United Gulf Investment Corporation B.S.C.

Consolidated financial statements for the year ended 31 December 2023

Index

Commercial registration no.	24377-1 obtained on 18 February 1991	
Board of Directors	Rashed Abdulllah Alhajri Abdulla Fahad Alsubaie Qusay Khalil Yusuf Al-Khalili Abdulla Mubarak Al-Suwaiket Waleed Fahad Al-Tharman	- Chairman - Vice - Chairman
Authorised persons	Rashed Abdullla Alhajri Qusay Khalil Yusuf Al-Khalili	
Chief Executive Officer and Secretary to the Board	Qusay Khalil Yusuf Al-Khalili	
Audit Committee	Waleed Fahad Al-Tharman Rashed Abdullla Alhajri	- Chairman
Registered office	Office 3202, Building 2504 Road 2832, Block 428 Al-Seef District Kingdom of Bahrain	
Principal Bankers	Ahli United Bank Arab National Bank - Dammam Alinma Bank Ithmar Bank Khaleeji Commercial Bank National Commercial Bank	
Auditors	BDO 17th Floor Diplomat Commercial Office 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	

Directors Report

Director's report to the shareholders for the year ended 31 December 2023

On behalf of the members of the Board of Directors and employees of the United Gulf Investment Company "UGIC", I would like to review the annual report and financial results of the company for the year ending on December 31, 2023 AD.

First, the company's net profits amounted to 1,699,133 Bahraini dinars after the zakat provision, compared to 3,508,370 Bahraini dinars after the zakat provision for the year 2022.

The prices of metals and commodities were negatively affected as a direct result of the successive rises in interest rates as they rose to exceed a rate of 5%. This impact on the mining and metals sector was clear, as profits decreased as a result of the lower selling price, as raw materials were less affected than industrial goods as a result of mining costs, which had a limited impact on the prices of raw materials.

The impact of the United States' returns to the climate agreement and the enormous pressure on global coal production also continued, prompting China to stop many of its industries and impose fees on the extraction of coal, which is the building block for heavy industries such as iron and metal alloys, as coal maintained its price levels between 400-500 dollars during the year. Which affected vital sectors such as the iron and aluminum industry and their profitability rates.

All of these events occurred in conjunction with the disruption in shipping and shipping traffic and the huge increase in the cost of containers during the year due to the war in the Middle East and the closures in the Bab al-Mandab Strait. The biggest beneficiaries were those companies that depend on local companies, as most international companies and industries turned to the local supplier for reliability in supply and appropriate price, as those who relied on external parties for supply were unable to receive the goods in a timely manner as a result of "force majeure circumstances," and this had the effect of on supply chains and raising shipping and insurance prices globally.

The global electronic chip crisis between China and the United States is still clearly having an impact on raising the prices of electronic devices, as they have not decreased in line with the rise in global interest. This is observed in maintaining the rise in car prices globally. This effect is expected to continue for a considerable period. In the Kingdom of Saudi Arabia, the industrial sector has shown many large acquisitions, which we expect to be completed in mid-2024, as the Public Investment Fund announced the acquisition of both SABIC Steel Company and Al Rajhi Steel Company in a great and tremendous step to advance the Saudi steel industry sector in accordance with Vision 2030 and the upcoming major projects. Which we hope will have a great positive impact on the Kingdom, the private sector, and Sabayek Company, God willing.

While the cost continued to rise in the Kingdom of Saudi Arabia from the increase in fees for foreign workers and their families and the rise in fuel and diesel prices, to the rise in the cost of local contractors' prices and the rise in nationalization rates in jobs. This caused increases in the cost of living in Saudi Arabia. The company was able to consolidate relations with major iron factories in the region in the Kingdom of Saudi Arabia and the Emirates. Also, the decline in the prices of goods and finished products at low prices affected the company's failure to achieve better results in the year 2023. We would also like to point out that, thank God, the Kingdom of Saudi Arabia increased customs duties in the year 2020 on imports of our products from 5% to 15% in the case of ferromanganese, from 5% to 12% for silicomanganese, and from 5% to 15% for ferrosilicon, which entered It went into effect in July 2020, and it had an impact on helping the company with selling prices and quantities sold in the Saudi market, and

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the results of this began to appear on the company's financial statements, accompanied by a recovery in local demand. We are still working, in coordination with the Ministry of Industry and Mineral Resources, to increase the products in the Sabayek Company factory.

The company's sales amounted to 369 million Saudi riyals for the year 2023, compared to 529 million Saudi riyals in 2022.

SABAYEK, thank God, also expanded and rented the adjacent land with an area of 100,000 square meters, and the first installment was paid at the beginning of the year 2024 AD after the grace period, in order to establish production lines for "manganese metal" required by the HADEED to produce metal sheets for military armor, as well as "manganese trioxide" used in batteries of Electric cars.

SABAYEK is working seriously to restore products that it had previously stopped its production before the year 2001, such as Ferrosilicon, and is working to add additional specialized low-carbon products (low-carbon ferromanganese), ferrovanadium, ferrotitanium, and ferromolybdenum in cooperation with SABIC under the umbrella of the strategic alliance agreement that was signed with SABIC Steel Company. It was renewed at the end of 2023 for another year.

SABAYEK has taken some provisions in accordance with international accounting standards to give a conservative image to avoid strong future shocks that may affect the company's value based on the conservative approach of the Board of Directors and the company's management in conveying a sound image to its shareholders and affiliates and preserving the rights of our small shareholders. SABAYEK has also added lines to raise efficiency in it, as it is expected to improve production efficiency by about 20% starting from the middle of the year 2024 AD, which will improve the company's profit margin by about 10%. This is an achievement that is credited to the management of UGIC and its Board of Directors in continuous improvement and development in a way that maximizes the return on investment for the valued shareholders.

We have also previously added a sub-registry CR for Sabayek Company "Adding Mining Activities" in order to be able to benefit from the opening of applications for local mines in the Kingdom of Saudi Arabia when circumstances and budget permit. Sabayek has also established "Rakam Industrial Company" with 40% ownership, which specializes in recycling iron slag. This will enable us to consolidate the relationship with the largest iron factories in the Kingdom, add profits to the company, give diversification in sources of income, as well as give our companies a role in the circular economy and reduce carbon emissions. In preparation for entering the carbon market.

We are also in contact with Al-Ajlan Company, which won the mining contract in the Al-Khunijiya mine, as we have an MOU with them to supply Sabayek with Saudi manganese ore, in order to study and evaluate it in experimental production, which we hope will contribute to raising the levels of local content to levels exceeding 60%. Despite the great challenges we face, this strategic industry is still working to benefit from local Gulf raw materials to add to the integration of the GCC economy and increase local content to higher levels in accordance with Vision 2030 inspired by the visions and wisdom of the leaders of the Gulf countries (may God protect them) towards the development of mining industries in the Gulf Cooperation Council countries, which we hope will give a strong impetus parallel to the petroleum era in the future, God willing, and create promising jobs with good salaries for citizens of the Gulf Cooperation Council countries. We always look forward to their necessary support for this industry.

We are also communicating with mines in the State of Oman to obtain raw chromium ore to produce Ferrochrome in the future, God willing. Secondly, in 2023 AD, UGIC's share of the distributions in "Dhahran Chemical Industries and Marketing Company" during the year 2023 AD amounted to BD.120,740, compared to the year 2022, which amounted to BD.195,343. These results are attributed to the following: The Dubai branch recorded a loss of SR 1.9 million for the year 2023 compared to a profit of SR 2 million for the year 2022, while the Dammam branch recorded a profit of SR 15.8 million riyals for the year 2023 compared to a profit of SR 14.6 million for the year 2022. Because The increase in some fees in the Dubai branch, the intense competition, and also the rise in interest rates globally.

We expect that the results for the year 2024 will improve as a whole for Synthomer as a result of raising the production efficiency at the factory in Dammam by 6,000 tons annually, targeting 63,000 tons for the year 2024 compared to 57,000 tons for the year 2023. In addition to the expectation that selling prices will rise as a result of the decline in global interest rates, which will raise commodity prices globally. We also do not expect any change in the company's dividend policy.

Third: The activities of the United Gulf Trading Company have begun through its relations with international companies to trade globally in goods and its activities in complementary areas with the UGIC group of companies in light of the comprehensive strategy of the United Gulf Investment Corporation Group, which is the metals and mining sector, raw materials and product marketing. It has been registered in the value added tax system. It also aspires in the future to expand its activities and register in the Saudi market as a Saudi company.

Future outlook:

God willing, the United Gulf Investment Company expects the year 2024 to be a year similar to the year 2023 in terms of economic activity, as agreements were signed with SABIC Steel and Emirates Steel, covering 70% of the company's sales for the year 2024. Accordingly, we expect it to witness a good year ahead. We expect a final settlement of some of the previous zakat assessments, God willing. We will also continue to find projects and add new special products that are in line with Vision 2030. We expect the expansion of the activities of the United Gulf Trading Company, which is affiliated with it. We also expect interest rates to decline globally, which will support the prices of final products. Accordingly, the market is expected to recover. Generally, in the year 2024.

Appropriations/ Recommendations:

Based on the financial results, the Board of Directors does not recommend any cash dividends or taking provisions on ongoing investments. It also recommends continuing to operate development projects to diversify activities and reduce the cost of products in subsidiaries in light of changes and transformations occurring in the GCC market, increases in cost and taxes, significant increases in fees, and structural changes in the labor market. And does recommend further study for distributions of shares dividends.

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In line with Article 188 of Decree-Law No. (28) of 2020

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
First: Non Independent – Non Executive Directors:													
Rashed Abdulla Alsuwaiket	-	2600	-	-	2600	-	-	-	-	-	-	2600	-
Second: Independent - Non-Executive Directors:													
Abdulla Fahad Alhazza Subaie	-	2600	-	-	2600	-	-	-	-	-	-	2600	-
Waleed Fahad Althurman	-	2600	-	-	2600	-	-	-	-	-	-	2600	-
Abdulla Mubarak Alsuwaiket	-	2600	-	-	2600	-	-	-	-	-	-	2600	-
Third: Executive Directors:													
Qusay Khalil Alkhalili	-	2600	-	-	2600	-	-	-	-	-	-	2600	-
Total	-	13000	-	-	13000	-	-	-	-	-	-	13000	-

Note: All amounts in Bahraini Dinars.
Other remunerations:
*** It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).**
**** It includes the board member's share of the profits - Granted shares (insert the value) (if any).**

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Executive Management Remuneration:-

As none of the members of the Board of Directors of United Gulf Investment Company received remuneration during the year 2023, except for attendance fees. The executive management and senior employees of the group received a total of 332,048 dinars, including allocations for the year ending in 2023.

Finally, the Chairman and members of the Board of Directors, on his behalf and on behalf of the shareholders, take this opportunity to express his sincere appreciation and thanks to His Majesty King Hamad bin Isa Al Khalifa of Bahrain, and to His Royal Highness and His Royal crown Prince Salman bin Hamad Al Khalifa , and Prime Minister and Deputy Supreme Commander of Defense Force, as well to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and his Royal Highness Crown Prince Mohammad bin Salman of Kingdom of Saudi Arabia, and to their Majesties and Highnesses the leaders of the Gulf Cooperation (GCC) for their continuous support to us.

We would like to express our gratitude to all government authorities specially to, the Ministry of Industry Commerce and Tourism, the Bahrain Bourse, Bahrain clear the Central Bank, Capital Markets Supervisory Directorate (CMSD) and the General Secretariat of the Cooperation Council for the Arab Gulf States, wishing all the prosperity and prosperity of the GCC countries in light of this glorious era for its leaders.

Rashed Abdullah Al-Hajri
Chairman

Qusay Al Khalili
Board of Director

27 February 2024

الشركة الخليجية المتحدة للأستثمار (ش.م.ب)
UNITED GULF INVESTMENT CORPORATION (B.S.C.)
CR: 24377-1, KINGDOM OF BAHRAIN

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Independent auditor's report to the shareholders of United Gulf Investment Corporation B.S.C.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of United Gulf Investment Corporation B.S.C. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of material accounting policy information. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") issued by International Ethics Standards Board for Accountants and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition

Revenue primarily consists of sales as disclosed in Note 22 and other income as disclosed in Note 24 of the consolidated financial statements. Revenue is considered to be a key performance measure and by default, this area has a fraud risk element and is therefore always considered as a significant risk.

Our audit procedures included, considering the appropriateness of the Group's revenue recognition policies and assessing compliance with the policies in light of the applicable accounting standards. We have tested the effectiveness of internal controls implemented by the Group over the revenue cycle and have also performed analytical procedures over the revenue streams and tested the relevant supporting documents on a sample basis to confirm their reasonableness and accuracy.

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Independent auditor's report to the shareholders of United Gulf Investment Corporation B.S.C. (continued)

Report on the consolidated financial statements (continued)

Other information
Management is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance ("TCWG") for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

TCWG are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Report on the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirements

a) As required by the Bahrain Commercial Companies Law, in case of the Company, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the Company has carried out stock-taking in accordance with recognised procedures, has maintained proper books of account and the financial statements are in agreement therewith; and
3. the financial information included in the Directors' report is consistent with the books of account of the Company.

b) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:

1. has appointed a corporate governance officer; and
2. has a Board approved written guidance and procedures for corporate governance.

In addition, we report that, nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2023.

BDO

Manama, Kingdom of Bahrain
27 February 2024

BDO Public Accountants
Nath Venkitachalam Viswanath
Reg. No. 151

See Auditor's Report dated 27-02-2024
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

United Gulf Investment Corporation B.S.C.
Consolidated statement of financial position as at 31 December 2023
(Expressed in Bahrain Dinars)

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	28,856,876	29,732,644
Investment in associates	7	2,376,796	2,286,100
Right-of-use assets	8	195,304	252,079
		31,428,976	32,270,823
Current assets			
Financial assets at fair value through profit or loss	9	10,400	256,000
Inventories	10	20,464,913	13,685,442
Trade and other receivables	11	8,839,756	7,848,110
Mudaraba deposits	12	1,195,499	1,909,577
Cash and bank balances	13	2,142,699	7,702,113
		32,653,267	31,401,242
Total assets		64,082,243	63,672,065
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	20,000,000	20,000,000
Statutory reserve	15	3,526,235	3,400,568
Share premium	16	116,328	116,328
Other reserves	16	7,366,195	6,235,195
Equity attributable to the shareholders of the Parent		31,008,758	29,752,091
Non-controlling interest	17	7,789,301	7,346,835
		38,798,059	37,098,926
Non-current liabilities			
Non-current portion of term loans	18	16,919,575	17,028,950
Non-current portion of lease liabilities	19	349,596	436,118
Employees' terminal benefits	20	864,592	758,669
		18,133,763	18,223,737

See Auditor's Report dated 27-02-2024
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

United Gulf Investment Corporation B.S.C.
Consolidated statement of financial position as at 31 December 2023
(Expressed in Bahrain Dinars)

	Notes	31 December 2023	31 December 2022
Current liabilities			
Current portion of term loans	18	1,010,000	1,910,625
Current portion of lease liabilities	19	86,522	85,418
Trade and other payables	21	6,053,899	6,353,359
		7,150,421	8,349,402
Total equity and liabilities		64,082,243	63,672,065

The consolidated financial statements 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

See Auditor's Report dated 27-02-2024
Signed by BDO, CR No. 10201-04
Partner: Nath Venkitachalam Viswanath
Reg. No. 151
Signature:

United Gulf Investment Corporation B.S.C.
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Sales	22	36,955,193	52,918,084
Cost of sales	23	(36,385,362)	(47,455,054)
Gross profit		569,831	5,463,030
Other income	24	3,737,892	710,076
Unrealised fair value losses on financial assets through profit and loss	9	(245,600)	-
		4,062,123	6,173,106
Expenses			
General and administrative expenses	25	(1,685,295)	(1,755,258)
Finance costs	26	(283,131)	(282,801)
		(1,968,426)	(2,038,059)
Net profit for the year before tax and share of profit from investment in an associates		2,093,697	4,135,047
Net share of profit/(loss) from investment in Associates	7	211,436	(20,677)
Net profit for the year before tax		2,305,133	4,114,370
Provision for Zakat	27	(606,000)	(606,000)
Net profit and total comprehensive income for the year		1,699,133	3,508,370
Net profit and total comprehensive income for the year attributable to:			
Shareholders of the Parent		1,256,667	2,661,418
Non-controlling interest	17	442,466	846,952
		1,699,133	3,508,370
Basic and diluted earnings per share attributable to shareholders of the Company	28	6.28fils	13.31 fils

The consolidated financial statements were approved, authorised for issue by the Board of Directors and signed on their behalf by:

Rashed Abdullla Al Suwaiket Al Hajri
Chairman

Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

	Attributable to the shareholders of the Parent							
			Other reserves					
	Share capital	Statutory reserve	Share Premium	Revaluation reserve	(Accumulated losses)/retained earnings	Total	Non-controlling interest	Total
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 year	-	-	-	-	2,661,418	2,661,418	846,952	3,508,370
Transferred to statutory reserve (Note 15)	-	266,142	-	-	(266,142)	-	-	-
At 31 December 2022	20,000,000	3,400,568	116,328	4,329,043	1,906,152	29,752,091	7,346,835	37,098,926
Total comprehensive income for the year	-	-	-	-	1,256,667	1,256,667	442,466	1,699,133
Transferred to statutory reserve (Note 15)	-	125,667	-	-	(125,667)	-	-	-
At 31 December 2023	20,000,000	3,526,235	116,328	4,329,043	3,037,152	31,008,758	7,789,301	38,798,059

United Gulf Investment Corporation B.S.C.
Consolidated statement of cash flows for the year ended 31 December 2023
(Expressed in Bahrain Dinars)

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
Operating activities			
Net profit for the year		1,699,133	3,508,370
Adjustments for:			
Depreciation on property, plant and equipment	6	2,552,642	2,703,189
Amortisation of right-of-use assets	8	56,775	56,775
Net share of (profit)/loss from investment in associates	7	(211,436)	20,677
Unrealised loss on investment through profit and loss	9	245,600	-
Reversal of excess provision for slow-moving inventories	10	(2,325,926)	(1,361,841)
Allowance for slow-moving inventories	10	-	1,258,374
Allowance for impaired trade receivables	11	-	140,119
Reversal of excess allowance for impaired trade receivables	11	(140,119)	-
Gain on disposal of property, plant and equipment	24	-	(1,265)
Interest income	24	(125,899)	(76,874)
Finance costs	26	283,131	282,801
Changes in operating assets and liabilities:			
Inventories		(4,453,545)	(1,829,757)
Trade and other receivables		(851,527)	4,084,205
Trade and other payables		(299,460)	(1,360,253)
Employees' terminal benefits, net		105,923	49,214
Net cash (used in)/provided by operating activities		(3,464,708)	7,473,734
Investing activities			
Purchase of property, plant and equipment	6	(1,676,874)	(457,678)
Proceeds from disposal of property, plant and equipment		-	1,265
Additions to investment in associates during the year	7	-	(500,949)
Dividends received from associates during the year	7	120,740	158,172
Net movement in Mudaraba deposits		714,078	(243,178)
Interest income received	24	125,899	76,874
Net cash used in investing activities		(716,157)	(965,494)
Financing activities			
Finance costs	26	(283,131)	(282,801)
Repayment of term loans	33	(1,010,000)	(5,584,073)
Repayment of principal element of lease liabilities		(85,418)	(84,978
Net cash used in financing activities		(1,378,549)	(5,951,852)
Net (decrease)/increase in cash and cash equivalents		(5,559,414)	556,388
Cash and cash equivalents, beginning of the year		7,702,113	7,145,725
Cash and cash equivalents, end of the year	13	2,142,699	7,702,113

1 Organisation and activities

United Gulf Investment Corporation B.S.C. ("the Company" or "the Parent 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 Articles of Association.

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

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

The consolidated financial statements, set out on pages 11 to 52, were approved and authorised for issue by the Board of Directors on 27 February 2024.

2 Structure of the Group

The structure of the Group is as follows:

Subsidiaries:

Name of the subsidiary	Country of incorporation	Proportion of ownership interest 31 December 2023	Non-controlling interest ownership/ voting interest 31 December 2023
Gulf Ferro Alloys Company ("SABAYEK") W.L.L.	Kingdom of Saudi Arabia	75.68% (2022: 75.68%)	24.32% (2022:24.32%)
United Gulf Trading W.L.L. ("UGT")	Kingdom of Bahrain	100% (2022:100%)	- (2022: Nil)

The Company owns 75.68% (2022: 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 unaudited management accounts prepared as at, and for the year ended, 31 December 2023 while UGT's total assets, liabilities and net profit for the year have been extracted from audited financial statements prepared as at, and for the year ended, 31 December 2023.

2 Structure of the Group (continued)

The details of the Group's investment in associates, as follows:

Name of the associate	Country of incorporation	Description of shares held	Proportionate ownership interest held 2023	2022
Dhahran Chemical Industries Marketing ("DCIM")	Kingdom of Saudi Arabia	Ordinary shares of SAR100 per share	20%	20%
Rukam Industrial Company *	Kingdom of Saudi Arabia	Ordinary shares of SAR1000 per share	40%	40%

* Investment in associate is held through the Subsidiary Company.

3 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and the requirements of the Bahrain Commercial Companies Law, and associated resolutions, rules and procedures of the Bahrain Bourse.

Basis of presentation and functional currency

The consolidated financial statements have been prepared using the going concern assumption and under the historical cost convention except for the financial asset at fair value through profit or loss which are stated at their fair values and investment in associates which is equity accounted.

The consolidated financial statements have been presented in Bahrain Dinars in which the share capital of the Company and its transactions are primarily denominated while the functional currency of SABAYEK is Saudi Riyals. In the opinion of the management, there is no significant currency exchange impact due to the difference between the functional currency and presentation currency as both are pegged to the United States Dollars.

The preparation of financial statements in conformity with IFRS Accounting Standards 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 to these consolidated financial statements.

Improvements/amendments to IFRS Accounting Standards

Improvements/amendments to IFRS Accounting Standards contained numerous amendments to IFRS Accounting Standards that the IASB considers non-urgent but necessary. 'Improvements to IFRS Accounting Standards' 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 Accounting Standards. The amendments are effective for the Group's future accounting year with earlier adoption.

3 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2023

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2023 and has been adopted in the preparation of these consolidated financial statements:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023

IAS 1 Presentation of financial statements

In February 2021, the International Accounting Standard Board ("IASB") has issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Group has applied amendments and disclosed the impact in Note 4 to the consolidated financial statements. Other than that these amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group.

IAS 8 Accounting policies, changes in accounting estimates and errors

In February 2021, the International Accounting Standard Board ("IASB") issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The Group has adopted the amendments of IAS 8 and had no significant impact on the consolidated financial statements.

Standards, amendments and interpretations issued and effective 2023 but not relevant

The following new amendments to existing IFRS accounting standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2023 or subsequent periods, but is not relevant to the Group's operations:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income Taxes	1 January 2023/1 May 2023
IFRS 17	Insurance contracts	1 January 2023

3 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2023

The following new/amended IFRS accounting standards and interpretations have been issued, but are not mandatory for consolidated financial year ended 31 December 2023. They have not been adopted in preparing the consolidated financial statements for the year ended 31 December 2023 and will or may have an effect on the Group's future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 1	Presentation of financial statements	1 January 2024
IAS 7	Statement of Cash Flows	1 January 2024
IFRS 7	Financial Instruments: Disclosures	1 January 2024
IFRS 16	Leases	1 January 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates	1 January 2025

Early adoption of amendments or standards in 2023

The Group did not early-adopt any new or amended standards in 2023. There would have been no change in the operational results of the Group for the year ended 31 December 2023 had the Group early adopted any of the above standards applicable to the Group.

4 Material accounting policy information

A summary of the material accounting policy information adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a changes in any of these elements of control.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

- The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Group and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Subsidiaries

Subsidiaries are those entities in which, the Group has an interest of more than one-half of the voting rights, or otherwise has power to exercise control over the entity's operations, and are hence consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Wherever necessary, accounting policies for the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

4 Material accounting policy information (continued)

Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;
(b) The Group obtains substantially all the economic benefits from use of the asset; and
(c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

4 Material accounting policy information (continued)

Leases (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount;

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Based on the exemptions available in IFRS 16, low value and short-term leases are not capitalised in the statement of financial position. All payments made towards such leases are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Except for machinery and equipment of the subsidiary, where the depreciation is calculated on the basis of units of production method, depreciation on other property, plant and equipment items are calculated on the straight-line method to write-off the cost of property, plant and equipment to their estimated residual values over their expected economic useful lives as follows:

Building and leasehold land	-	25 years
Machinery and equipment	-	Unit of production method
Furniture and fittings	-	Between 4 and 5 years
Office equipment	-	Between 4 and 5 years
Motor vehicles	-	Between 4 and 5 years
Tools and lab equipment	-	4-5 years

4 Material accounting policy information (continued)

Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining net profit.

Repairs and renewals are charged to the consolidated statement of profit or loss and other comprehensive income when the expenditure is incurred.

The carrying values of the property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the property, plant and equipment are written-down to their recoverable amounts.

Investment in associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group 's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group 's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group 's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which is determined on the first-in first-out basis, comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses. Where necessary, an allowance is made for obsolete and slow-moving inventories.

Finished goods

Finished goods are measured at the lower of cost of production or net realisable value. The cost of production of finished goods is determined by dividing the total production cost by the saleable output of the finished goods.

Production costs include cost of raw materials, smelting costs, treatment and refining costs, other cash costs and depreciation of operating assets.

Work-in-process

Work-in-process is valued at net cost of production based on the percentage of completion method.

4 Material accounting policy information (continued)

Inventories (continued)

Stores and materials

Stores and materials, which consist of consumable spares, are valued at weighted average cost less allowance for obsolete and slow-moving items.

Financial assets

The Group classifies its financial assets either at fair value through profit or loss or at amortised costs.

a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Financial assets at fair value through profit or loss are initially recognised at cost and subsequently re-measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Fair value of investments listed on active markets is determined by reference to the quoted market prices. The fair value of the unquoted securities, where available, is the Group's proportionate share of the net assets of the investee. In the absence of active markets or other appropriate methods from which to derive reliable fair values, the unquoted securities are stated at amortised cost.

b) Financial assets at amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less allowance for impairment. The Group's financial assets measured at amortised cost comprise the trade and other receivables (excluding prepayments), Mudaraba deposits and cash and bank balances in the consolidated statement of financial position.

b-1) Trade and other receivables (excluding prepayments)

Impairment allowances for current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised within general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

4 Material accounting policy information (continued)

Financial assets (continued)

b-1) Trade and other receivables (excluding prepayments) (continued)

Impairment allowances for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the allowance is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

b-2) Mudaraba deposits

Mudaraba deposits have original maturity period of more than 90 days but less than 365 days and are stated at amortised cost. Interest on these deposits are recognised using the effective interest method.

b-3) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalent comprise cash on hand, Mudaraba deposits with maturity period of up to 90 days from inception date and balances with banks.

Financial liabilities

The financial liabilities of the Group consist of bank borrowings and trade and other payables (excluding employee benefits). These financial liabilities are initially recognised at fair value and are subsequently re-measured at amortised cost using the effective interest method.

a) Borrowings and borrowing costs

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. In subsequent periods, these are stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

b) Trade and other payables (excluding employee benefits)

Trade and other payables (excluding employee benefits) are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

4 Material accounting policy information (continued)

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity.

Dividends and Board of Directors remuneration

Dividends and board remuneration are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is recognised when declared by the Board of Directors. In the case of final dividends and board remuneration, this is recognised when approved by the shareholders at the Annual General Meeting.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation in future and the amount of the obligation can be reliably estimated.

Employees' terminal benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Group contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate. In respect of this plan, the Group has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits. The expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect on an annual basis.

4 Material accounting policy information (continued)

Revenue recognition

Performance obligation and timing of revenue recognition

The majority of the Group's revenue is derived from the sale of ferro silicon, ferro manganese, silicon manganese, silicon metal, and micro silicate with revenue being recognised at a point in time depending on when the control of goods has been transferred to the customer. There is limited judgment needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery), retains none of the significant risks and rewards of the goods in question and conclusion of the work performed.

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that performance obligation from sale of goods is satisfied at the point in time when control of the asset is transferred to the customer, usually on delivery of the goods when the ownership of title is transferred.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most of the contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Bank interest income is recognised on accrual basis as time passes while dividend income is recognised when the right to receive the payment is established.

Segmental reporting

The Group's primary segment reporting format is business segments. 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; and
- Investment activities.

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

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

4 Material accounting policy information (continued)

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing on the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

5 Critical accounting judgments and key source of estimation uncertainty

Preparation of consolidated financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates requires judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

The most significant areas requiring the use of management's judgments, estimates and assumptions relate to:

- economic useful lives of property, plant and equipment;
- power to exercise significant influence;
- classification of investments;
- impairment of assets;
- contingencies;
- fair value measurement;
- revenue recognition;
- determination of lease term and borrowing rates; and
- economic life of right-of-use assets.

Economic useful lives of property, plant and equipment

Except for the machinery and equipment of the subsidiary, where the depreciation is calculated on the basis of unit of production method, the Group's smelting assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property, plant and equipment is reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

Power to exercise significant influence

Where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as either financial assets at fair value through profit or loss or fair value through other comprehensive income. More information is disclosed in Note 7 to these consolidated financial statements.

5 Critical accounting judgments and key source of estimation uncertainty (continued)

Classification of investments

In the process of applying the Group's accounting policies, management decides on acquisition of an investment whether it should be classified as investments designated at fair value through other profit or loss, at fair value through other comprehensive income or amortised cost. The classification of each investment reflects the management's intention in relation to each investment and is subject to different accounting treatments based on such classification.

Impairment of assets

a) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its trade receivables and FVTPL. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In addition, with respect to its bank balances, the amounts are deposited with reputable banks with low credit risk.

During the year ended 31 December 2023, in the opinion of the management, allowance of BD261,825 required towards impaired trade receivables (2022: BD401,944) (Note 11). Further, in the opinion of the management, amounts due from related parties and bank balances are not considered to be impaired (2022: BDNil).

b) Inventories

The Group also creates allowance for obsolete and slow-moving inventories. At 31 December 2023, in the opinion of the Group's management, allowance of BDNil is required for obsolete and slow-moving raw materials and consumable spares (2022: BD2,325,926). Estimates of net realisable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the date of the consolidated financial position to the extent that such events confirm conditions existing at the end of the period.

c) Other non-financial assets

Other non-financial assets (excluding inventories) are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGUs").

Impairment changes are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

5 Critical accounting judgments and key source of estimation uncertainty (continued)

Fair value measurement

The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In this regards, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and liabilities of the Group are initially recorded at fair value and subsequently re-measured at amortised cost while those which require fair value re-measurement are disclosed in Note 31.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Determination of lease term and the borrowing rates for leases

In case where the Group is a lessee, the Group's management exercises judgment in determining if it is reasonably certain to exercise the lease options to extend or terminate the lease at the commencement as well as during the lease term. The carrying value of lease liabilities are revised based on certain variable elements of the future lease payments like rates or index. Determination of incremental borrowing rates used to determine the carrying value of lease liabilities and the discount rates used to determine the carrying value of right-of-use of lease rights involve, to certain extent, management estimates. Any changes to management estimate may have an impact on the term as well as the carrying values of the lease assets and liabilities.

Economic life of right-of-use assets

Right-of-use assets are amortised over their economic useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of profit or loss in specific periods.

The Group's right-of-use assets are amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Economic useful lives of right-of-use assets are reviewed by management periodically. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Group.

6 Property, plant and equipment

	Building and leasehold land	Machinery and equipment	Furniture and fittings	Office equipment	Motor vehicles	Tools and lab equipment	Capital Work-in-progress	Total
Cost								
At 31 December 2021	13,607,414	54,024,190	184,991	665,282	1,023,120	2,201,922	-	71,706,919
Additions during the year	8,765	-	9,704	38,423	68,745	332,041	-	457,678
Disposals during the year	-	-	-	-	(13,120)	-	-	(13,120)
At 31 December 2022	13,616,179	54,024,190	194,695	703,705	1,078,745	2,533,963	-	72,151,477
Additions during the year	6,888	905,173	-	114,053	164,905	9,749	476,106	1,676,874
At 31 December 2023	13,623,067	54,929,363	194,695	817,758	1,243,650	2,543,712	476,106	73,828,351
Accumulated depreciation								
At 31 December 2021	9,625,200	26,401,620	164,560	574,595	995,047	1,967,742	-	39,728,764
Charge for the year	468,838	2,037,378	1,298	58,130	13,325	124,220	-	2,703,189
On disposals	-	-	-	-	(13,120)	-	-	(13,120)
At 31 December 2022	10,094,038	28,438,998	165,858	632,725	995,252	2,091,962	-	42,418,833
Charge for the year	333,888	2,047,322	2,070	23,541	44,811	101,010	-	2,552,642
At 31 December 2023	10,427,926	30,486,320	167,928	656,266	1,040,063	2,192,972	-	44,971,475
Net book value								
At 31 December 2023	3,195,141	24,443,043	26,767	161,492	203,587	350,740	476,106	28,856,876
At 31 December 2022	3,522,141	25,585,192	28,837	70,980	83,493	442,001	-	29,732,644

The Group operates from premises rented at a monthly rent of BD12,053 (2022: BD12,053 per month).

6 Property, plant and equipment (continued)

The depreciation charged for the year has been allocated in the consolidated statement of profit or loss and other comprehensive income, as follows:

	31 December 2023	31 December 2022
Cost of sales (Note 23)	2,193,143	2,549,993
General and administrative expenses (Note 25)	359,499	153,196
	2,552,642	2,703,189

7 Investment in associates

	31 December 2023	31 December 2022
Opening balance	2,286,100	1,964,000
Additions during the year	-	500,949
Dividends received during the year	(120,740)	(158,172)
Share of profit/(loss) during the year, net	211,436	(20,677)
Closing balance	2,376,796	2,286,100

Details of the Group's investment in associates are as follows:

Name of the associate	Country of incorporation	Description of shares held	Proportionate ownership interest held 2023	Proportionate ownership interest held 2022
Dhahran Chemical Industries Marketing ("DCIM")	Kingdom of Saudi Arabia	Ordinary shares of SAR100 per share	20%	20%
Rukam Industrial Company ("Rukam")	Kingdom of Saudi Arabia	Ordinary shares of SAR1000 per share	40%	40%

The investment in associates represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing and 40% ownership interest in Rukam Industrial Company.

The Group's share in the net assets and results of operations of the associate has been extracted from the financial statements of the associates prepared as at, and for the year ended, 31 December 2023 and 2022.

7 Investment in associates (continued)

Summarised financial information of the Group's investment in the associate as extracted from the unaudited management accounts prepared as at, and for the year ended, 31 December is as follows:

The movement in the Group's investment in associates is as follows:

	Dhahran Chemical Industries Marketing Company W.L.L.	Rukam Industrial Company - Kingdom of Saudi Arabia	Total
Percentage of shareholding interest	20%	40%	
At 31 December 2021	1,133,973	830,027	1,964,000
Share of profit/(loss) for the year	134,502	(155,179)	(20,677)
Dividends received	(158,172)	-	(158,172)
Additions during the year	-	500,949	500,949
At 31 December 2022	1,110,303	1,175,797	2,286,100
Share of profit for the year	156,871	54,565	211,436
Dividends received	(120,740)	-	(120,740)
At 31 December 2023	1,146,434	1,230,362	2,376,796

The Group's share in the associates' profits or losses have been extracted from the financial statements of the associates prepared as at, and for the year ended 31 December 2023.

Dhahran Chemical Industries and Marketing Company W.L.L (20%)

	31 December 2023	31 December 2022
Non-current assets	2,240,282	3,629,742
Current assets	3,640,104	1,993,253
Current liabilities	(21,627)	(71,479)
Net assets	5,858,759	5,551,516
Group's share of net asset	1,146,434	1,110,303
	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	799,590	745,865
Net profit of the associate for the year	784,354	672,509
Total comprehensive income of the associate	784,354	672,509
Group's share in total comprehensive income	156,871	134,502

7 Investment in associates (continued)

Rukam Industrial Company - Kingdom of Saudi Arabia (40%)

	31 December 2023	31 December 2022
Non-current assets	782,907	541,678
Current assets	2,607,956	2,554,925
	3,390,863	3,096,603
Non-current liabilities	1,261	5,508
Current liabilities	287,025	151,602
	288,286	157,110
Net assets	3,102,577	2,939,493
Group's share in the net assets	1,230,362	1,175,797

	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	1,155,342	572,732
Net profit/(loss) and total comprehensive income/(loss) of the associate for the year	136,414	(387,948)
Group's share in total comprehensive income/(loss) of the associate	54,565	(155,179)

8 Right-of-use assets

	Leasehold land
Cost	
At 31 December 2022 and 2023	479,181
Accumulated amortization	
At 31 December 2021	170,327
Amortisation charge for the year (Note 25)	56,775
At 31 December 2022	227,102
Amortisation charge for the year (Note 25)	56,775
At 31 December 2023	283,877
Net book value	
At 31 December 2023	195,304
At 31 December 2022	252,079

9 Financial assets at fair value through profit or loss

	31 December 2023	31 December 2022
Opening balance	256,000	256,000
Unrealised fair value loss during the year	(245,600)	-
Closing balance	10,400	256,000

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.

10 Inventories

	31 December 2023	31 December 2022
Raw materials	7,339,736	6,571,711
Finished goods and work-in-process	10,084,387	6,944,009
Consumable spares	3,040,790	2,495,648
	20,464,913	16,011,368
Allowance for slow-moving inventories	-	(2,325,926)
	20,464,913	13,685,442

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

	31 December 2023	31 December 2022
Opening balance	2,325,926	2,429,393
Allowance during the year	-	1,258,374
Written-off during the year	(2,325,926)	(1,361,841)
	-	2,325,926

The allowance for slow-moving inventories has been allocated in the consolidated statement of profit or loss and other comprehensive income as follows:

	31 December 2023	31 December 2022
Cost of sales	-	1,006,699
General and administrative expenses	-	251,675
	-	1,258,374

11 Trade and other receivables

	31 December 2023	31 December 2022
Trade receivables	5,517,271	4,634,582
Allowance for impairment trade receivables	(261,825)	(401,944)
	5,255,446	4,232,638
Prepayments and other receivables	3,584,310	3,615,472
	8,839,756	7,848,110

Trade receivables are generally on 60 to 180 days credit terms and are primarily denominated in Saudi Riyals. It is not the policy of the Group to obtain collateral against trade and other receivables and, therefore, is all unsecured. The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The movement in the allowance for impaired trade receivables is as follows:

	31 December 2023	31 December 2022
Opening balance	401,944	261,825
Allowance during the year	-	140,119
Reversal of excess allowance for impaired trade receivables (Note 24)	(140,119)	-
Closing balance	261,825	401,944

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over a number of years prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP) and inflation rate as the key macroeconomic factors in the countries where the Group operates.

On that basis, the expected loss allowance for trade receivables was determined as follows:

31 December 2023	0-90 days overdue	91-180 days overdue	181-360 days overdue	361-720 Days Overdue	721+ days overdue	Total
Expected loss rate	1.88%	10%	15.00%	100.00%	100.00%	
Trade receivables	5,312,588	38,137	10,352	2,789	153,405	5,517,271
Loss allowance	100,266	3,813	1,552	2,789	153,405	261,825

31 December 2022	0-90 days overdue	91-180 days overdue	181-360 days overdue	361-720 Days Overdue	721+ days overdue	Total
Expected loss rate	0.18%	5.53%	10.85%	32.51%	100.00%	
Trade receivables	3,226,848	164,957	730,703	302,914	209,160	4,634,582
Loss allowance	5,898	9,120	79,282	98,484	209,160	401,944

12 Mudaraba deposits

Mudaraba deposits represent deposits placed with financial institutions, earned profit rates ranging between 2.25% to 5.15% per annum during year ended 31 December 2023 (2022: between 2.25% to 5.15% per annum) and have original maturities of more than 90 days but less than 365 days. The profits on these deposits have been recognised over the term of the related contract.

13 Cash and bank balances

	31 December 2023	31 December 2022
Balances in call and current accounts with banks	2,138,361	7,697,408
Cash on hand	4,338	4,705
	2,142,699	7,702,113

The current account balances with banks are non-profit bearing.

The cash and bank balances are denominated in the following currencies:

Currency	31 December 2023	31 December 2022
Saudi Arabian Riyals	1,495,144	1,468,636
United States Dollars	397,323	6,082,240
Bahrain Dinars	250,232	151,237
	2,142,699	7,702,113

14 Share capital

	31 December 2023	31 December 2022
Authorised		
400,000,000 shares of 100 fils each (2022: 400,000,000 shares of 100 fils each)	40,000,000	40,000,000
Issued and fully paid-up		
200,000,000 shares of 100 fils each (2022: 200,000,000 shares of 100 fils each)	20,000,000	20,000,000

The names and nationalities of the major shareholders who have an interest of 5% or more of the issued and fully paid-up share capital are as follows:

Name of the shareholder	Nationality	Number of shares	Percentage of shareholding of interest 2023	Percentage of shareholding of interest 2022
Mr Rashed Abdullah Al-Hajiri	Kingdom of Saudi Arabia	58,418,336	29.21%	29.21%

The Group has only one class of equity shares and the holders of the shares have equal voting rights.

14 Share capital (continued)

The distribution schedule of equity shares, setting out the number of shareholders and percentages in the following categories is as follows:

	Number of Shareholders	Number of shares	Percentage of total outstanding shares 2023	2022
Less than 1%	1,163	76,770,544	38.39%	38.44%
1% up to less than 5%	19	64,811,120	32.40%	32.35%
20% up to less than 50%	1	58,418,336	29.21%	29.21%
	1,183	200,000,000	100.00%	100.00%

The details of the shares owned by the Directors as at 31 December:

	31 December 2023	31 December 2022
Mr Rashed Abdullah Alhajri	58,418,336	58,418,336
Mr Abdulla Fahad Al-Subaie	100,000	100,000
Mr Abdulla Mubarak Abdulla Al-Suwaiket	100,000	100,000
Mr Waleed Fahad Abdulrahman Al-Tharman	100,000	100,000
	58,718,336	58,718,336

15 Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Group's net profit before appropriations is required to be transferred to a non-distributable reserve account until such time as a minimum of 50% of the issued share capital is set aside. During the year ended 31 December 2023, an amount of BD125,667 has been transferred to the statutory reserve (2022: BD266,142). The reserve is not available for distribution except for dividend payment as permitted by Bahrain Commercial Companies Law.

16 Other reserves

Share premium

This represents the amount subscribed for share capital in excess of nominal value. Share premium is not available for distribution.

Retained earnings

This represents all other net gains and losses and transactions with shareholders not recognised elsewhere. This reserve is available for distribution.

Revaluation reserve

Revaluation reserve represents surplus arising from the fair valuation of property, plant and equipment of the subsidiary. This reserve is not available for distribution.

17 Non-controlling interest

	31 December 2023	31 December 2022
Opening balance	7,346,835	6,499,883
Share of non-controlling interest in the total comprehensive income of the subsidiary	442,466	846,952
Closing balance	7,789,301	7,346,835

Summarised financial information in relation to the non-controlling interest of the subsidiary, before intra-group eliminations, is presented below:

	Year ended 31 December 2023	Year ended 31 December 2022
Income statement		
Sales	36,955,193	52,918,084
Cost of sales	(36,385,362)	(47,455,054)
Gross profit	569,831	5,463,030
General and administrative expenses	(1,408,382)	(1,532,548)
Operating (loss)/profit	(838,551)	3,930,482
Other income	3,492,466	596,030
Profit/(loss) from investments	54,565	(155,179)
Finance costs	(283,131)	(282,801)
Net profit before tax	2,425,349	4,088,532
Provision for zakat	(606,000)	(606,000)
Net profit after tax	1,819,349	3,482,532
Net profit and total comprehensive income allocated to non-controlling interest	442,466	846,952
Cash flow statement items		
Cash flows from operating activities	(2,660,349)	(7,554)
Cash flows from investing activities	(1,676,874)	(356,659)
Cash flows from financing activities	(1,286,933)	(1,403,757)
Net cash outflows	(5,624,156)	(1,767,970)

17 Non-controlling interest (continued)

	31 December 2023	31 December 2022
Assets:		
Property, plant and equipment	24,525,712	25,401,463
Right-of-use assets	195,304	252,079
Inventories	20,464,913	13,685,442
Trade and other receivables	8,826,355	7,884,656
Cash and cash equivalents	1,883,564	7,507,720
Investment in associate	2,376,796	2,286,100
Liabilities:		
Trade and other payables	5,907,646	5,500,706
Term loans	17,929,575	18,939,575
Employee's terminal benefits	840,394	736,000
Lease liabilities	436,118	521,536
Accumulated non-controlling interest	7,789,301	7,346,835

18 Term loans

	31 December 2023	31 December 2022
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. The amount payable to SEC as on 1 January 2021 is SAR91.18 million out of which SAR60 million relates to short term payable instalment SAR5 million each month as per agreement for the year 2021 and SAR31.18 million for the year 2022. During the year the subsidiary received electricity bill from SEC amounting to SAR109.16 million. The total amount payable to SEC during the year is SAR69 million which includes amount due towards instalment of electricity bills. The old due towards electricity bills were paid during 2022.	2,365,475	2,365,475

18 Term loans (continued)

	31 December 2023	31 December 2022
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).	15,564,100	16,574,100
	17,929,575	18,939,575
Less: current portion of term loans	(1,010,000)	(1,910,625)
Non-current portion of term loans	16,919,575	17,028,950

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

19 Lease liabilities

	31 December 2023	31 December 2022
At 1 January	521,536	606,514
Lease payments	(91,616)	(91,616)
Interest expenses (Note 26)	6,198	6,638
At 31 December	436,118	521,536
Less: current portion of lease liabilities	(86,522)	(85,418)
Non-current portion of lease liabilities	349,596	436,118

Maturity analysis - contractual undiscounted cash flows:

	31 December 2023	31 December 2022
Not later than 1 year	91,616	91,616
Between one year and five years	358,829	450,445
Total undiscounted lease	450,445	542,061

20 Employees' terminal benefits

Local employees

The contributions made by the Group towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2023 amounted to BD11,040 (2022: BD10,080) and BD347,956 (2022: BD70,536) towards the social security contribution for Saudi Nationals employed in the Kingdom of Saudi Arabia.

Expatriate employees

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	31 December 2023	31 December 2022
Opening balance	758,669	709,455
Accruals for the year	106,139	117,457
Payments during the year	(216)	(68,243)
Closing balance	864,592	758,669
Number of staff employed by the Group	91	85

The employees' terminal benefits accrued in the accounting records of the subsidiary in accordance with the Saudi Labour and Workmen Law amounted to BD840,394 (2022: BD736,000).

21 Trade and other payables

	31 December 2023	31 December 2022
Trade payables	1,840,841	296,555
Zakat payable	1,575,606	1,575,606
Accruals and other payables	2,637,452	4,481,198
	6,053,899	6,353,359

Trade payables are normally settled within 30 days from the suppliers' invoice date and are mainly in Saudi Arabian Riyals and Bahrain Dinars. The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Accruals and other payables also include the zakat and income tax payable by the subsidiary.

22 Sales

	Year ended 31 December 2023	Year ended 31 December 2022
Product type:		
Silico manganese	30,553,231	45,815,788
Ferro manganese	6,401,962	7,102,296
	36,955,193	52,918,084
Contract counterparties:		
Direct to customers	36,955,193	52,918,084
Timing of revenue recognition:		
At a point in time	36,955,193	52,918,084

22 Sales (continued)

Geographical information of sales during the years:

	Year ended 31 December 2023	Year ended 31 December 2022
Domestic sales (Kingdom of Saudi Arabia)	32,946,648	43,312,969
Gulf Co-operation Countries (GCC) sales	3,593,105	7,653,023
Foreign sales	415,440	1,952,092
	36,955,193	52,918,084

23 Cost of sales

	Year ended 31 December 2023	Year ended 31 December 2022
Raw materials consumed	24,013,194	30,544,030
Other direct costs	10,179,025	13,354,332
Depreciation on property, plant and equipments (Note 6)	2,193,143	2,549,993
Allowance for slow-moving inventories (Note 10)	-	1,006,699
	36,385,362	47,455,054

24 Other income

	Year ended 31 December 2023	Year ended 31 December 2022
Reversal of excess provision towards expenses	2,991,412	563,774
Interest income on Mudaraba deposits	125,899	76,874
Gain on disposal of property, plant and equipment	-	1,265
Reversal of excess allowance for impaired trade receivables (Note 11)	140,119	-
Miscellaneous income	480,462	68,163
	3,737,892	710,076

25 General and administrative expenses

	Year ended 31 December 2023	Year ended 31 December 2022
Staff costs	470,036	409,486
Depreciation on property, plant, equipments (Note 6)	359,499	153,196
Selling and distribution expenses	252,456	287,428
Professional fees	168,848	226,659
Office rental	82,683	17,674
Repairs and maintenance	75,107	130,778
Amortisation of right-of-use assets (Note 8)	56,775	56,775
Allowance for slow-moving inventories	-	251,675
Allowance for impaired trade receivables	-	140,119
Other general and administrative expenses	219,891	81,468
	1,685,295	1,755,258

26 Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
Interest expense on term loans	276,933	276,163
Interest expense on lease liabilities (Note 19)	6,198	6,638
	283,131	282,801

27 Provision for Zakat

	Year ended 31 December 2023	Year ended 31 December 2022
Provision for Zakat	606,000	606,000

In accordance with the Saudi Organisation for Certified Public Accountants (SOCPA), Accounting Standard No.11 for Zakat and income tax has set a uniform presentation for Zakat and income tax due on companies with mixed Saudi and foreign partners, as a direct charge to the consolidated statement of profit or loss and other comprehensive income.

28 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December 2023	Year ended 31 December 2022
Net profit attributable to the shareholders of the Parent	1,256,667	2,661,418
Weighted average number of ordinary shares in issue during the year	200,000,000	200,000,000
Basic and diluted earnings per share	6.28 fils	13.31 fils

The Company does not have any potentially dilutive ordinary shares, hence, the diluted earnings per share and basic earnings per share are identical.

29 Dividends

Declared and paid

The Board of Directors did not declare dividends to the shareholders during the year ended 31 December 2023 (2022: BDNil).

Proposed by the Board of Directors

The Board of Directors do not propose to pay any dividend to the shareholders for the year ended 31 December 2023 (2022: BDNil). This is subject to the approval by the shareholders in their Annual General Meeting.

30 Segmental information

Business segments

As at, and for the year ended 31 December 2023	Smelting	Investment activities	Total
Sales	36,955,193	-	36,955,193
Other income	3,492,466	245,426	3,737,892
Operating costs	(36,385,362)	-	(36,385,362)
Provision for Zakat	(606,000)	-	(606,000)
Segment profit	3,456,297	245,426	3,701,723
Unrealised fair value loss on investment through profit and loss	-	(245,600)	(245,600)
Net share of profit from investment in associates	54,565	156,871	211,436
Other expenses	(1,691,513)	(276,913)	(1,968,426)
Net profit for the year	1,819,349	(120,216)	1,699,133

Assets and liabilities	Smelting	Investment activities	Total
Additions to non-current asset	1,676,874	-	1,676,874
Total segment assets	60,268,564	3,813,679	64,082,243
Total segment liabilities	23,927,063	1,357,121	25,284,184

As at, and for the year ended 31 December 2022	Smelting	Investment activities	Total
Sales	52,918,084	-	52,918,084
Other income	596,030	114,046	710,076
Operating costs	(47,455,054)	-	(47,455,054)
Provision for Zakat	(606,000)	-	(606,000)
Segment profit	5,453,060	114,046	5,567,106
Net share of (loss)/profit from investment in associates	(155,179)	134,502	(20,677)
Other expenses	(1,815,349)	(222,710)	(2,038,059)
Net profit for the year	3,482,532	25,838	3,508,370

Assets and liabilities	Smelting	Investment activities	Total
Additions to non-current asset	457,678	-	457,678
Total segment assets	58,315,031	4,357,034	63,672,065
Total segment liabilities	24,776,630	1,796,509	26,573,139

30 Segmental information (continued)

Geographical segments - secondary reporting format

	Segment assets		Segment liabilities	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
Kingdom of Bahrain	3,813,679	4,357,034	1,357,121	1,796,509
Kingdom of Saudi Arabia	60,268,564	59,315,031	23,927,063	24,776,630
	64,082,243	63,672,065	25,284,184	26,573,139

31 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the consolidated financial position include financial assets at fair value through profit or loss, trade and other receivables (excluding prepayments), Mudaraba deposits, cash and bank balances, term loans, lease liabilities and trade and other payables (excluding employee benefits). The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Capital management

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. No changes were made in the objectives, policies and processes during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, lease liabilities, term loans and trade and other payables less cash and bank balances and mudaraba deposits. Capital includes share capital and reserves attributable to the shareholders of the Group.

	31 December 2023	31 December 2022
Term loans	17,929,575	18,939,575
Trade and other payables	6,053,899	6,353,359
Lease liabilities	436,118	521,536
Less: cash and bank balances	(2,142,699)	(7,702,113)
Less: Mudaraba deposits	(1,195,499)	(1,909,577)
Net debt	21,081,394	16,202,780
Share capital	20,000,000	20,000,000
Statutory reserve	3,526,235	3,400,568
Share premium	116,328	116,328
Other reserves	7,366,195	6,235,195
Equity attributable to shareholders of the Company	31,008,758	29,752,091
Total capital and net debt	52,090,152	45,954,871
Gearing ratio	40.47%	35.26%

31 Financial assets and liabilities and risk management (continued)

Risk management

The Board of Directors have the overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's risk and compliance function. The Board of Directors receive quarterly reports from the Risk and Compliance Department through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed, through its operations, to various financial risks which include liquidity risk, operational risk, regulatory risk, investment risk, legal risk, reputational risk, market risk, credit risk and fair value measurement.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Finance Department headed by the Finance Manager, in coordination with the Managing Director, is primarily responsible for the regular monitoring of the liquidity requirements of the Group. The Board is being provided with quarterly liquidity reports for their review and decision making.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of non-derivative financial liabilities based on the earliest date on which the Group can be required to make payments.

At 31 December 2023	Total	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 years	More than 2 years
Interest bearing	17,929,575	900,625	1,010,000	1,010,000	15,008,950
Non-interest bearing	6,053,899	6,053,899	-	-	-
	23,983,474	6,954,524	1,010,000	1,010,000	15,008,950

At 31 December 2022	Total	Up to 3 Months	Between 3 and 12 months	Between 1 and 2 years	More than 2 years
Interest bearing	18,939,575	900,625	1,010,000	1,010,000	16,018,950
Non-interest bearing	6,353,359	6,353,359	-	-	-
	25,292,934	7,253,984	1,010,000	1,010,000	16,018,950

31 Financial assets and liabilities and risk management (continued)

Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems or external events. The Group seeks to minimise this risk by continuously framing policies and procedures to identify, control and manage these risks. As at 31 December 2023 and 2022, in the opinion the management, operational risk exposures are considered to be acceptable in the circumstance.

Investment risk is defined as the uncertainty about the future benefits to be realised from an investment. The Group has well-defined policies for managing investment risk. These policies cover investment authority limits and investment assessment practices. The Board of Directors in coordination with the Chief Executive Officer studies the impact of transactions on the Group's consolidated statement of financial position and monitors the investment portfolio on a continuous basis. Every investment application is reviewed by a designated body depending on the size and the nature of the transaction. Fair valuation is generally conducted on a quarterly basis. The Group has a policy to ensure the conservatism convention and to make the necessary provisions when they are warranted.

Regulatory risk is the risk of non-compliance with regulatory and legal requirements in the Kingdom of Bahrain and Kingdom of Saudi Arabia. The Group's Compliance Department is responsible for ensuring all regulations are adhered to on timely basis.

Legal risk includes the risk of unexpected losses from transactions and/or contracts not being enforceable under applicable laws or from unsound documentation. The Group deals with several external law firms to support it in managing the legal risk.

Reputation risk is the risk that negative perception regarding the Group's business practices or internal controls, whether true or not, will cause a decline in the Group's investor base and lead to costly litigations which could have an adverse impact on the liquidity of the Group. The Board of Directors examines the issues that are considered to have reputation repercussions for the Group and issues directives to address these.

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in profit rate, currency rate, and equity price risk. The Group closely monitors the market forces and suitably revises the strategy to minimize the market risk.

Profit rate risk

It is the policy of the Group that significant borrowings are obtained by way of fixed profit rate that is most advantageous in the local market. Although the Group considers that this policy does not entirely eliminate the risk of paying profit rates in excess of market rates nor eliminates fully cash flow risk associated with variability in profit payments, however, is in the opinion that it achieves an appropriate balance of exposure to these risks. The Group's term loans bear fixed profit rate while the other financial liabilities are non-profit bearing. In the opinion of the Group's management, risk exposures to fluctuations in profit rate are minimal.

Equity price risk

The Group holds equity investments in other companies for strategic purpose. The Board of Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstance.

The effect of a 5% increase/decrease in the value of the equity investments as at 31 December 2023, all other variables held constant, would have resulted to an increase/decrease in profit or loss of BD520 (2022: BD12,800) and net assets will correspondingly increase/decrease by the same amount.

31 Financial assets and liabilities and risk management (continued)

Market risk (continued)

Currency rate risk

Currency rate risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign exchange rates. The Group's foreign currency transactions are primarily in United States Dollars and other GCC currencies which are effectively pegged to the Bahrain Dinar. Accordingly, management assesses the Group's exposure to currency rate risk as insignificant.

As at 31 December 2023 and 2022, the Group's financial assets and financial liabilities were denominated in the following currencies:

Financial assets

	United States Dollars		Bahrain Dinars		Saudi Arabian Riyals		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Trade and other receivables (excluding prepayments)	-	-	-	-	5,255,446	4,232,638	5,255,446	4,232,638
Cash and bank balances	397,323	1,468,636	250,232	151,237	1,495,144	6,082,240	2,142,699	7,702,113
Investment in an associate	-	-	-	-	2,376,796	2,286,100	2,376,796	2,286,100
Financial assets at fair value through profit or loss	-	-	10,400	256,000	-	-	10,400	256,000
	397,323	1,468,636	260,632	407,237	9,127,386	12,600,978	9,785,341	14,476,851

Financial liabilities

	Bahrain Dinars		Saudi Riyals		Total	
	2023	2022	2023	2022	2023	2022
Term loans	-	-	17,929,575	18,939,575	17,929,575	18,939,575
Trade and other payables (excluding employee benefits)	3,330	804,266	5,245,971	5,151,567	5,249,301	5,955,833
	3,330	804,266	23,175,546	24,091,142	23,178,876	24,895,408

31 Financial assets and liabilities and risk management (continued)

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is mainly exposed to credit risk in respect of its credit sales and cash and cash equivalents. In respect of credit sales, it is the practice of the Group to evaluate each new customer for credit worthiness before entering into contracts. The management also regularly monitors the credit worthiness of its existing customers through review of trade receivables ageing analysis. The Group mainly provides credit only to large size, established and well-known companies. Concentrations of credit risk with respect to trade receivables are limited due to the Group's small number of customers that have a variety of end markets in which they operate. The management believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. In respect of its bank balance, cash is placed with national and multi-national banks with good credit ratings.

The Group does not enter into derivatives to manage credit risk, although in certain isolated cases, may take steps to mitigate such risks if it is sufficiently concentrated. The carrying amounts of the financial assets represent the Group's maximum exposure to credit risk.

A significant amount of bank balances is held with the following institutions:

	Rating as at 31 December 2023	Balance as at 31 December 2023	Rating as at 31 December 2022	Balance as at 31 December 2022
Alinma Bank	A-	161,647	BBB+	202,224
National Commercial Bank	A-	440,734	A-	301,074
Ahli United Bank	BB+	19,853	BB+	23,859
Arab Banking Corporation	BB+	37,114	BB+	37,114
Arab National Bank	BB+	299,786	BBB+	1,448,795
Ithmaar Bank	B+	1,347,687	B+	1,769,138
Various	N.A.[2]	1,027,039	N.A.[2]	5,824,781

[1] Fitch's long term issuer default rating
[2] Rating not available

Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table sets out the fair value hierarchy of financial instruments measured at fair value on recurring basis along with valuation techniques and significant unobservable inputs used in determining the fair value measurement of financial instruments as well as the inter-relationship between unobservable inputs and fair value:

	Fair value at 31 December	Level of hierarchy	Valuation technique used and key inputs	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value
Financial assets at fair value through profit or loss	BD10,400 (2022: BD256,000)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable

32 Related parties 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. Transactions with the related parties are authorised by the management are on arm's length basis. 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.

	Year ended 31 December 2023	Year ended 31 December 2022
Remuneration of top six employees of key management personnel including remuneration paid and provision Director, CEO, CFO and deputies of the Company	332,048	627,916

A summary of significant transactions with the associate:

	Year ended 31 December 2023	Year ended 31 December 2022
Net share of profit/(loss) from investment in Associates	211,436	(20,677)

Remuneration paid to the Board of directors during the year ended 31 December 2023 amounted to BD13,000 (2022:BD13,000).

33 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.

2023	1 January 2023	Obtained during the year	Finance Cost Accrued	Principal repaid during the year	Finance costs paid	31 December 2023
Term loans	18,939,575	-	276,933	(1,010,000)	(276,933)	17,929,575

2022	1 January 2022	Obtained during the year	Finance Cost Accrued	Principal repaid during the year	Finance costs paid	31 December 2022
Term loans	24,523,648	-	276,163	(5,584,073)	(276,163)	18,939,575

34 Zakat

The subsidiary of the Company has accrued the amount of Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax (GAZT), Kingdom of Saudi Arabia. The Saudi shareholders of the subsidiary will be liable for the payment of Zakat (SABAYEK).

35 Events after the reporting period

There were no significant events subsequent to 31 December 2023 and occurring before the date of the report that are expected to have a significant impact on these consolidated financial statements.