

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

Condensed interim consolidated
financial statements for quarter and the
nine months period ended
30 September 2020 (Unaudited)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial for the quarter and nine months period ended
30 September 2020
(Unaudited)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 30 September 2020

Commercial registration no.	24377 obtained on 18 February 1991	
Board of Directors	Rashed Abdulla Al Suwaiket Al Hajri Abdulla Fahad Al-Subaie Qusay Khalil Yusuf Al-Khalili Abdulla Mubarak Abdulla Al-Suwaiket Waleed Fahad Al-Tharman	- Chairman - Vice - Chairman
Chief Executive Officer and Secretary to the Board	Qusay Khalil Yusuf Al-Khalili	
Audit Committee	Rashed Abdulla Al Suwaiket Al Hajri Waleed Fahad Al-Tharman	- Chairman
Registered office	Office 3202, Building 2504 Road 2832, Block 428 PO Box 10177 Al-Seeif District Kingdom of Bahrain	
Principal Bankers	Ahli United Bank Arab National Bank - Dammam Ithmar Bank Alinma Bank	
Auditors	BDO 17 th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	
Registrars	Karvy Computershare W.L.L. PO Box 514 Manama Kingdom of Bahrain Bahrain Clear 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 September 2020, 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 nine 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 these 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 September 2020, and its consolidated financial performance and its consolidated cash flows for the quarter and nine months period then ended in accordance with International Accounting Standard 34 - “*Interim Financial Reporting*”.



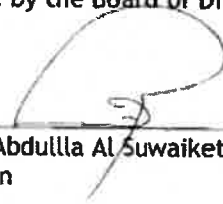
Manama, Kingdom of Bahrain
11 November 2020



United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of profit or loss and other comprehensive income for
the quarter and nine months period ended 30 September 2020
(Unaudited) (Expressed in Bahrain Dinars)

	Notes	Three months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
Sales		6,788,118	9,340,479	20,717,992	25,927,918
Cost of sales		<u>(7,001,117)</u>	<u>(9,973,008)</u>	<u>(19,877,894)</u>	<u>(27,576,220)</u>
Gross (loss)/profit		(212,999)	(632,529)	840,098	(1,648,302)
Other income	18	<u>256,780</u>	<u>18,845</u>	<u>282,012</u>	<u>148,791</u>
		<u>43,781</u>	<u>(613,684)</u>	<u>1,122,110</u>	<u>(1,499,511)</u>
Expenses					
Indirect expenses		(255,815)	(249,366)	(973,962)	(1,042,341)
Finance costs		<u>(79,590)</u>	<u>(82,773)</u>	<u>(245,075)</u>	<u>(249,628)</u>
		<u>(335,405)</u>	<u>(332,139)</u>	<u>(1,219,037)</u>	<u>(1,291,969)</u>
Net loss for the period before tax and share of profit/(loss) from investment in an associate		(291,624)	(945,823)	(96,927)	(2,791,480)
Share of profit/(loss) from investment in associate	7	<u>30,628</u>	<u>(4,017)</u>	<u>95,335</u>	<u>50,068</u>
Net loss for the period before tax		(260,996)	(949,840)	(1,592)	(2,741,412)
Provision for Zakat		<u>(106,050)</u>	<u>(106,050)</u>	<u>(327,732)</u>	<u>(229,993)</u>
Net loss and other comprehensive loss for the period		<u>(367,046)</u>	<u>(1,055,890)</u>	<u>(329,324)</u>	<u>(2,971,405)</u>
Net loss attributable to:					
Shareholders of the Company		(258,261)	(803,429)	(224,044)	(2,275,194)
Non-controlling interest	14	<u>(108,785)</u>	<u>(252,461)</u>	<u>(105,280)</u>	<u>(696,211)</u>
		<u>(367,046)</u>	<u>(1,055,890)</u>	<u>(329,324)</u>	<u>(2,971,405)</u>
Basic and diluted losses per share	19	<u>(1.29 fils)</u>	<u>(4.02 fils)</u>	<u>(1.12 fils)</u>	<u>(11.38 fils)</u>
Total comprehensive loss attributable to:					
Shareholders of the Company		(258,261)	(803,429)	(224,044)	(2,275,194)
Non-controlling interest	14	<u>(108,785)</u>	<u>(252,461)</u>	<u>(105,280)</u>	<u>(696,211)</u>
		<u>(367,046)</u>	<u>(1,055,890)</u>	<u>(329,324)</u>	<u>(2,971,405)</u>

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



Rashed Abdulla Al Suwaiket Al Hajri
Chairman


Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 30 September 2020
(Unaudited) (Expressed in Bahrain Dinars)

	Notes	30 September 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	33,680,750	35,293,094
Investment in an associate	7	1,025,318	929,983
Right-of-use asset	8	<u>379,824</u>	<u>422,406</u>
		35,085,892	36,645,483
Current assets			
Financial assets at fair value through profit or loss	9	256,000	256,000
Inventories	10	25,122,854	18,653,121
Trade and other receivables	11	6,126,307	6,745,497
Mudaraba deposits		1,684,621	1,903,323
Cash and bank balances	12	<u>2,571,605</u>	<u>4,429,240</u>
		35,761,387	31,987,181
Total assets		<u>70,847,279</u>	<u>68,632,664</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	20,000,000	20,000,000
Statutory reserve		2,853,603	2,853,603
Share premium		116,328	116,328
Other reserves		<u>1,889,420</u>	<u>2,113,464</u>
Equity attributable to shareholders of the parent company		24,859,351	25,083,395
Non-controlling interest	14	<u>5,789,670</u>	<u>5,894,950</u>
		30,649,021	30,978,345
Non-current liabilities			
Non-current portion of term loans	15	22,279,477	24,622,745
Non-current portion of lease liabilities	16	379,645	447,638
Employees' terminal benefits		<u>659,728</u>	<u>655,624</u>
		23,318,850	25,726,007
Current liabilities			
Current portion of term loans	15	10,994,838	7,127,183
Current portion of lease liabilities	16	346,054	236,675
Trade and other payables	17	<u>5,538,516</u>	<u>4,564,454</u>
		16,879,408	11,928,312
Total equity and liabilities		<u>70,847,279</u>	<u>68,632,664</u>

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


Rashed Abdulla Al Suwaiket Al Hajri
Chairman


Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of changes in shareholders' equity for the nine months ended 30 September 2020
(Unaudited)
(Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent Company						Total	
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Retained earnings/ losses (accumulated)	Other reserves		Non-controlling interest
At 1 January 2019 (Audited)	20,000,000	2,853,603	116,328	4,329,043	2,122,311	29,421,285	7,238,898	36,660,183
Total comprehensive loss for the period	-	-	-	-	(2,275,194)	(2,275,194)	(696,211)	(2,971,405)
At 30 September 2019 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(152,883)	27,146,091	6,542,687	33,688,778
At 31 December 2019 (Audited)	20,000,000	2,853,603	116,328	4,329,043	(2,215,579)	25,083,395	5,894,950	30,978,345
Total comprehensive loss for the period	-	-	-	-	(224,044)	(224,044)	(105,280)	(329,324)
At 30 September 2020 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,439,623)	24,859,351	5,789,670	30,649,021

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for the nine months ended
30 September 2020
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
Operating activities			
Net loss for the period		(329,324)	(2,971,405)
Adjustments for:			
Depreciation	6	1,665,194	1,674,608
Share of profit from investment in an associate	7	(95,335)	(50,068)
Amortisation of right-of-use asset	8	42,582	42,581
Reversal of excess provision for impaired trade receivables		(173,015)	-
Provision for impaired trade receivables		226,119	64,666
Bank interest income	18	(100,375)	(59,679)
Finance costs		245,075	249,628
Changes in operating assets and liabilities:			
Inventories		(6,469,733)	(2,213,396)
Trade and other receivables		566,086	(3,241,182)
Trade and other payables		974,063	(1,453,389)
Employees' terminal benefits, net		4,104	47,007
Net cash used in operating activities		<u>(3,444,559)</u>	<u>(7,910,629)</u>
Investing activities			
Purchase of property, plant and equipment	6	(52,850)	(14,443)
Net movement in Mudaraba deposits		218,702	333,986
Bank interest income received	18	100,375	59,679
Net cash provided by investing activities		<u>266,227</u>	<u>379,222</u>
Financing activities			
Finance costs paid		(203,690)	(204,574)
Proceeds from term loans	24	6,476,630	5,364,861
Repayment of term loans	24	(4,952,243)	(4,675,486)
Net cash provided by financing activities		<u>1,320,697</u>	<u>484,801</u>
Net decrease in cash and cash equivalents		(1,857,635)	(7,046,606)
Cash and cash equivalents, beginning of the period		<u>4,429,240</u>	<u>10,418,816</u>
Cash and cash equivalents, end of the period	12	<u>2,571,605</u>	<u>3,372,210</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

1 Organisation and activities

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

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

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

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

The unaudited condensed Interim consolidated financial information, set out on pages 4 to 19, was approved and authorised for issue by the Board of Directors on 11 November 2020.

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 September</u>	<u>Non-controlling interest ownership /voting interest as at 30 September</u>
Gulf Ferro Alloys Company (SABAYEK) W.L.L.	Kingdom of Saudi Arabia	75.68% (31 December 2019: 75.68%)	24.32% (31 December 2019: 24.32%)
United Gulf Trading S.P.C.	Kingdom of Bahrain	100% (31 December 2019: 100%)	- (31 December 2019: Nil)

The total assets and net profit for the period of the subsidiaries have been extracted from the unaudited interim management accounts for the nine months ended 30 September 2020.

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 2019, which have been prepared in accordance with International Financial Reporting Standards.

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

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

3 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2020 but not relevant

The following new amendments to existing standard and interpretation to published standard are mandatory for accounting period beginning on or after 1 January 2020 or subsequent periods, but are not relevant to the Group's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 1	Presentation of financial statements	1 January 2020
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2020
IFRS 3	Business combinations	1 January 2020
IFRS 7	Financial instruments: Disclosures	1 January 2020
IFRS 9	Financial instruments	1 January 2020

Improvements/amendments to IFRS/IAS

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

New standard, interpretation and amendments issued but not yet effective in 2020

The following new accounting standard, interpretation and amendment has been issued, but is not mandatory and hence, has not been early adopted by the Group in preparing the condensed Interim consolidated financial information for the period ended 30 September 2020. The Group intends to apply this standard from application date as indicated in the table below:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17	Insurance contracts	1 January 2023

There would have been no change in the financial position and operational results of the Group for the period ended 30 September 2020 had the Group early adopted the above standard.

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 2019, as described in those annual audited consolidated financial statements.

5 Significant events and transactions

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

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

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

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

a) *Decrease in sales and cash flows;*

The Group has experienced reduction in sales which is represented by one of the subsidiaries, SABAYEK since pandemic effect was widespread during the period ended 30 September 2020. The principal activities of SABAYEK include the production and marketing of ferro silicon, ferro manganese, silicon manganese, silicon and micro silicate. Due to the decreased demand in domestic market for primary products, dropped selling price for certain products and closure of international borders disrupting overseas supplies causing the decrease in sales by 20% as compared to prior period.

b) *Government grants*

The Group has applied for Government support programs introduced in response to the global pandemic. The Group has received a Government grant of BD158,306 to support the payroll of the Group's employees, electricity and water charges. The Group has elected to present this Government grant by reducing the related expenses. The Group had to commit to spending the assistance on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

c) *Commitments and contingent liabilities*

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

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

5 Significant events and transactions (continued)

The below table summarises the impact of COVID-19 at this condensed interim financial information for the nine-month period ended 30 September 2020:

<u>Financial statement area</u>	<u>Nature of impact</u>	<u>Amount in BD</u>
Sales	Decrease	5,209,926
Government grant	Increase	158,306

No other significant impact has been noted by the management on other financial statement areas during the period ended 30 September 2020.

6 Property, plant and equipment

Additions to property, plant and equipment during the nine month period ended 30 September 2020 amounted to BD52,850 (31 December 2019: BD17,626). There were no disposals of property, plant and equipment during the nine-month period ended 30 September 2020 (31 December 2019: BDNil).

The depreciation charged for the nine months ended 30 September 2020 amounted to BD1,665,194 (nine months period ended 30 September 2019: BD1,674,608).

The Company operates from premises rented at a monthly rent of BD1,707 (2019: BD1,707 per month). One of the Group's subsidiaries operates from premises rented at a monthly rent of BD7,635 (2019: BD7,635 per month).

The property, plant and equipment are subject to term loans (Note 15).

7 Investment in an associate

	<u>30 September</u> <u>2020</u> (Unaudited)	<u>31 December</u> <u>2019</u> (Audited)
Opening balance	929,983	913,107
Share of profit for the period/year	<u>95,335</u>	<u>16,876</u>
Closing balance	<u>1,025,318</u>	<u>929,983</u>

The investment in an associate represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing ("DCIM"). This associate owns 51% shareholding interest in Synthomer Middle East ("Synthomer"), which effectively give the Group an ownership control of 10.20% in Synthomer. The associate does not have any other major assets or liabilities other than its investment in Synthomer. The carrying value of the investment and the share of profit in an associate represents the Group's 10.20% effective ownership interest in Synthomer.

The Group's share in the net assets and results of operations of the associate has been extracted from the unaudited management accounts of Synthomer prepared as at, and for the nine months ended 30 September 2020 and year ended 31 December 2019. The carrying value of the investment in associate include the value of goodwill amounting to BD251,111 being excess consideration paid to acquire the associate. In the opinion of the management, the carrying value of goodwill is not impaired as at 30 September 2020.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

8 Right-of-use assets

	<u>Leasehold land</u>
<i>Cost</i>	
On adoption of IFRS 16 at 1 January 2019, 31 December 2019 and 30 September 2020	<u>479,181</u>
<i>Accumulated amortisation</i>	
Amortisation charge for the year and at 31 December 2019	56,775
Amortisation charge for the period	<u>42,582</u>
At 30 September 2020	<u>99,357</u>
<i>Carrying value</i>	
At 30 September 2020 (unaudited)	<u>379,824</u>
At 31 December 2019 (audited)	<u>422,406</u>

9 Financial assets at fair value through profit or loss

	30 September <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
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. Fair value is determined by reference to stock exchange's quoted prices. In addition, the Group also holds 403,591 unquoted shares in TAB Energy Limited. 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.

10 Inventories

	30 September <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Raw materials	15,523,368	4,909,497
Finished goods and work-in-process	7,171,309	11,334,817
Consumable spares	<u>2,428,177</u>	<u>2,408,807</u>
	<u>25,122,854</u>	<u>18,653,121</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

11 Trade and other receivables

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Trade receivables	3,308,706	2,424,877
Less: provision for impairment of trade receivables	<u>(482,054)</u>	<u>(428,950)</u>
	2,826,652	1,995,927
Prepayments and other receivables	<u>3,299,655</u>	<u>4,749,570</u>
	<u>6,126,307</u>	<u>6,745,497</u>

Trade receivables are generally on 60 to 180 days credit terms and are primarily denominated in Saudi Riyals.

12 Cash and bank balances

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Balances in call and current accounts with banks	2,432,112	4,330,536
Cash on hand	113,068	4,329
Short-term Mudaraba deposits	<u>26,425</u>	<u>94,375</u>
	<u>2,571,605</u>	<u>4,429,240</u>

13 Share capital

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Authorised		
400,000,000 (2019: 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 (2019: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

14 Non-controlling interest

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Opening Balance	5,894,950	7,249,613
Effect of adoption of IFRS 16	-	(10,715)
Share of non-controlling interest in the total comprehensive loss of the subsidiary	<u>(105,280)</u>	<u>(1,343,948)</u>
Closing balance	<u>5,789,670</u>	<u>5,894,950</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the quarter and nine months period ended 30 September 2020

(Unaudited)

(Expressed in Bahrain Dinars)

15 Term loans

	<u>30 September</u> <u>2020</u> (Unaudited)	<u>31 December</u> <u>2019</u> (Audited)
Saudi Industrial Development Fund (SIDF)		
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 up to 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).	19,679,850	20,109,100
Saudi Electric Company (SEC)		
Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million. Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity charges to SEC on time. The management re-negotiated with SEC for instalment payments against energy bills to which SEC agreed. At the end of 2016, SABAYEK agreed to make instalment payments for its 2015 and 2016 liabilities where SABAYEK is required to pay SAR1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2018, SAR2 million from November 2018 to March 2021 including the final instalment of SAR1.1 million in accordance with the repayment schedule.	<u>13,594,465</u>	<u>11,640,828</u>
	33,274,315	31,749,928
Less: current portion of term loans	<u>(10,994,838)</u>	<u>(7,127,183)</u>
Non-current portion of term loans	<u>22,279,477</u>	<u>24,622,745</u>

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

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(Unaudited)

(Expressed in Bahrain Dinars)

16 Lease liabilities

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Lease liabilities	684,313	624,240
Interest expenses	<u>41,386</u>	<u>60,073</u>
Closing balance	725,699	684,313
Less: current portion of lease liabilities	<u>(346,054)</u>	<u>(236,675)</u>
Non-current portion of lease liabilities	<u>379,645</u>	<u>447,638</u>

Maturity analysis - contractual undiscounted cash flows:

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Less than one year	397,002	328,290
One to five years	458,079	458,079
More than five years	<u>61,077</u>	<u>129,789</u>
Total undiscounted lease liabilities	<u>916,158</u>	<u>916,158</u>

17 Trade and other payables

	30 September 2020 <u>(Unaudited)</u>	31 December 2019 <u>(Audited)</u>
Trade payables	1,485,639	741,815
Accruals and other payables	<u>4,052,877</u>	<u>3,822,639</u>
	<u>5,538,516</u>	<u>4,564,454</u>

18 Other income

	Three months ended 30 September 2020 <u>(Unaudited)</u>	Three months ended 30 September 2019 <u>(Unaudited)</u>	Nine months ended 30 September 2020 <u>(Unaudited)</u>	Nine months ended 30 September 2019 <u>(Unaudited)</u>
Reversal of excess provision for impaired trade receivables	173,015	-	173,015	85,591
Bank interest income	75,219	18,845	100,375	59,679
Miscellaneous income	<u>8,546</u>	<u>-</u>	<u>8,622</u>	<u>3,521</u>
	<u>256,780</u>	<u>18,845</u>	<u>282,012</u>	<u>148,791</u>

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19 Losses per share

Basic losses per share is calculated by dividing the net profit or loss attributable to the shareholders of the Parent Company 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.

	Three months ended 30 September 2020 (Unaudited)	Three months ended 30 September 2019 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
Net loss attributable to shareholders of the Parent Company	<u>(258,261)</u>	<u>(803,429)</u>	<u>(224,044)</u>	<u>(2,275,194)</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 losses per share	<u>(1.29 fils)</u>	<u>(4.02 fils)</u>	<u>(1.12 fils)</u>	<u>(11.38 fils)</u>

20 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.

	Nine months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2019 (Unaudited)
Remuneration to key management personnel	<u>93,600</u>	<u>93,600</u>

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21 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 nine-month period ended 30 September 2020 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	20,717,992	-	20,717,992
Other income	181,637	100,375	282,012
Provision for Zakat	(327,732)	-	(327,732)
Operating costs	<u>(19,877,894)</u>	<u>-</u>	<u>(19,877,894)</u>
Segment profit	694,003	100,375	794,378
Share of profit from investment in an associate	-	95,335	95,335
Other expenses	<u>(1,216,895)</u>	<u>(92,142)</u>	<u>(1,219,037)</u>
Net (loss)/profit for the period	<u>(432,892)</u>	<u>103,568</u>	<u>(329,324)</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>52,850</u>	<u>-</u>	<u>52,850</u>
Total segment assets	<u>63,112,356</u>	<u>7,734,923</u>	<u>70,847,279</u>
Total segment liabilities	<u>39,306,113</u>	<u>892,145</u>	<u>40,198,258</u>

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21 Segmental information (continued)

For the nine months period ended 30 September 2019 (unaudited) and as at 31 December 2019 (audited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	25,927,918	-	25,927,918
Other income	88,612	60,179	148,791
Provision for Zakat	(229,993)		(229,993)
Operating costs	<u>(27,576,220)</u>	<u>-</u>	<u>(27,576,220)</u>
Segment profit	(1,789,683)	60,179	(1,729,504)
Share of profit from investment in an associate	-	50,068	50,068
Other expenses	<u>(1,073,034)</u>	<u>(218,935)</u>	<u>(1,291,969)</u>
Net loss for the period	<u>(2,862,717)</u>	<u>(108,688)</u>	<u>(2,971,405)</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>17,626</u>	<u>-</u>	<u>17,626</u>
Total segment assets	<u>61,310,219</u>	<u>7,322,445</u>	<u>68,632,664</u>
Total segment liabilities	<u>37,295,419</u>	<u>358,900</u>	<u>37,654,319</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 September 2020 (Unaudited)	As at 31 December 2019 (Audited)	As at 30 September 2020 (Unaudited)	As at 31 December 2019 (Audited)
Kingdom of Bahrain	7,734,923	7,322,445	892,145	358,900
Kingdom of Saudi Arabia	<u>63,112,356</u>	<u>61,310,219</u>	<u>39,306,113</u>	<u>37,295,419</u>
	<u>70,847,279</u>	<u>68,632,664</u>	<u>40,198,258</u>	<u>37,654,319</u>

22 Dividends

The Board of Directors does not propose to pay any dividends during the period ended 30 September 2020 (31 December 2019: BDNil).

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23 Interim results

The condensed interim consolidated net profit and other comprehensive profit for the nine months ended 30 September 2020 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.

24 Notes supporting statement of cash flows

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

	1 January 2020	Obtained during the period	Finance costs accrued	Principal repaid during the period	Finance costs paid	30 September 2020
Term loans	<u>31,749,928</u>	<u>6,476,631</u>	<u>203,690</u>	<u>(4,952,243)</u>	<u>(203,690)</u>	<u>33,274,316</u>

	1 January 2019	Obtained during the year	Finance costs accrued	Principal repaid during the year	Finance costs paid	30 September 2019
Term loans	<u>28,561,745</u>	<u>5,364,861</u>	<u>204,574</u>	<u>(4,675,486)</u>	<u>(204,574)</u>	<u>29,251,120</u>

25 Events after the reporting period

Based on the communication received from Bahrain Bourse, the Group is required to transfer the unclaimed dividend to Bahrain Clear’s account with CBB latest by 31 July 2020. No funds have been transferred to the designated account as on the date of these condensed interim financial information. Any default in making such transfer may result in a financial penalty. The Group’s management is currently evaluating the position of the total unclaimed dividends in coordination with Bahrain Bourse and aims to address the matter in an appropriate manner.

The Government of Bahrain has announced to pay 50% of the salaries of private company workers in sectors that were hard-hit by the coronavirus pandemic. The Group is likely to get benefits from this Government grant

Other than the above, there were no events occurring subsequent to 30 September 2020 and before the date of the report that are expected to have a significant impact on these condensed interim consolidated financial information.