

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 2018
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 2018

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Report on review of Interim Financial Information

To the shareholders of Basic Chemical Industries Company
(A Saudi Joint Stock Company)

I ntroduction

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 2018 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 2018 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

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Ali A. Alotaibi
License Number 379

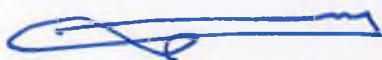
25 October 2018

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

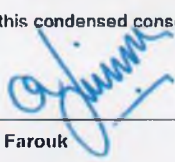
Condensed consolidated interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2018	2017	2018	2017
Revenue	6	143,260,922	144,180,683	448,411,714	422,073,776
Cost of sales	6	(105,729,037)	(108,094,768)	(328,130,690)	(313,363,509)
Gross profit		37,531,885	36,085,915	120,281,024	108,710,267
Selling and distribution expenses		(11,705,290)	(12,425,385)	(35,088,228)	(37,029,388)
General and administrative expenses	6	(10,258,255)	(5,284,293)	(22,437,073)	(18,970,870)
Other operating income - net		1,955,570	434,314	4,626,623	2,807,113
Operating profit		17,523,910	18,810,551	67,382,346	55,517,122
Share in net loss of an associate accounted for using the equity method		-	(92,276)	-	(38,545)
Financial income		147,778	245,833	725,695	1,139,042
Profit before zakat and income tax		17,671,688	18,964,108	68,108,041	56,617,619
Zakat expense		(2,132,315)	(867,835)	(7,912,405)	(6,635,997)
Income tax expense		(1,768,829)	(2,688,328)	(5,306,487)	(4,032,492)
Profit for the period		13,770,544	15,407,945	54,889,149	45,949,130
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		13,770,544	15,407,945	54,889,149	45,949,130
Total comprehensive income for the period is attributable to:					
Shareholders of Basic Chemical Industries Company		9,292,668	8,263,434	38,302,093	26,706,006
Non-controlling interests		4,477,876	7,144,511	16,587,056	19,243,124
		13,770,544	15,407,945	54,889,149	45,949,130
Earnings per share (Saudi Riyals)					
Basic and diluted	7	0.34	0.30	1.39	0.97

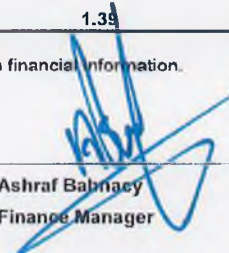
The accompanying notes are an integral part of this condensed consolidated interim financial information.



Khalid Al-Moammar
Designated Member



Ossama Farouk
Chief Executive Officer



Ashraf Babnacy
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)

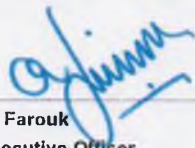
	As at 30 September 2018	As at 31 December 2017
Note	(Unaudited)	(Audited)
Assets		
Non-current assets		
Property, plant and equipment	283,171,745	194,652,830
Current assets		
Inventories	115,968,956	101,959,279
Trade and other receivables	163,695,590	161,611,093
Short-term deposit	-	50,000,000
Cash and cash equivalents	125,072,565	172,878,753
Total current assets	404,737,111	486,449,125
Total assets	687,908,856	681,101,955
Equity and liabilities		
Equity		
Share capital	275,000,000	275,000,000
Statutory reserve	53,070,778	53,070,778
Retained earnings	171,420,914	160,618,821
Equity attributable to shareholders of Basic Chemical Industries Company	499,491,692	488,689,599
Non-controlling interests	87,716,671	78,779,615
Total equity	587,208,363	567,469,214
Liabilities		
Non-current liabilities		
Employee benefit obligations	24,309,075	24,008,227
Current liabilities		
Trade and other payables	68,025,334	76,517,812
Zakat and income tax payable	8,366,084	13,106,702
Total current liabilities	76,391,418	89,624,514
Total liabilities	100,700,493	113,632,741
Total equity and liabilities	687,908,856	681,101,955

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

The condensed consolidated interim financial information including notes and other explanatory information were approved and authorised for issue by the Board of Directors on 25 October 2018 and were signed on their behalf by:



Khalid Al-Moammar
Designated Member



Ossama Farouk
Chief Executive Officer



Ashraf Bahmany
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)

	Note	Equity attributable to the shareholders of Basic Chemical Industries Company					
		Share capital	Statutory reserve	Retained earnings	Total		
At 1 January 2017 (Audited)		275,000,000	48,693,927	150,715,586	474,409,513	78,223,305	552,632,818
Profit for the period		-	-	26,706,006	26,706,006	19,243,124	45,949,130
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	26,706,006	26,706,006	19,243,124	45,949,130
Dividends	8	-	-	(27,500,000)	(27,500,000)	(19,370,000)	(46,870,000)
At 30 September 2017 (Unaudited)		275,000,000	48,693,927	149,921,592	473,615,519	79,096,429	551,711,948
At 1 January 2018 (Audited)		275,000,000	53,070,778	160,618,821	488,689,599	78,779,615	567,469,214
Profit for the period		-	-	38,302,093	38,302,093	16,587,056	54,889,149
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	38,302,093	38,302,093	16,587,056	54,889,149
Dividends	8	-	-	(27,500,000)	(27,500,000)	(7,650,000)	(35,150,000)
At 30 September 2018 (Unaudited)		275,000,000	53,070,778	171,420,914	499,491,692	87,716,671	587,208,363

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



Khalid Al-Moammar
Designated Member



Ossama Farouk
Chief Executive Officer



Ashraf Bahmany
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 September 30	
		2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		68,108,041	56,617,619
<u>Adjustments for:</u>			
Depreciation		20,573,065	21,088,890
Gain on disposal of property and equipment		(94,160)	(84,822)
Share in net loss of an associate accounted for using the equity method		-	38,545
Finance income		(725,695)	(1,139,042)
Employee benefit obligations		300,848	722,435
<u>Changes in operating assets and liabilities:</u>			
Increase in inventories		(14,009,677)	(18,461,304)
Increase in trade and other receivables		(2,084,497)	(10,898,554)
(Decrease) increase in trade and other payables		(8,492,478)	4,662,275
Cash generated from operations		63,575,447	52,546,042
Finance income received on deposits		725,695	1,139,042
Zakat and income tax paid		(17,959,510)	(13,244,123)
Net cash inflow from operating activities		46,341,632	40,440,961
Cash flows from investing activities			
Short-term deposit		50,000,000	30,000,000
Payments for property, plant and equipment		(109,196,147)	(45,123,872)
Proceeds from disposal of property and equipment		198,327	87,331
Net cash outflow from investing activities		(58,997,820)	(15,036,541)
Cash flows from financing activities			
Dividends paid to the Company's shareholders	8	(27,500,000)	(27,500,000)
Dividends paid to non-controlling interests in subsidiaries		(7,650,000)	(19,370,000)
Net cash outflow from financing activities		(35,150,000)	(46,870,000)
Net decrease in cash and cash equivalents		(47,806,188)	(21,465,580)
Cash and cash equivalents at beginning of period		172,878,753	227,856,353
Cash and cash equivalents at end of period		125,072,565	206,390,773


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



Khalid Al-Moammar
Designated Member



Ossama Farouk
Chief Executive Officer



Ashraf Bahncay
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 2018

(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. Property, plant and equipment at 30 September 2018 includes Saudi Riyals 132.0 million as "Capital work-in-progress" representing costs incurred by the Company till 30 September 2018 under different agreements entered for procurement of machinery and equipment and engineering and consulting services with respect to the project. The project is expected to be completed by 2020 with a total estimated cost of Saudi Riyals 520.0 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 2018.

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 2018	31 December 2017
Basic Chemicals National Company Limited ("BCNC")	100%	100%
Chemical Marketing and Distribution Company Limited ("CMDC")	100%	100%
Saudi Water Treatment Company ("SWTC")	100%	100%
Huntsman APC ("HAPC")	49%	49%
National Adhesives Company Limited ("NAL")	47%	47%

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

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

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 2018 and 31 December 2017, the investment was fully impaired.

2. Summary of significant 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 new and amended standards as set out below.

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 2018

(All amounts in Saudi Riyals unless otherwise stated)

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 the 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 consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017.

2.2 Standards issued but not yet effective

IFRS 16, 'Leases' was issued in January 2016. It will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The standard is mandatory for the Group's accounting periods beginning on and subsequent to 1 January 2019, and has not been early adopted by the Group. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The Group is in the process of evaluating the impact of the standard.

There are no other relevant International Financial Reporting Standards ("IFRS") or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's condensed interim financial information.

2.3 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- a) IFRS 9 'Financial Instruments' ("IFRS 9"); and
- b) IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15").

The impact of the adoption of these standards and the new accounting policies was not material and hence, did not require retrospective adjustments.

2.4 Change in accounting policies

2.4.1 IFRS 9

(i) Classification

From 1 January 2018, the Group's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of Group's financial assets are at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented under "General and administrative expenses" in the statement of profit or loss and other comprehensive income.

(iii) Impairment

From 1 January 2018, the Group assesses, on a forward looking basis, the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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 2018****(All amounts in Saudi Riyals unless otherwise stated)**

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2018:

	New classification under IFRS 9 1 January 2018	Original classification under IAS 39 31 December 2017
Financial assets		
Trade and other receivables	Amortised cost	Amortised cost
Short-term deposit	Amortised cost	Amortised cost
Cash and cash equivalents	Amortised cost	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost

2.4.2 IFRS 15*Revenue from sale of goods*

Revenue from sale of goods is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities. The Group recognizes revenue when control of the goods has transferred, being when the products are delivered to the customer, the customer has full discretion over the use or sale of such goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location as per the terms of the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from rendering of services

Revenue from services is recognized in the accounting period in which the services are rendered. Revenue is recognized when the performance obligation is satisfied i.e. upon receiving the completion certificate from the customer.

3 Fair value of financial assets and financial liabilities

As at 30 September 2018 and 31 December 2017, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

4 Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial information in conformity with IFRS 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 judgments 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 judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical accounting estimates and judgments used by management in the preparation of the condensed consolidated interim financial information are the same as those that are applied and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2017.

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 2018****(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 2018 and 31 December 2017 and for the three-month and nine-month periods ended 30 September 2018 and 2017, summarized by the above operating segments, is as follows:

	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
Financial 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 - net	4,637,367	(10,744)	4,626,623
Operating profit	38,948,200	28,434,146	67,382,346
Financial income	725,695	-	725,695
Segment results	39,673,895	28,434,146	68,108,041
As at 30 September 2018			
Total assets	511,608,377	176,300,479	687,908,856
Total liabilities	67,635,735	33,064,758	100,700,493

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 2018

(All amounts in Saudi Riyals unless otherwise stated)

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 September 2017			
Revenue	83,268,862	60,911,821	144,180,683
Cost of sales	(61,239,903)	(46,854,865)	(108,094,768)
Gross profit	22,028,959	14,056,956	36,085,915
Selling and distribution expenses	(7,727,247)	(4,698,138)	(12,425,385)
General and administrative expenses	(4,731,943)	(552,350)	(5,284,293)
Other operating income - net	118,049	316,265	434,314
Operating profit	9,687,818	9,122,733	18,810,551
Financial income	245,833	-	245,833
Segment results	9,933,651	9,122,733	19,056,384

	Chemicals	Adhesives and other materials	Total
For the nine-month period ended 30 September 2017			
Revenue	241,087,573	180,986,203	422,073,776
Cost of sales	(181,765,135)	(131,598,374)	(313,363,509)
Gross profit	59,322,438	49,387,829	108,710,267
Selling and distribution expenses	(22,108,666)	(14,920,722)	(37,029,388)
General and administrative expenses	(17,230,047)	(1,740,823)	(18,970,870)
Other operating income (expenses) - net	3,179,495	(372,382)	2,807,113
Operating profit	23,163,220	32,353,902	55,517,122
Financial income	1,139,042	-	1,139,042
Segment results	24,302,262	32,353,902	56,656,164

As at 31 December 2017

Total assets	527,682,036	153,419,919	681,101,955
Total liabilities	84,766,616	28,866,125	113,632,741

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2018	2017	2018	2017
Total segment results	17,671,688	19,056,384	68,108,041	56,656,164
Share in net loss of an associate accounted for using the equity method	-	(92,276)	-	(38,545)
Profit before zakat and income tax	17,671,688	18,964,108	68,108,041	56,617,619

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 2018****(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 related parties 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	
		2018	2017	2018	2017
Sales to related parties	Associated companies	7,370,118	9,632,468	25,804,470	31,008,411
Purchases from other related parties	Associated companies	13,312,111	20,596,869	65,033,572	50,880,266
Royalty charged by a related party	Associated companies	1,823,353	1,645,830	4,886,849	4,942,182
Expenses charged by a related party	Other related parties	-	1,836,553	-	3,617,554

(b) Key management personnel compensation:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2018	2017	2018	2017
Salaries and other short-term employee benefits	1,324,467	1,019,693	4,131,654	3,059,079
Employee benefit obligations	278,978	124,423	338,588	373,269
	1,603,445	1,144,116	4,470,242	3,432,348

The outstanding related party balances as at 30 September 2018 and 2017 are included in trade and other receivable and trade and other payable balances respectively. These outstanding balances are unsecured and settled in the ordinary course of business and bear no financial charges.

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	
	2018	2017	2018	2017
Profit attributable to the shareholders of Basic Chemical Industries Company	9,292,668	8,263,434	38,302,093	26,706,006
Weighted average number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000	27,500,000	27,500,000
Basic and diluted earnings per share	0.34	0.30	1.39	0.97

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 2018

(All amounts in Saudi Riyals unless otherwise stated)

Dividends

The shareholders of the Company in their general assembly meeting held on May 15, 2018 approved dividends of Saudi Riyal 1.0 per share, amounting to Saudi Riyals 27.5 million during the nine-month period ended 30 September 2018 (30 September 2017: Saudi Riyals 27.5 million) which were fully paid during the period.

Contingencies and commitments

- (i) The Group was contingently liable at 30 September 2018 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 9.2 million (31 December 2017: Saudi Riyals 12.1 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 September 2018 was approximately Saudi Riyals 87.0 million (31 December 2017: Saudi Riyals 188.7 million). Also, see Note 1.
- (iii) During 2012, the General Authority for Zakat and Tax ("GAZT") issued additional assessments for the years 2003 through 2010 amounting to Saudi Riyals 10.4 million primarily due to disallowances of certain contentions related to property, plant and equipment, intercompany balances and certain other matters. The Company filed appeals against such additional assessments with the Preliminary Appeals Committee ("PAC").

During the year ended 31 December 2017, the GAZT under the directives of PAC, has issued revised additional assessments for the years 2005 to 2010, accepting BCI's positions towards treatment of property, plant and equipment for the purposes of calculating zakat base and accordingly, reduced the additional assessments for 2005 to 2010 from Saudi Riyals 9.5 million to Saudi Riyals 4.1 million. BCI further contested these revised additional assessment and during the nine-month period 30 September 2018, the GAZT issued another revised assessment reducing the remaining additional assessments of Saudi Riyals 4.1 million to Saudi Riyals 2.2 million accepting certain contentions of the Company in relation to related party balances.

The Company has paid an amount of Saudi Riyals 1.5 million for final settlement for such additional assessments for the years from 2005 to 2010. However, the GAZT is yet to issue final zakat certificates for such years.

The Group's management believes that their contentions on the remaining additional assessments will also be accepted by the GAZT and that no material liability will arise upon the ultimate resolution of these appeals and accordingly, no provision for such additional assessments has been recorded in the accompanying condensed consolidated interim financial information.