

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

Condensed interim consolidated
financial information for the quarter and
six months period ended 30 June 2023
(Reviewed)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the quarter and six months period
ended 30 June 2023 (Reviewed)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 30 June 2023

Commercial registration no.	24377 obtained on 18 February 1991
Board of Directors	Rashed Abdulla Al Suwaiket Al Hajri - Chairman Abdulla Fahad Al-Subaie - Vice - Chairman Qusay Khalil Yusuf Al-Khalili Abdulla Mubarak Abdulla Al-Suwaiket Waleed Fahad Al-Tharman
Authorised persons	Rashed Abdulla Al Suwaiket Al Hajri Qusay Khalil Yusuf Al-Khalili
Chief Executive Officer and Secretary to the Board	Qusay Khalil Yusuf Al-Khalili
Audit Committee	Rashed Abdulla Al Suwaiket Al Hajri - Chairman Waleed Fahad Al-Tharman
Registered office	Office 3202, Building 2504 Road 2832, Block 428 PO Box 10177 Al-Seef District Kingdom of Bahrain
Principal bankers	Ahli United Bank Arab National Bank - Dammam Ithmar Bank Alinma Bank Khaleeji Commercial Bank National Commercial Bank
Auditors	BDO 17 th 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

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of United Gulf Investment Corporation B.S.C. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the condensed interim consolidated statement of financial position as at 30 June 2023, the condensed interim consolidated statement of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in shareholders' equity and the condensed interim consolidated statement of cash flows for the quarter and six months period then ended and selected explanatory notes. The management is responsible for the preparation and presentation of these condensed interim consolidated financial information in accordance with International Accounting Standard 34 - "*Interim financial reporting*". Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information do not present fairly, in all material respects, the condensed interim consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the quarter and six months period then ended in accordance with International Accounting Standard 34 - "*Interim financial reporting*".



Manama, Kingdom of Bahrain
13 August 2023



United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

	Notes	30 June 2023 (Reviewed)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	28,550,749	29,732,644
Investment in associates	6	2,465,643	2,286,100
Right-of-use assets	7	<u>223,691</u>	<u>252,079</u>
		31,240,083	32,270,823
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	17,237,233	13,685,442
Trade and other receivables	10	12,429,311	7,848,110
Mudaraba deposits		1,351,024	1,909,577
Cash and bank balances	11	<u>2,550,392</u>	<u>7,702,113</u>
		33,823,960	31,401,242
Total assets		<u>65,064,043</u>	<u>63,672,065</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	20,000,000	20,000,000
Statutory reserve		3,400,568	3,400,568
Share premium		116,328	116,328
Other reserves		<u>7,791,778</u>	<u>6,235,195</u>
Equity attributable to shareholders of the Parent		31,308,674	29,752,091
Non-controlling interest	13	<u>7,847,048</u>	<u>7,346,835</u>
		39,155,722	37,098,926
Non-current liabilities			
Non-current portion of term loans	14	17,424,575	17,028,950
Non-current portion of lease liabilities	15	400,202	436,118
Employees' terminal benefits		<u>794,269</u>	<u>758,669</u>
		18,619,046	18,223,737
Current liabilities			
Current portion of term loans	14	1,010,000	1,910,625
Current portion of lease liabilities	15	78,762	85,418
Trade and other payables	16	<u>6,200,513</u>	<u>6,353,359</u>
		7,289,275	8,349,402
Total equity and liabilities		<u>65,064,043</u>	<u>63,672,065</u>

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


Rashed Abdulla Al Suwaiket Al Hajri
Chairman


Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of profit or loss and other comprehensive income for the quarter and six months period ended 30 June 2023 (Reviewed) (Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2023 (Reviewed)	Six months ended 30 June 2022 (Reviewed)	Three months ended 30 June 2023 (Reviewed)	Three months ended 30 June 2022 (Reviewed)
Sales		19,878,543	32,743,938	9,864,321	17,505,328
Cost of sales		<u>(16,075,688)</u>	<u>(22,021,665)</u>	<u>(8,445,624)</u>	<u>(11,290,798)</u>
Gross profit		3,802,855	10,722,273	1,418,697	6,214,530
Other income	17	<u>69,385</u>	<u>17,235</u>	<u>58,370</u>	<u>-</u>
		<u>3,872,240</u>	<u>10,739,508</u>	<u>1,477,067</u>	<u>6,214,530</u>
Expenses					
Indirect expenses		(1,474,266)	(831,844)	(376,106)	(478,608)
Finance costs		<u>(145,825)</u>	<u>(143,860)</u>	<u>(76,492)</u>	<u>(65,343)</u>
		<u>(1,620,091)</u>	<u>(975,704)</u>	<u>(452,598)</u>	<u>(543,951)</u>
Net profit for the period before tax and share of profit from investment in associates		2,252,149	9,763,804	1,024,469	5,670,579
Share of profit from investment in associates	6	<u>107,647</u>	<u>24,543</u>	<u>72,407</u>	<u>(23,900)</u>
Net profit for the period before tax		2,359,796	9,788,347	1,096,876	5,646,679
Provision for zakat		<u>(303,000)</u>	<u>(212,100)</u>	<u>(151,500)</u>	<u>(106,050)</u>
Net profit and other comprehensive income for the period		<u>2,056,796</u>	<u>9,576,247</u>	<u>945,376</u>	<u>5,540,629</u>
Net profit attributable to:					
Shareholders of the Company		1,556,583	7,246,954	715,460	4,191,281
Non-controlling interest	13	<u>500,213</u>	<u>2,329,293</u>	<u>229,916</u>	<u>1,349,348</u>
		<u>2,056,796</u>	<u>9,576,247</u>	<u>945,376</u>	<u>5,540,629</u>
Basic and diluted earnings per share	18	<u>7.78 fils</u>	<u>36.23 fils</u>	<u>3.58 fils</u>	<u>20.96 fils</u>
Total comprehensive income attributable to:					
Shareholders of the Company		1,556,583	7,246,954	715,460	4,191,281
Non-controlling interest	13	<u>500,213</u>	<u>2,329,293</u>	<u>229,916</u>	<u>1,349,348</u>
		<u>2,056,796</u>	<u>9,576,247</u>	<u>945,376</u>	<u>5,540,629</u>

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


Rashed Abdulla Al Suwaiket Al Hajri
Chairman


Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
 Condensed interim consolidated statement of changes in shareholders' equity for the six months ended 30 June 2023 (Reviewed)
 (Expressed in Bahraini Dinars)

	<u>Equity attributable to shareholders of the Parent</u>							
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total	Non-controlling interest
At 31 December 2021 (Audited)	20,000,000	3,134,426	116,328	4,329,043	(489,124)	27,090,673	6,499,883	33,590,556
Total comprehensive income for the period	-	-	-	-	7,246,954	7,246,954	2,329,293	9,576,247
At 30 June 2022 (Reviewed)	20,000,000	3,134,426	116,328	4,329,043	6,757,830	34,337,627	8,829,176	43,166,803
At 31 December 2022 (Audited)	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 period	-	-	-	-	1,556,583	1,556,583	500,213	2,056,796
At 30 June 2023 (Reviewed)	20,000,000	3,400,568	116,328	4,329,043	3,462,735	31,308,674	7,847,048	39,155,722

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for the six months ended 30 June 2023
(Reviewed)
(Expressed in Bahrain Dinars)

	Notes	Six months ended 30 June 2023 (Reviewed)	Six months ended 30 June 2022 (Reviewed)
Operating activities			
Net profit for the period		2,056,796	9,576,247
Adjustments for:			
Depreciation	5	1,328,810	1,385,136
Amortisation of right-of-use assets	7	28,388	28,388
Reversal of provision for slow-moving inventories		(1,555,181)	(1,361,842)
Share of profit from investment in associates	6	(107,647)	(24,543)
Bank interest income	17	(2,436)	-
Finance costs		76,492	143,860
Changes in operating assets and liabilities:			
Inventories		(1,996,610)	(917,497)
Trade and other receivables		(4,581,201)	(2,900,358)
Trade and other payables		(152,846)	(1,060,070)
Employees' terminal benefits, net		35,600	15,351
Net cash (used in)/provided by operating activities		<u>(4,869,835)</u>	<u>4,884,672</u>
Investing activities			
Purchase of property, plant and equipment	5	(146,915)	(381,272)
Advances to investment in associates		-	(440,360)
Addition to investment in associates	6	(71,896)	-
Dividends received during the period		-	50,042
Net movement in Mudaraba deposits		558,553	(188,750)
Bank interest income received	17	2,436	-
Net cash provided by/(used in) investing activities		<u>342,178</u>	<u>(960,340)</u>
Financing activities			
Finance costs paid		(76,492)	(143,860)
Repayment of term loans	23	(505,000)	(3,519,654)
Repayment of lease liabilities		(42,572)	(42,501)
Net cash used in financing activities		<u>(624,064)</u>	<u>(3,706,015)</u>
Net (decrease)/increase in cash and cash equivalents		(5,151,721)	218,317
Cash and cash equivalents, beginning of the period		<u>7,702,113</u>	<u>7,145,725</u>
Cash and cash equivalents, end of the period	11	<u>2,550,392</u>	<u>7,364,042</u>

United Gulf Investment Corporation B.S.C.

**Selected explanatory notes to the condensed interim consolidated financial information for the quarter and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)**

1 Organisation and activities

United Gulf Investment Corporation B.S.C. (“the Company”) and its subsidiaries comprise “the Group.” The Company is a public shareholding company registered with the Ministry of Industry 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 principal activities of the Company include property leasing, buying and selling of properties for the Company, third grade industrial maintenance works, selling and buying of shares and securities for the Company and investment in local industrial projects.

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

The reviewed condensed interim consolidated financial information, set out on pages 4 to 18, was approved and authorised for issue by the Board of Directors on 13 August 2023.

2 Structure of the Group

The structure of the Group is as follows:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest as at 30 June</u>	<u>Non-controlling interest ownership /voting interest as at 30 June</u>
Gulf Ferro Alloys Company (SABAYEK) W.L.L.	Kingdom of Saudi Arabia	75.68% (31 December 2022: 75.68%)	24.32% (31 December 2022: 24.32%)
United Gulf Trading W.L.L.	Kingdom of Bahrain	100% (31 December 2022: 100%)	Nil (31 December 2022: Nil)

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

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

SABAYEK’s total assets, liabilities and net profit for the year of have been extracted from financial statements prepared as at, and for the quarter and six months period ended, 30 June 2023 while UGT’s total assets, liabilities and net profit for the year have been extracted from the reviewed financial statements prepared as at, and for the six months ended, 30 June 2023.

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

The Group’s share in the net assets and results of operations of the associates have been extracted from the unaudited management accounts of DCIM prepared as at, and for the six months ended 30 June 2023 and for the year ended 31 December 2022.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

3 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 - “*Interim financial reporting*”. The condensed interim consolidated financial information should therefore be read in conjunction with the annual audited consolidated financial statements prepared as at, and for the year ended, 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards. The financial information has been presented in Bahrain Dinars (BD) which is also the functional currency of the Company.

The preparation of condensed interim consolidated financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group’s accounting policies. This condensed interim consolidated financial information have been prepared using going concern assumption under the historical cost convention.

Improvements/amendments to IFRS/IAS

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

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

The following new amendments to existing 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:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Disclosure of accounting policies	1 January 2023
IAS 8	Definition of accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

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

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 June 2023. They have not been adopted in preparing the condensed interim consolidated financial information for the period ended 30 June 2023 and will or may have an effect on the entity’s future financial statements. In all cases, the entity intends to apply these standards from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Classification of liabilities as current or non-current	1 January 2024
IAS 1	Non-current liabilities with covenants	1 January 2024
IFRS 16	Lease liability in a sale and leaseback	1 January 2024

United Gulf Investment Corporation B.S.C.
 Selected explanatory notes to the condensed interim consolidated financial information for the quarter
 and six months ended 30 June 2023 (Reviewed)
 (Expressed in Bahrain Dinars)

3 Basis of preparation (continued)

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 period ended 30 June 2023 had the Group early adopted any of the above standards applicable to the Group.

4 Significant accounting policies

The accounting policies used in the preparation of the condensed interim consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2022, as described in those annual audited consolidated financial statements.

5 Property, plant and equipment

Additions to property, plant and equipment during the six months period ended 30 June 2023 amounted to BD146,915 (31 December 2022: BD2,549,993). There were no disposals of property, plant and equipment during the six months period ended 30 June 2023 (31 December 2022: BDNil).

The depreciation charged for the six months ended 30 June 2023 amounted to BD1,328,810 (30 June 2022: BD1,385,136)

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

The Group's subsidiary operates from premises rented at a monthly rent of BD7,635 (2022: BD7,635 per month).

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

6 Investment in associates

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Opening balance	2,286,100	1,964,000
Additions during the period/year	71,896	500,949
Dividends received during the period/year	-	(158,172)
Share of profit for the period/year	<u>107,647</u>	<u>(20,677)</u>
Closing balance	<u>2,465,643</u>	<u>2,286,100</u>

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

The Group's share in the net assets and results of operations of the associates have been extracted from the unaudited management accounts of DCIM prepared as at, and for the six months ended 30 June 2023 and for the year ended 31 December 2022.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the quarter and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

7 Right-of-use assets

	<u>Leasehold land</u>
Cost	
At 31 December 2022 and at 30 June 2023	<u>479,181</u>
Accumulated amortisation	
At 31 December 2021	170,327
Amortisation charge for the year	<u>56,775</u>
At 31 December 2022	227,102
Amortisation charge for the period	<u>28,388</u>
At 30 June 2023	<u>255,490</u>
Carrying value	
At 30 June 2023 (reviewed)	<u>223,691</u>
At 31 December 2022 (audited)	<u>252,079</u>

8 Financial assets at fair value through profit or loss

	<u>30 June 2023 (Reviewed)</u>	<u>31 December 2022 (Audited)</u>
Opening and closing balance	<u>256,000</u>	<u>256,000</u>

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

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

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the quarter
and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

9 Inventories

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Raw materials	6,142,798	6,571,711
Finished goods and work-in-process	9,202,202	6,944,009
Consumable spares	<u>2,662,978</u>	<u>2,495,648</u>
	18,007,978	16,011,368
Provision for slow-moving inventories	<u>(770,745)</u>	<u>(2,325,926)</u>
	<u>17,237,233</u>	<u>13,685,442</u>

10 Trade and other receivables

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Trade receivables	5,438,109	4,634,582
Less: provision for impairment of trade receivables	<u>(317,219)</u>	<u>(401,944)</u>
	5,120,890	4,232,638
Prepayments and other receivables	<u>7,308,421</u>	<u>3,615,472</u>
	<u>12,429,311</u>	<u>7,848,110</u>

11 Cash and bank balances

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Balances in call and current accounts with banks	2,545,884	7,697,408
Cash on hand	<u>4,508</u>	<u>4,705</u>
	<u>2,550,392</u>	<u>7,702,113</u>

12 Share capital

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Authorised		
400,000,000 (2022: 400,000,000) shares of 100 fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
200,000,000 (2022: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

13 Non-controlling interest

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
Opening balance	7,346,835	6,499,883
Share of non-controlling interest in the total comprehensive income of the subsidiary	<u>500,213</u>	<u>846,952</u>
Closing balance	<u>7,847,048</u>	<u>7,346,835</u>

14 Term loans

	30 June 2023 <u>(Reviewed)</u>	31 December 2022 <u>(Audited)</u>
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Saudi Industrial Development Fund

In 1996, the subsidiary obtained a long-term loan from SIDF amounting to SAR323 million by pledging the property, plant and equipment of the subsidiary and the guarantee of the subsidiary's shareholders against the loan. The total withdrawal against this loan amounted to SAR319 million.

The loan agreement initially stated that the loan should be repaid in 16 instalments starting from 28 July 1999 and ended on 8 October 2006.

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).

16,069,100	16,574,100
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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.

<u>2,365,475</u>	<u>2,365,475</u>
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Less: current portion of term loans

18,434,575	18,939,575
<u>(1,010,000)</u>	<u>(1,910,625)</u>

Non-current portion of term loans

<u>17,424,575</u>	<u>17,028,950</u>
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United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and six months ended 30 June 2023 (Reviewed)
(Expressed in Bahrain Dinars)

14 Term loans (continued)

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

15 Lease liabilities

	<u>30 June</u> 2023 (Reviewed)	<u>31 December</u> 2022 (Audited)
Opening balance	521,536	606,514
Lease payments	(45,808)	(91,616)
Interest expenses	<u>3,236</u>	<u>6,638</u>
Closing balance	478,964	521,536
Less: current lease liabilities	<u>(78,762)</u>	<u>(85,418)</u>
Non-current lease liabilities	<u>400,202</u>	<u>436,118</u>

Maturity analysis - contractual undiscounted cash flows:

	<u>30 June</u> 2023 (Reviewed)	<u>31 December</u> 2022 (Audited)
Less than one year	91,616	91,616
One to five years	<u>404,637</u>	<u>641,311</u>
Total undiscounted lease liabilities	<u>496,253</u>	<u>732,927</u>

16 Trade and other payables

	<u>30 June</u> 2023 (Reviewed)	<u>31 December</u> 2022 (Audited)
Trade payables	1,054,292	296,555
Zakat payable	1,631,180	1,575,606
Accruals and other payables	<u>3,515,041</u>	<u>4,481,198</u>
	<u>6,200,513</u>	<u>6,353,359</u>

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17 Other income

	Six months ended 30 June 2023 (Reviewed)	Six months ended 30 June 2022 (Reviewed)	Three months ended 30 June 2023 (Reviewed)	Three months ended 30 June 2022 (Reviewed)
Interest income	2,436	-	54,893	
Miscellaneous income	<u>66,949</u>	<u>17,235</u>	<u>3,477</u>	<u>-</u>
	<u>69,385</u>	<u>17,235</u>	<u>58,370</u>	<u>-</u>

18 Earnings per share

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

	Six months ended 30 June 2023 (Reviewed)	Six months ended 30 June 2022 (Reviewed)	Three months ended 30 June 2023 (Reviewed)	Three months ended 30 June 2022 (Reviewed)
Net profit attributable to shareholders of the Parent	<u>1,556,583</u>	<u>7,246,954</u>	<u>715,460</u>	<u>4,191,281</u>
Weighted average number of ordinary shares in issue during the period	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings per share	<u>7.78 fils</u>	<u>36.23 fils</u>	<u>3.58 fils</u>	<u>20.96 fils</u>

19 Related party transactions and balances

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

Key management personnel compensation

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

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19 Related party transactions and balances (continued)

	Six months ended 30 June 2023 (Reviewed)	Six months ended 30 June 2022 (Reviewed)
Remuneration to key management personnel	<u>13,800</u>	<u>13,800</u>

20 Segmental information

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

The Group's primary business segments are:

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

As at and for the six months ended 30 June 2023 (reviewed)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	19,878,543	-	19,878,543
Other income	3,635	65,750	69,385
Provision for Zakat	(303,000)	-	(303,000)
Operating costs	<u>(16,075,688)</u>	<u>-</u>	<u>(16,075,688)</u>
Segment profit	3,503,490	65,750	3,569,240
Share of profit from investment in associates	-	107,647	107,647
Other expenses	<u>(1,516,224)</u>	<u>(103,867)</u>	<u>(1,620,091)</u>
Net profit for the period	<u>1,987,266</u>	<u>69,530</u>	<u>2,056,796</u>
Assets and liabilities		Investment activities	Total
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>146,915</u>	<u>-</u>	<u>146,915</u>
Total segment assets	<u>62,435,073</u>	<u>2,628,970</u>	<u>65,064,043</u>
Total segment liabilities	<u>25,797,101</u>	<u>111,220</u>	<u>25,908,321</u>

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20 Segmental information (continued)

As at 31 December 2022 (audited) and for the six months period 30 June 2022 (reviewed)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	32,743,938	-	32,743,938
Other income	17,235	-	17,235
Provision for Zakat	(212,100)	-	(212,100)
Operating costs	<u>(22,021,665)</u>	-	<u>(22,021,665)</u>
Segment profit	10,527,408	-	10,527,408
Share of profit from investment in associates	-	24,543	24,543
Other expenses	<u>(866,181)</u>	<u>(109,523)</u>	<u>(975,704)</u>
Net profit/(loss) for the period	<u>9,661,227</u>	<u>(84,980)</u>	<u>9,576,247</u>
Assets and liabilities	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>958,627</u>	-	<u>958,627</u>
Total segment assets	<u>59,315,031</u>	<u>4,357,034</u>	<u>63,672,065</u>
Total segment liabilities	<u>24,776,630</u>	<u>1,796,509</u>	<u>26,573,139</u>

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

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

	<u>Segment assets</u>		<u>Segment liabilities</u>	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
Kingdom of Bahrain	2,628,970	4,357,034	111,220	1,796,509
Kingdom of Saudi Arabia	<u>62,455,228</u>	<u>59,315,031</u>	<u>25,797,101</u>	<u>24,776,630</u>
	<u>65,084,198</u>	<u>63,672,065</u>	<u>25,908,321</u>	<u>26,573,139</u>

21 Dividends

No dividends have been declared or paid during the six months ended 30 June 2023 (31 December 2022: BDNil).

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22 Interim results

The interim consolidated net profit and other comprehensive income for the six months ended 30 June 2023 may not be represent a proportionate share of the annual consolidated net profit and other comprehensive income due to the variability in timing of the receipt of investment income.

23 Notes supporting statement of cash flows

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

	<u>1 January 2023</u>	<u>Obtained during the period</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the period</u>	<u>Finance costs paid</u>	<u>30 June 2023</u>
Term loans	<u>18,939,575</u>	<u>-</u>	<u>73,256</u>	<u>(505,000)</u>	<u>(73,256)</u>	<u>18,434,575</u>

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

24 Events after the reporting period

There were no events occurring subsequent to 30 June 2023 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.