



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

INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

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AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023



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

Introduction:

We have reviewed the accompanying interim condensed statement of financial position of Methanol Chemicals Company (the "Company"), a Saudi Joint Stock Company as at 30 September 2023, and the related interim condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023 and related interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review:

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services



Marwan S. AlAfaliq
Certified Public Accountant
License No. 422



Al Khobar: 25 Rabi Al-Thani 1445H
9 November 2023

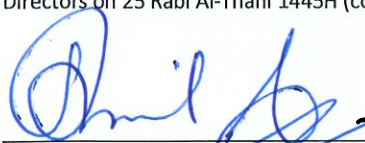
METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)

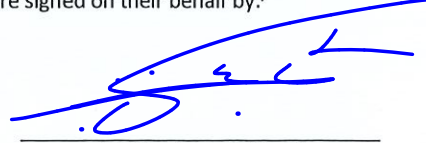


	Note	For the three-month period ended 30 September 2023 (Unaudited)	For the three-month period ended 30 September 2022 (Unaudited)	For the nine-month period ended 30 September 2023 (Unaudited)	For the nine-month period ended 30 September 2022 (Unaudited)
Revenue		180,772,139	239,809,406	555,847,335	871,262,959
Cost of sales		(154,312,715)	(153,589,633)	(496,777,223)	(487,842,892)
Impairment loss	11	(3,000,000)	-	(3,000,000)	-
GROSS PROFIT		23,459,424	86,219,773	56,070,112	383,420,067
Selling and distribution expenses		(20,154,739)	(29,854,004)	(60,663,339)	(84,619,885)
General and administration expenses		(19,343,014)	(14,892,472)	(55,559,196)	(39,069,727)
Other operating expenses, net		(1,922,425)	(1,786,240)	(2,118,234)	(4,776,539)
OPERATING (LOSS) PROFIT		(17,960,754)	39,687,057	(62,270,657)	254,953,916
Finance costs		(7,047,095)	(10,734,287)	(20,475,000)	(27,155,910)
Finance income		2,738,218	674,272	6,099,267	2,468,776
Finance costs, net		(4,308,877)	(10,060,015)	(14,375,733)	(24,687,134)
(LOSS) PROFIT BEFORE ZAKAT		(22,269,631)	29,627,042	(76,646,390)	230,266,782
Zakat expense		(2,325,000)	(2,075,000)	(6,975,000)	(7,883,415)
NET (LOSS) PROFIT FOR THE PERIOD		(24,594,631)	27,552,042	(83,621,390)	222,383,367
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(24,594,631)	27,552,042	(83,621,390)	222,383,367
Earnings per share					
- Basic and diluted (loss)/earnings per share	9	(0.36)	0.41	(1.24)	3.30

The interim condensed financial statements including other explanatory notes were authorised for issue by the Board of Directors on 25 Rabi Al-Thani 1445H (corresponding to 09 November 2023) and were signed on their behalf by:


Syed Sohaib Ahsan
Chief Financial Officer


Sabri Abdullah Al-Ghamdi
Managing Director


Ali Abdul Aziz Al-Turki
Chairman

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

(All amounts in Saudi Riyals unless otherwise stated)



	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,119,854,814	1,149,218,441
Right-of-use assets		16,394,709	17,405,174
Intangible assets		7,580,379	8,921,313
TOTAL NON-CURRENT ASSETS		1,143,829,902	1,175,544,928
CURRENT ASSETS			
Inventories		105,760,473	150,707,641
Trade receivables		165,606,316	220,526,585
Prepayments and other current assets		44,703,265	99,063,031
Advances against investments	5	6,310,000	-
Short-term deposits		8,480,000	-
Cash and cash equivalents		243,936,063	150,233,163
TOTAL CURRENT ASSETS		574,796,117	620,530,420
TOTAL ASSETS		1,718,626,019	1,796,075,348
EQUITY AND LIABILITIES			
EQUITY			
Share capital		674,508,630	674,508,630
Share premium		72,850,071	72,850,071
Statutory reserve	7	89,161,988	89,161,988
Retained earnings		301,473,865	385,095,255
TOTAL EQUITY		1,137,994,554	1,221,615,944
NON-CURRENT LIABILITIES			
Long-term borrowings	6	338,605,343	351,332,648
Lease liabilities		21,102,309	21,075,385
Employee benefit obligations		67,277,168	59,366,680
TOTAL NON-CURRENT LIABILITIES		426,984,820	431,774,713
CURRENT LIABILITIES			
Current portion of long-term borrowings	6	12,996,150	387,845
Trade payables		21,285,175	30,823,717
Accruals and other current liabilities		101,111,341	94,534,666
Current portion of lease liabilities		1,254,993	1,204,278
Zakat payable		16,998,986	15,734,185
TOTAL CURRENT LIABILITIES		153,646,645	142,684,691
TOTAL LIABILITIES		580,631,465	574,459,404
TOTAL EQUITY AND LIABILITIES		1,718,626,019	1,796,075,348

Syed Sohaib Ahsan
Chief Financial Officer

Sabri Abdullah Al-Ghamdi
Managing Director

Ali Abdul Aziz Al-Turki
Chairman

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METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)



	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January 2022 (Audited)	674,508,630	72,850,071	68,519,138	202,663,626	1,018,541,465
Net profit for the period	-	-	-	222,383,367	222,383,367
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	222,383,367	222,383,367
At 30 September 2022 (Unaudited)	674,508,630	72,850,071	68,519,138	425,046,993	1,240,924,832
At 1 January 2023 (Audited)	674,508,630	72,850,071	89,161,988	385,095,255	1,221,615,944
Net loss for the period	-	-	-	(83,621,390)	(83,621,390)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(83,621,390)	(83,621,390)
At 30 September 2023 (Unaudited)	674,508,630	72,850,071	89,161,988	301,473,865	1,137,994,554

Syed Sohaib Ahsan
Chief Financial Officer

Sabri Abdullah Al-Ghamdi
Managing Director

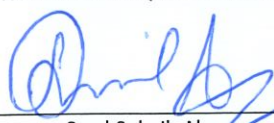
Ali Abdul Aziz Al-Turki
Chairman


The attached notes 1 to 12 form an integral part of these interim condensed financial statements.


METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts in Saudi Riyals unless otherwise stated)



	Note	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
OPERATING ACTIVITIES			
(Loss)/profit before zakat		(76,646,390)	230,266,782
Adjustment to reconcile (loss)/profit before zakat to net cash flows:			
Depreciation and amortisation		82,578,383	82,507,596
Impairment loss	11	3,000,000	-
Loss on sale of property, plant and equipment		1,082,770	2,559
Provision for inventories		-	1,800,000
Provision/(reversal of provision) for expected credit loss		1,800,000	(85,798)
Finance costs		20,475,000	27,155,910
Finance income		(6,099,267)	(2,468,776)
Provision for employee benefit obligations		9,489,698	11,367,220
		<u>35,680,194</u>	<u>350,545,493</u>
Changes in operating assets and liabilities:			
Decrease /(increase) in inventories		44,947,168	(46,323,259)
Decrease in trade receivables		53,120,269	76,976,355
Decrease /(increase) in prepayments and other current assets		54,707,707	(30,355,722)
Decrease in trade payables		(9,538,542)	(1,421,476)
Increase in accruals and other current liabilities		6,576,675	3,026,078
Cash generated from operations		<u>185,493,471</u>	<u>352,447,469</u>
Finance costs paid on long-term borrowings		(19,710,561)	(21,673,328)
Zakat paid during the period		(5,710,199)	(12,500,082)
Employee benefit obligations paid		(1,579,210)	(3,351,640)
Net cash flows from operating activities		<u>158,493,501</u>	<u>314,922,419</u>
INVESTING ACTIVITIES			
Movement in short-term deposits		(8,480,000)	109,000,000
Advances against investments		(6,310,000)	-
Additions to property, plant and equipment		(54,829,877)	(22,462,898)
Finance income received on short-term deposits		5,751,326	2,618,979
Additions to intangible assets		(116,250)	(529,156)
Net cash flows (used in)/from investing activities		<u>(63,984,801)</u>	<u>88,626,925</u>
FINANCING ACTIVITIES			
Repayments of long-term borrowings		-	(672,720,080)
Refinancing facility, new long-term borrowings		-	455,000,000
Repayments of lease liabilities		(805,800)	(1,983,396)
Net cash flows used in financing activities		<u>(805,800)</u>	<u>(219,703,476)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>93,702,900</u>	<u>183,845,868</u>
Cash and cash equivalents at the beginning of the period		<u>150,233,163</u>	<u>80,239,057</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>243,936,063</u>	<u>264,084,925</u>


Syed Sohaib Ahsan
Chief Financial Officer


Sabri Abdullah Al-Ghamdi
Managing Director


Ali Abdul Aziz Al-Turki
Chairman

The attached notes 1 to 12 form an integral part of these interim condensed financial statements.

1. CORPORATE INFORMATION

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2022, except for the adoption of new amendments effective as of 1 January 2023, as disclose in note 2.2 below.

2.1 BASIS OF PREPARATION

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

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, these interim condensed financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2022. An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.2.1 New standards, interpretations and amendments

Following standard, interpretation or amendment are effective as of 1 January 2023 and are adopted by the Company whenever applicable, however, these does not have any impact on the interim condensed financial statements for the period. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

- i. IFRS 17 Insurance Contracts
- ii. Definition of Accounting Estimates - Amendments to IAS 8
- iii. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- v. International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

2.2.2 Accounting standards issued but not yet effective

- i. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- ii. Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1
- iii. Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

3. FAIR VALUE OF ASSETS AND LIABILITIES

As at 30 September 2023 and 31 December 2022, the fair values of the Company’s financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realised at their current carrying values within twelve months from the date of statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
 (All amounts in Saudi Riyals unless otherwise stated)



4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant accounting estimates and judgements applied in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

5. ADVANCES AGAINST INVESTMENTS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Global Company for Chemical Industries Ltd. (GCI)	4,000,000	-
ADDAR Chemicals Company (ACC)	2,310,000	-
	6,310,000	-

In June 2023, the Company signed binding agreements with the partners of GCI and ACC with the intention of acquiring 80% and 84% of the shareholding of these companies respectively. During the period, the Company received the clearance from regulatory authorities to go ahead with the acquisition. Accordingly, the Company settled signing advance to the shareholders of GCI and ACC during the period and expecting to complete the transaction in fourth quarter of 2023 upon completion of the financial and legal due diligence relate to the acquisition.

6. LONG-TERM BORROWINGS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Murabaha refinancing facilities	356,334,436	356,334,436
Add: accrued finance costs	268,845	387,845
Less: unamortised transaction costs	(5,001,788)	(5,001,788)
	351,601,493	351,720,493

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Long-term borrowings	338,605,343	351,332,648
Current maturity shown under current liabilities	12,996,150	387,845
	351,601,493	351,720,493

Movement in long-term borrowings is as follows:

	2023 (Unaudited)	2022 (Audited)
At beginning of period / year	351,720,493	665,206,173
Add: Finance costs for the period / year	19,591,561	22,430,051
Add: Amortisation of transaction costs	-	10,832,712
Less: transaction costs incurred during the period / year	-	(7,145,000)
Less: repayment of principal during the period / year	-	(771,385,647)
Less: repayment of finance costs	(19,710,561)	(23,217,796)
Add: drawdown of Murabaha refinancing facility	-	455,000,000
At end of period / year	351,601,493	351,720,493

METHANOL CHEMICALS COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
 (All amounts in Saudi Riyals unless otherwise stated)



6. LONG-TERM BORROWINGS (continued)

6.1 MURABAHA RE-FINANCING FACILITY

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

The carrying values of such long-term borrowings are denominated in Saudi Riyals. The instalments due in 2023 were settled early by the Company in December 2022 taking advantage of the favorable cash position of the Company.

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

6.2 MATURITY PROFILE OF LONG-TERM BORROWINGS

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

Years ending 30 September:

2023	-
2024	32,104,573
2025	30,896,184
2026	24,472,949
2027	45,533,716
2028	46,545,226
Thereafter	176,781,788
	356,334,436

7. STATUTORY RESERVE

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

8. RELATED PARTY TRANSACTIONS

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

- Significant transactions entered by the Company with its related parties comprise of costs and expenses charged by other related parties. During the three-month and nine-month periods ended 30 September 2023, there were no significant transactions entered by the Company with related parties (three-month and nine-month periods ended 30 September 2022: same).
- Key management personnel compensation:

	For the three-month period ended 30 September 2023	For the three-month period ended 30 September 2022	For the nine-month period ended 30 September 2023	For the nine-month period ended 30 September 2022
Salaries and other short-term employee benefits	1,333,050	4,375,199	4,589,746	7,863,659
Employee benefit obligations	18,060	48,952	56,972	156,419

- The Board of Directors' and related committee members' compensation and bonus for the three-month and nine-month periods ended 30 September 2023 amounted to Saudi Riyals 1.9 million and 8.9 million respectively (for the three-month and nine-month periods ended 30 September 2022: Saudi Riyals 0.8 million and 1.9 million respectively).

METHANOL CHEMICALS COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
 FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
 (All amounts in Saudi Riyals unless otherwise stated)



9. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three-month period ended 30 September 2023	For the three-month period ended 30 September 2022	For the nine-month period ended 30 September 2023	For the nine-month period ended 30 September 2022
(Loss)/profit for the period	(24,594,631)	27,552,042	(83,621,390)	222,383,367
Number of ordinary shares for basic and diluted earnings per share	67,450,863	67,450,863	67,450,863	67,450,863
(Loss)/earnings per share	(0.36)	0.41	(1.24)	3.30

10. CONTINGENCIES AND COMMITMENTS

- At 30 September 2023, the Company was contingently liable for bank guarantees and letters of credit issued in the normal course of business amounting to Saudi Riyals 51.4 million and Saudi Riyals 7.6 million respectively (31 December 2022: Saudi Riyals 49.6 million and Saudi Riyals 10.2 million respectively).
- The capital expenditure contracted by the Company but not incurred till 30 September 2023 was approximately Saudi Riyals 14.82 million (31 December 2022: Saudi Riyals 34.4 million).
- Zakat assessment of the Company have been agreed with the Zakat, Tax and Customs Authority (the "ZATCA") up to 2013 and for the years 2017 and 2018.

During 2020, ZATCA issued additional zakat assessments for the years 2014 through 2018 amounting to Saudi Riyals 8.8 million, out of which the Company paid Saudi Riyals 0.2 million in 2020 relating to the years 2014 through 2017 and paid another Saudi Riyals 0.2 million in 2021 relating to 2016. The Company filed an appeal against ZATCA's assessments.

During 2021, ZATCA issued a revised assessment with an additional zakat liability of approximately Saudi Riyals 21.3 million for the years 2014 through 2016. The Company filed an appeal against ZATCA's revised assessment with the General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") for the years 2014 through 2016. In December 2022, the CRTVD has issued its decision for the said years, where it nullified ZATCA's assessment for 2016, and partially accepted the Company appeal for 2015 and rejected the Company appeal for 2014. The Company has filed an appeal against the CRTVD decisions for 2014 and 2015 where the remaining zakat liability that is currently appealed based on such is Saudi Riyals 5.8 million. The case is still under study with the higher appeal committee. The management of the Company believes that the maximum liability that may arise upon the ultimate resolution of the appeal for the remaining items in the assessment for 2014 to 2016 is Saudi Riyals 2 million which is included in zakat payable as of 30 September 2023.

Further, during 2021, ZATCA issued zakat assessments for the years 2019 and 2020 with an additional liability amounting to Saudi Riyals 12.5 million. The Company filed an objection against ZATCA's assessments for these years and paid an amount of Saudi Riyals 0.4 million during the 2021. ZATCA subsequently issued a revised assessment amounting to Saudi Riyals 1.5 million. The Company filed an appeal against ZATCA's revised assessment with the GSZTCC for the years 2019 and 2020. In January 2023, the CRTVD has issued its decision for the said years, where it nullified ZATCA's assessments for both the years. The ZATCA has filed an appeal against the decision of CRTVD. The case is still under study with Appeal Committee for 2nd review.

For the years 2021 and 2022, ZATCA has requested certain additional information and the management is in the process of providing such information.

Based on management's best estimate, the management believes that the provision recognised as of 30 September 2023 with respect to the assessments raised is appropriate and no additional provision is required.

11. IMPAIRMENT LOSS

During the period, considering the volatility in the petrochemical sector and recent increased uncertainty around the short and medium-term demand of the Company's products and forecasted prices of such products, the management has revisited its business plan, taken into most recent available information. Accordingly, the Company has updated the value-in-use working of the non-current assets of certain Cash Generating Units (CGUs) and determined that the recoverable amount of the non-current assets of a CGU is lower than the carrying value. Accordingly, the Company has recorded an impairment loss of SR 3 million during the period.

The estimates and assumptions used by the Company's management for the value-in-use calculations were as follows:

- Projected cash flows using approved business plans;
- The discount rate used was approximately 13.5% based on post-tax weighted average cost of capital;
- A growth rate of 2% considered to project certain cash flows beyond the period covered by the five-year business plans;
- Expected product prices over the period considered for management's assessment.

Management has performed sensitivity analyses around the key estimates and assumptions and believes that:

- A 1% change in the discount rate will result in change in impairment loss by approximately SR 4.5 million;

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The management continuously evaluates the present market condition and regularly updates the business forecast, with plans to review and reassess the assessment on 31 December 2023.

12. SUBSEQUENT EVENTS

In the opinion of the management there have been no significant subsequent events since the period ended 30 September 2023 that would have a material impact on the financial position of the Company as reflected in these interim condensed financial statements.