

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 2020
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 2020**

	Page
Report on review of interim financial information	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial information	7 - 15



Report on review of 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 and its subsidiaries (the “Group”) as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2020 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and 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.

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379



5 November 2020

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)

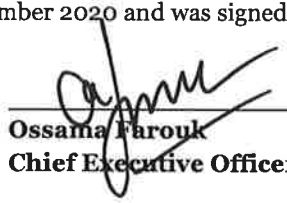
	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Revenue		115,157,495	141,387,289	387,255,180	402,487,324
Cost of sales		(82,965,621)	(102,523,367)	(284,307,208)	(300,140,479)
Gross profit		32,191,874	38,863,922	102,947,972	102,346,845
Selling and distribution expenses		(9,896,693)	(11,489,177)	(34,360,694)	(35,302,614)
General and administrative expenses		(5,933,928)	(6,512,707)	(17,826,541)	(18,566,502)
Other operating income - net		611,061	1,454,794	1,457,487	3,368,924
Operating profit		16,972,314	22,316,832	52,218,224	51,846,653
Finance costs	6,7	(30,103)	(63,895)	(96,263)	(165,217)
Profit before zakat and income tax		16,942,211	22,252,937	52,121,961	51,681,436
Zakat expense	8	(860,870)	(1,017,186)	(3,226,125)	(3,873,461)
Income tax expense	8	(1,320,665)	(1,160,879)	(3,751,554)	(3,309,291)
Profit for the period		14,760,676	20,074,872	45,144,282	44,498,684
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		14,760,676	20,074,872	45,144,282	44,498,684
Total comprehensive income for the period is attributable to:					
Shareholders of Basic Chemical Industries Company		9,355,354	15,291,823	30,440,193	31,093,569
Non-controlling interests		5,405,322	4,783,049	14,704,089	13,405,115
		14,760,676	20,074,872	45,144,282	44,498,684

**Earnings per share
(Saudi Riyals)**

	Note	2020	2019	2020	2019
Basic and diluted	10	0.34	0.56	1.11	1.13

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 5 November 2020 and was signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Bahnacy
Finance Manager

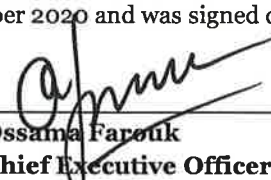
The accompanying notes are an integral part of this condensed consolidated interim financial information

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

		As at 30 September 2020	As at 31 December 2019
	Note	(Unaudited)	(Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	521,730,664	422,194,976
Right-of-use assets		2,866,431	3,516,320
Total non-current assets		524,597,095	425,711,296
Current assets			
Inventories		85,673,160	85,950,400
Trade and other receivables		126,285,450	164,940,297
Cash and cash equivalents		72,190,421	79,749,958
Total current assets		284,149,031	330,640,655
Total assets		808,746,126	756,351,951
Equity and liabilities			
Equity			
Share capital		275,000,000	275,000,000
Statutory reserve		62,159,669	62,159,669
Retained earnings		215,972,805	213,032,612
Equity attributable to shareholders of Basic Chemical Industries Company		553,132,474	550,192,281
Non-controlling interests		58,822,633	70,618,544
Total equity		611,955,107	620,810,825
Liabilities			
Non-current liabilities			
Borrowings	7	42,250,000	15,000,000
Lease liabilities		1,871,185	2,294,022
Employee benefit obligations		29,036,702	28,724,961
Total non-current liabilities		73,157,887	46,018,983
Current liabilities			
Trade and other payables		82,989,682	82,198,212
Current portion of lease liabilities		698,573	859,710
Borrowings - current portion	7	33,664,139	-
Zakat and income tax payable	8	6,280,738	6,464,221
Total current liabilities		123,633,132	89,522,143
Total liabilities		196,791,019	135,541,126
Total equity and liabilities		808,746,126	756,351,951

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 5 November 2020 and was signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Bahnacy
Finance Manager

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

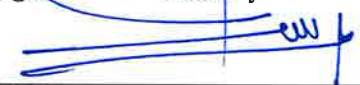
BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

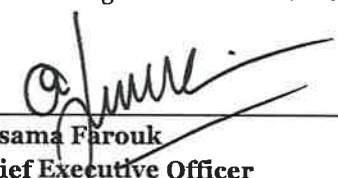
Condensed consolidated interim statement of changes in equity for the nine-month periods ended 30 September 2020 and 2019

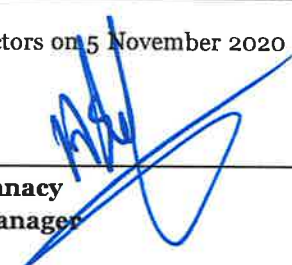
(All amounts in Saudi Riyals unless otherwise stated)

Note	Attributable to the shareholders of Basic Chemical Industries Company			Total	Non-	Total
	Share capital	Statutory reserve	Retained earnings		controlling interests	
At 1 January 2019 (Audited)	275,000,000	58,037,541	174,201,246	507,238,787	78,500,550	585,739,337
Profit for the period	-	-	31,093,569	31,093,569	13,405,115	44,498,684
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	31,093,569	31,093,569	13,405,115	44,498,684
Dividends	-	-	-	-	(25,900,000)	(25,900,000)
At 30 September 2019 (Unaudited)	275,000,000	58,037,541	205,294,815	538,332,356	66,005,665	604,338,021
At 1 January 2020 (Audited)	275,000,000	62,159,669	213,032,612	550,192,281	70,618,544	620,810,825
Profit for the period	-	-	30,440,193	30,440,193	14,704,089	45,144,282
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	30,440,193	30,440,193	14,704,089	45,144,282
Dividends	-	-	(27,500,000)	(27,500,000)	(26,500,000)	(54,000,000)
At 30 September 2020 (Unaudited)	275,000,000	62,159,669	215,972,805	553,132,474	58,822,633	611,955,107

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 5 November 2020 and was signed on their behalf by:


Abdullatif Abdulhadi
 Designated Member


Ossama Farouk
 Chief Executive Officer



Ashraf Bahnacy
 Finance Manager

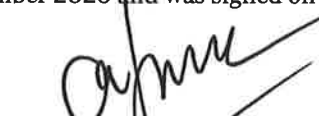
The accompanying notes are an integral part of this condensed consolidated interim financial information.

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	
		2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		52,121,961	51,681,436
<u>Adjustments for:</u>			
Depreciation		22,062,222	21,426,252
Gain on disposal of property and equipment		(81,096)	(192,133)
Finance costs		96,263	165,217
Employee benefit obligations		1,976,677	2,222,356
<u>Changes in operating assets and liabilities:</u>			
Decrease in inventories		277,240	5,495,175
Decrease (increase) in trade and other receivables		38,315,929	(4,081,240)
Increase in trade and other payables		791,470	7,469,756
Cash generated from operations		115,560,666	84,186,819
Finance costs paid	7	(717,544)	(165,217)
Zakat and income tax paid	8	(6,822,244)	(9,642,581)
Employee benefit obligations paid		(1,664,936)	(3,342,015)
Net cash inflow from operating activities		106,355,942	71,037,006
Cash flows from investing activities			
Payments for property, plant and equipment	6	(119,481,329)	(87,884,026)
Proceeds from disposal of property and equipment		149,824	283,392
Net cash outflow from investing activities		(119,331,505)	(87,600,634)
Cash flows from financing activities			
Proceeds from borrowings	7	60,000,000	-
Principal elements of lease payments		(583,974)	(495,193)
Dividends paid to the Company's shareholders	11	(27,500,000)	-
Dividends paid to the non-controlling interests in subsidiaries		(26,500,000)	(25,900,000)
Net cash inflow (outflow) from financing activities		5,416,026	(26,395,193)
Net decrease in cash and cash equivalents		(7,559,537)	(42,958,821)
Cash and cash equivalents at beginning of period		79,749,958	106,895,306
Cash and cash equivalents at end of period		72,190,421	63,936,485
Non-cash operating, investing and financing activities:			
Right-of-use assets recorded against lease liabilities		-	5,647,367
Prepaid lease rentals adjusted against lease liabilities		-	634,124

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 5 November 2020 and was signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Bahnacy
Finance Manager

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

1. General information

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

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

In response to the spread of the novel coronavirus (COVID-19) pandemic in the GCC and other territories where the Group operates and its consequential disruption to the social and economic activities in those markets, BCI’s management has assessed its impact on its operations and has taken a series of proactive and preventative measures to:

- ensure the health and safety of its employees and contractors as well as the wider community where it is operating; and
- minimizing the impact of the pandemic on its operations and product supply to the customers.

Notwithstanding these challenges, the Group has been successful in maintaining stable operations by assessing any potential negative impact on the financial performance as a result of possible disruption to Group’s supply chain, production capabilities, demand for its products, as well as the sales distribution network. Management believes that the COVID-19 pandemic, by itself, has had limited direct material effects on the Group’s reported results for the three-month and nine-month periods ended 30 September 2020. However, management continues to monitor the situation closely and at this stage, does not expect any significant impact on the Group’s financial performance for the year ending 31 December 2020 as of the date of approval of this condensed consolidated interim financial information.

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

	Effective ownership percentage at	
	30 September 2020	31 December 2019
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 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.

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

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 2020 and 31 December 2019, 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 2019, except for the adoption of certain amendments to the standards and interpretations as set out in Note 2.2.

2.1 Basis of preparation

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual financial statements for the year ended 31 December 2019. The interim results may not represent a proper indication of the annual results of operations.

2.2 Standards adopted and issued but not yet effective

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 which do not have a material effect on the Group’s condensed consolidated interim financial information.

Standards issued but not yet effective:

Certain new accounting standards and interpretations have been published that are mandatory from 1 January 2021 or later reporting periods and have not been early adopted by the Group. Such standards are not expected to have a material impact in the future reporting periods and on foreseeable future transactions.

3. Fair value of assets and liabilities

As at 30 September 2020 and 31 December 2019, the fair values of the Group’s financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

4. Critical accounting estimates and judgements

The preparation of condensed interim financial information in conformity with International Financial Reporting Standards (“IFRS”), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of 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 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 2019.

However, as explained in Note 1, the Group’s management has proactively assessed the potential impact of the COVID-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates together with other factors that could adversely affect the operations. Management has concluded that critical accounting estimates and judgements remain appropriate under the current circumstances for the purpose of preparation of this condensed consolidated interim financial information. However, as the situation is rapidly evolving with future uncertainties, management plans to continue to assess the impact based on prospective developments as they arise.

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

5. Segment information

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

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

Selected financial information as of 30 September 2020 and 31 December 2019 and for the three-month and nine-month periods ended 30 September 2020 and 2019, summarized by the above operating segments, are as follows:

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 September 2020			
Revenue	57,141,275	58,016,220	115,157,495
Cost of sales	(43,024,408)	(39,941,213)	(82,965,621)
Gross profit	14,116,867	18,075,007	32,191,874
Selling and distribution expenses	(4,999,483)	(4,897,210)	(9,896,693)
General and administrative expenses	(5,206,902)	(727,026)	(5,933,928)
Other operating income - net	599,776	11,285	611,061
Operating profit	4,510,258	12,462,056	16,972,314
Finance costs	(28,425)	(1,678)	(30,103)
Segment results	4,481,833	12,460,378	16,942,211
Depreciation	6,186,034	1,322,558	7,508,592
For the nine-month period ended 30 September 2020			
Revenue	211,298,025	175,957,155	387,255,180
Cost of sales	(164,450,288)	(119,856,920)	(284,307,208)
Gross profit	46,847,737	56,100,235	102,947,972
Selling and distribution expenses	(18,692,986)	(15,667,708)	(34,360,694)
General and administrative expenses	(16,011,214)	(1,815,327)	(17,826,541)
Other operating income (expenses) - net	1,596,570	(139,083)	1,457,487
Operating profit	13,740,107	38,478,117	52,218,224
Finance costs	(90,505)	(5,758)	(96,263)
Segment results	13,649,602	38,472,359	52,121,961
Depreciation	18,093,146	3,969,076	22,062,222

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

As at 30 September 2020

Total assets	655,193,278	153,552,848	808,746,126
Total liabilities	157,477,520	39,313,499	196,791,019
Property, plant and equipment	490,869,114	30,861,550	521,730,664
Additions to property, plant and equipment	119,276,276	1,740,473	121,016,749

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 September 2019			
Revenue	79,157,785	62,229,504	141,387,289
Cost of sales	(59,378,542)	(43,144,825)	(102,523,367)
Gross profit	19,779,243	19,084,679	38,863,922
Selling and distribution expenses	(6,529,144)	(4,960,033)	(11,489,177)
General and administrative expenses	(5,472,889)	(1,039,818)	(6,512,707)
Other operating income (expenses) - net	1,635,730	(180,936)	1,454,794
Operating profit	9,412,940	12,903,892	22,316,832
Finance costs	(61,726)	(2,169)	(63,895)
Segment results	9,351,214	12,901,723	22,252,937
Depreciation	6,281,051	1,333,722	7,614,773

	Chemicals	Adhesives and other materials	Total
For the nine-period ended 30 September 2019			
Revenue	214,621,669	187,865,655	402,487,324
Cost of sales	(164,239,319)	(135,901,160)	(300,140,479)
Gross profit	50,382,350	51,964,495	102,346,845
Selling and distribution expenses	(20,062,446)	(15,240,168)	(35,302,614)
General and administrative expenses	(16,490,085)	(2,076,417)	(18,566,502)
Other operating income (expenses) - net	4,253,994	(885,070)	3,368,924
Operating profit	18,083,813	33,762,840	51,846,653
Finance costs	(158,709)	(6,508)	(165,217)
Segment results	17,925,104	33,756,332	51,681,436
Depreciation	17,455,656	3,970,596	21,426,252

As at 30 September 2019

Total assets	550,810,922	169,065,621	719,876,543
Total liabilities	74,053,341	41,485,181	115,538,522
Property, plant and equipment	366,469,290	33,183,772	399,653,062
Additions to property, plant and equipment	86,287,940	1,596,086	87,884,026

Chemicals: Revenues of approximately Saudi Riyals 68.3 million are derived from 3 external customers (2019: Saudi Riyals 64.1 million from 2 external customers).

Adhesives and other materials: Revenues of approximately Saudi Riyals 54.5 million are derived from 3 external customers (2019: Saudi Riyals 56.8 million from 3 external customers).

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

6. Property, plant and equipment

	1 January	Additions	Disposals	Transfers	30 September
2020					
Cost					
Land	2,824,561	-	-	-	2,824,561
Buildings and leasehold improvements	104,118,095	315,700	-	-	104,433,795
Plant and machinery	423,557,640	2,765,854	-	16,170,541	442,494,035
Furniture, fixtures and office equipment	27,163,787	381,212	-	-	27,544,999
Vehicles	31,991,847	3,180,007	(565,883)	-	34,605,971
Capital work-in-progress	318,867,123	114,373,976	-	(16,170,541)	417,070,558
	908,523,053	121,016,749	(565,883)	-	1,028,973,919
Accumulated depreciation and impairment					
Buildings and leasehold improvements	(72,154,203)	(2,600,193)	-	-	(74,754,396)
Plant and machinery	(360,642,366)	(17,261,981)	-	-	(377,904,347)
Furniture, fixtures and office equipment	(25,701,313)	(358,292)	-	-	(26,059,605)
Vehicles	(27,830,195)	(1,191,867)	497,155	-	(28,524,907)
	(486,328,077)	(21,412,333)	497,155	-	(507,243,255)
Net book value	422,194,976				521,730,664

At 30 September 2020, the Group's capital work-in-progress includes costs incurred amounting to Saudi Riyals 398.2 million (31 December 2019: Saudi Riyals 281.0 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 Royal Commission for Jubail and Yanbu has allocated land for such project in Jubail. The project is expected to be completed by 2021 with a total estimated cost of Saudi Riyals 685.0 million. Also see Note 7.

7. Borrowings

During 2018, BCI entered into an agreement with a commercial bank for credit facilities amounting to Saudi Riyals 262.0 million to partially finance its project as explained in Note 6. Borrowings as at 30 September 2020 represent the amount drawn by the Group from such facility. The loan is denominated in Saudi Riyals and bears financial charges based on prevailing market rates. There are no financial covenants applicable to the Company under such agreement with the bank.

In accordance with the terms of the agreement, such borrowings will be repayable in 16 equal quarterly installments of Saudi Riyals 16.4 million each commencing April 2021. Accordingly, the borrowings due for repayment within the next twelve-month period as at 30 September 2020 have been classified under current liabilities together with the accrued interest thereon.

Borrowing costs capitalized during the nine-month period ended 30 September 2020 amounted to Saudi Riyals 1.5 million (30 September 2019: Nil). Also see Note 6.

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

8. Zakat and income tax matters

8.1 Components of zakat base

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

8.2 Provision for zakat and income taxes

	Zakat	Income tax	Total
1 January 2020	4,692,024	1,772,197	6,464,221
Provisions			
- For current year	2,868,102	3,751,554	6,619,656
- Adjustments related to prior years	358,023	-	358,023
	3,226,125	3,751,554	6,977,679
Payments	(5,050,047)	(1,772,197)	(6,822,244)
Adjustment against advance income tax	-	(338,918)	(338,918)
30 September 2020	2,868,102	3,412,636	6,280,738

In accordance with the regulations of the General Authority of Zakat and Tax (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%. Income tax on the share of the adjusted net profit related to the foreign shareholders in the subsidiaries, is charged to profit or loss.

At 30 September 2020, the portion of advance income tax paid by one of the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 1.4 million (31 December 2019: Saudi Riyals 1.7 million) has been classified under "Trade and other receivables".

8.3 Status of final assessments

The GAZT has finalized the zakat assessments for the Company for the years through 2010 which have been agreed by the Company. However, final certificates for the years from 2003 to 2010 have not yet been issued by the GAZT.

The GAZT also issued assessment for the Company for the years 2011 to 2015 with an additional zakat liability of Saudi Riyals 12.9 million. BCI filed an appeal with the GAZT requesting them to issue revised assessment based on their contentions in such appeals and correction of material errors. During the year ended 31 December 2019, the GAZT issued revised additional assessment for the years 2011 and 2015, partially accepting BCI's contentions and accordingly, reduced the additional zakat liability from Saudi Riyals 12.9 million to Saudi Riyals 3.2 million. The Group also requested the GAZT to transfer the case to General Secretariat of Tax Committees in respect of the matters not accepted by the GAZT. The Group management believes that no additional zakat liability will arise upon finalisation of the appeal.

The GAZT has issued zakat and income tax assessments related to the 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 GAZT. All subsidiaries have received the respective zakat and income tax certificates for the years through 2019.

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

9. 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 transactions	Relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2020	2019	2020	2019
Sales to related parties	Associated companies	3,258,098	4,413,942	10,064,548	18,516,986
Purchases from related parties	Associated companies	7,639,171	9,785,203	25,240,836	33,501,626
Royalty charged by a related party	Associated companies	1,864,284	2,007,358	5,762,936	5,929,591

(b) Key management personnel compensation:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Salaries and other short-term employee benefits	1,624,738	1,244,739	5,617,177	4,068,760
Employee benefit obligations	128,799	109,115	387,664	340,871
	1,753,537	1,353,854	6,004,841	4,409,631

Board of directors' fee for the nine-month periods ended 30 September 2020 was Saudi Riyals 1.6 million (30 September 2019: Saudi Riyals 1.3 million).

10. 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		For the nine-month period ended 30 September	
	2020	2019	2020	2019
Profit attributable to the shareholders of Basic Chemical Industries Company	9,355,354	15,291,823	30,440,193	31,093,569
Weighted average number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share	0.34	0.56	1.11	1.13

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 2020
(All amounts in Saudi Riyals unless otherwise stated)

11. Dividends

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

12. Contingencies and commitments

- (i) The Group was contingently liable at 30 September 2020 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 9.0 million (31 December 2019: Saudi Riyals 8.4 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 September 2020 was approximately Saudi Riyals 287.4 million mainly related to the new project under construction in Jubail. (31 December 2019: Saudi Riyals 390.0 million). Also see Note 6.