536,811)	11,440,294	-	(9,051,589)
Vehicles	(28,906,401)	(671,933)	2,450,222	-	(27,128,112)
	(536,076,991)	(29,172,463)	50,718,785	-	(514,530,669)
Net book value	852,490,092				830,553,064

Buildings and plant facilities of Yanbu sulphur plant are constructed on plot of land leased under a renewable lease agreement at annual rent from the Royal Commission for Jubail and Yanbu for 25 Hijri years beginning from 17 Shaban 1422 H (corresponding to 3 November 2001).

The manufacturing facility in Jubail is constructed on a land leased under a renewable lease agreement with Royal Commission for Jubail and Yanbu. The lease term is 30 Hijri years beginning from 21 Jumada Al Thani 1441H (corresponding to 16 February 2020) and carries an extension option for additional ten Hijri years. The Company's manufacturing and administrative facility are constructed on owned land in Dammam.

	1 January 2022	Additions	Disposals	Transfers	Adjustments	31 December 2022
31 December 2022						
Cost						
Land	2,824,561	-	-	-	-	2,824,561
Buildings and leasehold improvements	101,779,529	9,829,464	-	321,278,697	(154,063)	432,733,627
Plant and machinery	444,888,461	2,365,795	(497,795)	449,513,665	(1,071,468)	895,198,658
Furniture, fixtures and office equipment	28,187,258	1,394,400	(187,462)	2,277,296	(8,465,416)	23,206,076
Vehicles	33,508,892	340,622	(816,711)	1,633,523	(1,859,014)	32,807,312
Capital work-in-progress	669,682,592	120,467,456	(13,671,295)	(774,703,181)	21,277	1,796,849
	1,280,871,293	134,397,737	(15,173,263)	-	(11,528,684)	1,388,567,083
Accumulated depreciation and impairment						
Buildings and leasehold improvements	(74,653,164)	(5,776,914)	-	-	8,519,866	(71,910,212)
Plant and machinery	(396,678,026)	(14,822,207)	42,749	-	(3,847,822)	(415,305,306)
Furniture, fixtures and office equipment	(26,497,682)	(403,676)	149,460	-	6,796,826	(19,955,072)
Vehicles	(28,725,099)	(1,057,816)	816,700	-	59,814	(28,906,401)
	(526,553,971)	(22,060,613)	1,008,909	-	11,528,684	(536,076,991)
Net book value	754,317,322					852,490,092

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7 Long-term investments

Long-term investments represent investment made during 2022 in various Sukuks issued by a Saudi commercial bank and earns profits at fixed rates. The initial maturity of these Sukuks falls due in 2027. Long-term investments are subsequently measured at amortised cost.

8 Trade and other receivables

	As at 30 September 2023	As at 31 December 2022
Trade receivables - Third parties	172,860,338	148,880,003
- Related parties	4,966,100	6,385,188
	177,826,438	155,265,191
Less: allowance for expected credit losses	(11,495,218)	(11,574,723)
Net trade receivables	166,331,220	143,690,468
Advances to suppliers	12,862,669	14,718,515
Prepaid expenses	6,323,519	5,586,548
Due from employees	1,491,751	1,816,654
Advance income tax	-	3,106,508
Value added tax receivable	-	3,576,256
Other	3,703,712	2,074,723
	190,712,871	174,569,672

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

	For the period ended 30 September 2023	For the year ended 31 December 2022
As at 1 January	11,574,723	12,387,735
Net impact of ECL allowance recognised in profit or loss during the period / year	(79,505)	(813,012)
	11,495,218	11,574,723

9 Borrowings

9.1 Long-term borrowing

	As at 30 September 2023	As at 31 December 2022
Principal outstanding	393,500,000	361,200,000
	393,500,000	361,200,000
Borrowings are presented as follows:		
Non-current portion	339,500,000	321,900,000
Current portion	54,000,000	39,300,000
	393,500,000	361,200,000

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9 Borrowings (Continued)

9.1 Long-term borrowing (Continued)

The movement in borrowings is as follows:

	For the period ended 30 September 2023	For the year ended 31 December 2022
1 January	361,200,000	259,493,635
Proceeds from borrowings	50,800,000	102,300,000
Repayment of principal	(18,500,000)	-
Capitalized finance costs	-	6,531,453
Finance costs charge to statement of profit and loss	22,375,271	6,141,611
Repayment of finance costs	(22,375,271)	(13,266,699)
Loan balance	393,500,000	361,200,000

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 to partially finance its project as explained in Note 6. During 2022, the Group renegotiated the terms of the agreement and increases the credit limit to Saudi Riyals 412 million and rescheduled the repayment period. During nine-month period ended 30 September 2023, the Company has drawn Saudi Riyals 50.8 million from the existing facility. In accordance with the terms of the amendment loan agreement, such borrowings will be repayable in twenty-eight non equal quarterly installments commencing March 2023. Borrowings as at 30 September 2023 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 which is generally based on Saudi InterBank Offer Rate plus agreed profit margin rate. There are no financial covenants applicable to the Company under such agreement with the bank.

Borrowing costs capitalized of the long-term loan during the nine-month period ended 30 September 2022 is Saudi Riyals 5.9 million (30 September 2023: Nil).

9.2 Short-term loans

During the nine-month period ended 30 September 2023, the Company has utilized the credit facility of Saudi Riyals 6.7 million against the available facility limit of Saudi Riyals 127 million secured against the promissory note to fulfill the working capital requirements. The loan carry financial charges at the prevailing market rates.

10 Zakat and income tax matters

10.1 Components of zakat base

The Group is subject to zakat and income tax in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat is calculated based on combined zakat declaration for the Company and its wholly owned subsidiaries of 100% and separate zakat and tax declarations for partially owned subsidiaries. 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 2023	4,595,139	6,921,638	11,516,777
Provisions			
- For current period	2,320,280	5,993,289	8,313,569
- Adjustments related to prior years	-	-	-
	2,320,280	5,993,289	8,313,569
Payment during the period	(3,702,857)	(6,928,736)	(10,631,593)
Adjustments	(234,532)	(50,558)	(285,090)
30 September 2023	2,978,030	5,935,633	8,913,663

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10 Zakat and income tax matters (Continued)

10.3 Deferred tax assets

Deferred income tax assets is recognized, arising out of temporary differences such as allowance for expected credit losses, slow-moving inventories, employee termination benefits and depreciation amounted to Saudi Riyals 1.1 million.

10.4 Reconciliation of income tax expense

Tax charge for the year period, comprises of the following:

	For the nine-month period ended 30 September	
	2023	2022
Income tax		
Income tax for the period	5,993,289	3,919,767
Deferred tax assets		
Deferred tax (Note 10.3)	(1,078,905)	-
Total income tax for the period	<u>4,914,384</u>	<u>3,919,767</u>

10.5 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 a 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 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 and accepted and settled by the Company. For the years 2019 to 2020, no assessments have been received.

d) Huntsman APC ("HAPC")

For the years 2015 to 2020, the ZATCA issued assessments with an additional zakat and tax liabilities which was accepted and settled. For the year 2021, no zakat and tax 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 2022.

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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").

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 September		For the nine-month period ended 30 September	
		2023	2022	2023	2022
Sales to related parties	Associated companies	7,173,644	6,826,436	16,886,053	17,591,978
Purchases from related parties	Associated companies	17,071,795	17,050,690	27,550,426	66,509,571
Royalty charged by a related party	Associated companies	2,510,542	2,512,513	5,110,806	7,414,677

Key management personnel compensation:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
Salaries and other short-term employee benefits	1,289,130	1,242,872	4,390,595	5,253,031
Employee benefit obligations	13,952	633,070	122,659	845,596
	1,303,082	1,875,942	4,513,254	6,098,627

Board of directors' fee for the nine-month periods ended 30 September 2023 and 2022 was Saudi Riyals 1.58 and Saudi Riyals 1.58 million, respectively.

12 Basic and diluted earnings (loss) per share

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023	2022	2023	2022
(Loss) profit attributable to the shareholders of Basic Chemical Industries Company	(1,141,202)	17,791,310	(7,995,049)	48,230,711
Number of ordinary shares	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share	(0.04)	0.65	(0.29)	1.75

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13 Dividends

During the period ended 30 September 2023, the shareholders of the Company in their general assembly meeting held on 14 June 2023 approved dividends of Saudi Riyal 1.0 per share, amounting to Saudi Riyals 27.5 million, for the year ended 31 December 2022, which were fully paid during the nine-month period ended 30 September 2023.

14 Contingencies

The Group is contingently liable at 30 September 2023 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 11.5 million (31 December 2022: Saudi Riyals 10.6 million).

15 Reclassification

Certain amounts in comparative 2022 condensed consolidated interim financial information primarily related to presentation of distribution expenses separately has been reclassified to conform with current period presentation.

16 Approval of the condensed consolidated interim financial information

This condensed consolidated interim financial information was approved by the Board of Directors on 22 Rabi' Al-Thani 1445 H (Corresponding 6 November 2023).