

**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 2019**  
**AND REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

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

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## *Report on review of Interim Financial Information*

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Basic Chemical Industries and its subsidiaries (the "Group") as of 30 June 2019 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 2019 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

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

### **Conclusion**

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

### **PricewaterhouseCoopers**

Ali A. Alotaibi  
License Number 379

7 August 2019



**BASIC CHEMICAL INDUSTRIES COMPANY**

(A Saudi Joint Stock Company)

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

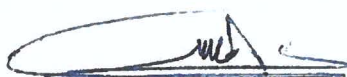
(All amounts in Saudi Riyals unless otherwise stated)

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Note	2019	2018	2019	2018
Revenue	6	130,122,148	151,393,583	261,100,035	305,150,792
Cost of sales	6	(95,998,257)	(111,472,598)	(197,617,112)	(222,401,653)
<b>Gross profit</b>		<b>34,123,891</b>	<b>39,920,985</b>	<b>63,482,923</b>	<b>82,749,139</b>
Selling and distribution expenses		(12,051,336)	(10,755,916)	(23,813,437)	(23,382,938)
General and administrative expenses		(5,913,736)	(7,427,489)	(12,053,795)	(12,178,818)
Other operating income - net		1,324,456	1,160,288	1,914,130	2,671,053
<b>Operating profit</b>		<b>17,483,275</b>	<b>22,897,868</b>	<b>29,529,821</b>	<b>49,858,436</b>
Finance income		-	291,806	-	577,917
Finance costs	2	(50,220)	-	(101,322)	-
<b>Profit before zakat and income tax</b>		<b>17,433,055</b>	<b>23,189,674</b>	<b>29,428,499</b>	<b>50,436,353</b>
Zakat expense		(1,884,817)	(3,647,776)	(2,856,275)	(5,780,090)
Income tax expense		(1,155,807)	(1,768,829)	(2,148,412)	(3,537,658)
<b>Profit for the period</b>		<b>14,392,431</b>	<b>17,773,069</b>	<b>24,423,812</b>	<b>41,118,605</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>14,392,431</b>	<b>17,773,069</b>	<b>24,423,812</b>	<b>41,118,605</b>
<b>Total comprehensive income for the period is attributable to:</b>					
Shareholders of Basic Chemical Industries Company		9,686,571	12,996,652	15,801,746	29,009,425
Non-controlling interests		4,705,860	4,776,417	8,622,066	12,109,180
		<b>14,392,431</b>	<b>17,773,069</b>	<b>24,423,812</b>	<b>41,118,605</b>

**Earnings per share (Saudi Riyals)**

	7	0.35	0.47	0.57	1.05
Basic and diluted					

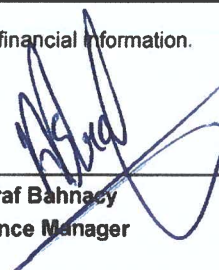
The accompanying notes are an integral part of this condensed consolidated interim financial information.



**Abdulla Al Moalbed**  
Chairman



**Ossama Farouk**  
Chief Executive Officer



**Ashraf Bahnacy**  
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)**

		<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		384,363,396	332,486,744
Right-of-use assets	2	4,313,037	-
		<u>388,676,433</u>	<u>332,486,744</u>
<b>Current assets</b>			
Inventories		95,049,265	92,880,574
Trade and other receivables		152,676,531	160,325,796
Cash and cash equivalents		67,489,646	106,895,306
<b>Total current assets</b>		<u>315,215,442</u>	<u>360,101,676</u>
<b>Total assets</b>		<u>703,891,875</u>	<u>692,588,420</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		275,000,000	275,000,000
Statutory reserve		58,037,541	58,037,541
Retained earnings		190,002,992	174,201,246
Equity attributable to shareholders of Basic Chemical Industries Company		<u>523,040,533</u>	<u>507,238,787</u>
Non-controlling interests		61,222,616	78,500,550
<b>Total equity</b>		<u>584,263,149</u>	<u>585,739,337</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	2	3,203,625	-
Employee benefit obligations		29,473,054	29,376,697
		<u>32,676,679</u>	<u>29,376,697</u>
<b>Current liabilities</b>			
Trade and other payables		83,179,964	71,308,696
Current portion of lease liabilities	2	674,093	-
Zakat and income tax payable		3,097,990	6,163,690
<b>Total current liabilities</b>		<u>86,952,047</u>	<u>77,472,386</u>
<b>Total liabilities</b>		<u>119,628,726</u>	<u>106,849,083</u>
<b>Total equity and liabilities</b>		<u>703,891,875</u>	<u>692,588,420</u>

The condensed consolidated interim financial information including notes and other explanatory information were approved and authorised for issue by the Board of Directors on 7 August 2019 and were signed on their behalf by:



**Abdulla Al Moaibed**  
Chairman



**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)

	Attributable to the shareholders of Basic Chemical Industries Company			
	Share capital	Statutory reserve	Retained earnings	Non- controlling interests
<b>At 1 January 2018 (Audited)</b>	275,000,000	53,070,778	160,618,821	78,779,615
Profit for the period	-	-	29,009,425	12,109,180
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	29,009,425	12,109,180
Dividends	-	-	(27,500,000)	(7,650,000)
<b>At 30 June 2018 (Unaudited)</b>	275,000,000	53,070,778	162,128,246	83,238,795
<b>At 1 January 2019 (Audited)</b>	275,000,000	58,037,541	174,201,246	78,500,550
Profit for the period	-	-	15,801,746	8,622,066
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	15,801,746	8,622,066
Dividends	-	-	-	(25,900,000)
<b>At 30 June 2019 (Unaudited)</b>	275,000,000	58,037,541	190,002,992	61,222,616
			523,040,533	584,263,149

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

  
**Abdulla Al Moaibed**  
Chairman

  
**Ossama Farouk**  
Chief Executive Officer

  
**Ashraf Bahriacy**  
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 six-month period ended 30 June	
		2019 (Unaudited)	2018 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		29,428,499	50,436,353
<u>Adjustments for:</u>			
Depreciation		14,303,816	13,541,459
(Gain) loss on disposal of property and equipment		(58,862)	42,884
Finance income		-	(577,917)
Finance costs		101,322	-
Employee benefit obligations		96,357	292,672
<u>Changes in operating assets and liabilities:</u>			
Increase in inventories		(2,168,691)	(17,114,250)
Decrease (increase) in trade and other receivables		7,122,623	(4,957,774)
Increase in trade and other payables		11,903,754	10,069,831
Cash generated from operations		60,728,818	51,733,258
Finance income received on deposits		-	577,917
Zakat and income tax paid		(8,177,869)	(16,161,990)
<b>Net cash inflow from operating activities</b>		<b>52,550,949</b>	<b>36,149,185</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(65,620,278)	(26,329,146)
Proceeds from disposal of property and equipment		58,862	61,277
<b>Net cash outflow from investing activities</b>		<b>(65,561,416)</b>	<b>(26,267,869)</b>
<b>Cash flows from financing activities</b>			
Lease liabilities repaid		(495,193)	-
Dividends paid to the company's shareholders		-	(27,500,000)
Dividends paid to the non-controlling interests in subsidiaries		(25,900,000)	(7,650,000)
<b>Net cash outflow from financing activities</b>		<b>(26,395,193)</b>	<b>(35,150,000)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(39,405,660)</b>	<b>(25,268,684)</b>
Cash and cash equivalents at beginning of period		106,895,306	172,878,753
<b>Cash and cash equivalents at end of period</b>		<b>67,489,646</b>	<b>147,610,069</b>
<b>Non-cash operating, investing and financing activities:</b>			
Right-of-use assets recorded against lease liabilities	2	5,647,367	-
Prepaid lease rentals adjusted against lease liabilities		634,124	-

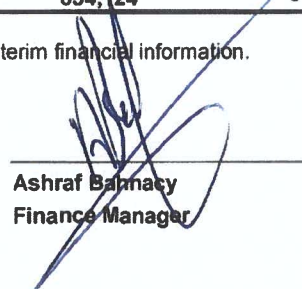
The accompanying notes are an integral part of this condensed consolidated interim financial information.



**Abdulla Al Moalbed**  
Chairman



**Ossama Farouk**  
Chief Executive Officer



**Ashraf Bahmany**  
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 six-month periods ended 30 June 2019****(All amounts in Saudi Riyals unless otherwise stated)****1. General information**

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

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

The Company is in the process of setting-up a project in Jubail for producing chlorine and its derivatives with an estimated production capacity of 70,000 tons. As at 30 June 2019, the Group has incurred Saudi Riyals 241.0 million on the new plant representing costs incurred by the Group under different agreements entered for procurement of machinery and equipment and engineering and consulting services. The Royal Commission for Jubail and Yanbu has allocated land for such project in Jubail. 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 June 2019.

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

	<b>Effective ownership percentage at</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>
Basic Chemicals National Company Limited ("BCNC")	<b>100%</b>	100%
Chemical Marketing and Distribution Company Limited ("CMDC")	<b>100%</b>	100%
Saudi Water Treatment Company ("SWTC")	<b>100%</b>	100%
Huntsman APC ("HAPC")	<b>49%</b>	49%
National Adhesives Company Limited ("NAL")	<b>47%</b>	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 June 2019 and 31 December 2018, the investment was fully impaired.

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

**2. Accounting policies**

The principal accounting policies applied in the preparation of condensed interim financial information of the Group are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of IFRS 16 'Leases' ("IFRS 16").

**2.1 Basis of preparation**

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

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

**2.2 New amended standards adopted by the company**

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

**2.3 Transition to IFRS 16**

**a) Transition approach and impact**

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

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

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

**b) Change in accounting policy**

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

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

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

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

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

(All amounts in Saudi Riyals unless otherwise stated)

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

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

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

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

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

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

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

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

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

*Extension options*

Extension options are included in the Company's lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by mutual agreement of the Company and the respective lessor.

*Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

**c) RoU assets**

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

	<b>Saudi Riyals</b>
Land and warehouse	3,913,580
Office lease	1,733,787
	<u>5,647,367</u>

**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 2019****(All amounts in Saudi Riyals unless otherwise stated)****d) Reconciliation of operating lease commitments as at 31 December 2018 and lease liability recognized as at 1 January 2019 is as follows:**

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

**3 Fair value of assets and liabilities**

As at 30 June 2019 and 31 December 2018, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of 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 interim financial information in conformity with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed interim financial information from those that were applied and disclosed in the annual financial statements for the year ended 31 December 2018.

**BASIC CHEMICAL INDUSTRIES COMPANY****(A Saudi Joint Stock Company)****Notes to the condensed consolidated interim financial information (Unaudited)****For the three-month and six-month periods ended 30 June 2019****(All amounts in Saudi Riyals unless otherwise stated)****5 Segment information**

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

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

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

	<b>Chemicals</b>	<b>Adhesives and other materials</b>	<b>Total</b>
<b>For the three-month period ended 30 June 2019</b>			
Revenue	66,785,437	63,336,711	<b>130,122,148</b>
Cost of sales	(51,192,492)	(44,805,765)	<b>(95,998,257)</b>
<b>Gross profit</b>	<b>15,592,945</b>	<b>18,530,946</b>	<b>34,123,891</b>
Selling and distribution expenses	(6,703,850)	(5,347,486)	<b>(12,051,336)</b>
General and administrative expenses	(5,453,269)	(460,467)	<b>(5,913,736)</b>
Other operating income (expenses) - net	1,556,677	(232,221)	<b>1,324,456</b>
<b>Operating profit</b>	<b>4,992,503</b>	<b>12,490,772</b>	<b>17,483,275</b>
Finance costs	(48,050)	(2,170)	<b>(50,220)</b>
Segment results	<b>4,944,453</b>	<b>12,488,602</b>	<b>17,433,055</b>
<b>For the six-month period ended 30 June 2019</b>			
Revenue	135,463,884	125,636,151	<b>261,100,035</b>
Cost of sales	(104,860,777)	(92,756,335)	<b>(197,617,112)</b>
<b>Gross profit</b>	<b>30,603,105</b>	<b>32,879,816</b>	<b>63,482,923</b>
Selling and distribution expenses	(13,533,302)	(10,280,135)	<b>(23,813,437)</b>
General and administrative expenses	(11,017,196)	(1,036,599)	<b>(12,053,795)</b>
Other operating income (expenses) - net	2,618,264	(704,134)	<b>1,914,130</b>
<b>Operating profit</b>	<b>8,670,873</b>	<b>20,858,948</b>	<b>29,529,821</b>
Finance costs	(96,983)	(4,339)	<b>(101,322)</b>
Segment results	<b>8,573,890</b>	<b>20,854,609</b>	<b>29,428,499</b>
<b>As at 30 June 2019</b>			
Total assets	<b>547,439,717</b>	<b>156,452,158</b>	<b>703,891,875</b>
Total liabilities	<b>80,670,206</b>	<b>38,958,520</b>	<b>119,628,726</b>

**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 2019****(All amounts in Saudi Riyals unless otherwise stated)**

	Chemicals	Adhesives and other materials	Total
<b>For the three-month period ended 30 June 2018</b>			
Revenue	94,264,809	57,128,774	151,393,583
Cost of sales	(68,461,073)	(43,011,525)	(111,472,598)
<b>Gross profit</b>	<b>25,803,736</b>	<b>14,117,249</b>	<b>39,920,985</b>
Selling and distribution expenses	(6,451,044)	(4,304,872)	(10,755,916)
General and administrative expenses	(6,631,506)	(795,983)	(7,427,489)
Other operating income - net	1,011,405	148,883	1,160,288
<b>Operating profit</b>	<b>13,732,591</b>	<b>9,165,277</b>	<b>22,897,868</b>
Finance income	291,806	-	291,806
Segment results	14,024,397	9,165,277	23,189,674
<b>For the six-month period ended 30 June 2018</b>			
Revenue	189,939,959	115,210,833	305,150,792
Cost of sales	(135,048,296)	(87,353,357)	(222,401,653)
<b>Gross profit</b>	<b>54,891,663</b>	<b>27,857,476</b>	<b>82,749,139</b>
Selling and distribution expenses	(14,849,059)	(8,533,879)	(23,382,938)
General and administrative expenses	(11,570,399)	(608,419)	(12,178,818)
Other operating income (expenses) - net	2,826,983	(155,930)	2,671,053
<b>Operating profit</b>	<b>31,299,188</b>	<b>18,559,248</b>	<b>49,858,436</b>
Finance income	577,917	-	577,917
Segment results	31,877,105	18,559,248	50,436,353
<b>As at 31 December 2018</b>			
Total assets	536,444,176	156,144,244	692,588,420
Total liabilities	72,741,106	34,107,977	106,849,083

**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 2019**

(All amounts in Saudi Riyals unless otherwise stated)

**6 Related party transactions and balances**

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

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

Nature of transactions	Relationship	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2019	2018	2019	2018
Sales to related parties	Associated companies	<b>10,426,098</b>	7,174,947	<b>14,103,045</b>	18,434,352
Purchases from other related parties	Associated companies	<b>10,804,193</b>	15,785,651	<b>23,260,633</b>	51,023,136
Royalty charged by a related party	Associated companies	<b>2,090,883</b>	1,620,372	<b>3,922,233</b>	3,063,496

(b) Key management personnel compensation:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2019	2018	2019	2018
Salaries and other short-term employee benefits	<b>1,720,559</b>	1,433,799	<b>3,441,118</b>	2,867,598
Employee benefit obligations	<b>224,908</b>	187,423	<b>449,815</b>	374,846
	<b>1,945,466</b>	1,621,222	<b>3,890,933</b>	3,242,444

**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 June		For the six-month period ended 30 June	
	2019	2018	2019	2018
Profit attributable to the shareholders of Basic Chemical Industries Company	<b>9,686,571</b>	12,996,652	<b>15,801,746</b>	29,009,425
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>27,500,000</b>	27,500,000	<b>27,500,000</b>	27,500,000
Basic and diluted earnings per share	<b>0.35</b>	0.47	<b>0.57</b>	1.05

**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 2019**

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

**8 Contingencies and commitments**

- (i) The Group was contingently liable at 30 June 2019 for bank guarantees issued in the normal course of business amounting to Saudi Riyals 8.6 million (31 December 2018: Saudi Riyals 9.1 million).
- (ii) The capital expenditure contracted by the Group but not yet incurred till 30 June 2019 was approximately Saudi Riyals 77.1 million (31 December 2018: Saudi Riyals 36.2 million).
- (iii) During the three-month and six-month periods ended 30 June 2019, the General Authority for Zakat and Tax ("GAZT") has issued revised additional assessment for the years 2003 and 2004, partially accepting BCI's contentions and accordingly, reduced the additional zakat liability from Saudi Riyals 0.8 million to Saudi Riyals 0.4 million. BCI has paid such amount of Saudi Riyals 0.4 million for final settlement of zakat liability for the years 2003 and 2004. However, the GAZT is yet to issue final zakat certificates for such years.

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