

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2020
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 SIX-MONTH PERIODS ENDED 30 JUNE 2020

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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 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2020 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

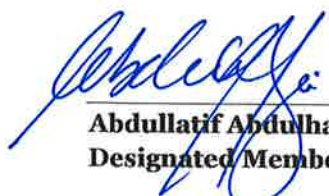
23 August 2020



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 June		For the six-month period ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Revenue		131,139,854	130,122,148	272,097,685	261,100,035
Cost of sales		(96,361,737)	(95,998,257)	(201,341,587)	(197,617,112)
Gross profit		34,778,117	34,123,891	70,756,098	63,482,923
Selling and distribution expenses		(11,585,978)	(12,051,336)	(24,464,001)	(23,813,437)
General and administrative expenses		(6,024,062)	(5,913,736)	(11,892,613)	(12,053,795)
Other operating income - net		505,331	1,324,456	846,426	1,914,130
Operating profit		17,673,408	17,483,275	35,245,910	29,529,821
Finance costs	6,7	(32,441)	(50,220)	(66,160)	(101,322)
Profit before zakat and income tax		17,640,967	17,433,055	35,179,750	29,428,499
Zakat expense	8	(1,060,759)	(1,884,817)	(2,365,255)	(2,856,275)
Income tax expense	8	(1,264,238)	(1,155,807)	(2,430,889)	(2,148,412)
Profit for the period		15,315,970	14,392,431	30,383,606	24,423,812
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		15,315,970	14,392,431	30,383,606	24,423,812
Total comprehensive income for the period is attributable to:					
Shareholders of Basic Chemical Industries Company		10,664,064	9,686,571	21,084,839	15,801,746
Non-controlling interests		4,651,906	4,705,860	9,298,767	8,622,066
		15,315,970	14,392,431	30,383,606	24,423,812
Earnings per share (Saudi Riyals)					
Basic and diluted	9	0.39	0.35	0.77	0.57

The condensed consolidated interim financial information including notes was authorized for issue by the Board of Directors on 23 August 2020 and was signed on their behalf by:


Abdullatif Abdulhadi
Designated Member


Ossama Farouk
Chief Executive Officer


Ashraf Bahnacy
Finance Manager

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

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

	Note	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	6	487,248,798	422,194,976
Right-of-use assets		3,271,393	3,516,320
Total non-current assets		490,520,191	425,711,296
Current assets			
Inventories		86,309,801	85,950,400
Trade and other receivables		130,229,201	164,940,297
Cash and cash equivalents		110,466,863	79,749,958
Total current assets		327,005,865	330,640,655
Total assets		817,526,056	756,351,951
Equity and liabilities			
Equity			
Share capital		275,000,000	275,000,000
Statutory reserve		62,159,669	62,159,669
Retained earnings		206,617,451	213,032,612
Equity attributable to shareholders of Basic Chemical Industries Company		543,777,120	550,192,281
Non-controlling interests		53,417,311	70,618,544
Total equity		597,194,431	620,810,825
Liabilities			
Non-current liabilities			
Borrowings	7	58,625,000	15,000,000
Lease liabilities		2,106,960	2,294,022
Employee benefit obligations		29,268,601	28,724,961
Total non-current liabilities		90,000,561	46,018,983
Current liabilities			
Trade and other payables		101,888,957	82,198,212
Current portion of lease liabilities		693,189	859,710
Borrowings	7	16,654,758	-
Zakat and income tax payable	8	11,094,160	6,464,221
Total current liabilities		130,331,064	89,522,143
Total liabilities		220,331,625	135,541,126
Total equity and liabilities		817,526,056	756,351,951

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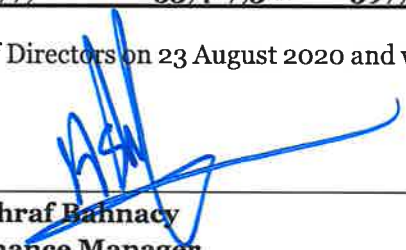
BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Attributable to the shareholders of Basic Chemical Industries Company			Non- controlling interests	Total	
		Share capital	Statutory reserve	Retained earnings			
At 1 January 2019 (Audited)		275,000,000	58,037,541	174,201,246	507,238,787	78,500,550	585,739,337
Profit for the period		-	-	15,801,746	15,801,746	8,622,066	24,423,812
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	15,801,746	15,801,746	8,622,066	24,423,812
Dividends		-	-	-	-	(25,900,000)	(25,900,000)
At 30 June 2019 (Unaudited)		275,000,000	58,037,541	190,002,992	523,040,533	61,222,616	584,263,149
At 1 January 2020 (Audited)		275,000,000	62,159,669	213,032,612	550,192,281	70,618,544	620,810,825
Profit for the period		-	-	21,084,839	21,084,839	9,298,767	30,383,606
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	21,084,839	21,084,839	9,298,767	30,383,606
Dividends	10	-	-	(27,500,000)	(27,500,000)	(26,500,000)	(54,000,000)
At 30 June 2020 (Unaudited)		275,000,000	62,159,669	206,617,451	543,777,120	53,417,311	597,194,431

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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 six-month period ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		35,179,750	29,428,499
<u>Adjustments for:</u>			
Depreciation		14,522,146	14,303,816
Gain on disposal of property and equipment		(109,019)	(58,862)
Finance costs		66,160	101,322
Employee benefit obligations		1,292,148	1,525,415
<u>Changes in operating assets and liabilities:</u>			
Increase in inventories		(359,401)	(2,168,691)
Decrease in trade and other receivables		34,544,891	7,122,623
Increase in trade and other payables		19,690,745	11,903,754
Cash generated from operations		104,827,420	62,157,876
Finance costs paid	7	(687,441)	(101,322)
Zakat and income tax paid		-	(8,177,869)
Employee benefit obligations paid		(748,508)	(1,429,058)
Net cash inflow from operating activities		103,391,471	52,449,627
Cash flows from investing activities			
Payments for property, plant and equipment	6	(78,430,007)	(65,620,278)
Proceeds from disposal of property and equipment		109,024	58,862
Net cash outflow from investing activities		(78,320,983)	(65,561,416)
Cash flows from financing activities			
Proceeds from borrowings	7	60,000,000	-
Principal elements of lease payments		(353,583)	(393,871)
Dividends paid to the Company's shareholders	10	(27,500,000)	-
Dividends paid to the non-controlling interests in subsidiaries		(26,500,000)	(25,900,000)
Net cash inflow (outflow) from financing activities		5,646,417	(26,293,871)
Net change in cash and cash equivalents		30,716,905	(39,405,660)
Cash and cash equivalents at beginning of period		79,749,958	106,895,306
Cash and cash equivalents at end of period		110,466,863	67,489,646
Non-cash operating, investing and financing activities:			
Right-of-use assets recorded against lease liabilities		-	5,647,367
Prepaid lease rentals adjusted against lease liabilities		-	634,124

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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 and six-month periods ended 30 June 2020
(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Basic Chemical Industries Company (the “Company” or “BCI”) and its subsidiaries (collectively the “Group”) consist of the Company and its subsidiaries as indicated below. The Group is principally engaged in the manufacturing of various chemicals as well as to purchase, formulate, process, export, import, market, distribute and act as an agent for the sale of chemicals.

The Company is a joint stock company registered in the Kingdom of Saudi Arabia under commercial registration (“CR”) number 2050002795 issued in Dammam on 28 Dhul Al Hijjah 1392 H (2 February 1973). The registered address of the Company is P.O. Box 1053, Dammam 31431, Kingdom of Saudi Arabia.

In response to the spread of the novel coronavirus (COVID-19) pandemic in the GCC and other territories where the Group operates and its consequential disruption to the social and economic activities in those markets, BCI’s management has assessed its impact on its operations and has taken a series of proactive and preventative measures to:

- ensure the health and safety of its employees and contractors as well as the wider community where it is operating; and
- minimizing the impact of the pandemic on its operations and product supply to the customers.

Notwithstanding these challenges, the Group has been successful in maintaining stable operations by assessing any potential negative impact on the financial performance as a result of possible disruption to Group’s supply chain, production capabilities, demand for its products, as well as the sales distribution network. Management believes that the COVID-19 pandemic, by itself, has had limited direct material effects on the Group’s reported results for the three-month and six-month periods ended 30 June 2020. However, management continues to monitor the situation closely and at this stage, does not expect any significant impact on the Group’s financial performance for the year ending 31 December 2020 as of the date of approval of this condensed consolidated interim financial information.

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 June 2020	31 December 2019
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.

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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 June 2020 and 31 December 2019, the investment was fully impaired.

2. Accounting policies

The principal accounting policies applied in the preparation of condensed consolidated interim financial information of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of certain amendments to the standards and interpretations as set out in Note 2.2.

2.1 Basis of preparation

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

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual financial statements for the year ended 31 December 2019. The interim results may not represent a proper indication of the annual results of operations.

2.2 Standards adopted and issued but not yet effective

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2020 which do not have a material effect on the Group's condensed consolidated interim financial information.

Standards issued but not yet effective:

Certain new accounting standards and interpretations have been published that are mandatory from 1 January 2021 or later reporting periods and have not been early adopted by the Group. Such standards are not expected to have a material impact in the future reporting periods and on foreseeable future transactions.

3. Fair value of assets and liabilities

As at 30 June 2020 and 31 December 2019, 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.

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For the three-month and six-month periods ended 30 June 2020
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4. Critical accounting estimates and judgements

The preparation of condensed interim financial information in conformity with International Financial Reporting Standards (“IFRS”), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial information from those that were applied and disclosed in the annual financial statements for the year ended 31 December 2019.

However, as explained in Note 1, the Group’s management has proactively assessed the potential impact of the COVID-19 pandemic for any further regulatory and government restrictions both locally and in the market in which the Group operates together with other factors that could adversely affect the operations. Management has concluded that critical accounting estimates and judgements remain appropriate under the current circumstances for the purpose of preparation of this condensed consolidated interim financial information. However, as the situation is rapidly evolving with future uncertainties, management plans to continue to assess the impact based on prospective developments as they arise.

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Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2020
(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 June 2020 and 31 December 2019 and for the three-month and six-month periods ended 30 June 2020 and 2019, summarized by the above operating segments, are as follows:

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 June 2020			
Revenue	71,204,314	59,935,540	131,139,854
Cost of sales	(55,996,149)	(40,365,588)	(96,361,737)
Gross profit	15,208,165	19,569,952	34,778,117
Selling and distribution expenses	(5,846,277)	(5,739,701)	(11,585,978)
General and administrative expenses	(5,230,991)	(793,071)	(6,024,062)
Other operating income (expenses) - net	590,680	(85,349)	505,331
Operating profit	4,721,577	12,951,831	17,673,408
Finance costs	(30,527)	(1,914)	(32,441)
Segment results	4,691,050	12,949,917	17,640,967
Depreciation	5,649,201	1,298,038	6,947,239
For the six-month period ended 30 June 2020			
Revenue	154,156,750	117,940,935	272,097,685
Cost of sales	(121,425,880)	(79,915,707)	(201,341,587)
Gross profit	32,730,870	38,025,228	70,756,098
Selling and distribution expenses	(13,693,503)	(10,770,498)	(24,464,001)
General and administrative expenses	(10,804,312)	(1,088,301)	(11,892,613)
Other operating income (expenses) - net	996,794	(150,368)	846,426
Operating profit	9,229,849	26,016,061	35,245,910
Finance costs	(62,080)	(4,080)	(66,160)
Segment results	9,167,769	26,011,981	35,179,750
Depreciation	11,649,190	2,628,028	14,277,218

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For the three-month and six-month periods ended 30 June 2020
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As at 30 June 2020

Total assets	660,680,456	156,845,600	817,526,056
Total liabilities	168,562,493	51,769,132	220,331,625
Property, plant and equipment	455,733,738	31,515,060	487,248,798

	Chemicals	Adhesives and other materials	Total
For the three-month period ended 30 June 2019			
Revenue	66,785,437	63,336,711	130,122,148
Cost of sales	(51,192,492)	(44,805,765)	(95,998,257)
Gross profit	15,592,945	18,530,946	34,123,891
Selling and distribution expenses	(6,703,850)	(5,347,486)	(12,051,336)
General and administrative expenses	(5,453,269)	(460,467)	(5,913,736)
Other operating income (expenses) - net	1,556,677	(232,221)	1,324,456
Operating profit	4,992,503	12,490,772	17,483,275
Finance costs	(48,050)	(2,170)	(50,220)
Segment results	4,944,453	12,488,602	17,433,055
Depreciation	5,565,659	1,314,689	6,880,348

	Chemicals	Adhesives and other materials	Total
For the six-month period ended 30 June 2019			
Revenue	135,463,884	125,636,151	261,100,035
Cost of sales	(104,860,777)	(92,756,335)	(197,617,112)
Gross profit	30,603,107	32,879,816	63,482,923
Selling and distribution expenses	(13,533,302)	(10,280,135)	(23,813,437)
General and administrative expenses	(11,017,196)	(1,036,599)	(12,053,795)
Other operating income (expenses) - net	2,618,264	(704,134)	1,914,130
Operating profit	8,670,873	20,858,948	29,529,821
Finance costs	(96,983)	(4,339)	(101,322)
Segment results	8,573,890	20,854,609	29,428,499
Depreciation	11,106,752	2,636,874	13,743,626

As at 30 June 2019

Total assets	547,439,717	156,452,158	703,891,875
Total liabilities	80,670,206	38,958,520	119,628,726
Property, plant and equipment	349,986,403	34,376,993	384,363,396

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6. Property, plant and equipment

At 30 June 2020, the Group's capital work-in-progress includes costs incurred amounting to Saudi Riyals 363.2 million (31 December 2019: Saudi Riyals 281.0 million) on a new plant for chlorine-based derivatives in Jubail. Such balance represents capital expenditure under different arrangements entered for procurement of plant and machinery, engineering services, civil and construction work and other related items. The Royal Commission for Jubail and Yanbu has allocated land for such project in Jubail. The project is expected to be completed by 2021 with a total estimated cost of Saudi Riyals 685.0 million. Also see Note 7.

7. Borrowings

During 2018, BCI entered into an agreement with a commercial bank for credit facilities amounting to Saudi Riyals 262.0 million to partially finance its project as explained in Note 6. Borrowings as at 30 June 2020 represent the amount drawn by the Group from such facility. The loan is denominated in Saudi Riyals and bears financial charges based on prevailing market rates. There are no financial covenants applicable to the Company under such agreement with the bank.

In accordance with the terms of the agreement, such borrowings will be repayable in 16 equal quarterly installments of Saudi Riyals 16.4 million each commencing April 2021. Accordingly, the borrowings due for repayment within the next twelve-month period as at 30 June 2020 have been classified under current liabilities together with the accrued interest thereon.

Borrowing costs capitalized during the six-month period ended 30 June 2020 amounted to Saudi Riyals 0.9 million (30 June 2019: Saudi Riyals Nil). Also see Note 6.

8. Zakat and income tax matters

8.1 Components of zakat base

The Company and its subsidiaries are subject to zakat and income tax. The Group files zakat and income tax declarations on an unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulations principally comprise shareholders' equity, provisions at beginning of the year and adjusted net profit, less deduction for the net book value of property, plant and equipment and certain other items.

In accordance with the regulations of the General Authority of Zakat and Tax (the "GAZT"), zakat is payable at 2.578% on all components of zakat base except for adjusted net profit for the year which is subject to zakat at the rate of 2.5%.

8.2 Provision for zakat and income taxes

	Zakat	Income tax	Total
1 January 2020	4,692,024	1,772,197	6,464,221
Provision for current period	2,365,255	2,430,889	4,796,144
Adjustment against advance income tax	-	(166,205)	(166,205)
30 June 2020	7,057,279	4,036,881	11,094,160

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	Zakat	Income tax	Total
1 January 2019	5,613,713	549,977	6,163,690
Provisions			
- For current year	4,692,024	4,411,389	9,103,413
- Adjustments related to prior years	549,466	-	549,466
	5,241,490	4,411,389	9,652,879
Payments	(6,163,179)	(4,944,113)	(11,107,292)
	4,692,024	17,253	4,709,277
Advance income tax	-	1,754,944	1,754,944
31 December 2019	4,692,024	1,772,197	6,464,221

At 30 June 2020, the portion of advance income tax paid by one of the subsidiaries in excess of the income tax liability amounting to Saudi Riyals 1.6 million (31 December 2019: Saudi Riyals 1.7 million) has been classified under "Trade and other receivables".

8.3 Status of final assessments

The GAZT has finalized the zakat assessments for the Company for the years through 2010 which have been agreed by the Company. However, final certificates for the years from 2003 to 2010 have not yet been issued by the GAZT.

The GAZT also issued assessment for the Company for the years 2011 to 2015 with an additional zakat liability of Saudi Riyals 12.9 million. BCI filed an appeal with the GAZT requesting them to issue revised assessment based on their contentions in such appeals and correction of material errors. During the year ended 31 December 2019, the GAZT issued revised additional assessment for the years 2011 and 2015, partially accepting BCI's contentions and accordingly, reduced the additional zakat liability from Saudi Riyals 12.9 million to Saudi Riyals 3.2 million. The Group also requested the GAZT to transfer the case to General Secretariat of Tax Committees in respect of the matters not accepted by the GAZT. The Group management believes that no additional zakat liability will arise upon finalisation of the appeal.

The GAZT has issued zakat and income tax assessments related to the subsidiaries for certain years which have been agreed by the subsidiaries. Zakat and income tax assessments for certain years are currently under review by the GAZT. All subsidiaries have received the respective zakat and income tax certificates for the years through 2018.

9. 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 June		For the six-month period ended 30 June	
		2020	2019	2020	2019
Sales to related parties	Associated companies	2,629,263	3,676,947	6,806,450	14,103,045
Purchases from related parties	Associated companies	9,266,166	11,124,349	17,178,722	23,260,633
Royalty charged by a related party	Associated companies	1,984,832	2,090,883	3,898,652	3,922,233

BASIC CHEMICAL INDUSTRIES COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2020
(All amounts in Saudi Riyals unless otherwise stated)

(b) Key management personnel compensation:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2020	2019	2020	2019
Salaries and other short-term employee benefits	2,419,679	2,670,777	4,820,075	5,140,566
Employee benefit obligations	123,795	115,878	247,092	231,756
	2,543,474	2,786,655	5,067,167	5,372,322

Board of directors' fee for the six-month periods ended 30 June 2020 and 2019 was Saudi Riyals 1.1 million.

10. 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 June		For the six-month period ended 30 June	
	2020	2019	2020	2019
Profit attributable to the shareholders of Basic Chemical Industries Company	10,664,064	9,686,571	21,084,839	15,801,746
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	0.39	0.35	0.77	0.57

11. Dividends

The shareholders of the Company in their general assembly meeting held on 9 March 2020 approved dividends of Saudi Riyal 1.0 per share, amounting to Saudi Riyals 27.5 million, for the nine-month period ended 30 September 2019, which were fully paid during the six-month period ended 30 June 2020.

12. Contingencies and commitments

- (i) The Group was contingently liable at 30 June 2020 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 8.5 million (31 December 2019: Saudi Riyals 8.4 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 June 2020 was approximately Saudi Riyals 325.0 million mainly related to the new project under construction in Jubail. (31 December 2019: Saudi Riyals 390.0 million). Also see Note 6.