

**United Gulf Investment Corporation
B.S.C.**

Condensed interim consolidated
financial information for the six months
ended 30 June 2021 (Unaudited)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the six months ended 30 June 2021
(Unaudited)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 30 June 2021

Commercial registration no.	24377 obtained on 18 February 1991
Board of Directors	Rashed Abdulla Al Suwaiket Al Hajri - Chairman Abdulla Fahad Al-Subaie - Vice - Chairman Qusay Khalil Yusuf Al-Khalili Abdulla Mubarak Abdulla Al-Suwaiket Waleed Fahad Al-Tharman
Authorised persons	Rashed Abdulla Al Suwaiket Al Hajri Qusay Khalil Yusuf Al-Khalili
Chief Executive Officer and Secretary to the Board	Qusay Khalil Yusuf Al-Khalili
Audit Committee	Rashed Abdulla Al Suwaiket Al Hajri - Chairman Waleed Fahad Al-Tharman
Registered office	Office 3202, Building 2504 Road 2832, Block 428 PO Box 10177 Al-Seeif District Kingdom of Bahrain
Principal bankers	Ahli United Bank Arab National Bank - Dammam Ithmar Bank Alinma Bank
Auditors	BDO 17 th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain
Registrars	KFin technologies (Bahrain) W.L.L. PO Box 514 Manama Kingdom of Bahrain Bahrain Clear B.S.C. (c) Bahrain Financial Harbour Harbour Gate - Level 4 PO Box 3203 Manama Kingdom of Bahrain

Review report on the condensed interim consolidated financial information to the Board of Directors of United Gulf Investment Corporation B.S.C.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of United Gulf Investment Corporation B.S.C. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the condensed interim consolidated statement of financial position as at 30 June 2021, the condensed interim consolidated statement of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in shareholders' equity and the condensed interim consolidated statement of cash flows for the six months then ended and selected explanatory notes. The management is responsible for the preparation and presentation of these condensed interim consolidated financial information in accordance with International Accounting Standard 34 - "*Interim financial reporting*". Our responsibility is to express a conclusion on this condensed interim consolidated 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*". A review of condensed interim consolidated 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 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 interim consolidated financial information do not present fairly, in all material respects, the condensed interim consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with International Accounting Standard 34 - "*Interim financial reporting*".




Manama, Kingdom of Bahrain
11 August 2021



United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 30 June 2021
(Unaudited) (Expressed in Bahrain Dinars)

	<u>Notes</u>	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,165,676	34,015,881
Investment in associates	6	1,373,768	1,056,662
Right-of-use assets	7	<u>337,244</u>	<u>365,630</u>
		<u>34,876,688</u>	<u>35,438,173</u>
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	14,327,451	17,945,431
Trade and other receivables	10	11,522,547	10,461,011
Mudaraba deposits		1,827,595	1,914,128
Cash and bank balances	11	<u>3,096,890</u>	<u>1,693,571</u>
		<u>31,030,483</u>	<u>32,270,141</u>
Total assets		<u>65,907,171</u>	<u>67,708,314</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	20,000,000	20,000,000
Statutory reserve		2,853,603	2,853,603
Share premium		116,328	116,328
Other reserves		<u>1,883,490</u>	<u>1,312,512</u>
Equity attributable to shareholders of the parent company		24,853,421	24,282,443
Non-controlling interest	13	<u>5,772,407</u>	<u>5,624,067</u>
		<u>30,625,828</u>	<u>29,906,510</u>
Non-current liabilities			
Non-current portion of term loans	14	24,652,136	21,799,727
Non-current portion of lease liabilities	15	344,825	369,124
Employees' terminal benefits		<u>684,880</u>	<u>663,273</u>
		<u>25,681,841</u>	<u>22,832,124</u>
Current liabilities			
Current portion of term loans	14	3,223,964	8,974,839
Current portion of lease liabilities	15	105,623	279,470
Trade and other payables	16	<u>6,269,915</u>	<u>5,715,371</u>
		<u>9,599,502</u>	<u>14,969,680</u>
Total equity and liabilities		<u>65,907,171</u>	<u>67,708,314</u>

These unaudited condensed interim consolidated financial information were approved, authorised for issue by the Board of Directors and signed on their behalf by:



 Rashed Abdulla Al Suwaiket Al Hajri
 Chairman



 Abdulla Fahad Al-Subaie
 Vice - Chairman

United Gulf Investment Corporation B.S.C.
 Condensed interim consolidated statement of profit or loss and other comprehensive income for
 the six months ended 30 June 2021
 (Unaudited) (Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Three months ended 30 June 2021 (Unaudited)	Three months ended 30 June 2020 (Unaudited)
Sales		25,257,273	13,929,874	12,321,153	7,630,154
Cost of sales		<u>(23,695,282)</u>	<u>(12,876,777)</u>	<u>(11,376,249)</u>	<u>(6,763,715)</u>
Gross profit		1,561,991	1,053,097	944,904	866,439
Other income	17	<u>275,587</u>	<u>25,232</u>	<u>240,260</u>	<u>2,011</u>
		<u>1,837,578</u>	<u>1,078,329</u>	<u>1,185,164</u>	<u>868,450</u>
Expenses					
Indirect expenses		(758,010)	(718,147)	(381,524)	(336,722)
Finance costs		<u>(161,061)</u>	<u>(165,485)</u>	<u>(80,886)</u>	<u>(84,676)</u>
		<u>(919,071)</u>	<u>(883,632)</u>	<u>(462,410)</u>	<u>(421,398)</u>
Net profit for the period before tax and share of profit from investment in associates		918,507	194,697	722,754	447,052
Share of profit from investment in associates	6	<u>127,487</u>	<u>64,707</u>	<u>54,858</u>	<u>12,929</u>
Net profit for the period before tax		1,045,994	259,404	777,612	459,981
Provision for zakat		<u>(326,676)</u>	<u>(221,682)</u>	<u>(201,462)</u>	<u>(115,632)</u>
Net profit and other comprehensive income for the period		<u>719,318</u>	<u>37,722</u>	<u>576,150</u>	<u>344,349</u>
Net profit attributable to:					
Shareholders of the Company		570,978	34,217	451,488	265,010
Non-controlling interest	13	<u>148,340</u>	<u>3,505</u>	<u>124,662</u>	<u>79,339</u>
		<u>719,318</u>	<u>37,722</u>	<u>576,150</u>	<u>344,349</u>
Basic and diluted earnings per share	18	<u>2.85 fils</u>	<u>0.17 fils</u>	<u>2.22 fils</u>	<u>1.33 fils</u>
Total comprehensive income attributable to:					
Shareholders of the Company		570,978	34,217	451,488	265,010
Non-controlling interest	13	<u>148,340</u>	<u>3,505</u>	<u>124,662</u>	<u>79,339</u>
		<u>719,318</u>	<u>37,722</u>	<u>576,150</u>	<u>344,349</u>

The unaudited condensed Interim consolidated financial information was approved, authorised for issue by the Board of Directors and signed on their behalf by:


 Rashed Abdulla Al Suwaiket Al Hajri
 Chairman


 Abdulla Fahad Al-Subaie
 Vice - Chairman

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of changes in shareholders' equity for the six months ended 30 June 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Equity attributable to shareholders of the Parent</u>						
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Non-controlling interest	Total
		Revaluation reserve					
At 31 December 2019	20,000,000	2,853,603	116,328	4,329,043	(2,215,579)	5,894,950	30,978,345
Total comprehensive income for the period	-	-	-	-	34,217	3,505	37,722
At 30 June 2020 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,181,362)	5,898,455	31,016,067
At 31 December 2020	20,000,000	2,853,603	116,328	4,329,043	(3,016,531)	5,624,067	29,906,510
Total comprehensive income for the period	-	-	-	-	570,978	148,340	719,318
At 30 June 2021 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,445,553)	5,772,407	30,625,828

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for the six months ended 30 June 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Operating activities			
Net profit for the period		719,318	37,722
Adjustments for:			
Depreciation	5	1,404,749	1,244,610
Amortisation of right-of-use assets	7	28,386	28,388
Provision for impaired trade receivables		-	226,119
Reversal of excess provision for impaired trade receivables	17	(206,801)	-
Share of profit from investment in associates	6	(127,487)	(64,707)
Bank interest income	17	(63,466)	(25,156)
Interest expense on term loans		136,293	137,895
Interest expense on lease liabilities		24,768	27,590
Changes in operating assets and liabilities:			
Inventories		3,617,980	(4,489,341)
Trade and other receivables		(854,737)	(721,367)
Trade and other payables		554,546	1,888,882
Employees' terminal benefits, net		<u>21,607</u>	<u>10,748</u>
Net cash provided by/(used in) operating activities		<u>5,255,156</u>	<u>(1,698,617)</u>
Investing activities			
Purchase of property, plant and equipment	5	(554,544)	(1,835)
Addition to investment in associates		(307,040)	-
Dividends received during the period		117,421	-
Net movement in Mudaraba deposits		86,533	(42,496)
Bank interest income received	17	<u>63,466</u>	<u>25,156</u>
Net cash used in investing activities		<u>(594,164)</u>	<u>(19,175)</u>
Financing activities			
Interest expense on term loans paid		(136,293)	(137,895)
Proceeds from term loans	23	5,762,889	4,504,593
Repayment of term loans	23	(8,661,355)	(871,613)
Interest expense on lease liabilities		(24,768)	-
Repayment of lease liabilities		<u>(198,146)</u>	<u>-</u>
Net cash (used in)/provided by financing activities		<u>(3,257,673)</u>	<u>3,495,085</u>
Net increase in cash and cash equivalents		1,403,319	1,777,293
Cash and cash equivalents, beginning of the period		<u>1,693,571</u>	<u>4,429,240</u>
Cash and cash equivalents, end of the period	11	<u>3,096,890</u>	<u>6,206,533</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021

(Unaudited)

(Expressed in Bahrain Dinars)

1 Organisation and activities

United Gulf Investment Corporation B.S.C. (“the Company”) and its subsidiaries comprise “the Group.” The Company is a public shareholding company registered with the Ministry of Industry, Commerce and Tourism in the Kingdom of Bahrain and operates under commercial registration number 24377 obtained on 18 February 1991.

According to the terms of its Memorandum and Articles of Association, the duration of the Company is for 50 years, renewable for further similar periods unless terminated earlier by the operation of law or as provided for in the Memorandum and Articles of Association.

The principal activities of the Company include property leasing, buying and selling of properties for the Company, third grade industrial maintenance works, selling and buying of shares and securities for the Company and investment in local industrial projects.

The Company’s registered office is in the Kingdom of Bahrain.

The unaudited condensed interim consolidated financial information, set out on pages 4 to 19, was approved and authorised for issue by the Board of Directors on 11 August 2021.

2 Structure of the Group

The structure of the Group is as follows:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest as at 30 June</u>	<u>Non-controlling interest ownership /voting interest as at 30 June</u>
Gulf Ferro Alloys Company (SABAYEK) W.L.L.	Kingdom of Saudi Arabia	75.68% (31 December 2020: 75.68%)	24.32% (31 December 2020: 24.32%)
United Gulf Trading S.P.C.	Kingdom of Bahrain	100% (31 December 2020: 100%)	- (31 December 2020: Nil)

The total assets, liabilities and net profit for the period of the subsidiaries have been extracted from the unaudited interim management accounts prepared as at, and for the six months ended 30 June 2021.

3 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 - “*Interim financial reporting*”. The condensed interim consolidated financial information should therefore be read in conjunction with the annual audited consolidated financial statements prepared as at, and for the year ended, 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards.

The preparation of condensed interim consolidated financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group’s accounting policies.

United Gulf Investment Corporation B.S.C.
 Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021
 (Unaudited)
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3 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2021 but not relevant

The following new amendments to existing standard and interpretation to published standard are mandatory for accounting period beginning on or after 1 January 2021 or subsequent periods, but are not relevant to the Group's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 39	Financial instruments: recognition and measurements	1 January 2021
IFRS 4	Insurance Contracts	1 January 2021
IFRS 7	Financial instruments: Disclosures	1 January 2021
IAS 39, IFRS 4,7,9 and 16	Interest Rate Benchmark Reform - IBOR 'phase 2'	1 January 2021
IFRS 9	Financial instruments	1 January 2021
IFRS 16	Leases	1 January 2021

Improvements/amendments to IFRS/IAS

Improvements/amendments to IFRS/IAS contained numerous amendments to IFRS/IAS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's future accounting period with earlier adoption permitted.

New standard, interpretation and amendments issued but not yet effective in 2021

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 June 2021. They have not been adopted in preparing these condensed consolidated interim financial information for the period ended 30 June 2021 and will or may have an effect on the entity's future consolidated financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 3	Reference to the Conceptual Framework	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IAS 1	Disclosure of Accounting Policies	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

Early adoption of amendments or standards in 2021

The Group did not early-adopt any new or amended standards in 2021. There would have been no change in the operational results of the Group for the period ended 30 June 2021 had the Group early adopted any of the above standards applicable to the Group.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021

(Unaudited)

(Expressed in Bahrain Dinars)

4 Significant accounting policies

The accounting policies used in the preparation of the condensed interim consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2020, as described in those annual audited consolidated financial statements.

5 Property, plant and equipment

Additions to property, plant and equipment during the six months period ended 30 June 2021 amounted to BD554,544 (31 December 2020: BD912,203). There were no disposals of property, plant and equipment during the six months period ended 30 June 2021 (31 December 2020: BDNil).

The depreciation charged for the six months ended 30 June 2021 amounted to BD1,404,74 (30 June 2020: BD1,244,610)

The Company operates from premises rented at a monthly rent of BD1,707 (2020: BD1,707 per month).

The Group's subsidiary operates from premises rented at a monthly rent of BD7,635 (2020: BD7,635 per month).

The property, plant and equipment are subject to term loans (Note 14).

6 Investment in associates

	<u>30 June 2021</u> (Unaudited)	<u>31 December 2020</u> (Audited)
Opening balance	1,056,662	929,983
Additions during the period/year	307,040	-
Dividends received during the period/year	(117,421)	-
Share of profit for the period/year	<u>127,487</u>	<u>126,679</u>
Closing balance	<u>1,373,768</u>	<u>1,056,662</u>

The investment in associates represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing ("DCIM") and 40% ownership in Rukam, held through one of the subsidiaries.

The Group's share in the net assets and results of operations of the associates has been extracted from the unaudited management accounts prepared as at, and for the six months ended 30 June 2021. The carrying value of the investment in associates includes the value of goodwill amounting to BD251,111 being excess consideration paid to acquire one of the associates. In the opinion of the management, the carrying value of goodwill is not impaired as at 30 June 2021.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021
(Unaudited)
(Expressed in Bahrain Dinars)

7 Right-of-use assets

	<u>Leasehold land</u>
Cost	
At 31 December 2019, 31 December 2020 and 30 June 2021	<u>479,181</u>
Accumulated amortisation	
Amortisation charge for the year and at 31 December 2020	113,551
Amortisation charge for the period	<u>28,386</u>
At 30 June 2021	<u>141,937</u>
Carrying value	
At 30 June 2021 (unaudited)	<u>337,244</u>
At 31 December 2020 (audited)	<u>365,630</u>

8 Financial assets at fair value through profit or loss

	<u>30 June 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
Opening and closing balance	<u>256,000</u>	<u>256,000</u>

Financial assets at fair value through profit or loss are denominated in Bahrain Dinars. These consist of marketable equity securities listed on the Bahrain Bourse and are fair valued annually at the close of business on 31 December. Fair value is determined by reference to stock exchange quoted prices.

In addition, the Company also holds 403,591 unquoted shares in TAB Energy Limited which have been fully impaired. In the opinion of the management, the fair values of the financial assets at fair value through profit or loss are not significantly different from their carrying amount.

9 Inventories

	<u>30 June 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
Raw materials	6,503,191	5,873,634
Finished goods and work-in-process	5,484,584	9,756,285
Consumable spares	<u>2,339,676</u>	<u>2,315,512</u>
	<u>14,327,451</u>	<u>17,945,431</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021

(Unaudited)

(Expressed in Bahrain Dinars)

10 Trade and other receivables

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Trade receivables	8,536,584	5,386,231
Less: provision for impairment of trade receivables	<u>(304,772)</u>	<u>(511,573)</u>
	8,231,812	4,874,658
Prepayments and other receivables	<u>3,290,735</u>	<u>5,586,353</u>
	<u>11,522,547</u>	<u>10,461,011</u>

11 Cash and bank balances

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Balances in call and current accounts with banks	3,092,738	1,662,954
Short-term Mudaraba deposits	-	26,425
Cash on hand	<u>4,152</u>	<u>4,192</u>
	<u>3,096,890</u>	<u>1,693,571</u>

12 Share capital

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Authorised		
400,000,000 (2020: 400,000,000) shares of 100 fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
200,000,000 (2020: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

13 Non-controlling interest

	30 June 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	5,624,067	5,894,950
Share of non-controlling interest in the total comprehensive income/(loss) of the subsidiary	<u>148,340</u>	<u>(270,883)</u>
Closing balance	<u>5,772,407</u>	<u>5,624,067</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021

(Unaudited)

(Expressed in Bahrain Dinars)

14 Term loans

	<u>30 June 2021</u> (Unaudited)	<u>31 December 2020</u> (Audited)
Saudi Industrial Development Fund		
In 1996, the subsidiary obtained a long-term loan from SIDF amounting to SAR323 million by pledging the property, plant and equipment of the subsidiary and the guarantee of the subsidiary's shareholders against the loan. The total withdrawal against this loan amounted to SAR319 million.		
The loan agreement initially stated that the loan should be repaid in 16 instalments starting from 28 July 1999 and ended on 8 October 2006.		
Subsequently, the subsidiary negotiated with SIDF for the extension of the repayment schedule of the loan to a later period. SIDF accepted the subsidiary's proposal and extended the loan repayment period to 35 years beginning from 17 April 2008, with half yearly intervals, vide their letter dated 7/11/1427 Hijri (Arabic date).	18,695,100	19,200,100
Saudi Electric Company		
Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million. Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity charges to SEC on time. The management re-negotiated with SEC for instalment payments against energy bills to which SEC agreed. At the end of 2016, SABAYEK agreed to make instalment payments for its 2015 and 2016 liabilities where SABAYEK is required to pay SAR 1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2019, SAR2 million from November 2019 to December 2020, SAR5 million from January 2021 to June 2022 including the final instalment of SAR4.9 million in accordance with the repayment schedule. In addition, a payment of SAR20 million at September 2020 and a further SAR20 million at December 2020.	<u>9,181,000</u>	<u>11,574,466</u>
	27,876,100	30,774,566
Less: current portion of term loans	<u>(3,223,964)</u>	<u>(8,974,839)</u>
Non-current portion of term loans	<u>24,652,136</u>	<u>21,799,727</u>

That portion of the loans which is repayable within one year from the condensed interim consolidated statement of financial position date is disclosed as current portion of term loans.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2021
(Unaudited)
(Expressed in Bahrain Dinars)

15 Lease liabilities

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
At 1 January	648,594	684,313
Lease payments	(222,914)	(90,900)
Interest expenses	<u>24,768</u>	<u>55,181</u>
	450,448	648,594
Less: current lease liabilities	<u>(105,623)</u>	<u>(279,470)</u>
Non-current lease liabilities	<u>344,825</u>	<u>369,124</u>
Maturity analysis - contractual undiscounted cash flows:		
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Less than one year	91,616	91,616
One to five years	450,445	458,079
More than five years	<u>-</u>	<u>38,173</u>
Total undiscounted lease liabilities	<u>542,061</u>	<u>587,868</u>

16 Trade and other payables

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trade payables	1,771,089	1,396,226
Accruals and other payables	<u>4,498,826</u>	<u>4,319,145</u>
	<u>6,269,915</u>	<u>5,715,371</u>

17 Other income

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Three months ended 30 June 2021 (Unaudited)	Three months ended 30 June 2020 (Unaudited)
Reversal of excess provision for impaired trade receivables	206,801	-	183,080	-
Bank interest income	63,466	25,156	51,860	1,935
Miscellaneous income	<u>5,320</u>	<u>76</u>	<u>5,320</u>	<u>76</u>
	<u>275,587</u>	<u>25,232</u>	<u>240,260</u>	<u>2,011</u>

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18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to the shareholders of the Parent by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Three months ended 30 June 2021 (Unaudited)	Three months ended 30 June 2020 (Unaudited)
Net profit attributable to shareholders of the Parent	<u>570,978</u>	<u>34,217</u>	<u>451,488</u>	<u>265,010</u>
Weighted average number of ordinary shares in issue during the period	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share	<u>2.85 fils</u>	<u>0.17 fils</u>	<u>2.22 fils</u>	<u>1.33 fils</u>

19 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholders, key management personnel and their close family members and such other companies over which the Group or its shareholders, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. The Group's transactions with related parties are authorised by the management. Further, there are no loans due from any of the Directors of the Group.

Key management personnel compensation

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group including the Chief Executive Officer of the Group.

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Remuneration to key management personnel	<u>13,800</u>	<u>13,800</u>

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20 Segmental information

The Group's primary segment reporting format is business segment. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

The Group's primary business segments are:

- smelting;
- investment income-foreign; and
- investment income-domestic

As at and for the six months ended 30 June 2021 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	25,257,273	-	25,257,273
Other income	212,121	63,466	275,587
Provision for Zakat	(326,676)	-	(326,676)
Operating costs	<u>(23,695,282)</u>	<u>-</u>	<u>(23,695,282)</u>
Segment profit	1,447,436	63,466	1,510,902
Share of profit from investment in associates	-	127,487	127,487
Other expenses	<u>(837,486)</u>	<u>(81,585)</u>	<u>(919,071)</u>
Net profit for the period	<u>609,950</u>	<u>109,368</u>	<u>719,318</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>554,544</u>	<u>-</u>	<u>554,544</u>
Total segment assets	<u>58,093,064</u>	<u>7,814,105</u>	<u>65,907,169</u>
Total segment liabilities	<u>34,365,585</u>	<u>915,775</u>	<u>35,281,360</u>

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20 Segmental information (continued)

As at 31 December 2020 (audited) and for the six months ended 30 June 2020 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	13,929,874	-	13,929,874
Other income	76	25,156	25,232
Provision for Zakat	(221,682)	-	(221,682)
Operating costs	<u>(12,876,777)</u>	<u>-</u>	<u>(12,876,777)</u>
Segment profit	831,491	25,156	856,647
Share of profit from investment in an associate	-	64,707	64,707
Other expenses	<u>(817,077)</u>	<u>(66,555)</u>	<u>(883,632)</u>
Net loss for the period	<u>14,414</u>	<u>23,308</u>	<u>37,722</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>1,835</u>	<u>-</u>	<u>1,835</u>
Total segment assets	<u>60,520,216</u>	<u>7,188,098</u>	<u>67,708,314</u>
Total segment liabilities	<u>37,500,373</u>	<u>301,431</u>	<u>37,801,804</u>

The Group's secondary reporting format is geographic segment which is based on the geographical location of the Group's operations. The Group mainly operates in:

- Kingdom of Bahrain; and
- Kingdom of Saudi Arabia.

	<u>Segment assets</u>		<u>Segment liabilities</u>	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
Kingdom of Bahrain	7,814,105	7,188,098	915,775	301,432
Kingdom of Saudi Arabia	<u>58,093,064</u>	<u>60,520,216</u>	<u>34,365,585</u>	<u>37,500,392</u>
	<u>65,907,169</u>	<u>67,708,314</u>	<u>35,281,360</u>	<u>37,801,824</u>

21 Dividends

No dividends have been declared or paid during the six months ended 30 June 2021 (31 December 2020: BDNil).

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22 Interim results

The interim consolidated net profit and other comprehensive income for the six months ended 30 June 2021 may not be represent a proportionate share of the annual consolidated net profit and other comprehensive income due to the variability in timing of the receipt of investment income.

23 Notes supporting statement of cash flows

IAS 7 “*Statement of cash flows*” requires additional disclosures about changes in an entity’s financing liabilities arising from both cash flow and non-cash flow items.

	<u>1 January 2021</u>	<u>Obtained during the period</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the period</u>	<u>Finance costs paid</u>	<u>30 June 2021</u>
Term loans	<u>30,774,566</u>	<u>5,762,889</u>	<u>136,293</u>	<u>(8,661,355)</u>	<u>(136,293)</u>	<u>27,876,100</u>
	<u>1 January 2020</u>	<u>Obtained during the period</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the period</u>	<u>Finance costs paid</u>	<u>30 June 2020</u>
Term loans	<u>31,749,928</u>	<u>4,504,593</u>	<u>137,895</u>	<u>(871,613)</u>	<u>(137,895)</u>	<u>35,382,908</u>

24 Significant events and transactions

The World Health Organisation declared COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

- Decreased demand in domestic market for certain products as a consequence of social distancing requirements and recommendations;
- Decreased demand for products has compelled to Group to reduce selling price by 20%; and
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for Group’s primary products.

Based on the nature of operations and the industry in which it operates, the Group’s management assessed the significant impact of COVID-19 in the below areas:

- Increase in sales;
- Government grants; and
- Commitments and contingencies.

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24 Significant events and transactions (continued)

a) Increase in sales

The Group has experienced elevation in sales which is represented by one of the subsidiaries, SABAYEK since pandemic effect was widespread during the six months ended 30 June 2021. The principal activities of SABAYEK include the production and marketing of ferro silicon, ferro manganese, silicon manganese, silicon and micro silicate. While there was a decrease in demand of primary products in the domestic market, overseas sales increased as the Group has dropped its selling prices of certain products in the last quarter of 2020 while increasing the volume causing the increase in sales by 81% as compared to the six months ended 30 June 2020.

b) Government grants

The Group has applied for government support programs introduced in response to the global pandemic. The Group has received a government grant of BD4,000 to support the payroll of the Group's employees. The Group has elected to present this government grant as part of the Group's other incomes. The Group had to commit to spending the assistance on payroll expenses and not reduce employee head count below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program.

c) Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

No other significant impact has been noted by the management on other financial statement areas during the six months period ended 30 June 2021.

25 Events after the reporting period

There were no events occurring subsequent to 30 June 2021 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.