

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Basic Chemical Industries Company and its subsidiaries (the "Group") as of 31 March 2018 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and 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 H. Al Basri
License Number 409

8 May 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 31 March	
		2018 (Unaudited)	2017 (Unaudited)
Revenue			
Cost of sales		153,757,209	128,385,816
Gross profit		(110,929,056)	(96,253,196)
		42,828,154	32,132,620
Selling and distribution expenses			
General and administrative expenses		(12,627,022)	(12,397,718)
Other operating income (expenses) - net		(4,751,329)	(6,301,421)
Operating profit		1,510,765	(373,214)
		26,960,568	13,060,267
Share in net profit of an associate accounted for using the equity method		-	53,767
Financial income		286,111	661,041
Profit before zakat and income tax		27,246,679	13,775,075
Zakat expense			
Income tax expense		(2,132,314)	(2,211,999)
Profit for the period		(1,768,829)	(1,344,164)
		23,345,536	10,218,912
Other comprehensive income for the period		-	-
Total comprehensive income for the period		23,345,536	10,218,912
Total comprehensive income for the period is attributable to:			
Shareholders of Basic Chemical Industries Company		16,012,773	5,922,141
Non-controlling interests		7,332,763	4,296,771
		23,345,536	10,218,912
Earnings per share (Saudi Riyals)			
Basic and diluted	7	0.51	0.22

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


Khalid Al-Moammar
 Designated member


Ossama Farouk
 Chief Executive Officer


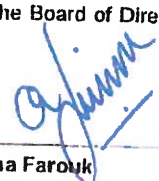
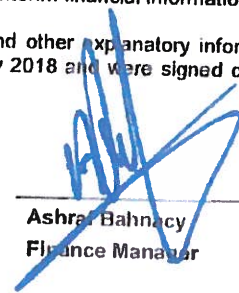

Ashraf Bahmany
 Finance Manager

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

	Note	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		201,981,932	194,652,830
Current assets			
Inventories		128,892,444	101,959,279
Trade and other receivables		159,079,138	161,611,093
Short-term deposits		100,000,000	50,000,000
Cash and cash equivalents		140,381,935	172,878,753
Total current assets		528,353,517	486,449,125
Total assets		730,336,449	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		176,631,594	160,618,821
Equity attributable to shareholders of Basic Chemical Industries Company	8	504,702,372	488,689,599
Non-controlling interests		86,112,378	78,779,615
Total equity		590,814,750	567,469,214
Liabilities			
Non-current liabilities			
Employee benefit obligations		24,448,640	24,008,227
Current liabilities			
Trade and other payables		98,064,214	76,517,812
Zakat and income tax payable		17,007,845	13,106,702
Total current liabilities		115,072,059	89,624,514
Total liabilities		139,520,699	113,632,741
Total equity and liabilities		730,335,449	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 8 May 2018 and were signed on their behalf by:

		
Khalid Al-Moammar Designated member	Ossama Farouk Chief Executive Officer	Ashraf Bahnacy Finance Manager

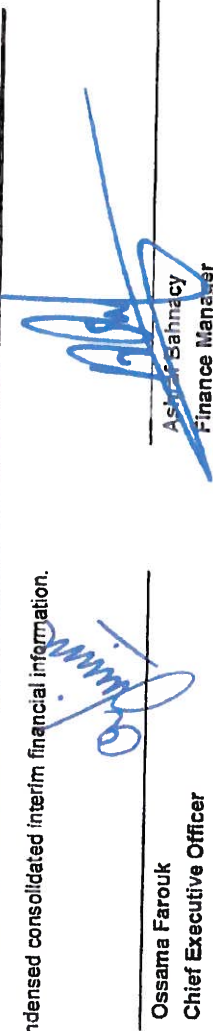
BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Attributable to the shareholders of Basic Chemical Industries Company			
	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2017 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2017 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2018 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2018 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2019 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2019 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2020 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2020 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2021 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2021 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2022 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2022 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2023 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2023 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2024 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2024 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2025 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2025 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2026 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2026 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2027 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2027 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2028 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2028 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372
At 1 January 2029 (Audited)	275,000,000	48,693,927	150,715,586	474,409,513
Profit for the period	-	-	5,922,141	5,922,141
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	5,922,141	5,922,141
At 31 March 2029 (Unaudited)	275,000,000	48,693,927	156,637,727	480,331,654
At 1 January 2030 (Audited)	275,000,000	53,070,778	160,618,821	488,689,599
Profit for the period	-	-	16,012,773	16,012,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	16,012,773	16,012,773
At 31 March 2030 (Unaudited)	275,000,000	53,070,778	176,631,594	504,702,372

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



Khalid Al-Moammar
Designated member




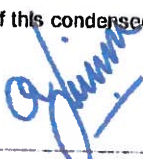
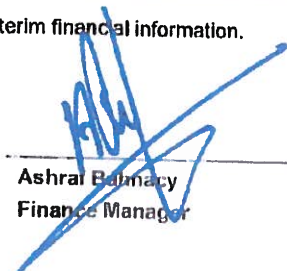
Ossama Farouk
Chief Executive Officer

Ashraf Sahnacy
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)

	For the three-month period ended 31 March	
	2018 (Unaudited)	2017 (Unaudited)
Cash flows from operating activities		
Profit before zakat and income tax	27,246,679	13,775,075
Adjustments for:		
Depreciation	6,809,109	7,138,339
Gain on disposal of property and equipment	(8,276)	(21,108)
Share in net profit of an associate accounted for using the equity method	-	(53,767)
Financial income	(286,111)	(661,041)
Employee benefit obligations	440,413	413,336
Changes in operating assets and liabilities:		
Increase in inventories	(26,933,165)	(1,788,276)
Decrease in trade and other receivables	2,531,955	3,292,051
Increase in trade and other payables	21,546,402	3,887,585
Cash generated from operations	31,347,006	25,982,194
Finance income received on deposits	286,111	661,041
Net cash inflow from operating activities	31,633,117	26,643,235
Cash flows from investing activities		
Short-term deposit	(50,000,000)	(10,000,000)
Payments for property, plant and equipment	(14,138,212)	(2,489,623)
Proceeds from disposal of property and equipment	8,277	58,161
Net cash outflow from investing activities	(64,129,935)	(12,431,462)
Net (decrease) increase in cash and cash equivalents	(32,496,818)	14,211,773
Cash and cash equivalents at beginning of period	172,878,753	227,856,353
Cash and cash equivalents at end of period	140,381,935	242,068,126

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

 <hr/> Khalid Al-Moammar Designated member	 <hr/> Ossama Farouk Chief Executive Officer	 <hr/> Ashraf Bahmany Finance Manager
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BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month period ended 31 March 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. During the year ended 31 December 2017, the Company has entered into an agreement with a European company for procurement of machinery and equipment for chlorine and caustic soda and engineering services. The project is expected to be completed by 2020 with a total estimated cost of Saudi Riyals 520.0 million.

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	
	31 March 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 31 March 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.

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").

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month period ended 31 March 2018

(All amounts in Saudi Riyals unless otherwise stated)

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

The Group's management decided not to choose to early adopt the following new and amended standards and interpretations:

Standard	Description
Amendment to IFRS 9	Financial instruments', on prepayment features with negative compensation
Amendments to IAS 19	Employee benefits' on plan amendment, curtailment or settlement
Annual improvements 2015-2017	

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 yet to evaluate the impact of the standard.

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 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 period ended 31 March 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 deposits	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 assets and liabilities

As at 31 March 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 period ended 31 March 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 31 March 2018 and 31 December 2017 and for the three-month periods ended 31 March 2018 and 2017, summarized by the above operating segments, is as follows:

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 31 March 2018			
Revenue	95,675,150	58,082,059	153,757,209
Cost of sales	(66,587,223)	(44,341,832)	(110,929,055)
Gross profit	29,087,927	13,740,227	42,828,154
Selling and distribution expenses	(8,398,015)	(4,229,007)	(12,627,022)
General and administrative (expenses) reversals - net	(4,938,893)	187,564	(4,751,329)
Other operating income (expenses) - net	1,815,578	(304,813)	1,510,765
Operating profit	17,566,597	9,393,971	26,960,568
Financial income	286,111	-	286,111
Segment results	17,852,708	9,393,971	27,246,679
As at 31 March 2018			
Total assets	559,533,782	170,801,667	730,335,449
Total liabilities	97,699,958	41,820,741	139,520,699
	Chemicals	Adhesives and other materials	Total
For the three-month period ended 31 March 2017			
Revenue	69,743,826	58,641,990	128,385,816
Cost of sales	(53,691,164)	(42,562,032)	(96,253,196)
Gross profit	16,052,662	16,079,958	32,132,620
Selling and distribution expenses	(7,293,939)	(5,103,779)	(12,397,718)
General and administrative expenses	(6,089,013)	(212,408)	(6,301,421)
Other operating income (expenses) - net	533,414	(906,628)	(373,214)
Operating profit	3,203,124	9,857,143	13,060,267
Financial income	661,041	-	661,041
Segment results	3,864,165	9,857,143	13,721,308
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

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month period ended 31 March 2018
(All amounts in Saudi Riyals unless otherwise stated)

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 31 March	
	2018	2017
Total segment results	27,246,679	13,721,308
Share in net profit of an associate accounted for using the equity method	-	53,767
Profit before zakat and income tax	27,246,679	13,775,075

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 during the three-month period ended 31 March:

Nature of transaction	Relationship	For the three-month period ended 31 March	
		2018	2017
Sales to related parties	Associated companies	11,259,405	11,192,877
Purchases from related parties	Associated companies	35,237,485	12,109,498
Royalty charged by a related party	Associated companies	1,443,124	1,572,441
Expenses charged by a related party	Other related parties	-	1,228,413

(b) Key management personnel compensation:

	For the three-month period ended 31 March	
	2018	2017
Salaries and other short-term employee benefits	1,433,799	1,019,693
Employee benefit obligations	187,423	124,423
	1,621,222	1,144,116

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 31 March	
	2018	2017
Profit attributable to the shareholders of Basic Chemical Industries Company	16,012,773	5,922,141
Weighted average number of ordinary shares for basic and diluted earnings per share	27,500,000	27,500,000
Basic and diluted earnings per share	0.58	0.22

BASIC CHEMICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month period ended 31 March 2018

(All amounts in Saudi Riyals unless otherwise stated)

8 Dividends

On 27 February 2018, the Company's Board of Directors recommended cash dividends amounting to Saudi Riyals 27.5 million to the shareholders of the Group at Saudi Riyals 1 per share which will be paid after the approval by the shareholders in the general assembly meeting. Accordingly, no appropriation has been made in the accompanying condensed consolidated interim financial information.

9 Contingencies and commitments

- (i) The Group was contingently liable at 31 March 2018 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 11.8 million (31 December 2017: Saudi Riyals 12.1 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 31 March 2018 was approximately Saudi Riyals 190.9 million (31 December 2017: Saudi Riyals 200.2 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 three-month period ended 31 March 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 not accepted these revised assessments and has again filed appeals with the GAZT.

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.