

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(UNAUDITED)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021  
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 PERIOD ENDED 31 MARCH 2021**

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## 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 31 March 2021 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this 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

20 May 2021



**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 31 March	
		2021 (Unaudited)	2020 (Unaudited)
Revenue		126,096,578	140,957,831
Cost of sales		(88,786,355)	(104,979,850)
<b>Gross profit</b>		<b>37,310,223</b>	<b>35,977,981</b>
Selling and distribution expenses		(10,820,178)	(12,878,023)
General and administrative expenses		(8,826,074)	(5,868,551)
Other operating (expenses) income - net		(86,329)	341,095
<b>Operating profit</b>		<b>17,577,642</b>	<b>17,572,502</b>
Finance costs	6,8	(25,869)	(33,719)
<b>Profit before zakat and income tax</b>		<b>17,551,773</b>	<b>17,538,783</b>
Zakat expense		(1,683,163)	(1,304,496)
Income tax expense		(1,457,478)	(1,166,651)
<b>Profit for the period</b>		<b>14,411,132</b>	<b>15,067,636</b>
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>14,411,132</b>	<b>15,067,636</b>
<b>Total comprehensive income for the period is attributable to:</b>			
Shareholders of Basic Chemical Industries Company		8,816,090	10,420,775
Non-controlling interests		5,595,042	4,646,861
		<b>14,411,132</b>	<b>15,067,636</b>

**Earnings per share (Saudi Riyals)**

Basic and diluted	11	<b>0.32</b>	0.38
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The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 20 May 2021 and was signed on their behalf by:

  
Abdullatif Abdulhadi  
Designated Member

  
Alaa Al-Shaikh  
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 31 March 2021 <u>(Unaudited)</u>	As at 31 December 2020 <u>(Audited)</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	601,547,978	565,497,879
Right-of-use assets		18,101,738	18,465,885
<b>Total non-current assets</b>		<b>619,649,716</b>	<b>583,963,764</b>
<b>Current assets</b>			
Inventories		74,590,470	77,390,500
Trade and other receivables	7	128,532,323	118,331,883
Cash and cash equivalents		99,928,388	84,447,626
<b>Total current assets</b>		<b>303,051,181</b>	<b>280,170,009</b>
<b>Total assets</b>		<b>922,700,897</b>	<b>864,133,773</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		275,000,000	275,000,000
Statutory reserve		66,022,133	66,022,133
Retained earnings		227,545,679	218,729,589
Equity attributable to shareholders of Basic Chemical Industries Company		568,567,812	559,751,722
Non-controlling interests		69,142,175	63,547,133
<b>Total equity</b>		<b>637,709,987</b>	<b>623,298,855</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	8	44,125,000	18,500,000
Lease liabilities		16,263,194	16,576,577
Employee benefit obligations		32,032,316	31,138,971
<b>Total non-current liabilities</b>		<b>92,420,510</b>	<b>66,215,548</b>
<b>Current liabilities</b>			
Trade and other payables		98,087,495	99,903,640
Current portion of lease liabilities		2,929,136	2,671,625
Current portion of long-term borrowings	8	84,254,546	67,065,944
Zakat and income tax payable	9	7,299,223	4,978,161
<b>Total current liabilities</b>		<b>192,570,400</b>	<b>174,619,370</b>
<b>Total liabilities</b>		<b>284,990,910</b>	<b>240,834,918</b>
<b>Total equity and liabilities</b>		<b>922,700,897</b>	<b>864,133,773</b>

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Alaa Al-Shaikh  
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**  
 (All amounts in Saudi Riyals unless otherwise stated)

Note	Attributable to the shareholders of Basic Chemical Industries Company			Total	Non- controlling interests	Total
	Share capital	Statutory reserve	Retained earnings			
<b>At 1 January 2020 (Audited)</b>	275,000,000	62,159,669	213,032,612	550,192,281	70,618,544	620,810,825
Profit for the period	-	-	10,420,775	10,420,775	4,646,861	15,067,636
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	10,420,775	10,420,775	4,646,861	15,067,636
Dividends	-	-	(27,500,000)	(27,500,000)	(13,250,000)	(40,750,000)
<b>At 31 March 2020 (Unaudited)</b>	<b>275,000,000</b>	<b>62,159,669</b>	<b>195,953,387</b>	<b>533,113,056</b>	<b>62,015,405</b>	<b>595,128,461</b>
<b>At 1 January 2021 (Audited)</b>	275,000,000	66,022,133	218,729,589	559,751,722	63,547,133	623,298,855
Profit for the period	-	-	8,816,090	8,816,090	5,595,042	<b>14,411,132</b>
Other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	8,816,090	8,816,090	5,595,042	<b>14,411,132</b>
<b>At 31 March 2021 (Unaudited)</b>	<b>275,000,000</b>	<b>66,022,133</b>	<b>227,545,679</b>	<b>568,567,812</b>	<b>69,142,175</b>	<b>637,709,987</b>

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The accompanying notes are an integral part of these 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 three-month period ended 31 March	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		17,551,773	17,538,783
<u>Adjustments for:</u>			
Depreciation	6	5,098,753	7,329,979
Write-off of property, plant and equipment		1,308,331	5,500
Loss (gain) on disposal of property and equipment		108,925	(51,021)
Finance costs		25,869	33,719
Employee benefit obligations		1,152,410	573,458
<u>Changes in operating assets and liabilities:</u>			
Decrease in inventories		2,800,030	2,679,252
(Increase) decrease in trade and other receivables		(11,157,941)	5,125,787
(Decrease) increase in trade and other payables		(1,816,145)	8,114,095
Cash generated from operations		15,072,005	41,349,552
Finance costs paid	8	(25,869)	(231,754)
Employee benefit obligations paid		(259,065)	(740,903)
<b>Net cash inflow from operating activities</b>		<b>14,787,071</b>	<b>40,376,895</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	6	(41,119,740)	(37,861,580)
Proceeds from disposal of property and equipment		20,000	51,024
<b>Net cash outflow from investing activities</b>		<b>(41,099,740)</b>	<b>(37,810,556)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	8	42,000,000	40,000,000
Repayment of lease liabilities		(206,569)	(159,274)
Dividends paid to Company's shareholders		-	(27,500,000)
Dividends paid to non-controlling interests in subsidiaries		-	(13,250,000)
<b>Net cash outflow from financing activities</b>		<b>41,793,431</b>	<b>(909,274)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,480,762</b>	<b>1,657,065</b>
Cash and cash equivalents at beginning of period		84,447,626	79,749,958
<b>Cash and cash equivalents at end of period</b>		<b>99,928,388</b>	<b>81,407,023</b>
<b>Non-cash operating, investing and financing activities:</b>			
Finance costs capitalized		967,412	320,868
Depreciation expense on right-of-use assets capitalized		134,809	-

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 20 May 2021 and was signed on their behalf by:

  
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Designated Member

  
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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 period ended 31 March 2021**  
(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.

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:

	<b>Effective ownership percentage at</b>	
	<b>31 March 2021</b>	<b>31 December 2020</b>
Basic Chemicals National Company Limited (“BCNC”)	<b>100%</b>	100%
Chemical Marketing and Distribution Company Limited (“CMDC”)	<b>100%</b>	100%
Saudi Water Treatment Company (“SWTC”)	<b>100%</b>	100%
Huntsman APC (“HAPC”)	<b>49%</b>	49%
National Adhesives Company Limited (“NAL”)	<b>47%</b>	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.

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 31 March 2021 and 31 December 2020, the investment was fully impaired.

In response to the spread of the COVID-19 pandemic and its consequential disruption to the social and economic activities in those markets, the Group’s management has proactively assessed its impacts 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.

Notwithstanding these challenges, the Group was successful in maintaining stable operations. The Group’s 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 period ended 31 March 2021. The Group’s management continues to monitor the situation closely.



**BASIC CHEMICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month period ended 31 March 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

## **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 2020, 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 Chartered and Professional 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 consolidated financial statements for the year ended 31 December 2020.

### **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 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 31 March 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## **3 Fair value of assets and liabilities**

As at 31 March 2021 and 31 December 2020, 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.

## **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 2020.

**BASIC CHEMICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month period ended 31 March 2021**  
(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 31 March 2021 and 31 December 2020 and for the three-month periods ended 31 March 2021 and 2020, summarized by the above operating segments, is as follows:

	<b>Chemicals</b>	<b>Adhesives and other materials</b>	<b>Total</b>
<b>For the three-month period ended 31 March 2021</b>			
Revenue	67,466,475	58,630,103	<b>126,096,578</b>
Cost of sales	(48,880,687)	(39,905,668)	<b>(88,786,355)</b>
<b>Gross profit</b>	<b>18,585,788</b>	<b>18,724,435</b>	<b>37,310,223</b>
Selling and distribution expenses	(5,666,931)	(5,153,247)	<b>(10,820,178)</b>
General and administrative expenses	(7,540,903)	(1,285,171)	<b>(8,826,074)</b>
Other operating expenses - net	116,680	(203,009)	<b>(86,329)</b>
<b>Operating profit</b>	<b>5,494,634</b>	<b>12,083,008</b>	<b>17,577,642</b>
Finance costs	(22,693)	(3,176)	<b>(25,869)</b>
<b>Profit before zakat and income tax</b>	<b>5,471,941</b>	<b>12,079,832</b>	<b>17,551,773</b>
Zakat expense	(1,180,789)	(502,374)	<b>(1,683,163)</b>
Income tax expense	(346,630)	(1,110,848)	<b>(1,457,478)</b>
<b>Segment results</b>	<b>3,944,522</b>	<b>10,466,610</b>	<b>14,411,132</b>
Depreciation expense	<b>3,745,763</b>	<b>1,218,180</b>	<b>4,963,943</b>
<b>As at 31 March 2021</b>			
Total assets	756,883,918	165,816,979	<b>922,700,897</b>
Total liabilities	245,857,775	39,133,135	<b>284,990,910</b>
Property, plant and equipment	566,028,387	25,269,591	<b>591,297,978</b>
Additions to property, plant and equipment	31,879,338	92,623	<b>31,971,961</b>

**BASIC CHEMICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month period ended 31 March 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**5 Segment information** (continued)

	<b>Chemicals</b>	<b>Adhesives and other materials</b>	<b>Total</b>
<b>For the three-month period ended 31 March 2020</b>			
Revenue	82,952,436	58,005,395	140,957,831
Cost of sales	(65,429,731)	(39,550,119)	(104,979,850)
<b>Gross profit</b>	<b>17,522,705</b>	<b>18,455,276</b>	<b>35,977,981</b>
Selling and distribution expenses	(7,847,226)	(5,030,797)	(12,878,023)
General and administrative expenses	(5,573,321)	(295,230)	(5,868,551)
Other operating income (expenses) - net	406,114	(65,019)	341,095
<b>Operating profit</b>	<b>4,508,272</b>	<b>13,064,230</b>	<b>17,572,502</b>
Finance costs	(31,553)	(2,166)	(33,719)
<b>Profit before zakat and income tax</b>	<b>4,476,719</b>	<b>13,062,064</b>	<b>17,538,783</b>
Zakat expense	(672,780)	(631,716)	(1,304,496)
Income tax expense	(63,513)	(1,103,138)	(1,166,651)
<b>Segment results</b>	<b>3,740,426</b>	<b>11,327,210</b>	<b>15,067,636</b>
Depreciation expense	5,999,989	1,329,990	7,329,979
<b>As at 31 March 2020</b>			
Total assets	614,608,813	166,378,617	780,987,430
Total liabilities	141,312,638	44,546,331	185,858,969
Property, plant and equipment	420,632,534	32,626,038	453,258,572
Additions to property, plant and equipment	37,290,691	891,757	38,182,448

**Chemicals:** Revenues of approximately Saudi Riyals 19.5 million are derived from four external customers (31 March 2020: Saudi Riyals 37.8 million from four external customers).

**Adhesives and other materials:** Revenues of approximately Saudi Riyals 14.3 million are derived from one external customer (31 March 2020: Saudi Riyals 13.0 million from one external customer).

**BASIC CHEMICAL INDUSTRIES COMPANY**  
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**Notes to the condensed consolidated interim financial information (Unaudited)**  
**For the three-month period ended 31 March 2021**  
(All amounts in Saudi Riyals unless otherwise stated)

**6 Property, plant and equipment**

	<b>1 January</b>	<b>Additions</b>	<b>Disposals/ Write-off</b>	<b>31 March</b>
<b><u>2021</u></b>				
<b>Cost</b>				
Land	2,824,561	-	-	<b>2,824,561</b>
Buildings and leasehold improvements	104,643,399	43,000	(5,207,679)	<b>99,478,720</b>
Plant and machinery	443,049,605	578,179	(334,065)	<b>443,293,719</b>
Furniture, fixtures and office equipment	27,603,993	54,053	(195,957)	<b>27,462,089</b>
Vehicles	33,876,425	-	-	<b>33,876,425</b>
Capital work-in-progress	469,122,009	41,546,729	-	<b>510,668,738</b>
	<u>1,081,119,992</u>	<u>42,221,961</u>	<u>(5,737,701)</u>	<u><b>1,117,604,252</b></u>
<b>Accumulated depreciation and impairment</b>				
Buildings and leasehold Improvements	(75,771,392)	(1,142,748)	3,933,915	<b>(72,980,225)</b>
Plant and machinery	(385,531,375)	(3,164,513)	299,498	<b>(388,396,390)</b>
Furniture, fixtures and office equipment	(26,164,559)	(95,083)	67,032	<b>(26,192,610)</b>
Vehicles	(28,154,787)	(332,262)	-	<b>(28,487,049)</b>
	<u>(515,622,113)</u>	<u>(4,734,606)</u>	<u>4,300,445</u>	<u><b>(516,056,274)</b></u>
<b>Net book value</b>	<u>565,497,879</u>			<u><b>601,547,978</b></u>

During the three-month period ended 31 March 2021, the management considered certain buildings and related improvements with a carrying amount of Saudi Riyals 1.3 million as no longer useable. Such amounts were accordingly written-off and charged to profit or loss under general and administrative expenses.

The Group's capital-work-in-progress as at 31 March 2021 principally comprises the following:

- Costs incurred amounting to Saudi Riyals 491.9 million (31 December 2020: Saudi Riyals 450.4 million) on a new plant for chlorine-based derivatives in Jubail. Such balance represents capital expenditure under different arrangements entered for procurement of plant and machinery, engineering services, civil and construction work and other related items. The project is expected to be completed within 2021 with a total estimated cost of Saudi Riyals 685.0 million. Also see Note 7.
- Costs incurred amounting to Saudi Riyals 13.3 million in respect of construction of an administrative block at Dammam head office. The building is expected to be completed in 2021 with a total estimated cost of Saudi Riyals 21.0 million. Also see Note 13.

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**7 Trade and other receivables**

	Note	2021	2020
Trade receivables - Third parties		125,761,817	114,323,696
- Related parties		<u>3,263,679</u>	2,545,260
		<b>129,025,496</b>	116,868,956
Less: allowance for expected credit losses		<u>(13,082,293)</u>	(11,542,696)
Net trade receivables		<b>115,943,203</b>	105,326,260
Advances to suppliers		4,026,132	5,391,182
Prepaid expenses		2,225,353	2,308,053
Due from employees		2,754,050	2,084,409
Advance income tax		797,443	1,144,073
VAT receivable		1,380,567	1,331,423
Other		<u>1,405,575</u>	746,483
		<b><u>128,532,323</u></b>	<b>118,331,883</b>

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

	2021	2020
As at 1 January	11,542,696	12,575,871
Net impact of ECL allowance recognised in profit or loss during the year	1,539,597	(1,021,062)
Receivables written-off during the year as uncollectible	-	(12,113)
As at 31 December	<u>13,082,293</u>	11,542,696

**8 Long-term borrowings**

	2021	2020
Principal outstanding	126,000,000	84,000,000
Accrued financial costs	<u>2,379,546</u>	1,565,944
	<b><u>128,379,546</u></b>	<b>85,565,944</b>

Borrowings are presented as follows:

Non-current portion	44,125,000	18,500,000
Current portion	<u>84,254,546</u>	67,065,944
	<b><u>128,379,546</u></b>	<b>85,565,944</b>

The movement in borrowings is as follows:

	2021	2020
1 January	85,565,944	15,000,000
Proceeds from borrowings	42,000,000	69,000,000
Finance costs	813,602	2,187,225
Repayment of finance costs	-	(621,281)
31 December	<u>128,379,546</u>	85,565,944

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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 31 March 2021 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 March 2021. Accordingly, the borrowings due for repayment as at 31 March 2021 and within the next twelve-month period have been classified under current liabilities together with the accrued interest thereon.

Borrowing costs capitalized during the three-month period ended 31 March 2021 amounted to Saudi Riyals 0.8 million (31 March 2020: 0.1 million). Also see Note 6.

**9 Zakat and income tax matters**

**9.1 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.

**9.2 Provision for zakat and income taxes**

	<b>Zakat</b>	<b>Income tax</b>	<b>Total</b>
<b>1 January 2021</b>	<b>3,852,317</b>	<b>1,125,844</b>	<b>4,978,161</b>
Provisions			
- For current period	<b>1,210,214</b>	<b>1,457,478</b>	<b>2,667,692</b>
- Adjustments related to prior years	-	-	-
	<b>1,210,214</b>	<b>1,457,478</b>	<b>2,667,692</b>
Adjustment against advance income tax	-	<b>(346,630)</b>	<b>(346,630)</b>
<b>31 March 2021</b>	<b>5,062,531</b>	<b>2,236,692</b>	<b>7,299,223</b>

In accordance with the regulations of the Zakat, Tax and Customs Authority (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%. 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 31 March 2021, the portion of advance income tax paid by one of the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 0.8 million (31 December 2020: Saudi Riyals 1.1 million) has been classified under "Trade and other receivables".

**9.3 Status of final assessments**

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

During 2020, the ZATCA issued assessments for the Company for the years 2016 to 2018 with an additional zakat liability of Saudi Riyals 0.4 million. The Company has accepted such additional assessments and settled the amount in 2021.

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During the prior years, the ZATCA had issued assessments for the Company for the years 2011 to 2015 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, the ZATCA issued 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.

During 2020, the ZATCA issued assessments for NAL for the years 2015 to 2018 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.

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. All subsidiaries have received the respective zakat and income tax certificates for the years through 2019.

**10 Related party transactions and balances**

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

(a) Following are the significant transactions with the associated entities entered into by the Group:

Nature of transaction	Relationship	For the three-month period ended 31 March	
		2021	2020
Sales to related parties	Associated companies	<b>4,816,825</b>	4,177,186
Purchases from related parties	Associated companies	<b>8,791,838</b>	7,912,556
Royalty charged by a related party	Associated companies	<b>1,883,745</b>	1,913,820

(b) Key management personnel compensation:

	For the three-month period ended 31 March	
	2021	2020
Salaries and other short-term employee benefits	<b>1,163,064</b>	1,472,335
Employee benefit obligations	<b>59,388</b>	263,473
	<b>1,222,452</b>	1,735,808

Board of directors' fee for the three-month periods ended 31 March 2021 and 2020 was Saudi Riyals 0.5 million.

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**11 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.

	<b>For the three-month period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to the shareholders of Basic Chemical Industries Company	<b>8,816,090</b>	10,420,775
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>27,500,000</b>	27,500,000
Basic and diluted earnings per share	<b>0.32</b>	0.38

**12 Dividends**

In 2020, 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 three-month period ended 31 March 2020.

**13 Contingencies and commitments**

- (i) The Group was contingently liable at 31 March 2021 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 8.7 million (31 December 2020: Saudi Riyals 8.8 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 31 March 2021 was approximately Saudi Riyals 219.7 million mainly related to the new project under construction in Jubail. (31 December 2020: Saudi Riyals 249.0 million). Also see Note 6.