



Shareholders Circular - Methanol Chemicals Company
The Extraordinary General Assembly
//1442H (corresponding to **/**/2021G)

Reducing the capital by 531,491,370 Saudi Riyals from 1,206,000,000 Saudi Riyals representing 120,600,000 ordinary shares to 674,508,630 Saudi Riyals representing a number of 67,450,863 ordinary shares.

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Advisors

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Company Background

- The Methanol Chemicals Company (hereinafter referred to as “the company” or “Chemanol”) was established as a Saudi limited liability company under the Commercial Register No. 2055001870 dated 28/12/1409H (corresponding to 01/08/1989G) under the name “Saudi Formaldehyde Chemicals Company Ltd. ». On 20/7/1427H (corresponding to 15/08/2006G), its Articles of Association was amended to become the “Saudi Formaldehyde Chemicals Company”. His Excellency the Minister of Trade and Industry announced according to Ministerial Resolution No. (286/S) dated 04/11 /1428H (corresponding to 14/11/2007G) that the company had transformed from a limited liability company to a joint-stock company, and its new commercial register was issued with the number 2050057828 dated 30/12/1428H, the original commercial registration No. 2055001870 was transferred to the company's branch in (Jubail Industrial City). And on 16/09/1429H (corresponding to 16/09/2008G), the company's shares were listed and started trading in the Saudi Stock Exchange (Tadawul)
- The company is located in Jubail Industrial City - Road 218 - PO Box 2101, Jubail 31951
- The company’s activity, as stated in its commercial register, is to manufacture basic organic chemicals, including acetylene, except for fertilizers and nitrogenous compounds.
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Company Background

The current capital of the company is one billion two hundred and six million (1,206,000,000) Saudi Riyals, divided into one hundred twenty million six hundred thousand (120,600,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, paid in full, and the following are the most prominent developments since the establishment of the company:

Year	Event
28/12/1409H (corresponding to 01/08/1989G)	The Methanol Chemicals Company was established as a Saudi limited liability company under the Commercial Registration No. 2055001870 dated 28/12/1409H (corresponding to 01/08/1989G) under the name «Saudi Formaldehyde Chemicals Company».
20/07/1427H (corresponding to 15/08/2006G)	Its Articles of Association has been amended to become the "Methanol Chemicals Company Limited".
04/11/1428H (corresponding to 14/11/2007G)	His Excellency the Minister of Trade and Industry announced, according to Ministerial Resolution No. (286/S) of 04/11/1428H (corresponding to 14/11/2007G), that the company had been transformed from a limited liability company to a joint stock company, and its new commercial registry number 2050057828 was issued.
13/07/1429H (corresponding to 16/07/2008G)	The extraordinary general assembly of the company decided to increase the company's capital from 603,000,000 Saudi Riyals to 1,206,000,000 Saudi Riyals by issuing 60,300,000 new shares at a 100% increase in the capital, with a nominal value of 10 Saudi Riyals per share, and the subscription was made at a price of 12 Saudi Riyals per share.
16/09/1429H (corresponding to 16/09/2008G)	The company's shares were listed and started trading in the Saudi Stock Exchange (Tadawul).

Company Background

Year	Event
20/09/1441H (corresponding to 13/05/2020G)	The company's extraordinary general assembly agreed, during its meeting held on 13/05/2020G, to move the main center of the company from Dammam to Jubail Industrial City.
22/03/1442H (corresponding to 08/11/2020G)	Methanol Chemicals Company announced that the Board of Directors decided to recommend to the extraordinary general assembly to reduce the company's capital from 1,206,000,000 Saudi Riyals to 674,508,630 Saudi Riyals, i.e. a 44.07% reduction of the capital to amortize 99.99% of the accumulated losses. The Board of Directors also recommended to the Extraordinary General Assembly, after completing the capital reduction process, to increase the company's capital from (674,508,630) Saudi Riyals to (1,154,508,630) Saudi Riyals through an offering of rights issues of 480,000,000 Saudi Riyals, with an increase of 71.16% in the capital.
24/09/1442H (corresponding to 06/05/2021G)	The Capital Market Authority approved a request to reduce the company's capital from 1,206,000,000 Saudi Riyals to 674,508,630 Saudi Riyals, by canceling 53,149,137 shares of the company's issued shares, and this approval was announced on the Capital Market Authority website and the Saudi Stock Market website (Tadawul).
//1442H (corresponding to **/**/2021G)	The extraordinary general assembly of the company approved, during its meeting held on **/**/2021G, to reduce the company's capital from 1,206,000,000 Saudi Riyals to 674,508,630 Saudi Riyals, by canceling 53,149,137 shares of the company's issued shares. This approval was announced on the website of the Saudi Stock Exchange (Tadawul).

Company Background - Board of Directors*

Name	Position	Capacity	Status	Number of Shares Owned Directly**	Nationality	Membership Date
Abdullah Ali Al-Sanea	Chairman of Board of Directors	Non-executive	Independent	1,054	Saudi	12/11/2018
Sami Abdul Aziz Al-Suweigh	Vice Chairman of the Board	Non-executive	Independent	1,000	Saudi	12/11/2018
Ziad Abdul Latif Al-Barrak	Member	Non-executive	Independent	-	Saudi	12/11/2018
Adel Saleh Al-Ghassab	Member	Non-executive	Independent	-	Saudi	12/11/2018
Abdullah Abdul Rahman Bu Ali	Member	Non-executive	Non-independent	-	Saudi	12/11/2018
Mohammed Farhan Al-Nader	Member	Non-executive	Independent	1,000	Saudi	12/11/2018
Saud Abdullah Muhammad Al-Sanea	Member	Non-executive	Non-independent	-	Saudi	12/11/2018
Yasser Abdul Rahman Al-Luhaidan	Member	Non-executive	Independent	2,426	Saudi	12/11/2018
Abd al-Salam Mazrou Al-Mazrou	Member	Non-executive	Independent	1,000	Saudi	12/11/2018

Source: The Company and Tadawul.

*The company's Ordinary General Assembly, in its meeting held on 23/02/1440H (corresponding to 01/11/2018G), agreed to elect the aforementioned members of Board of Directors for membership of the Board of Directors starting from 12/11/2018G for a period of three Gregorian years until 11/11/2021G.

**Board members do not have indirect ownership of the company.

Company Background – Executive Management *

Name	Position	Qualification	Nationality	Date of Hiring
Ali Muhammad Manea Al-Asiri	Chief Executive Officer	Master of Executive Business Administration Bachelor of Applied Chemical Engineering	Saudi	01/09/2019
Abdullah Ali Hamad Al-Hajri	Financial Manager	Master of Finance Bachelor of Accounting Saudi Fellowship for Certified Public Accountants	Saudi	01/01/2020
Khaled Muhammad Mahram	General Manager of the Plants	Bachelor of Applied Chemical Engineering	Yemeni	25/05/1996
Abdul Aziz Mohammed Al-Zahrani	General Manager of Marketing and Sales	Bachelor of Industrial Engineering	Saudi	13/03/2017
Eid Abdul Mohsen Al-Dossary	General Manager of Administrative Affairs and Industrial Security	Bachelor of Project Management	Saudi	01/03/2008
Osama Saeed Abdel Fattah	Legal Adviser and Board Secretary	Bachelor of Laws - Department of English	Egyptian	01/09/2020
Osama Ali Al-Sarouj	Head of Internal Audit (Commissioned)	Bachelor of Accountancy, Certified Internal Auditor (CIA)	Saudi	09/02/2020
Ali Mutair Al-Hudhali	Manager of Information Technology Section (Commissioned)	Bachelor of Information Systems	Saudi	21/09/2020

Source: The Company.

*The executive management and the employees do not have any ownership in the company, either directly or indirectly.

The Development of Accumulated Losses

Period	Net profit / loss	Accumulated losses	The Ratio of Accumulated Losses to Capital	The Reason for High / Low Accumulated Losses
2016G	-94.2 million	201.3 million	16.69%	The reasons for the high accumulated losses of the company are due to the application of the International Accounting Standards IFRS, as the company has re-updated the accounting policies and determined the essential effects of the application of international accounting standards by reducing the shareholders' equity by an amount of (163) million Saudi Riyals, including adjusting the value of fixed assets after this re-evaluation of assets, which showed a decline in the net value of these assets by about (149) million Saudi Riyals.
2017G	-26.2 million	227.5 million	18.86%	The reasons for the high accumulated losses of the company are due to the decrease in sales and the continued exposure of one of the company's main products (concrete improvers) to dumping since 2016G and the decrease in public spending on the construction sector.
2018G	46.3 million	181.9 million	15.08%	The reason for the decrease in the accumulated losses during this year compared to last year is the increase in the average selling prices of the products, an improvement in the operational performance of most of the company's factories, and a rationalization of expenses, despite the decrease in the sales of the concrete improvers product during 2018 due to dumping in the local and Gulf markets.

The Development of Accumulated Losses

Period	Net Profit / Loss	Accumulated Losses	The Ratio of Accumulated Losses to Capital	The Reason for High / Low Accumulated Losses
2019	-87.2 million	269.1 million	22.31%	The reason for the high accumulated losses during the year is mainly due to the decrease in selling prices of most petrochemical products in the global markets, which negatively affected the company's sales.
Q1 2020	-28.6 million	297.7 million	24.69%	The reason for the high accumulated losses is due to the decrease in the volume of sales, as a result of the scheduled periodic maintenance work for the methanol and dimethylformamide factories in January, which was announced on the Tadawul website on 29/12/2019G, and due to the factories stopping production for a period of 23 days for maintenance work, sales were affected as the stock during that period did not meet all the requirements of the company's customers and thus negatively affected the sales volume.
Q2 2020	-31.3 million	329.0 million	27.3%	The reason for the high accumulated losses is due to the decrease in prices and sales quantities as a result of the decrease in demand due to the total or partial closure in most global markets due to the Coronavirus pandemic.
Q3 2020	-202.4 million	531.5 million	44.07%	The reason for the high accumulated losses is mainly due to the decrease in the value of some of the company's assets by an amount of 157 million Saudi Riyals, which represents 92% of the difference between the net losses of the current quarter and the same quarter of the previous year, in addition to the decrease in the prices of products due to the decrease in demand due to the total and partial closure in some global markets due to the Coronavirus pandemic, and increased allocations during the current quarter.

Company Plan and Remedial Steps to Stop Losses

Since mid-2015 until now, the company has faced a number of challenges, such as the increase in energy prices, the fluctuation of oil prices and the strength of competition in global markets, which prompted the company's management to change its strategy and search for new growth aspects that focus mainly on exploring specialized petrochemical materials such as methanol derivatives (DMDS) and specialty amines (MDEA- Specialty Amines), with the aim of diversifying its product base and achieving the greatest benefit from the derivatives of the methanol product that characterizes the company in line with the Kingdom's 2030 Vision, which mainly aims to diversify the products of the petrochemical sector and support the national industry. The company is currently expanding its customer base in various local, regional and global markets, which leads to the development and strengthening of the shareholders' equity, as it seeks to achieve the optimal use of its assets and its human and financial resources by studying the investment opportunities available to increase income.

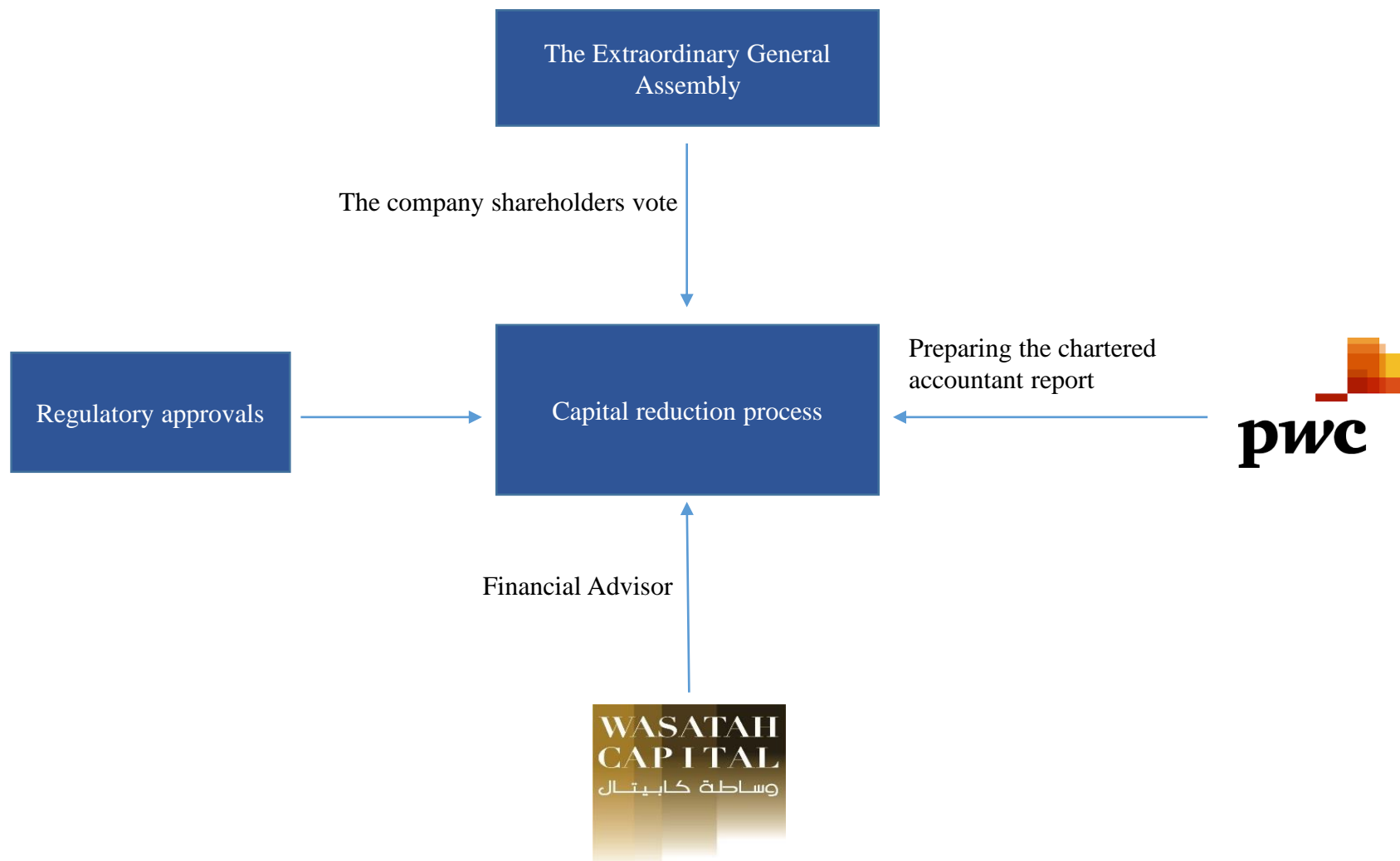
After one of the company's main products (concrete improvers) has been dumped in some of its local and Gulf markets since 2016 until now, the company must base its strategic plan around developing its current business and exploring new investment horizons that are more sustainable by strengthening its leading position in the field of specialized chemical products of derivatives of methanol (DMDS) and derivatives of specialty amines (MDEA), and the search for strategic partnerships inside and outside the Kingdom as well as entering into partnerships with owners of advanced technologies to produce more specialty downstream products such as derivatives of specialty amines (MDEA) with added value.

On March 01, 2020, the company obtained the approval of the Ministry of Energy by letter No. 1441-4966-01 to allocate the feedstocks necessary for the expansion of the methanol plant to increase its annual productivity by about 100 thousand tons, and this increase will be used as feedstock for the establishment of the company's expansion plants, which include the DMDS plant and the MDEA plant, in line with the Kingdom's 2030 Vision. These two plants are the first of their kind in the Kingdom of Saudi Arabia and the Arabian Gulf region (source: the company), and their products will use the oil and gas sectors and other downstream industries such as pharmaceuticals and products used in agricultural production. Note that the commercial operation of these two plants will start during 2024, according to the company's strategic plan, which was announced on the Tadawul website on 02/03/2020.

The company was able to identify the aspects of growth required for the production of specialty petrochemical materials from methanol derivatives (DMDS) and specialty amines derivatives (MDEA) in the context of its policy to diversify its specialty product base of methanol, formaldehyde and amine derivatives in order to align with the 2030 Vision adopted by our government aiming at achieving rational use of raw materials in the manufacture of value-added products and to increase local content. The company is currently conducting the necessary studies to increase its products and diversify its markets and means of transferring modern technology in the field of petrochemicals and downstream industries.

Reducing Capital

The figure below shows the parties involved in the capital reduction process:



The General Structure of the Proposed Capital Reduction

- The current capital of the company is one billion two hundred and six million (1,206,000,000) Saudi Riyals, divided into one hundred twenty million and six hundred thousand (120,600,000) ordinary shares with a nominal value of ten (10) Saudi Riyals per share, the value of which is fully paid.
- It was recommended by the members of the Board of Directors on 24/02/1442H (corresponding to 11/10/2020G) to reduce the company's capital to eight hundred seventy-six million nine hundred sixty thousand eight hundred and fifty (876,960,850) Saudi Riyals, by canceling thirty-two million nine hundred and three thousand nine hundred and fifteen (32,903,915) shares of the issued shares of the company, at a decrease of 27.28%, and then increasing the company's capital by offering priority rights shares of four hundred and eighty million (480,000,000) Saudi Riyals. And in view of the losses that were recorded in accordance with the financial statements of the company as of 30/09/2020G, the Board of Directors decided on 22/3/1442H (corresponding to 08/11/2020G) to amend the recommendation related to the reduction so that the company's capital becomes six hundred and seventy-four million five hundred and eight thousand six hundred and thirty (674,508,630) Saudi Riyals divided into sixty seven million four hundred fifty thousand eight hundred and sixty-three (67,450,863) shares with a nominal value of (10) Saudi Riyals per share.
- The capital reduction ratio is 44.07%, and the reduction process will be done by canceling fifty-three million one hundred forty-nine thousand one hundred and thirty-seven (53,149,137) shares, i.e., the rate of canceling 1 share for every 2.269 shares to amortize 99.99% of the total accumulated losses of five hundred and thirty-one million four hundred and ninety-one thousand three hundred seventy-three (531,491,373) Saudi Riyals.
- The company will collect any fractional shares (if any) in one portfolio that will result from the process of reducing the capital and then sell them in the market at the prevailing price at the time, and then the proceeds of their sale will be distributed to the shareholders of the company each according to its ownership within thirty (30) days from the date of approval by the shareholders in the extraordinary general assembly to reduce the company's capital.
- The date of the financial statements that were relied on for capital purposes: The interim condensed financial information (unaudited) for the three and nine-month periods ending on September 30, 2020.

Reasons for Capital Reduction

- The Board of Directors' recommendation to reduce the company's capital from 1,206,000,000 Saudi Riyals to 674,508,630 Saudi Riyals to amortize 99.99% of the total accumulated losses by canceling (53,149,137) shares of the issued shares of the company at a decrease of 44.07% of its capital, and as shown in the development of accumulated losses section, the company's accumulated losses amounted to 44.07% of the capital in the third quarter of 2020. The increase in the net loss is mainly due to the decrease in the value of some of the company's assets by 157 million Saudi Riyals, which represents 92% of the difference between the net losses of the current quarter and the same quarter of the previous year, in addition to the decrease in the prices of products due to the decrease in demand due to the total and partial closure in some global markets due to the Coronavirus pandemic, and increased allocations during the current quarter.
- One share will be cancelled for every (2.269) shares to amortize 99.99% of the total accumulated losses of five hundred and thirty-one million four hundred and ninety-one thousand three hundred and seventy-three (531,491,373) Saudi Riyals.
- The company obtained the approval of the Capital Market Authority on the request to reduce the company's capital on 24/09/1442H (corresponding to 06/05/2021G), and this approval was announced on the Capital Market Authority website and the Saudi Stock Exchange website (Tadawul) dated 24/09/1442H (corresponding to 06/05/2021G)
- The company called for this extraordinary general assembly and announced it on the Saudi Stock Exchange website (Tadawul) on **/**/1442H (corresponding to **/**/2021G), and a copy of this Circular was also included in the announcement.

The Impact of Reducing the Company's Capital on the Company's Liabilities

- The company has appointed the "PricewaterhouseCoopers Chartered Accountants Company" as a chartered accountant to prepare the chartered accountant's report on the capital reduction process, through which the reduction mechanism and its expected impact on the company's liabilities were clarified.
- There will be no effect of reducing the capital on the company's liabilities as stated in the attached chartered accountant report.

The Impact of Reducing the Company's Capital on the Company's Shareholders' Equity

- The accumulated losses of the company amounted to five hundred thirty-one million four hundred and ninety-one thousand three hundred and seventy-three (531,491,373) Saudi Riyals as of September 30, 2020. Reducing the capital by five hundred thirty-one million four hundred and ninety-one thousand three hundred and seventy (531,491,370) Saudi Riyals will amortize 99.99% of the total accumulated losses
- The impact on shareholders' equity will be based on the financial statements for the period ending on September 30, 2020.

Shareholders' Equity as of September 30, 2020	Before Reducing the Capital	After Reducing the Capital	The Effect
The Capital	1,206,000,000	674,508,630	(531,491,370)
Share Premium	72,850,071	72,850,071	
Statutory Reserve	44,118,693	44,118,693	
Accumulated Deficit (Accumulated Losses)	(531,491,373)	(3)	531,491,370
Total Equity	791,477,391	791,477,391	

Source: The attached chartered accountant's report, and the financial statements as on September 30, 2020

The Impact of Reducing the Company's Capital on the Company's Shareholders' Equity

- The company intends to reduce its capital by a value of (531,491,370) Saudi Riyals from one billion two hundred and six million (1,206,000,000) Saudi Riyals to six hundred seventy-four million five hundred and eight thousand six hundred and thirty (674,508,630) Saudi Riyals, by canceling fifty-three million one hundred forty-nine thousand and one hundred and thirty-seven (53,149,137) shares of the issued shares of the company, at the rate of cancellation of (1) share for every (2.269) shares
- The company will collect any fractional shares (if any) in one portfolio that will result from the process of reducing the capital and then sell them in the market at the prevailing price at the time, and then the proceeds of their sale will be distributed to the shareholders of the company each according to its ownership within (30) thirty days from the date of approval of the shareholders in the extraordinary general assembly to reduce the company's capital.
- Reducing the company's capital will not affect the market value of the company's shareholder portfolios, as explained below for a shareholder who owns 1,000 shares of the company's shares in his portfolio:

Item (Estimate)	With the Process of Reducing the Capital	Without Carrying out the Process of Reducing the Capital
Shares Owned Prior to Reduction	1,000	1,000
Share Price before the Reduction (Closing 24/12/2020G)*	12.96	12.96
Cancelled Shares	441	N/A
Shares Owned after the Reduction	559	N/A
Share Price after the Reduction (Estimated)**	23.17	N/A
The Market Value of the Shares before the Reduction (Estimated)	12,960.00	12,960.00
The Market Value of Shares after the Reduction (Estimated)	12,953.19	N/A
Value of Fractional Shares Compensation (Estimated)	6.81	N/A

*The offer will be updated to the shareholders by adding the closing price of the share on the day of the extraordinary general meeting.

**The expected share price has been rounded after reducing the capital from 23.17207 to 23.17 Saudi Riyals

Impact of the Reduction of the Company's Capital on the Company Shareholders' Equity

- It should be noted that a shareholder who owns one of the company's shares in a portfolio will cancel his shares and be compensated, and the following table shows the impact on the shareholder who owns 10 shares:

Item (Estimate)	1	2	3	4	5	6	7	8	9	10
Shares Owned before the Reduction	1	2	3	4	5	6	7	8	9	10
Share Price before the Reduction (Closing 24/12/2020G)*	12.96	12.96	12.96	12.96	12.96	12.96	12.96	12.96	12.96	12.96
Cancelled Shares	1	1	2	2	3	3	4	4	4	5
Shares Owned after Reduction	0	1	1	2	2	3	3	4	5	5
Share Price after Reduction (Estimate)**	23.17	23.17	23.17	23.17	23.17	23.17	23.17	23.17	23.17	23.17
Market Value of Shares before Reduction (Estimate)	12.96	25.92	38.88	51.84	64.80	77.76	90.72	103.68	116.64	129.60
Market Value of Shares after Reduction (Estimate)	0.00	23.17	23.17	46.34	46.34	69.52	69.52	92.69	115.86	115.86
The Value of Compensation Resulting from the Fractions of Shares	12.96	2.75	15.71	5.50	18.46	8.24	21.20	10.99	0.78	13.74

*The offer will be updated to shareholders by adding the closing price of the share on the day of the extraordinary general assembly.

**The expected share price was rounded after the capital reduction from 23.17207 to 23.17 Saudi Riyals.

How to Calculate the Share Price after the Reduction of Capital

- It was considered that the share price before the reduction represents the closing price of the share price of the Methanol Chemicals Company on 24/12/2020G, which amounts to SAR 12.96, and the following table shows how to calculate the share price after the reduction of the capital.

Item	
a) Share Price before Reduction (Closing 24/12/2020G)	12.96
b) Number of Shares before Reduction	120,600,000
c) Market Value of Company Shares before Reduction = (a)*(b)	1,562,976,000
d) Number of Shares after Reduction	67,450,863
Market Value of Company's Shares after Reduction = (c) ÷ (d)	23.17207

* The offer will be updated to shareholders by adding the closing price of the share on the day of the Extraordinary General Assembly.

Potential Risks as a Result of Reducing the Company's Capital

- After the reduction of the capital, the balance of the accumulated losses will become (3) Saudi Riyals, and there are no guarantees that the company will not record additional losses, and in the event that the accumulated losses reach (20%) or more of the company's capital, the company will be subject to the authority's regulation of "special procedures and instructions of companies whose shares are listed in the market whose accumulated losses amounted to 20% or more of their capital". For more details, please refer to the "Important Information" section of this shareholder circular.
- In the event that the percentage of accumulated losses reaches (50%) or more, the company will be subject to a number of more stringent requirements, in particular Article (150), and with reference to the announcement of the Capital Market Authority on 02/12/2020 in which the Capital Market Authority clarified the Royal Decree No. (15016) and dated 16/03/1442H regarding the suspension of some provisions of the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, and an indication of the joint coordination between the Capital Market Authority and the Ministry of Commerce, the meaning of the purport of the Royal Decree regarding listed joint stock companies is:
 1. As an exception to the provision of Article (150) of the Companies Law:
 1. Extending the period for which the board of directors must invite the extraordinary general assembly upon its knowledge that the losses of the joint-stock company have reached 50% or more of its capital, to become (60) days from the date of the board of directors' knowledge of the losses for a period of (two years) from the date of 01/08/1441H.
 2. Extending the period during which the extraordinary general assembly meeting must be held to become (180) days from the date of the Board of Directors becoming aware of the losses for a period of (two years) from the date of 01/08/1441H.
 2. Paragraph (2) of Article (150) of the Companies Law shall be suspended for a period of (two years) from the date of 01/08/1441H, which included that the company is deemed to be terminated by the force of the law if the extraordinary general assembly did not meet within the specified period, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital according to the conditions established in this Article, and the entire capital increase has not been subscribed within (90) days of the assembly's decision to increase it. The joint-stock companies must, upon their losses reaching the amount specified in Paragraph (1) of Article (150) of the Companies Law to continuously disclose the developments of their losses in accordance with the controls laid down by the Ministry of Commerce and the Capital Market Authority - each within its own jurisdiction.

The Time Period for the Process of Capital Reduction

Date	Event
24/02/1442H (corresponding to 11/10/2020G)	Announcing the appointment of the financial advisor for the process of reducing the company's capital
22/03/1442H (corresponding to 08/11/2020G)	Announcement of the amendment of the Board of Directors' recommendation to reduce the capital from 1,206,000,000 Saudi Riyals to 674,510,000 Saudi Riyals
12/05/1442H (corresponding to 27/12/2020G)	Submission of a request to reduce the company's capital to the Capital Market Authority
24/09/1442H (corresponding to 06/05/2021G)	The approval of the Capital Market Authority on the request to reduce the company's capital, and this approval was announced on the Capital Market Authority website and the Saudi Stock Exchange website (Tadawul)
//1442H (corresponding to **/**/2021G)	The invitation to this extraordinary general assembly and its announcement on the Saudi Stock Exchange website (Tadawul), and a copy of this offer was also included in the announcement
//1442H (corresponding to **/**/2021G)	Announcing the start of electronic voting on the items of the extraordinary general assembly meeting that include reducing the capital (first meeting)
//1442H (corresponding to **/**/2021G)	Holding the extraordinary general assembly that includes reducing the capital (the first meeting), and in the event that the quorum necessary to hold the first meeting is not completed, the second meeting will be held one hour after the end of the period specified for the first meeting. And in the event that the quorum necessary to hold the second meeting is not complete, the third meeting will be held 21 days after the end of the period specified for the second meeting.
//1442H (corresponding to **/**/2021G)	Announcing the results of the extraordinary general assembly meeting
//1442H (corresponding to **/**/2021G)	Announcing that the amounts returned (if any) from the sale of fractions of shares resulting from the reduction of the company's capital will be deposited into the accounts of the eligible shareholders within (30) days from the date of approval of the shareholders in the extraordinary general assembly to reduce the company's capital

Reducing Capital

Capital Reduction Procedures:

The process of reducing capital is subject to the following procedures:

- Recommendation of the company's board of directors to reduce the capital.
- Appointing a financial advisor for the capital reduction process.
- Appointing a chartered accountant to prepare the chartered accountant report on the capital reduction process.
- Preparing and submitting a capital reduction request to the Capital Market Authority in accordance with the terms of Article 59 of the Rules for the Offer of Securities and Continuing Obligations, and related to the conditions for reducing the capital.
- The approval of the Capital Market Authority on the request to reduce the company's capital.
- submission of a notice to the Capital Market Company (Tadawul) in the form contained in Appendix (5) of the Listing Rules.
- The approval of the extraordinary general assembly to reduce the company's capital.

Declaration of the Members of the Board of Directors:

The members of the company's board of directors confirm, according to their knowledge and belief that reducing the company's capital is in the interest of the company and the shareholders.

The statutory Approvals Required to Complete the Process of Reducing the Company's Capital

- The company obtained the approval of the Capital Market Authority on the date of 24/09/1442H (corresponding to 06/05/2021G) on a request to reduce the company's capital from one billion two hundred and six million (1,206,000,000) Saudi Riyals to six hundred seventy-four million five hundred and eight thousand six hundred and thirty (674,508,630) Saudi Riyals, a decrease of 44.07%, thus reducing the number of the company's shares from one hundred twenty million six hundred thousand (120,600,000) shares to sixty-seven million four hundred fifty thousand eight hundred and sixty-three (67,450,863) shares, and this approval has been announced on the Capital Market Authority website and the Saudi Stock Exchange website (Tadawul) on 24/09/1442H (corresponding to 06/05/2021G)
- The process of reducing the capital requires the approval of the shareholders, and the shareholders should know that if their approval is not obtained for this process of reducing the capital, the process of reducing the capital will not take place.
- In the event that the shareholders' approval on the process of reducing the capital is obtained, the company will continue the procedures for reducing its capital and contact the Ministry of Commerce to obtain its approval to amend the company's articles of association and its commercial register.
- Other than what is mentioned above, there are no other regulatory approvals required for the company to obtain in order to complete the process of reducing the capital.

Related Rules, Regulations and Instructions

- Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G)
- Financial Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G) and the amendments thereto
- Rules for the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 2017- 123 - 3 and dated 09/04/1439H corresponding to (27/12/2017G) and amended by Resolution of the Capital Market Authority Board No. 2019- 104- 1 dated 01/02/1441H (corresponding to 30/09/2019G)
- Listing rules approved by Capital Market Authority Board Decision No. 2017 - 123 – 3 dated 09/04/1439H (corresponding to 27/12/2017G) and amended pursuant to Capital Market Authority Board Decision No. 2019 – 104- 1 dated 01/02/1441H (corresponding to 30/9/2019G)
- The company’s articles of association
- Procedures and instructions for companies whose shares are listed in the market whose accumulated losses amounted to 20% or more of their capital, issued by the Board of the Capital Market Authority under Resolution No. 2013 -48 -4 dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law and the amendments thereof issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by the Capital Market Authority Board Resolution No. 2018 -77 – 1 dated 05/11/1441H (corresponding to 18/07/2018G)

Certified Accountant Report

- The company has appointed M/s PricewaterhouseCoopers Chartered Accountants to prepare a limited examination report to study the reasons for reducing the capital and the effect of that reduction on the company's liabilities and on the shareholders' equity in order to obtain the approval of the Capital Market Authority on the request to reduce the capital.
- The shareholders shall, during the extraordinary general assembly meeting, according to Article 144 of the Companies Law issued by Royal Decree No. (M/3) on 28/01/1437H, recite the chartered accountant report as the reduction decision will not be issued until after reciting a special report prepared by the auditor on the reasons that lead to it, the liabilities of the company, and the impact of the reduction on these liabilities.
- A copy of the limited examination report prepared by the chartered accountant was included in the announcement of the invitation to this extraordinary general assembly on the Saudi Stock Exchange website (Tadawul) on **/**/1442H (corresponding to **/**/2021G).

Important Information:

- With reference to the procedures and instructions for companies whose shares are listed in the market and whose accumulated losses amounted to 20% or more of their capital, issued by the Board of the Capital Market Authority under Resolution No. 2013-48-4 dated 15/01/1435H (corresponding to 18/11/2013G), based on the Capital Market regulations issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by Resolution of the Capital Market Authority Board No. 2018-77-1 dated 15/11/1439H (corresponding to 18/07/2018G), and based on the Companies law issued by the Ministry of Commerce in 2015G corresponding to 1437H, and in the event that the percentage of accumulated losses reaches (50%) or more, the company will be subject to a number of more stringent requirements, in particular Article (150), and with reference to the announcement of the Capital Market Authority on 02/12/2020 wherein the Capital Market Authority clarified the Royal Decree No. (15016) dated 16/03/1442H regarding the suspension of some provisions of the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, and with reference to the joint coordination between the Capital Market Authority and the Ministry of Commerce, the purport of what was mentioned in the Royal Decree regarding listed joint stock companies is:
 1. As an exception to the provision of Article (150) of the Companies Law:
 - a. Extending the period for which the board of directors must call the Extraordinary General Assembly upon its knowledge that the losses of the joint-stock company have reached 50% or more of its capital, to become (60) days from the date of the board of directors' knowledge of the losses for (two years) from the date of 01/08/1441H.
 - b. Extending the period during which the Extraordinary General Assembly meeting must be held to become (180) days from the date of the Board of Directors becoming aware of the losses for (two years) from the date of 01/08/1441H.
 2. Paragraph (2) of Article (150) of the Companies Law shall be suspended for (two years) from the date of 01/08/1441H, which included that the company is considered terminated by the force of the law if the Extraordinary General Assembly did not meet within the specified period, or if it met and was unable to pass a resolution on the subject matter, or if it decided to increase the capital according to the conditions established in this Article, and the entire capital increase has not been subscribed within (90) days of the assembly's decision to increase it. The joint-stock companies must, upon their losses reaching the amount specified in Paragraph (1) of Article (150) of the Companies Law, continuously disclose the developments of their losses in accordance with the controls laid down by the Ministry of Commerce and the Capital Market Authority - each within its own jurisdiction.

Important Information

- The company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach 20% or more, and less than 35% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital and the main reasons that led to these losses, with an indication in the declaration that these procedures and instructions will be applied to it, and in the event that the required disclosure in accordance with this paragraph coincides with the announcement of the initial or annual financial results, the company is exempt from disclosing a separate announcement if it is included in the announcement of the initial or annual financial results.
- The company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach 35% or more, and less than 50% of its capital, provided that the announcement includes the amount of the accumulated losses and their percentage of the capital and the main reasons that led to these losses with an indication in the declaration that these procedures and instructions will be applied to it, and in the event that the required disclosure in accordance with this paragraph coincides with the announcement of the initial or annual financial results, the company is exempt from disclosing a separate announcement if it is included in the announcement of the initial or annual financial results.
- The company must disclose to the public immediately and without delay an independent announcement when its accumulated losses reach 50% or more of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital and the main reasons that led to these losses, with an indication in the declaration that it will be applying the special procedures and instructions for companies whose shares are listed in the Saudi Stock Exchange whose accumulated losses amounted to 50% or more of their capital, and in the event that the required disclosure in accordance with this paragraph coincides with the announcement of the initial or annual financial results, the company is exempt from disclosing an independent declaration if it is included in the announcement concerning initial or annual financial results.
- The convening of the extraordinary general assembly is not valid unless attended by shareholders representing at least half of the company's capital. If this quorum is not met at the first meeting, a second meeting will be called, and the second meeting will be valid if attended by a number of shareholders representing at least a quarter of the capital. If it is not held after that, a third meeting will be called according to the conditions stipulated in the Companies Law, and the quorum is set to those who attend after obtaining the approval of the competent authorities.
- The decisions of the extraordinary general assembly related to the reduction of the capital are issued by three quarters of the shares represented in the meeting.

Important Information

- In the event that the shareholders of the company agree to reduce the capital, the reduction decision will be enforceable on all the shareholders of the company registered in the company's records in the Saudi Stock Exchange "Tadawul" at the end of trading on the second day following the day of the Extraordinary General Assembly, and this includes shareholders who did not attend the Extraordinary General Assembly as well as shareholders who attended the meeting and did not vote or voted against the decision to reduce the capital.

Documents Available for Inspection

- The company will provide the following documents for perusal at the company's headquarters in Jubail, from the date of the approval of the Capital Market Authority on 24/09/1442H (corresponding to 06/05/2021G) until the date of the Extraordinary General Assembly on **/**/1442H (corresponding to **/**/2021G) during official working hours from 8 in the morning until 4 in the afternoon:
 - A copy of the recommendation of the company's board of directors to reduce the company's capital.
 - A copy of the financial advisor's appointment letter.
 - A copy of the chartered accountant's report related to the company's capital reduction.
 - A copy of the Authority's announcement of its approval of the company's request to reduce its capital published on the websites of the Capital Market Authority and the Saudi Stock Exchange (Tadawul).
 - A copy of this circular to the shareholders (the presentation made to the company's shareholders at the Extraordinary General Assembly meeting).

Attachments

- A copy of the chartered accountant's report prepared by the chartered accountant.
- Power of attorney form to attend the Extraordinary General Assembly meeting (if the state or competent authorities allow direct meetings).



To the Board of Directors of Methanol Chemicals Company

Report on factual findings in connection with the recommendation of the Board of Directors of Methanol Chemicals Company (the “Board”) to the shareholders of Methanol Chemicals Company (the “Shareholders”) to decrease the share capital of Methanol Chemicals Company

This report is produced in accordance with the terms of our agreement dated December 27, 2020.

The management of Methanol Chemicals Company has prepared the following information and remains solely responsible for them and for the creation and maintenance of all accounting and other records supporting their contents:

- the financial information of Methanol Chemicals Company for the three-month and nine-month periods ended September 30, 2020 (the “Financial Information”); and
- management’s declaration stating the reason for decreasing the share capital, method of such decrease and the effect of such decrease on Methanol Chemicals Company’s liabilities (the “Management Declaration”).

We have performed the procedures agreed with you and enumerated below with respect to the decrease in share capital. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 ‘Engagements to perform agreed-upon procedures regarding financial information’, as endorsed in the Kingdom of Saudi Arabia. The procedures were performed solely to assist the Board in relation to compliance, which includes submission of this report to the Capital Market Authority, Ministry of Commerce and the Shareholders, with certain aspects of the following regulations relevant to decrease in share capital of Methanol Chemicals Company:

- Article 59 of Chapter Two of the Rules for Offering Securities and Continuing Obligations issued by the Capital Market Authority;
- Article 144 of the Regulations for Companies; and
- Article 14 of Methanol Chemicals Company’s By-laws.

We performed the following procedures:

1. Obtained the following:
 - a. the Financial Information (“Appendix A”);
 - b. the Management Declaration (“Appendix B”); and
 - c. resolution of the Board (the “Resolution”) recommending the Shareholders to decrease the share capital of Methanol Chemicals Company by Saudi Riyals 531,491,370 (representing 53,149,137 shares) against accumulated deficit as at September 30, 2020.
2. Traced the amount of share capital to be decreased against accumulated deficit as per the Resolution to the Management Declaration;
3. Traced the amount of share capital and accumulated deficit as per the Financial Information and the Management Declaration to the unaudited condensed interim financial information of Methanol Chemicals Company for the three-month and nine-month periods ended September 30, 2020; and
4. Mathematically checked the accuracy of the financial information included in the Management Declaration.




Based on the above procedures, no exceptions were noted.

Our procedures, as stated in our agreement, did not constitute either an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia, the objective of which would be the expression of assurance on the contents of the Financial Information or the Management Declaration. We do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the Financial Information and the Management Declaration, in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia, other matters might have come to our attention that we would have reported to you. This report relates only to tracing of the amount of share capital and accumulated deficit as per the Resolution to the Management Declaration and as per the Financial Information to the unaudited condensed interim financial information of Methanol Chemicals Company for the three-month and nine-month periods ended September 30, 2020, and does not extend to any financial statements of Methanol Chemicals Company taken as a whole.

This report is solely for your use in connection with the purpose specified above and as set out in our agreement. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of Methanol Chemicals Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services, will extend any duty of care we may have in our capacity as auditors of any financial statements of Methanol Chemicals Company.

PricewaterhouseCoopers


Ali A. Alotaibi
License Number 379

December 27, 2020



reducing the number of shares alone and any share decimals that will result from the process of reducing the capital will be collected and sold, and then the proceeds of their sale will be distributed to the shareholders of the company as a whole according to each shareholder's eligibility in those decimals.

2. RELEVANT ARTICLES OF LAWS AND REGULATIONS

2.1 Capital Market Authority

(A): Article (59) Among the rules for the offering of securities and continuing obligations referred to hereinafter ("the Rules"): The Issuer who wishes to reduce its capital must submit to the Capital Market Authority ("the Authority") an application that includes the minimum information contained in Appendix 19 of these Rules for obtaining the Authority's approval before obtaining the approval of the extraordinary general assembly to reduce the capital, provided that the application must be accompanied by the following:

1. The letter of appointment of the financial advisor.
2. The letter of appointment of the legal advisor (if any).
3. A report from an external auditor on the reasons for reducing the capital and the impact of that reduction on the issuer's obligations.
4. The proposed method for reducing the capital and the expected impacts of that reduction
5. A copy of the shareholder' circular according to paragraph (b) of this Article
6. Any other documentation as may be required by the Authority.

(B): The Issuer must issue a circular for its shareholders stating the information required to enable the shareholders to make an informed vote at the relevant extraordinary general assembly. This circular shall include, but not limited to, the following:

1. The general structure of the proposed reduction in capital.
2. The reasons behind the proposed reduction in capital, including a discussion and analysis from the Management in this regard.
3. The risk factors related to the proposed reduction in capital.

Handwritten signature

4. Timing of the process.
5. A statement from the directors of the Issuer's Board confirming that, in their view, the proposed reduction in capital is in the best interests of the Issuer and the shareholders.

(C): The shareholders' circular submitted to the Authority in respect of the capital reduction request must be prepared and issued in Arabic language, and any relevant paragraphs stipulated in these Rules must be clearly indicated and marked in the margin of the circular including any changes from any previous drafts. Each draft of the shareholders' circular must indicate the draft number and date of submission on its cover page.

2.2 Regulations for Companies

Article (144) of the Regulations for Companies: The extraordinary general assembly may decide to reduce the share capital if it exceeds the company's need or if it suffers losses. In the latter case alone, the capital may be reduced to less than the limit stipulated in Article 54 of the Regulations for Companies. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons that necessitate it, the liabilities of the company, and the impact of the reduction on these liabilities.

Article (146) of the Regulations for Companies: The capital is reduced in one of the following ways:

- a) Cancellation of a number of shares equivalent to the required reduction.
- b) The company purchases a number of its shares equal to the amount required to reduce, and then cancel it.

Article (147) of the Regulations for Companies: If the capital reduction is the cancellation of a number of shares, consideration must be given to the bargaining between the shareholders, and they must submit them to the company - on the date specified - the shares to be cancelled, otherwise it is considered cancelled.

2.3 Articles of Association of the company

Article (7) of the company's Articles of Association: The company's capital is (SAR 1,206,000,000), divided into (120,600,000) equal shares, each of which worth SAR 10 and all shares are paid up in cash.

Article (14) of the Company's Articles of Association: It is permissible, by a decision of the extraordinary general assembly, after approval of the competent authorities based on acceptable justifications, to reduce the capital of the company if it exceeds its needs or if it suffers losses. The decision shall not be issued until after reading the auditor's report on the reasons for it and on the liabilities of the company and the effect of the reduction in these liabilities, and taking into account the provisions of the Regulations for Companies, the decision indicates the method of reduction. If the reduction is the result of an increase in the capital beyond the company's need, then the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the city in which the head office of the company is located. If one of them objected and submitted his documents to the company on the aforementioned time, the company must pay him his debt if it is due, or to provide him with a guarantee sufficient to fulfil it if it is due.

3. NOTES ON THE FINANCIAL STATEMENTS:

3.1 Liabilities

Total current liabilities represent 54.7% of total liabilities, of which 8.1% are trade and other payables and 45.8% is the current portion of long-term borrowings. Non-current liabilities represent 45.3% of total liabilities, of which long-term borrowings represent 36.8% of total liabilities.

3.2 Accumulated losses

The company's accumulated losses amounted to SAR 531,491,373 as of September 30, 2020. Reducing the capital by SAR 531,491,370 will eliminate 99.99% of the accumulated losses as of September 30, 2020.

3.3 Share Capital

The authorized and paid up capital of the company is SAR 1,206,000,000 divided into 120,600,000 shares, each share being of SAR 10.

4. THE REASONS WHY IT IS NECESSARY TO REDUCE THE CAPITAL AND THE LIABILITIES OF THE COMPANY, AND THE EFFECT OF THE PROPOSED REDUCTION ON THESE LIABILITIES.

4.1 Reasons why reduction is necessary

1. Restructuring the capital in line with the new Regulations for Companies.
2. To write off the accumulated losses

4.2 Impact of Capital Reduction

The impact on shareholders' equity will be based on the financial statements for the period ended on September 30, 2020, which are summarized as follows:

Shareholders' equity	Before reduction (SAR)	After reduction (SAR)	Impact (SAR)
Share capital	1,206,000,000	674,508,630	(531,491,370)
Share premium	72,850,071	72,850,071	-
Statutory reserve	44,118,693	44,118,693	-
Accumulated losses	(531,491,373)	(3)	531,491,370
Total equity	791,477,391	791,477,391	-

Management believes that the proposed share capital reduction through the cancellation of 53,149,137 shares will not have any impact on the liabilities or obligations of the Company as it is a non-cash transaction which will not change the total equity of the Company before and after the proposed share capital decrease.




APPENDIX A - FINANCIAL INFORMATION

METHANOL CHEMICALS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of 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	1	132,276,029	113,317,382	351,074,965	419,027,992
Cost of sales		(141,646,047)	(109,389,214)	(355,885,792)	(349,397,455)
Impairment losses	5	(157,098,539)	-	(157,098,539)	-
Gross margin		(166,468,557)	3,928,168	(161,909,366)	69,630,537
Selling and distribution expenses		(13,982,609)	(13,618,998)	(37,441,187)	(43,152,710)
General and administrative expenses		(10,029,334)	(10,843,782)	(28,970,191)	(32,566,650)
Other operating costs - net		(778,331)	(1,080,494)	(2,987,810)	(2,402,382)
Operating loss		(191,258,831)	(21,615,106)	(231,308,554)	(8,491,205)
Financial costs	6	(7,425,986)	(10,111,598)	(25,988,378)	(31,428,613)
Financial income		51,806	1,049,527	574,102	2,968,203
Financial costs - net		(7,374,180)	(9,062,071)	(25,414,276)	(28,460,410)
Loss before zakat		(198,633,011)	(30,677,177)	(256,722,830)	(36,951,615)
Zakat expense	9	(3,819,208)	(1,650,000)	(5,612,543)	(4,300,000)
Loss for the period		(202,452,219)	(32,327,177)	(262,335,373)	(41,251,615)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Remeasurement of employee benefit obligations		-	(266,562)	-	(799,685)
Total comprehensive loss for the period		(202,452,219)	(32,593,739)	(262,335,373)	(42,051,300)
Loss per share (Saudi Riyals)					
Basic and diluted	8	(1.68)	(0.27)	(2.18)	(0.34)

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

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


Abdulhak A. Al-Hajri
Chief Financial Officer


Ali Al-Asiri
Chief Executive Officer


Abdullah Ali Al Sanea
Chairman

APPENDIX A - FINANCIAL INFORMATION

METHANOL CHEMICALS COMPANY
(A Saudi Joint Stock Company)
Condensed interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 September 2020 (Unaudited)	As at 31 December 2019 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	1, 4, 5	1,349,826,784	1,562,117,973
Right-of-use assets	5	22,385,806	27,411,033
Intangible assets	5	5,612,503	8,921,152
Total non-current assets		1,377,825,093	1,598,450,158
Current assets			
Inventories		110,889,006	123,109,714
Trade and other receivables		137,393,797	108,391,471
Cash and cash equivalents		60,094,988	113,086,237
Total current assets	1	308,377,791	344,587,422
Total assets		1,686,202,884	1,943,037,580
Equity and liabilities			
Equity			
Share capital	1	1,206,000,000	1,206,000,000
Share premium		72,850,071	72,850,071
Statutory reserve		44,118,693	44,118,693
Accumulated deficit		(531,491,373)	(269,156,000)
Net equity		791,477,391	1,053,812,764
Liabilities			
Non-current liabilities			
Long-term borrowings	6	329,397,646	587,366,332
Lease liabilities		24,767,670	25,677,141
Employee benefit obligations		50,938,382	47,725,116
Total non-current liabilities		405,103,698	660,768,589
Current liabilities			
Trade and other payables		72,567,013	76,508,865
Current portion of long-term borrowings	6	410,137,328	144,883,286
Current portion of lease liabilities		1,160,992	1,114,076
Zakat payable	9	5,756,462	5,950,000
Total current liabilities	1	489,621,795	228,456,227
Total liabilities		894,725,493	889,224,816
Total equity and liabilities		1,686,202,884	1,943,037,580

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


Abdullah A. Al-Hajri
Chief Financial Officer


Ali Al-Asiri
Chief Executive Officer


Abdullah Ali Al-Sanea
Chairman

APPENDIX A - FINANCIAL INFORMATION

METHANOL CHEMICALS COMPANY
 (A Saudi Joint Stock Company)
 Condensed interim statement of changes in equity
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Accumulated deficit	Net equity
At 1 January 2019 (Audited)	1,206,000,000	72,850,071	44,118,693	(181,921,196)	1,141,047,568
Loss for the period	-	-	-	(41,251,615)	(41,251,615)
Other comprehensive loss for the period	-	-	-	(799,688)	(799,688)
Total comprehensive loss for the period	-	-	-	(42,051,300)	(42,051,300)
At 30 September 2019 (Unaudited)	1,206,000,000	72,850,071	44,118,693	(223,972,496)	1,098,996,268
At 1 January 2020 (Audited)	1,206,000,000	72,850,071	44,118,693	(269,156,000)	1,053,812,764
Loss for the period	-	-	-	(262,335,373)	(262,335,373)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(262,335,373)	(262,335,373)
At 30 September 2020 (Unaudited)	1,206,000,000	72,850,071	44,118,693	(531,491,373)	791,477,391

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


 Abdullah A. Al-Hajri
 Chief Financial Officer


 Khalid Asiri
 Chief Executive Officer


 Abdullah Ali Al Sanea
 Chairman

APPENDIX A - FINANCIAL INFORMATION

METHANOL CHEMICALS COMPANY
(A Saudi Joint Stock Company)
Condensed 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			
Loss before zakat		(256,722,830)	(36,951,615)
Adjustments for:			
Depreciation and amortization		95,504,593	89,363,805
Impairment losses	5	157,098,539	-
Gain on disposal of property and equipment		(162,585)	-
Write-off of property and equipment		843,230	3,657,077
Financial costs – net		25,414,276	28,460,410
Provision for employee benefit obligations		5,384,576	5,376,483
Changes in operating assets and liabilities:			
Decrease in inventories		12,220,708	4,239,668
(Increase) decrease in trade and other receivables		(29,095,380)	32,795,254
Decrease in trade and other payables		(3,941,848)	(18,568,064)
Cash generated from operations		6,543,279	108,373,018
Financial costs paid on borrowings		(17,679,183)	(20,146,953)
Financial costs paid on lease liabilities		(1,023,840)	(1,332,742)
Financial income received on short-term murabaha deposits		667,156	2,514,131
Employee benefit obligations paid		(2,171,310)	(2,121,481)
Zakat paid		(5,806,081)	(7,936,123)
Net cash (outflow) inflow from operating activities		(19,469,979)	79,349,850
Cash flows from investing activities			
Placement of short-term murabaha deposits		-	(57,600,000)
Proceeds from disposal of property and equipment		162,585	-
Payments for purchase of property, plant and equipment		(32,821,300)	(22,424,789)
Net cash outflow from investing activities		(32,658,715)	(79,924,789)
Cash flows from financing activities			
Repayments of long-term borrowings		-	(63,668,500)
Repayments of lease liabilities		(862,555)	(1,049,454)
Total cash outflow from financing activities		(862,555)	(64,717,954)
Net decrease in cash and cash equivalents		(52,991,249)	(65,292,893)
Cash and cash equivalents at beginning of period		113,086,237	119,823,733
Cash and cash equivalents at end of period		60,094,988	54,530,840
Non-cash operating, investing and financing activities:			
Right-of-use assets recorded against lease liabilities		-	27,846,063
Prepaid lease rentals adjusted against right-of-use assets		-	1,712,667

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


Abdullah A. Al-Hajri
Chief Financial Officer


Abdul-Asiri
Chief Executive Officer


Abdullah Ali Al-Sanea
Chairman