

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

Condensed interim consolidated
financial information for the quarter and
six months period ended 30 June 2022
(Reviewed)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the quarter and six months period
ended 30 June 2022
(Reviewed)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 30 June 2022

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 2022, 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 quarter and six months period 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 2022, and its consolidated financial performance and its consolidated cash flows for the quarter and six months period then ended in accordance with International Accounting Standard 34 - "*Interim financial reporting*".



Manama, Kingdom of Bahrain
10 August 2022

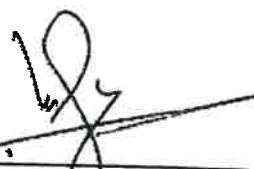


United Gulf Investment Corporation B.S.C.
Condensed Interim consolidated statement of financial position as at 30 June 2022
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	30 June 2022 (Reviewed)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	30,974,291	31,978,155
Investment in associates	6	2,378,861	1,964,000
Right-of-use assets	7	280,466	308,854
		<u>33,633,618</u>	<u>34,251,009</u>
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	14,031,557	11,752,218
Trade and other receivables	10	14,972,792	12,072,434
Mudaraba deposits		1,855,149	1,666,399
Cash and bank balances	11	7,364,042	7,145,725
		<u>38,479,540</u>	<u>32,892,776</u>
Total assets		<u>72,113,158</u>	<u>67,143,785</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	20,000,000	20,000,000
Statutory reserve		3,134,426	3,134,426
Share premium		116,328	116,328
Other reserves		11,086,873	3,839,919
Equity attributable to shareholders of the parent company		34,337,627	27,090,673
Non-controlling interest	13	8,829,176	6,499,883
		<u>43,166,803</u>	<u>33,590,556</u>
Non-current liabilities			
Non-current portion of term loans	14	18,434,575	18,939,575
Non-current portion of lease liabilities	15	521,713	320,523
Employees' terminal benefits		724,806	709,455
		<u>19,681,094</u>	<u>19,969,553</u>
Current liabilities			
Current portion of term loans	14	2,569,419	5,584,073
Current portion of lease liabilities	15	42,300	285,991
Trade and other payables	16	6,653,542	7,713,612
		<u>9,265,261</u>	<u>13,583,676</u>
Total equity and liabilities		<u>72,113,158</u>	<u>67,143,785</u>

These reviewed 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 quarter and six months period ended 30 June 2022
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June <u>2022</u> (Reviewed)	Six months ended 30 June <u>2021</u> (Reviewed)	Three months ended 30 June <u>2022</u> (Reviewed)	Three months ended 30 June <u>2021</u> (Reviewed)
Sales		32,743,938	25,257,273	17,505,328	12,321,153
Cost of sales		<u>(22,021,665)</u>	<u>(23,695,282)</u>	<u>(11,290,798)</u>	<u>(11,376,249)</u>
Gross profit		10,722,273	1,561,991	6,214,530	944,904
Other income	17	<u>17,235</u>	<u>275,587</u>	-	<u>240,260</u>
		<u>10,739,508</u>	<u>1,837,578</u>	<u>6,214,530</u>	<u>1,185,164</u>
Expenses					
Indirect expenses		(831,844)	(758,010)	(478,608)	(381,524)
Finance costs		<u>(143,860)</u>	<u>(161,061)</u>	<u>(65,343)</u>	<u>(80,886)</u>
		<u>(975,704)</u>	<u>(919,071)</u>	<u>(543,951)</u>	<u>(462,410)</u>
Net profit for the period before tax and share of profit from investment in associates		9,763,804	918,507	5,670,579	722,754
Share of profit from investment in associates	6	<u>24,543</u>	<u>127,487</u>	<u>(23,900)</u>	<u>54,858</u>
Net profit for the period before tax		9,788,347	1,045,994	5,646,679	777,612
Provision for zakat		<u>(212,100)</u>	<u>(326,676)</u>	<u>(106,050)</u>	<u>(201,462)</u>
Net profit and other comprehensive income for the period		<u>9,576,247</u>	<u>719,318</u>	<u>5,540,629</u>	<u>576,150</u>
Net profit attributable to:					
Shareholders of the Company		7,246,954	570,978	4,191,281	451,488
Non-controlling interest	13	<u>2,329,293</u>	<u>148,340</u>	<u>1,349,348</u>	<u>124,662</u>
		<u>9,576,247</u>	<u>719,318</u>	<u>5,540,629</u>	<u>576,150</u>
Basic and diluted earnings per share	18	<u>36.23 fils</u>	<u>2.85 fils</u>	<u>20.96 fils</u>	<u>2.26 fils</u>
Total comprehensive income attributable to:					
Shareholders of the Company		7,246,954	570,978	4,191,281	451,488
Non-controlling interest	13	<u>2,329,293</u>	<u>148,340</u>	<u>1,349,348</u>	<u>124,662</u>
		<u>9,576,247</u>	<u>719,318</u>	<u>5,540,629</u>	<u>576,150</u>

The reviewed 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 2022
(Reviewed)
(Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent							
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Other reserves Retained earnings	Total	Non- controlling interest	Total
At 31 December 2020	20,000,000	2,853,603	116,328	4,329,043	(3,016,531)	24,282,443	5,624,067	29,906,510
Total comprehensive income for the period	-	-	-	-	570,978	570,978	148,340	719,318
At 30 June 2021 (Reviewed)	<u>20,000,000</u>	<u>2,853,603</u>	<u>116,328</u>	<u>4,329,043</u>	<u>(2,445,553)</u>	<u>24,853,421</u>	<u>5,772,407</u>	<u>30,625,828</u>
At 31 December 2021	20,000,000	3,134,426	116,328	4,329,043	(489,124)	27,090,673	6,499,883	33,590,556
Total comprehensive income for the period	-	-	-	-	7,246,954	7,246,954	2,329,293	9,576,247
At 30 June 2022 (Reviewed)	<u>20,000,000</u>	<u>3,134,426</u>	<u>116,328</u>	<u>4,329,043</u>	<u>6,757,830</u>	<u>34,337,627</u>	<u>8,829,176</u>	<u>43,166,803</u>

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for the six months ended 30 June 2022
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2022 (Reviewed)	Six months ended 30 June 2021 (Reviewed)
Operating activities			
Net profit for the period		9,576,247	719,318
Adjustments for:			
Depreciation	5	1,385,136	1,404,749
Amortisation of right-of-use assets	7	28,388	28,386
Reversal of provision for slow-moving inventories	9	(1,361,842)	-
Reversal of excess provision for impaired trade receivables	17	-	(206,801)
Share of profit from investment in associates	6	(24,543)	(127,487)
Bank interest income	17	-	(63,466)
Interest expense on term loans		140,553	136,293
Interest expense on lease liabilities	15	3,307	24,768
Changes in operating assets and liabilities:			
Inventories		(917,497)	3,617,980
Trade and other receivables		(2,900,358)	(854,737)
Trade and other payables		(1,060,070)	554,546
Employees' terminal benefits, net		15,351	21,607
Net cash provided by operating activities		<u>4,884,672</u>	<u>5,255,156</u>
Investing activities			
Purchase of property, plant and equipment	5	(381,272)	(554,544)
Advances to investment in associates	6	(440,360)	-
Addition to investment in associates		-	(307,040)
Dividends received during the period		50,042	117,421
Net movement in Mudaraba deposits		(188,750)	86,533
Bank interest income received	17	-	63,466
Net cash used in investing activities		<u>(960,340)</u>	<u>(594,164)</u>
Financing activities			
Interest expense on term loans paid		(140,553)	(136,293)
Proceeds from term loans	23	-	5,762,889
Repayment of term loans	23	(3,519,654)	(8,661,355)
Interest expense on lease liabilities	15	(3,307)	(24,768)
Repayment of lease liabilities		(42,501)	(198,146)
Net cash used in financing activities		<u>(3,706,015)</u>	<u>(3,257,673)</u>
Net increase in cash and cash equivalents		218,317	1,403,319
Cash and cash equivalents, beginning of the period		<u>7,145,725</u>	<u>1,693,571</u>
Cash and cash equivalents, end of the period	11	<u>7,364,042</u>	<u>3,096,890</u>

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 and Commerce 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 reviewed condensed interim consolidated financial information, set out on pages 4 to 18, was approved and authorised for issue by the Board of Directors on 10 August 2022.

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 2021: 75.68%)	24.32% (31 December 2021: 24.32%)
United Gulf Trading S.P.C.	Kingdom of Bahrain	100% (31 December 2021: 100%)	- (31 December 2021: Nil)

The Company owns 75.68% (2021: 75.68%) shareholding interest in Gulf Ferro Alloys Company (SABAYEK) W.L.L. and 100% in United Gulf Trading W.L.L (“the subsidiaries”).

The principal activities of SABAYEK include the production and marketing of ferro silicon, ferro manganese, silicon manganese silicon and micro silicate.

The principal activities of UGT are other professional, scientific and technical activities, real estate activities on fee or contract and sale/trading in other industrial products/raw materials.

SABAYEK’s total assets, liabilities and net profit for the year of have been extracted from financial statements prepared as at, and for the quarter and six months period ended, 30 June 2022 while UGT’s total assets, liabilities and net profit for the year have been extracted from Reviewed financial statements prepared as at, and for the six months ended, 30 June 2022.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2022

(Reviewed)

(Expressed in Bahrain Dinars)

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 2021, which have been prepared in accordance with International Financial Reporting Standards. The financial information has been presented in Bahrain Dinars (BD) which is also the functional currency of the Company.

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. These consolidated financial statements have been prepared using going concern assumption under the historical cost convention.

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 Company’s future accounting year with earlier adoption.

Standards, amendments and interpretations issued and effective in 2022 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting year beginning on or after 1 January 2022 or subsequent years, but is not relevant to the Company’s operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IFRS 1	Subsidiary as a first-time adopter	1 January 2022
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
IFRS 9	Derecognition of financial liabilities	1 January 2022

Standards, amendments and interpretations issued but not yet effective in 2022

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 June 2022. They have not been adopted in preparing the financial statements for the period Ended 30 June 2022 and will or may have an effect on the entity’s future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

3 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2022 (continued)

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
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 2022

The Company did not early-adopt any new or amended standards in 2022. There would have been no change in the operational results of the Company for the period ended 30 June 2022 had the Company early adopted any of the above standards applicable to the Company.

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 2021, 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 2022 amounted to BD381,272 (31 December 2021: BD750,286). There were no disposals of property, plant and equipment during the six months period ended 30 June 2022 (31 December 2021: BDNil).

The depreciation charged for the six months ended 30 June 2022 amounted to BD1,385,136 (30 June 2021: BD1,404,749)

The Company operates from premises rented at a monthly rent of BD1,707 (2022: BD1,707 per month).

The Group's subsidiary operates from premises rented at a monthly rent of BD7,635 (2021: BD7,635 per month).

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

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the six months ended 30 June 2022

(Reviewed)

(Expressed in Bahrain Dinars)

6 Investment in associates

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Opening balance	1,964,000	1,056,662
Advances during the period (*)	440,360	-
Additions during the year	-	909,000
Dividends received during the period/year	(50,042)	(117,421)
Share of profit for the period/year	<u>24,543</u>	<u>115,759</u>
Closing balance	<u>2,378,861</u>	<u>1,964,000</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 reviewed management accounts prepared as at, and for the six months ended 30 June 2022. 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 2022.

(*) Advances for the period ending 30 June 2022 represents working capital funding.

7 Right-of-use assets

	Leasehold land
Cost	
At 31 December 2021 and at 30 June 2022	<u>479,181</u>
Accumulated amortisation	
Amortisation charge for the year and at 31 December 2021	170,327
Amortisation charge for the period	<u>28,388</u>
At 30 June 2022	<u>198,715</u>
Carrying value	
At 30 June 2022 (reviewed)	<u>280,466</u>
At 31 December 2021 (audited)	<u>308,854</u>

8 Financial assets at fair value through profit or loss

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Opening and closing balance	<u>256,000</u>	<u>256,000</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 2022

(Reviewed)

(Expressed in Bahrain Dinars)

8 Financial assets at fair value through profit or loss (continued)

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

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Raw materials	7,187,921	6,721,225
Finished goods and work-in-process	5,402,100	5,099,211
Consumable spares	<u>2,509,087</u>	<u>2,361,175</u>
	15,099,108	14,181,611
Provision for slow-moving inventories	<u>(1,067,551)</u>	<u>(2,429,393)</u>
	<u>14,031,557</u>	<u>11,752,218</u>

The movement in the provision for slow-moving inventories are as follows:

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Opening balance	2,429,393	-
Provision during the year and as at 31 December	-	2,429,393
Reversal of provision during the year	<u>(1,361,842)</u>	<u>-</u>
Closing balance	<u>1,067,551</u>	<u>2,429,393</u>

10 Trade and other receivables

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Trade receivables	8,139,524	9,462,289
Less: provision for impairment of trade receivables	<u>(261,825)</u>	<u>(261,825)</u>
	7,877,699	9,200,464
Prepayments and other receivables	<u>7,095,093</u>	<u>2,871,970</u>
	<u>14,972,792</u>	<u>12,072,434</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 2022
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11 Cash and bank balances

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Balances in call and current accounts with banks	7,358,975	7,141,455
Cash on hand	<u>5,067</u>	<u>4,270</u>
	<u>7,364,042</u>	<u>7,145,725</u>

12 Share capital

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Authorised 400,000,000 (2021: 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 (2021: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

13 Non-controlling interest

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
Opening balance	6,499,883	5,624,067
Share of non-controlling interest in the total comprehensive income of the subsidiary	<u>2,329,293</u>	<u>875,816</u>
Closing balance	<u>8,829,176</u>	<u>6,499,883</u>

14 Term loans

	30 June 2022 <u>(Reviewed)</u>	31 December 2021 <u>(Audited)</u>
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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.

United Gulf Investment Corporation B.S.C.
 Selected explanatory notes to the condensed interim consolidated financial information for the six
 months ended 30 June 2022
 (Reviewed)
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14 Term loans (continued)

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).

17,079,100 17,584,100

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.

3,924,894 6,939,548

21,003,994 24,523,648
(2,569,419) (5,584,073)

Less: current portion of term loans

Non-current portion of term loans

18,434,575 18,939,575

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.

15 Lease liabilities

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
At 1 January	606,514	648,594
Lease payments	(45,808)	(91,616)
Interest expenses	<u>3,307</u>	<u>49,536</u>
	564,013	606,514
Less: current lease liabilities	<u>(42,300)</u>	<u>(285,991)</u>
Non-current lease liabilities	<u>521,713</u>	<u>320,523</u>

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15 Lease liabilities (continued)

Maturity analysis - contractual undiscounted cash flows:

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Less than one year	84,872	91,616
One to five years	479,141	641,311
Total undiscounted lease liabilities	<u>564,013</u>	<u>732,927</u>

16 Trade and other payables

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Trade payables	287,580	684,528
Accruals and other payables	6,365,962	7,029,084
	<u>6,653,542</u>	<u>7,713,612</u>

17 Other income

	Six months ended 30 June 2022 (Reviewed)	Six months ended 30 June 2021 (Reviewed)	Three months ended 30 June 2022 (Reviewed)	Three months ended 30 June 2021 (Reviewed)
Reversal of excess provision for impaired trade receivables	-	206,801	-	183,080
Bank interest income	-	63,466	-	51,860
Miscellaneous income	17,235	5,320	-	5,320
	<u>17,235</u>	<u>275,587</u>	<u>-</u>	<u>240,260</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 2022 (Reviewed)	Six months ended 30 June 2021 (Reviewed)	Three months ended 30 June 2022 (Reviewed)	Three months ended 30 June 2021 (Reviewed)
Net profit attributable to shareholders of the Parent	<u>7,246,954</u>	<u>570,978</u>	<u>4,191,281</u>	<u>451,488</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>36.23 fils</u>	<u>2.85 fils</u>	<u>20.96 fils</u>	<u>2.26 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 2022 (Reviewed)	Six months ended 30 June 2021 (Reviewed)
Remuneration to key management personnel	<u>13,800</u>	<u>13,800</u>

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

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20 Segmental information (continued)

As at and for the six months ended 30 June 2022 (reviewed)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	32,743,938	-	32,743,938
Other income	17,235	-	17,235
Provision for Zakat	(212,100)	-	(212,100)
Operating costs	<u>(22,021,665)</u>	<u>-</u>	<u>(22,021,665)</u>
Segment profit	10,527,408	-	10,527,408
Share of profit from investment in associates	-	24,543	24,543
Other expenses	<u>(866,181)</u>	<u>(109,523)</u>	<u>(975,704)</u>
Net profit for the period	<u>9,661,227</u>	<u>(84,980)</u>	<u>9,576,247</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>381,272</u>	<u>440,360</u>	<u>821,632</u>
Total segment assets	39,884,604	32,228,554	72,113,158
Total segment liabilities	27,150,650	1,795,705	28,946,355

As at 31 December 2021 (audited) and for the six months ended 30 June 2021 (reviewed)

	<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 an associate	-	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>750,286</u>	<u>909,000</u>	<u>1,659,286</u>
Total segment assets	58,502,873	8,640,912	67,143,785
Total segment liabilities	31,784,110	1,769,119	33,553,229

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20 Segmental information (continued)

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 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
Kingdom of Bahrain	32,228,554	8,640,912	1,795,705	1,769,119
Kingdom of Saudi Arabia	<u>39,884,604</u>	<u>58,502,873</u>	<u>27,150,650</u>	<u>31,784,110</u>
	<u>72,113,158</u>	<u>67,143,785</u>	<u>28,946,355</u>	<u>33,553,229</u>

21 Dividends

No dividends have been declared or paid during the six months ended 30 June 2022 (31 December 2021: BDNil).

22 Interim results

The interim consolidated net profit and other comprehensive income for the six months ended 30 June 2022 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.

	1 January 2022	Obtained during the period	Finance cost accrued	Principal repaid during the period	Finance costs paid	30 June 2022
Term loans	<u>24,523,648</u>	-	<u>140,553</u>	<u>(3,519,654)</u>	<u>(140,553)</u>	<u>21,003,994</u>
	1 January 2021	Obtained during the period	Finance cost accrued	Principal repaid during the period	Finance costs paid	30 June 2021
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>

24 Events after the reporting period

There were no events occurring subsequent to 30 June 2022 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.