

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019
AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2019

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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 and its subsidiaries (the "Group") as of 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2019 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379

4 November 2019



BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Revenue	6	141,387,289	143,260,922	402,487,324	448,411,714
Cost of sales	6	(102,523,367)	(105,729,037)	(300,140,479)	(328,130,690)
Gross profit		38,863,922	37,531,885	102,346,845	120,281,024
Selling and distribution expenses		(11,489,177)	(11,705,290)	(35,302,614)	(35,088,228)
General and administrative expenses		(6,512,707)	(10,258,255)	(18,566,502)	(22,437,073)
Other operating income - net		1,454,794	1,955,570	3,368,924	4,626,623
Operating profit		22,316,832	17,523,910	51,846,653	67,382,346
Finance income		-	147,778	-	725,695
Finance costs	2	(63,895)	-	(165,217)	-
Profit before zakat and income tax		22,252,937	17,671,688	51,681,436	68,108,041
Zakat expense	8	(1,017,186)	(2,132,315)	(3,873,461)	(7,912,405)
Income tax expense		(1,160,879)	(1,768,829)	(3,309,291)	(5,306,487)
Profit for the period		20,074,872	13,770,544	44,498,684	54,889,149
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		20,074,872	13,770,544	44,498,684	54,889,149
Total comprehensive income for the period is attributable to:					
Shareholders of Basic Chemical Industries Company		15,291,823	9,292,668	31,093,569	38,302,093
Non-controlling interests		4,783,049	4,477,876	13,405,115	16,587,056
		20,074,872	13,770,544	44,498,684	54,889,149

Earnings per share (Saudi Riyals)

	Note	2019	2018	2019	2018
Basic and diluted	7	0.56	0.34	1.13	1.39

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


Abdulhadi Abdulhadi
Designated Member

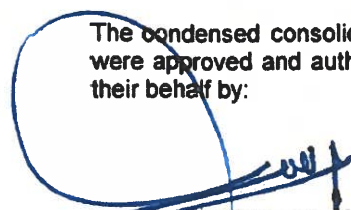

Ossama Farouk
Chief Executive Officer



Ashraf Bahgaty
Finance Manager

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

	Note	As at 30 September 2019 (Unaudited)	As at 31 December 2018 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		399,653,062	332,486,744
Right-of-use assets	2	4,073,424	-
		403,726,486	332,486,744
Current assets			
Inventories		87,385,399	92,880,574
Trade and other receivables		164,828,173	160,325,796
Cash and cash equivalents		63,936,485	106,895,306
Total current assets		316,150,057	360,101,676
Total assets		719,876,543	692,588,420
Equity and liabilities			
Equity			
Share capital		275,000,000	275,000,000
Statutory reserve		58,037,541	58,037,541
Retained earnings		205,294,815	174,201,246
Equity attributable to shareholders of Basic Chemical Industries Company		538,332,356	507,238,787
Non-controlling interests		66,005,665	78,500,550
Total equity		604,338,021	585,739,337
Liabilities			
Non-current liabilities			
Lease liabilities	2	3,204,507	-
Employee benefit obligations		28,257,038	29,376,697
		31,461,545	29,376,697
Current liabilities			
Trade and other payables		78,580,749	71,308,696
Current portion of lease liabilities	2	737,106	-
Zakat and income tax payable		4,759,122	6,163,690
Total current liabilities		84,076,977	77,472,386
Total liabilities		115,538,522	106,849,083
Total equity and liabilities		719,876,543	692,588,420

The condensed consolidated interim financial information including notes and other explanatory information were approved and authorised for issue by the Board of Directors on 4 November 2019 and were signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer

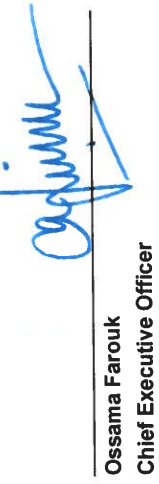

Ashraf Bahna
Finance Manager

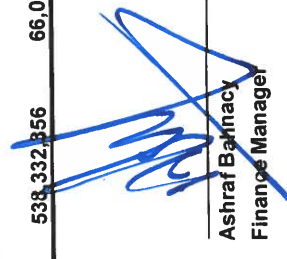
BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the shareholders of Basic Chemical Industries Company			Non- controlling interests	Total
	Share capital	Statutory reserve	Retained earnings		
At 1 January 2018 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599	567,469,214
Profit for the period	-	-	38,302,093	38,302,093	54,889,149
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	38,302,093	38,302,093	54,889,149
Dividends	-	-	(27,500,000)	(27,500,000)	(35,150,000)
At 30 September 2018 (Unaudited)	275,000,000	53,070,778	171,420,914	499,491,692	587,208,363
At 1 January 2019 (Audited)	275,000,000	58,037,541	174,201,246	507,238,787	585,739,337
Profit for the period	-	-	31,093,569	31,093,569	44,498,684
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	31,093,569	31,093,569	44,498,684
Dividends	-	-	-	-	(25,900,000)
At 30 September 2019 (Unaudited)	275,000,000	58,037,541	205,294,815	538,332,356	604,338,021

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


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Balmacy
Finance Manager

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

	Note	For the nine-month period ended 30 September	
		2019 (Unaudited)	2018 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		51,681,436	68,108,041
<u>Adjustments for:</u>			
Depreciation		21,426,252	20,573,065
Gain on disposal of property and equipment		(192,133)	(94,160)
Finance income		-	(725,695)
Finance costs		165,217	-
Employee benefit obligations, net		(1,119,659)	300,848
<u>Changes in operating assets and liabilities:</u>			
Decrease (increase) in inventories		5,495,175	(14,009,677)
Increase in trade and other receivables		(4,081,240)	(2,084,497)
Increase (decrease) in trade and other payables		7,304,539	(8,492,478)
Cash generated from operations		80,679,587	63,575,447
Finance income received on deposits		-	725,695
Zakat and income tax paid		(9,642,581)	(17,959,510)
Net cash inflow from operating activities		71,037,006	46,341,632
Cash flows from investing activities			
Short-term deposit		-	50,000,000
Payments for property, plant and equipment		(87,884,026)	(109,196,147)
Proceeds from disposal of property and equipment		283,392	198,327
Net cash outflow from investing activities		(87,600,634)	(58,997,820)
Cash flows from financing activities			
Lease liabilities repaid		(495,193)	-
Dividends paid to the Company's shareholders		-	(27,500,000)
Dividends paid to the non-controlling interests in subsidiaries		(25,900,000)	(7,650,000)
Net cash outflow from financing activities		(26,395,193)	(35,150,000)
Net decrease in cash and cash equivalents		(42,958,821)	(47,806,188)
Cash and cash equivalents at beginning of period		106,895,306	172,878,753
Cash and cash equivalents at end of period		63,936,485	125,072,565
Non-cash operating, investing and financing activities:			
Right-of-use assets recorded against lease liabilities	2	5,647,367	-
Prepaid lease rentals adjusted against lease liabilities		634,124	-

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


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Buhary
Finance Manager

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2019

(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 Saudi Arabian 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 Company is in the process of setting-up a project in Jubail for producing chlorine and its derivatives with an estimated production capacity of 70,000 tons. As at 30 September 2019, the Group has incurred Saudi Riyals 261.0 million on the new plant representing capital expenditure under different agreements entered for procurement of machinery and equipment and engineering and consulting services. The Royal Commission for Jubail and Yanbu has allocated land for such project in Jubail.

Subsequent to the period ended 30 September 2019, the Company has signed a letter of intent to engage with a local contracting company to carry out construction and civil works for such plant for an estimated cost of Saudi Riyals 290.0 million. The Company has also signed an agreement with a local commercial bank for credit facilities amounting to Saudi Riyals 262.0 million to partially finance this project. Such credit facilities have remained unutilized as at 30 September 2019.

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

	Effective ownership percentage at	
	30 September 2019	31 December 2018
Basic Chemicals National Company Limited ("BCNC")	100%	100%
Chemical Marketing and Distribution Company Limited ("CMDC")	100%	100%
Saudi Water Treatment Company ("SWTC")	100%	100%
Huntsman APC ("HAPC")	49%	49%
National Adhesives Company Limited ("NAL")	47%	47%

The Company has consolidated the accounts of HAPC and NAL in the accompanying condensed consolidated interim financial information as a parent company by virtue of respective shareholders' agreements. Pursuant to such agreements;

- BCI appoints its representative as Chief Executive Officer for both HAPC and NAL for managing day to day operations.
- BCI's representative(s) on the Board of Directors have the power to direct all key relevant business activities as a result of the voting arrangements under the terms of these agreements.

Accordingly, the Company has the right to exercise control through its ability to affect the amount of returns generated from these companies, its power over these companies and its exposure and right to the variable returns.

During 2013, CMDC acquired 50% equity interest in Mars Chemical Marketing and Distribution Company Limited ("Mars-CMDC"), a limited liability company incorporated in Qatar under CR number 56892 issued on 12 Ramadan 1433 H (31 July 2012). Mars-CMDC is engaged in marketing and distribution of various chemicals, solvents, additives, catalysts, plastics, polymers and resins. The investment is recorded as an investment in an associate and accounted for using the equity method of accounting. As at 30 September 2019 and 31 December 2018, the investment was fully impaired.

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2019

(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 of the previous financial year and corresponding interim reporting period, except for the adoption of IFRS 16 'Leases' ("IFRS 16").

2.1 Basis of preparation

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

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual financial statements for the year ended 31 December 2018.

2.2 New amended standards adopted by the company

The Group has adopted IFRS 16 'Leases' ("IFRS 16"), the new standard, which became applicable for the current reporting period. The impact of the adoption of such standard and the new accounting policies are disclosed in note 2.3 below.

2.3 Transition to IFRS 16

a) Transition approach and impact

The Group has adopted IFRS 16 from 1 January 2019, using the modified retrospective method, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in IFRS 16. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the consolidated statement of financial position on 1 January 2019.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The equal and opposite side of the lease liability calculated, is the Right-of-Use ("RoU") asset. Therefore, there is no adjustment against opening retained earnings as at the transition date i.e 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.44%.

The change in accounting policy resulted in recognition of RoU assets and lease liabilities amounting to Saudi Riyals 5.6 million as of 1 January 2019.

b) Change in accounting policy

Starting 1 January 2019, the Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a RoU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2019
(All amounts in Saudi Riyals unless otherwise stated)

The lease liability is presented as a separate line in the condensed consolidated interim statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Group expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the condensed consolidated interim statement of financial position.

The Group applies IAS 36 "Impairment of Assets" to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Lease term

Rental contracts are typically made for fixed periods but may have extension options. Extension options are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by mutual agreement of the Company and the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and nine-month periods ended 30 September 2019
 (All amounts in Saudi Riyals unless otherwise stated)

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made under the previously applicable accounting standards.

c) RoU assets

The RoU assets and corresponding lease liabilities relate to the following type of assets:

	Saudi Riyals
Land and warehouse	3,913,580
Office lease	1,733,787
	5,647,367

d) Reconciliation of operating lease commitments as at 31 December 2018 and lease liability recognized as at 1 January 2019 is as follows:

	Saudi Riyals
Operating lease commitments disclosed as at 31 December 2018	-
Add: adjustment as a result of assessment of lease contracts under IFRS 16	5,785,095
Impact of discounting using the Group's incremental borrowing rate at the date of initial application	(137,728)
	5,647,367
Lease liabilities recognized as at 1 January 2019	
Current lease liabilities	1,034,271
Non-current lease liabilities	4,613,096
	5,647,367

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2019

(All amounts in Saudi Riyals unless otherwise stated)

3 Fair value of assets and liabilities

As at 30 September 2019 and 31 December 2018, 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 consolidated 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 judgments

The preparation of condensed consolidated interim financial information in conformity with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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 interim financial information from those that were applied and disclosed in the annual financial statements for the year ended 31 December 2018.

BASIC CHEMICAL INDUSTRIES COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information (Unaudited)****For the three-month and nine-month periods ended 30 September 2019**

(All amounts in Saudi Riyals unless otherwise stated)

5 Segment information

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

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

Selected financial information as of 30 September 2019 and 31 December 2018 and for the three-month and nine-month periods ended 30 September 2019 and 2018, summarized by the above operating segments, are as follows:

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 September 2019			
Revenue	79,157,785	62,229,504	141,387,289
Cost of sales	(59,378,542)	(43,144,825)	(102,523,367)
Gross profit	19,779,243	19,084,679	38,863,922
Selling and distribution expenses	(6,529,144)	(4,960,033)	(11,489,177)
General and administrative expenses	(5,472,889)	(1,039,818)	(6,512,707)
Other operating income (expenses) - net	1,635,730	(180,936)	1,454,794
Operating profit	9,412,940	12,903,892	22,316,832
Finance costs	(61,726)	(2,169)	(63,895)
Segment results	9,351,214	12,901,723	22,252,937
For the nine-month period ended 30 September 2019			
Revenue	214,621,669	187,865,655	402,487,324
Cost of sales	(164,239,319)	(135,901,160)	(300,140,479)
Gross profit	50,382,350	51,964,495	102,346,845
Selling and distribution expenses	(20,062,446)	(15,240,168)	(35,302,614)
General and administrative expenses	(16,490,085)	(2,076,417)	(18,566,502)
Other operating income (expenses) - net	4,253,994	(885,070)	3,368,924
Operating profit	18,083,813	33,762,840	51,846,653
Finance costs	(158,709)	(6,508)	(165,217)
Segment results	17,925,104	33,756,332	51,681,436
As at 30 September 2019			
Total assets	550,810,922	169,065,621	719,876,543
Total liabilities	74,053,341	41,485,181	115,538,522

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2019

(All amounts in Saudi Riyals unless otherwise stated)

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 September 2018			
Revenue	80,411,272	62,849,650	143,260,922
Cost of sales	(58,598,530)	(47,130,507)	(105,729,037)
Gross profit	21,812,742	15,719,143	37,531,885
Selling and distribution expenses	(6,893,880)	(4,811,410)	(11,705,290)
General and administrative expenses	(9,080,234)	(1,178,021)	(10,258,255)
Other operating income - net	1,810,384	145,186	1,955,570
Operating profit	7,649,012	9,874,898	17,523,910
Finance income	147,778	-	147,778
Segment results	7,796,790	9,874,898	17,671,688
For the nine-month period ended 30 September 2018			
Revenue	270,351,231	178,060,483	448,411,714
Cost of sales	(193,646,826)	(134,483,864)	(328,130,690)
Gross profit	76,704,405	43,576,619	120,281,024
Selling and distribution expenses	(21,742,939)	(13,345,289)	(35,088,228)
General and administrative expenses	(20,650,633)	(1,786,440)	(22,437,073)
Other operating income (expenses) - net	4,637,367	(10,744)	4,626,623
Operating profit	38,948,200	28,434,146	67,382,346
Finance income	725,695	-	725,695
Segment results	39,673,895	28,434,146	68,108,041
As at 31 December 2018			
Total assets	536,444,176	156,144,244	692,588,420
Total liabilities	72,741,106	34,107,977	106,849,083

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For the three-month and nine-month periods ended 30 September 2019

(All amounts in Saudi Riyals unless otherwise stated)

6 Related party transactions and balances

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

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

Nature of transactions	Relationship	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2019	2018	2019	2018
Sales to related parties	Associated companies	4,413,942	7,370,118	18,516,986	25,804,470
Purchases from other related parties	Associated companies	9,785,203	13,312,111	33,501,626	65,033,572
Royalty charged by a related party	Associated companies	2,007,358	1,823,353	5,929,591	4,886,849

(b) Key management personnel compensation:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2019	2018	2019	2018
Salaries and other short-term employee benefits	1,244,739	1,324,467	4,068,760	4,131,654
Employee benefit obligations	109,115	194,890	340,871	732,340
	1,353,854	1,519,357	4,409,631	4,863,994

7 Basic and diluted earnings per share

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2019	2018	2019	2018
Profit attributable to the shareholders of Basic Chemical Industries Company	15,291,823	9,292,668	31,093,569	38,302,093
Weighted average number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share	0.56	0.34	1.13	1.39

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2019

(All amounts in Saudi Riyals unless otherwise stated)

8 Contingencies and commitments

- (i) The Group was contingently liable at 30 September 2019 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 8.5 million (31 December 2018: Saudi Riyals 9.1 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 September 2019 was approximately Saudi Riyals 47.5 million (31 December 2018: Saudi Riyals 36.2 million).
- (iii) During the nine-month period ended 30 September 2019, the General Authority for Zakat and Tax ("GAZT") has issued revised additional assessments for the years 2003 and 2004 and reduced the additional zakat liability from Saudi Riyals 0.8 million to Saudi Riyals 0.4 million. BCI has paid such amount of Saudi Riyals 0.4 million for final settlement of zakat liability for the years 2003 and 2004. However, the GAZT is yet to issue final zakat certificates for such years.

In addition to the above, there has been no material update with regards to the Zakat and Income tax information that were disclosed in the annual consolidated financial statements for the year ended 31 December 2018.