United Gulf Investment Corporation B.S.C.

Consolidated financial statements
for the year ended 31 December 2017

Index

Commercial registration no.	24377 obtained on 18 February 1991	
Board of Directors	Rashed Abdullla Al Suwaiket Al Hajri	- Chairman
	Abdulla Fahad Al-Subaie	- Vice - Chairman
	Abdulla Mubarak Abdulla Al-Suwaiket	
	Waleed Fahad Al-Tharman	
	Sulaiman Ahmed Saeed Al-Houqani	
Authorised persons	Rashed Abdullla 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 Abdullla 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	
Auditors	BDO 17th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain	
Registrar	Karvy Computershare W.L.L. PO Box 514 Manama Kingdom of Bahrain	

DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 December 2017

On behalf of the Board of Directors and employees of United Gulf Investment Corporation (UGIC) I would like to review the annual report and financial results of the company for the year ended on December 31, 2017.

First, the Net Profit of the company amounted to about BD 276,296 before Zakat provision of BD 517,832 therefore a Net loss of BD 241,536 for year 2017.

The year 2017 was characterized by significant changes affecting the business sector and the trend of development, especially in Saudi Arabia, and the results of UGIC were still below expectations where its subsidiary "Gulf Ferro Alloys company- SABAYEK", which specializes in metal alloys is still suffering from the brunt of foreign imports, which come in cheap prices to GCC countries.

UGIC results were affected by these pressures over its subsidiary Gulf Ferro Alloys Company. We look forward to considering measures through the Gulf Cooperation Council for the dumping of imports from some countries on our market. This is to support and develop this strategic developing GCC industry. where this industry has started utilizing local GCC raw material to add to the integration of the economy of the Gulf cooperation Council (GCC) and increasing local content to higher levels according to vision 2030, that is inspired by the insights and wisdom of the leaders of the Gulf states (May Allah bless them) towards the development of the Mining industries in the GCC, which will hopefully will give a strong impetus parallel to the petroleum era in the future and to potentially become the future wealth, God willing, that creates promising well-paying jobs for the citizens of the Gulf cooperation Council (GCC). We are optimistic about the future of Gulf Ferro Alloys Company if the needed support is obtained.

Second, in 2017 UGIC's share of profit in "Dhahran Chemical Industries and Marketing" during the year, was about BD 105 thousand, down from BD 203 thousand in 2016. DCIM is moving towards completion of the acquisition of a stake in Synthomer United Arab Emirates company and have a geographical expansion. A copy of the new Articles of Association has been received after it has been converted to a closed Joint Saudi company.

Third: United Gulf Trading Company will endeavour its activities in new integrative fields in light of the overall strategy of United Gulf Investment Group, namely in the minerals ,mining, raw materials sector and the marketing of products. The work is progressively being developed in light of the company's vision and market dynamics.

Outlook:

The company expects that the economic activity of 2018 will not be strong in the GCC countries due to the VAT implementation in many countries for the first time in their history and therefore we expect a negative change in the behaviour of consumers. Moreover, we expect limited government spending on projects. While we expect to seeing spending in UAE due to the anticipation of EXPO 2020. Moreover, we expect there will be an increase in global demand for commodities, especially in the US market as a result of recent TAX cuts, and therefore we expect 2018 to encounter an increase in external demand compared to relative stability in domestic demand in GCC for the year 2018 for SABAYEK and UGT, and for UGIC consolidated group, we expect an overall improvement in results.

Appropriation/ Recommendations

Based on the financial results, the Board of Directors does not recommend any cash dividends or taking provisions on current investments and to closely monitor Aramco's 2018 public offering and the growth trends of the private sector in the GCC countries for the year 2018 in view of the changes and transformations taking place in the GCC market, increments in cost, Taxes, big increases of fees, and structural changes of the labor market.

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, His Royal Highness Prince Khalifa bin Salman Al Khalifa, Prime Minister and His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Deputy Supreme Commander of the Defense Force, to the Custodian of the Two Holy Mosques and his Royal Highness Crown Prince of Kingdom of Saudi Arabia, and to their Majesties and Highnesses the leaders of the Gulf Cooperation (GCC) for their continuous support to us.

Our gratitude is also extended to all government authorities specially to, the Ministry of Industry Commerce and Tourism, the Bahrain Bourse, 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 Abdulla Al Suwaiket Al Hajri
Chairman

BDO

Tel : +973 1753 0077
Fax: +973 1791 9091
www.bdo.bh

17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain

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

Opinion
We have audited the consolidated financial statements of United Gulf Investment Corporation B.S.C. ("the Group") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, 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 significant accounting policies. 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 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 2017. 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 21 and other income as disclosed in Note 23 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.

Classification and valuation of investments
The Group's investments are classified as available-for-sale and financial assets at fair value through profit or loss as disclosed in Notes 8 and 9 respectively of the consolidated financial statements. The valuation and classification of the investments involve significant management judgment and hence contains relatively higher risk element.

Our procedures included testing the management's assessment on classification of the investments with reference to the relevant accounting standards and the related supporting documents. We also tested the reasonableness of fair valuation performed by the management and tested the ownership with reference to the relevant supporting documents.

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

Other information

Management is responsible for the other information. The other information comprises the Annual Report and 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.

Those Charged With Governance 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.

Tel : +973 1753 0077
Fax: +973 1791 9091
www.bdo.bh

17th Floor
Diplomat Commercial Office Tower
PO Box 787
Manama
Kingdom of Bahrain

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.

Tel : +973 1753 0077
Fax: +973 1791 9091
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Independent auditor's report to the shareholders of United Gulf Investment Corporation B.S.C. (continued)

Report on other legal and regulatory requirements

Further, as required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, in respect 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 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.

In addition, we report that, nothing has come to our attention which causes us to believe that the Group has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, 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 its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2017.

BDO

Manama, Kingdom of Bahrain
26 February 2018

BDO Public Accountants
Reg. No. 151
Nath Venkitachalam Viswanath

United Gulf Investment Corporation B.S.C.
Consolidated statement of financial position as at 31 December 2017
(Expressed in Bahrain Dinars)

	Notes	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	6	39,736,965	41,953,121
Investment in an associate	7	886,548	-
Available-for-sale investments	8	-	861,337
		40,623,513	42,814,458
Current assets			
Financial assets at fair value through profit or loss	9	256,000	256,000
Inventories	10	17,357,933	19,407,198
Trade and other receivables	11	5,629,782	6,537,879
Mudaraba deposits	12	2,195,717	-
Cash and bank balances	13	8,167,224	7,127,283
		33,606,656	33,328,360
Total assets		74,230,169	76,142,818
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	20,000,000	20,000,000
Statutory reserve	15	2,853,603	2,853,603
Share premium	16	116,328	116,328
Other reserves	16	7,182,182	7,374,119
Equity attributable to the shareholders of the Parent Company		30,152,113	30,344,050
Non-controlling interest	17	7,443,888	7,493,487
		37,596,001	37,837,537
Non-current liabilities			
Non-current portion of long-term loans	18	28,527,188	27,397,092
Employees' terminal benefits	19	544,668	507,845
		29,071,856	27,904,937
Current liabilities			
Current portion of long-term loans	18	2,929,000	6,836,596
Trade and other payables	20	4,633,312	3,563,748
		7,562,312	10,400,344
Total equity and liabilities		74,230,169	76,142,818

The consolidated financial statements, set out on pages 9 to 44, were approved and authorised for issue by the Board of Directors on 26 February 2018 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 profit or loss and other comprehensive income for the year ended 31 December 2017
(Expressed in Bahrain Dinars)

	Notes	2017	2016
Sales	21	44,342,601	17,856,515
Cost of sales	22	(42,586,851)	(18,366,631)
Gross profit/(loss)		1,755,750	(510,116)
Other income	23	53,264	2,275,115
		1,809,014	1,764,999
Expenses			
General and administrative expenses	24	(1,405,309)	(1,111,917)
Finance costs	25	(233,200)	(253,353)
		(1,638,509)	(1,365,270)
Net profit for the year before tax and share of profit from investment in an associate		170,505	399,729
Share of profit from investment in an associate	7	105,791	203,568
Net profit for the year before tax		276,296	603,297
Provision for Zakat	26	(517,832)	(121,200)
Net (loss)/profit for the year		(241,536)	482,097
Net (loss)/profit for the year attributable to:			
Shareholders of the Parent Company		(191,937)	913,011
Non-controlling interest	17	(49,599)	(430,914)
		(241,536)	482,097
Basic and diluted (losses)/earnings per share attributable to shareholders of the Company	27	(0.96 fils)	4.57 fils

The consolidated financial statements, set out on pages 9 to 44, were approved and authorised for issue by the Board of Directors on 26 February 2018 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 2017
(Expressed in Bahrain Dinars)

			Attributable to the shareholders of the Parent Company						
					Other reserves				
	Note	Share capital	Statutory reserve	Share Premium	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total
At 31 December 2015		20,000,000	2,805,393	116,328	-	6,509,318	29,431,039	7,924,401	37,355,440
Transferred during the year		-	-	-	4,329,043	(4,329,043)	-	-	-
Total comprehensive loss for the year		-	-	-	-	913,011	913,011	(430,914)	482,097
Transferred to statutory reserve	15	-	48,210	-	-	(48,210)	-	-	-
At 31 December 2016		20,000,000	2,853,603	116,328	4,329,043	3,045,076	30,344,050	7,493,487	37,837,537
Total comprehensive income for the year		-	-	-	-	(191,937)	(191,937)	(49,599)	(241,536)
At 31 December 2017		20,000,000	2,853,603	116,328	4,329,043	2,853,139	30,152,113	7,443,888	37,596,001

United Gulf Investment Corporation B.S.C.
Consolidated statement of cash flows for the year ended 31 December 2017
(Expressed in Bahrain Dinars)

	Notes	2017	2016
Operating activities			
Net (loss)/profit for the year		(241,536)	482,097
Adjustments for:			
Depreciation	6	2,626,106	1,914,834
Share of profit from investment in an associate	7	(105,791)	(203,568)
Bank interest income	23	(31,792)	-
Finance costs	25	233,200	253,353
Changes in operating assets and liabilities:			
Inventories		2,049,265	(686,791)
Trade and other receivables		908,097	(1,320,385)
Trade and other payables		1,069,564	(3,664,229)
Employees' terminal benefits, net		36,823	11,952
Net cash provided by/(used in) operating activities		6,543,936	(3,212,737)
Investing activities			
Purchase of property, plant and equipment	6	(409,950)	(3,338)
Dividends received from investment in an associate	7	80,580	183,676
Bank interest income received	23	31,792	-
Net cash (used in)/provided by investing activities		(297,578)	180,338
Financing activities			
Finance costs paid	25	(233,200)	(253,353)
Net movement in long-term loans		(2,777,500)	2,509,066
Net movement in Mudaraba deposits		(2,195,717)	-
Net cash (used in)/provided by financing activities		(5,206,417)	2,255,713
Net increase/(decrease) in cash and cash equivalents		1,039,941	(776,686)
Cash and cash equivalents, beginning of the year		7,127,283	7,903,969
Cash and cash equivalents, end of the year	13	8,167,224	7,127,283

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 Company owns 75.68% (2016: 75.68%) shareholding interest in Gulf Ferro Alloys Company (SABAYEK) W.L.L. and 100% in United Gulf Trading S.P.C.

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 2017	Non-controlling interest ownership /voting interest 31 December 2017
Gulf Ferro Alloys Company (SABAYEK) W.L.L.	Kingdom of Saudi Arabia	75.68% (2016: 75.68%)	24.32% (2016:24.32%)
United Gulf Trading S.P.C. (UGT)	Kingdom of Bahrain	100% (2016:100%)	- (2016: Nil)

The principal activities of the subsidiary (Sabayek) production and marketing of ferro silicon, ferro manganese, silicon manganese silicon and micro silicate.

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

The total assets, liabilities and net profit for the year of the subsidiaries have been extracted from unaudited management accounts prepared as at, and for the year ended, 31 December 2017.

Associate:

Name of the associate	Country of incorporation	Description of shares held	Proportionate ownership interest held 2017	2016
Dhahran Chemical Industries Marketing ("DCIM")	Kingdom of Saudi Arabia	Ordinary shares of SAR100 per share	20.%	-

3 Basis of *preparation*

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated 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, Decree Number 21 of 2001 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 available-for-sale investments which are stated at their fair values. The consolidated financial statements have been presented in Bahrain Dinars in which the share capital of the Company and its transactions are denominated; while the functional currency of the Group is the 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 consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its 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 financial statements are disclosed in Note 5 to these consolidated financial statements.

Standards, amendments and interpretations effective and adopted in 2017

The following new standards, amendment to existing standards or interpretations to published standards are mandatory for the first time for the financial year beginning 1 January 2017 and have been adopted in the preparation of the consolidated financial statements:

Standard or interpretation	Title	Effective for annual periods beginning on or after
IAS 7	Statement of Cash Flows	1 January 2017

These amendments aim to improve disclosures about an entity's debt. Disclosures are required to enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to comply with this disclosure would be to present a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities.

Standards, amendments and interpretations issued and effective in 2017 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 2017 or subsequent periods, but are 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 2017
IFRS 12	Disclosure of interests in other entities	1 January 2017

3 Basis of *preparation* (continued)

Improvements to IFRS/IAS 2014/2016 cycle

Improvements to IFRS/IAS issued in 2014/2016 cycle contained numerous amendments to IFRS 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 annual audited consolidated financial statements beginning on or after 1 January 2018 and subsequent periods with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Standards, amendments and interpretations issued but not yet effective in 2017

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 31 December 2017. They have not been adopted in preparing the consolidated financial statements for the period ended 31 December 2017 and will or may have an effect on the Group's future consolidated financial statements. In all cases, the Group 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 40	Investment properties	1 January 2018
IFRS 2	Share-based payment transactions	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
IAS 28	Investments in associates and joint ventures	1 January 2018
IFRS 4	Insurance contracts	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the operational results of the Group for the year ended 31 December 2017 had the Group early adopted any of the above standards applicable to the Group. However, the effects of IFRS 15, IFRS 9 and IFRS 16 are still being assessed, as these new standards may have a significant effect on the Group's future consolidated financial statements.

Early adoption of amendments or standards in 2017

The Group did not early-adopt any new or amended standards in 2017.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company 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 change in any of these elements of control.

4 Summary of significant accounting policies (continued)

De-facto control exists in situations where the Company 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 Company considers all relevant facts and circumstances, including:

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

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") 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.

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 on freehold land	-	25 years
Machinery and equipment	-	4 years
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	-	5 years

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.

4 Summary of significant accounting policies (continued)

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.

Stores and materials

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

Financial assets

The Group classifies its financial assets into one of the following categories: loans and receivables financial assets at fair value through profit or loss and available-for-sale investments. This classification depends on the purpose for which the asset is acquired.

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 cost.

4 Summary of significant accounting policies (continued)

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers and also incorporate other types of contractual monetary asset. 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 provision for impairment.

The Group's loans and receivables comprise trade and other receivables (excluding prepayments) and cash and cash equivalents in the consolidated statement of financial position.

Trade and other receivables (excluding prepayments)

Trade and other receivables (excluding prepayments) are carried at their anticipated realisable values. An estimate is made for impaired trade and other receivables based on a review of all outstanding amounts at the year-end. Impaired trade and other receivables which are not considered recoverable are written-off when they are identified.

Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalent comprise cash on hand and balances with banks.

c) Available-for-sale investments

Available-for-sale investments are non-derivatives that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. These are included in non-current assets unless the maturity period is less than twelve months or management has the express intention of holding the investment for less than twelve months from the statement of financial position date.

Available-for-sale investments are initially recorded at cost plus transaction costs and subsequently re-measured at their fair values. Any changes in fair values of such investments subsequent to initial recognition are included in the investment fair value reserve as a part of shareholders' equity. Unquoted investment are recorded at cost. On disposal of or when the available for sale is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the investment fair value reserve to profit or loss.

The fair value changes of available-for-sale investments are reported in the consolidated statement of changes in shareholders' equity until such investments are sold, at which time the realised gains or losses are reported in the consolidated statement of profit or loss.

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on those financial assets previously recognised is removed from equity and recognised in the consolidated statement of profit or loss.

This determination of what is significant or prolonged requires judgment and is assessed for each investment separately. The Group considers a decline of more than 30% in the fair value below cost to be significant and considers a decline below cost which persists for more than 6 months as prolonged.

4 Summary of significant accounting policies (continued)

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 remeasured at amortised cost using the effective interest method.

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.

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.

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 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.

4 Summary of significant accounting policies (continued)

Employees' 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.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Revenue recognition

Revenues earned by the Group are recognised on the following basis:

Bank interest income	- on the accrual basis
Dividend income	- when the Group's right to receive payment is established
Other income	- on the accrual basis, unless collectability is in doubt

Revenue from the sale of finished goods is recognised when the significant risks and rewards of ownership are transferred to the buyer and represents the invoiced value of products shipped to the customers.

Revenue from contracts that are entered into and continue to meet the Group's expected sales requirements designated for that purpose at their inception, and are expected to be settled by physical delivery, are recognised in the consolidated statement of profit or loss and other comprehensive income as and when they are delivered.

4 Summary of significant accounting policies (continued)

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;
- Investment income foreign; and
- Investment income domestic.

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;
- Kingdom of Saudi Arabia; and
- Libya.

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 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;
- fair value measurement; and
- Contingencies.

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

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 either as financial assets at fair value through profit or loss or available-for-sale investments. More information is disclosed in note 8 and 9 to these consolidated financial statements.

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 profit or loss, held-to-maturity or available-for-sale investment securities. 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

The Group assesses at each consolidated statement of financial position date whether there is objective evidence that an asset is impaired. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Trade and other receivables

The Group creates provision for impaired trade and other receivables to account for estimated losses resulting from the inability of customers to make the required payments. At 31 December 2017, in the opinion of the Group's management, no provision is required towards impaired trade and other receivables (2016: BDNil). When evaluating the adequacy of the provision for impaired trade and other receivables, management bases its estimate on current overall economic conditions, ageing of the trade and other receivable balances, historical write-off experience, customer creditworthiness and changes in payment terms. Changes in the economy, industry or specific customer conditions may require adjustments to the provision for impaired trade and other receivables recorded in the consolidated financial statements.

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

Impairment of assets (continued)

Inventories

The Group also creates provision for obsolete and slow-moving raw materials and consumable stores. At 31 December 2017, in the opinion of the Group's management, no provision is required for obsolete and slow-moving raw materials and consumable spares (2016: BDNil). 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.

Other non-financial assets

The carrying amount of the Group's assets or its cash generating unit, other than its financial assets, are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount

Fair value measurements

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 measurements 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 financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at 31 December 2017 and 2016 is shown in Note 31.

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.

6 Property, plant and equipment

	Building on freehold land	Machinery and equipment	Furniture and fittings	Office equipment	Motor vehicles	Tools and lab equipment	Total
Cost							
At 31 December 2015	13,335,245	52,750,736	181,952	366,246	1,004,839	1,876,718	69,515,736
Additions	-	-	-	1,060	-	2,278	3,338
At 31 December 2016	13,335,245	52,750,736	181,952	367,306	1,004,839	1,878,996	69,519,074
Additions	-	-	212	285,155	2,121	122,462	409,950
At 31 December 2017	13,335,245	52,750,736	182,164	652,461	1,006,960	2,001,458	69,929,024
Accumulated depreciation							
At 31 December 2015	7,068,248	15,837,204	162,911	310,412	548,705	1,723,639	25,651,119
Charge for the year	416,285	1,309,844	500	7,682	156,952	23,571	1,914,834
At 31 December 2016	7,484,533	17,147,048	163,411	318,094	705,657	1,747,210	27,565,953
Charge for the year	416,285	2,022,459	297	11,831	151,476	23,758	2,626,106
At 31 December 2017	7,900,818	19,169,507	163,708	329,925	857,133	1,770,968	30,192,059
Net book amount							
At 31 December 2017	5,434,427	33,581,229	18,456	322,536	149,827	230,490	39,736,965
At 31 December 2016	5,850,712	35,603,688	18,541	49,212	299,182	131,786	41,953,121

The Group operates from premises rented at a monthly rent of BD1,707 (2016: BD1,631 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 2017	31 December 2016
Cost of sales (Note 22)	2,369,080	1,656,363
General and administrative expenses (Note 24)	257,026	258,471
	2,626,106	1,914,834

7 Investment in an associate

	31 December 2017	31 December 2016
Opening balance	-	841,445
Transferred from available-for-sale investments (Note 8)	861,337	-
Dividends received during the year	(80,580)	(183,676)
Share of profit for the year	105,791	203,568
Transferred to available-for-sale investments (Note 8)	-	(861,337)
Closing balance	886,548	-

The Group's share in the net assets and results of operations of the associate has been extracted from unaudited management accounts prepared as at, and for the year ended, 31 December 2017 and 2016.

As at 31 December 2016, the Group has lost its significant influence over Dhahran Chemical Industries Marketing. Accordingly, this investment has been re-classified as available-for-sale investments (Note 8). However, during 2017, the Group has gained significant influence over the associate due to change in the composition of the associate's key management personnel. Accordingly, this investment has been re-classified as investment in an associate.

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

	31 December 2017	31 December 2016
Current assets	7,642,569	-
Non-current assets	2,371,985	-
Current liabilities	(3,782,248)	-
Net assets	6,232,306	-
Revenues	19,479,365	-
Net profit for the year	1,037,169	-
Total comprehensive income	1,037,169	-

8 Available-for-sale investments

	31 December 2017	31 December 2016
At 1 January	861,337	-
Transferred during the year (Note 7)	(861,337)	861,337
As at 31 December	-	861,337

The unquoted equity investments have been recorded at cost in the absednce of any reliable market value estimates. The investments are denominated in Saudi Riyals.

During 2016, the Group has performed an impairment test over the available-for-sale investments and concluded that investments are not impaired.

During 2017, the Group has gained significant influence over the associate due to change in the composition of the associate's key management personnel. Accordingly, this investment has been re-classified as investment in an associate.

9 Financial assets at fair value through profit or loss

	31 December 2017	31 December 2016
Closing balance	256,000	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. In addition, the Company 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

	31 December 2017	31 December 2016
Raw materials	6,385,219	4,055,795
Finished goods and work-in-process	8,670,317	13,232,867
Consumable spares	2,302,397	2,118,536
	17,357,933	19,407,198

11 Trade and other receivables

	31 December 2017	31 December 2016
Trade receivables	3,631,399	3,948,668
Prepayments and other receivables	1,998,383	2,589,211
	5,629,782	6,537,879

11 Trade and other receivables (continued)

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. In the opinion of the management, the fair value of the trade and other receivables is not expected to be significantly different from their carrying amount as at 31 December 2017 and 2016.

As at 31 December 2017, trade receivables of BD672,636 (2016: BD742,492) were past due but not impaired. The management assessed that there has not been a significant change in the credit quality of these receivables and they relate to customers with no default history, therefore, are expected to be fully recoverable.

		Neither past due nor impaired	Past due but not impaired
	Total	Less than 180 days	More than 180 days
At 31 December 2017	3,631,399	2,958,763	672,636
At 31 December 2016	3,948,668	3,206,176	742,492

12 Mudaraba deposits

Mudaraba deposits represent deposits placed with financial institutions, earned profit rate of 3.25% per annum during 2017 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 2017	31 December 2016
Balances in call and current accounts with banks	8,162,592	7,125,795
Cash on hand	4,632	1,488
	8,167,224	7,127,283

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

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

Currency	31 December 2017	31 December 2016
United States Dollars	4,826,633	3,108,520
Saudi Arabian Riyals	3,124,931	3,611,165
Bahrain Dinars	215,660	407,497
Euros	-	101
	8,167,224	7,127,283

14 Share capital

	31 December 2017	31 December 2016
Authorised		
400,000,000 shares of 100 fils each (2016: 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 (2016: 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 2017	2016
Mr Rashed Abdullah Al-Hajiri	Kingdom of Saudi Arabia	58,418,336	29.21%	29.21%
Mr Sulaiman Ahmed Saeed Al-Houqan	United Arab Emirates	27,977,959	-	13.99%
		86,396,295	29.21%	43.20%

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

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 2017	2016
Less than 1%	1,161	76,907,817	38.45%	33.65%
1% up to less than 5%	19	64,673,847	32.34%	23.15%
10% up to less than 20%	-	-	-	13.99%
20% up to less than 50%	1	58,418,336	29.21%	29.21%
	1,181	200,000,000	100.00%	100.00%

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

	31 December 2017	31 December 2016
Mr Rashed Abdullah Al-Hajiri	58,418,336	58,418,336
Mr Sulaiman Ahmed Saeed Al-Houqani	-	22,977,959
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	81,696,295

15 Statutory reserve

In accordance with the provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, 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 2017, as Group incurred losses no amount has been transferred to the statutory reserve (2016: BD48,210).

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.

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 2017	31 December 2016
Opening Balance	7,493,487	7,924,401
Share of non-controlling interest in the total comprehensive loss of the subsidiary	(49,599)	(430,914)
Closing balance	7,443,888	7,493,487

17 Non-controlling interest (continued)

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

	Year ended 31 December 2017	Year ended 31 December 2016
Income statement items		
Sales	44,342,601	17,856,515
Cost of sales	(42,586,851)	(18,366,631)
Gross loss	1,755,750	(510,116)
Administrative expenses	(799,761)	(762,451)
Other expenses	(430,374)	(285,467)
Operating profit/(loss)	525,615	(1,558,034)
Other income	21,472	54,450
Finance expense	(233,200)	(253,353)
Net profit/(loss) before tax	313,887	(1,756,937)
Provision for zakat	(517,832)	(121,200)
Net loss after tax	(203,945)	(1,878,137)
Net loss and total comprehensive loss allocated to non-controlling interest	(49,599)	(430,914)
Cash flow statement items		
Cash flows from operating activities	3,215,541	138,360
Cash flows from investing activities	(352,295)	63,423
Cash flows from financing activities	(1,515,000)	(1,010,000)
Net cash inflows/(outflows)	1,348,246	(808,217)

	31 December 2017	31 December 2016
Assets:		
Property, plant and equipment	35,406,402	37,622,558
Inventories	17,357,933	19,407,198
Trade and other receivables	7,594,864	6,520,870
Cash and cash equivalents	5,877,184	4,518,375
Liabilities:		
Trade and other payables	2,895,636	2,527,188
Term loans	32,203,010	34,233,688
Provisions	529,643	496,087
Accumulated non-controlling interests	7,443,888	7,493,487

18 Term loans

	31 December 2017	31 December 2016
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 on ending 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).	21,624,100	23,139,100
Saudi Electric Company Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million. Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity chages to SEC on time The management re-negotiated with SEC for instalment payments against energy bills to which SEC Agreed. At the end of 2016, SABAYEK agreed to make instalment payments for its 2015 and 2016 liabilities where SABAYEK is required to pay SAR 1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2018, SAR2 million from November 2018 to March 2021 including the final instalment of SAR1.1 million in accordance with the repayment schedule.	9,832,088	11,094,588
	31,456,188	34,233,688
Less: current portion of long-term loans	(2,929,000)	(6,836,596)
Non-current portion of long-term loans	28,527,188	27,397,092

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 long-term loans.

In the Group management's opinion, the fair values of the long-term loans are not significantly different from their carrying values as at 31 December 2017 and 2016.

19 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain for the year ended 31 December 2017 amounted to BD10,589 (2016: BD9,472).

Expatriate employees

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

	31 December 2017	31 December 2016
Opening balance	507,845	495,893
Accruals for the year	77,618	65,145
Payments during the year	(40,795)	(53,193)
Closing balance	544,668	507,845
Number of staff employed by the Group	131	131

The employees' terminal benefits accrued in the accounting records of the subsidiary in accordance with the Saudi Labour and Workmen Law amounted to BD529,643 (2016: BD496,087).

20 Trade and other payables

	31 December 2017	31 December 2016
Trade payables	1,275,142	1,118,286
Accruals and other payables	3,358,170	2,445,462
	4,633,312	3,563,748

Trade payables are normally settled within 30 days from the suppliers' invoice date and are mainly in Saudi Arabian Riyals and Bahrain Dinars.

Accrued and othr payales include the amount payable to Saudi Electricity Co. (SEC) by the subsidiary is for the electrical power supply to the subsidiary and cost of the Jubail electricity station expansion. During 2014, the Group renegotiated the term of repayment of the power supply dues, resulting in payments over 24 equal monthly instalments of BD141,400 each starting from 3 November 2014 and ended 3 October 2016. At year end 2016 the Company has agreed to make instalment for SEC regarding outstanding liability of 2015 and 2016 in vary instalments. Company has paid as per schedule in 2017.

Accruals and other payables include the zakat and income tax payable by the subsidiary (Note 26).

In the opinion of the Group's management, the fair value of the trade and other payables is not significantly different from their carrying value as at 31 December 2017 and 2016.

21 Sales

	Year ended 31 December 2017	Year ended 31 December 2016
Domestic sales (Kingdom of Saudi Arabia)	24,225,454	16,113,138
Gulf Co-operation Countries (GCC) sales	5,747,323	1,743,377
Foreign sales	14,369,824	-
	44,342,601	17,856,515

Further sales breakdown by product is provided below:

	Year ended 31 December 2017	Year ended 31 December 2016
Silico manganese	39,027,537	16,464,822
Ferro manganese	5,315,064	1,391,693
	44,342,601	17,856,515

This represents the sales made by the subsidiary of the Company.

22 Cost of sales

	Year ended 31 December 2017	Year ended 31 December 2016
Raw materials consumed	27,774,828	10,222,251
Depreciation (Note 6)	2,369,080	1,656,363
Other direct costs	12,442,943	6,488,017
	42,586,851	18,366,631

This represents the cost of sales made by the subsidiary of the Company.

23 Other income

	Year ended 31 December 2017	Year ended 31 December 2016
Bank interest income	31,792	-
Reversal of excess provision	-	2,220,665
Miscellaneous income	21,472	54,450
	53,264	2,275,115

Reversal of excess provision represents amount written back by the subsidiary relating to certain provisions which are no longer payable.

24 General and administrative expenses

	Year ended 31 December 2017	Year ended 31 December 2016
Staff costs	380,761	408,493
General and administrative expenses	760,322	430,553
Depreciation (Note 6)	257,026	258,471
Directors' sitting fees (Note 28)	7,200	14,400
	1,405,309	1,111,917

25 Finance costs

	Year ended 31 December 2017	Year ended 31 December 2016
Interest on long-term loans	233,200	253,353

26 Provision for Zakat

	Year ended 31 December 2017	Year ended 31 December 2016
Provision for Zakat	517,832	121,200

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.

The foreign capital investment regulations of Saudi Arabia exempt the foreign partners from income tax for ten years commencing from the starting date of commercial production.

As at 31 December 2017, in the opinion of Group's management, a provision of BD1,017,832 (equivalent to SAR10,077,545) is required for Zakat and income tax (2016: BD121,200 equivalents to SAR1,200,000).

27 Earnings per share

Basic earnings per share is 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 2017	Year ended 31 December 2016
Net (loss)/profit attributable to the shareholders of the Parent	(191,937)	913,011
Weighted average number of ordinary shares in issue during the year	200,000,000	200,000,000
Basic and diluted (losses)/earnings per share	(0.96 fils)	4.57 fils

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

28 Dividends and directors' remuneration

Declared and paid

The Board of Directors did not declare dividends to the shareholders during the year ended 31 December 2016 (2016: BDNil for the year ended 31 December 2015).

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 2017 (2016: BDNil). This is subject to the approval by the shareholders in their Annual General Meeting.

Directors' remuneration

No amount has been accrued and expensed as Directors' remuneration for the year ended 31 December 2017 (2016: BD109,987).

Directors' sitting fees

An amount of BD7,200 has been accrued and expensed as Directors' sitting fees for the year ended 31 December 2017 (2016: BD14,400). The payment was approved by the shareholders in the Annual General Meeting held on 4 April 2017.

29 Operating lease commitments

The future aggregate minimum lease commitments under operating leases are as follows:

	31 December 2017	31 December 2016
Not later than 1 year	8,535	8,155

30 Segmental information

Business segments - primary reporting format

As at, and for the year ended, 31 December 2016	Smelting	Investment Income foreign	Others	Total
Third party transactions	44,342,601	-	-	44,342,601
Operating costs	(42,586,851)	-	-	(42,586,851)
Operating loss	1,755,750	-	-	1,755,750
Other income	21,472	31,792	-	53,264
Share of profit from investment in an associate	-	105,791	-	105,791
Other expenses	(1,463,334)	-	(175,175)	(1,638,509)
Net profit/(loss) for the year before tax	313,888	137,583	(175,175)	276,296
Provision for Zakat	(517,832)	-	-	(517,832)
Net (loss)/profit for the year	(203,944)	137,583	(175,175)	(241,536)
Assets and liabilities				
Total segment assets	66,236,383	-	7,993,786	74,230,169
Total segment liabilities	35,622,356	-	1,011,812	36,634,168

As at, and for the year ended, 31 December 2016	Smelting	Investment income foreign	Others	Total
Third party transactions	17,856,515	-	-	17,856,515
Operating costs	(18,366,631)	-	-	(18,366,631)
Operating loss	(510,116)	-	-	(510,116)
Other income	-	54,450	2,220,665	2,275,115
Other expenses	(1,195,483)		(169,787)	(1,365,270)
Share of profit from investment in an associate	-	203,568	-	203,568
Net (loss)/profit for the year before tax	(1,705,599)	258,018	2,050,878	603,297
Provision for Zakat	(121,200)	-	-	(121,200)
Net (loss)/profit for the year	(1,826,799)	258,018	2,050,878	482,097
Assets and liabilities				
Total segment assets	72,398,044	-	3,744,774	76,142,818
Total segment liabilities	37,257,463	-	1,047,818	38,305,281

30 Segmental information (continued)

Geographical segments - secondary reporting format

	Segment assets		Segment liabilities	
	As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Kingdom of Bahrain	7,993,786	8,073,817	1,011,812	1,047,818
Kingdom of Saudi Arabia	66,236,383	68,069,001	35,622,356	37,257,463
	74,230,169	76,142,818	36,634,168	38,305,281

31 Financial assets and liabilities and risk management

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 2017 and 2016.

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, term loans and trade and other payables less cash and cash equivalents. Capital includes share capital and reserves attributable to the shareholders of the Group.

	31 December 2017	31 December 2016
Term loans	31,456,188	34,233,688
Trade and other payables	4,633,312	3,563,748
Less: cash and bank balances	(8,167,224)	(7,127,283)
Net debt	27,922,276	30,670,153
Share capital	20,000,000	20,000,000
Statutory reserve	2,853,603	2,853,603
Share premium	116,328	116,328
Other reserves	7,182,182	7,374,119
Equity attributable to shareholders of the Company	30,152,113	30,344,050
Total capital and net debt	58,074,389	61,014,203
Gearing ratio	48.08%	50.27%

31 Financial assets and liabilities and risk management (continued)

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Financial assets at fair value through profit or loss
- Investment in as associate
- Available-for-sales investments
- Trade and other receivables (excluding prepayments)
- Mudaraba deposits
- Cash and bank balances
- Term loans
- Trade and other payables (excluding employee benefits)

A summary of the financial instruments held by category is provided below as at 31 December 2017:

	Loans and receivables	Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss	-	256,000
Investment in an associate	-	886,548
Trade and other receivables (excluding prepayments)	5,564,341	-
Mudaraba deposits	2,195,717	-
Cash and bank balances	8,167,224	-
Total financial assets	15,927,282	1,142,548

	Financial liabilities at amortised cost
Term loans	31,456,188
Trade and other payables (excluding employee benefits)	4,582,826
Total financial liabilities	36,039,014

A summary of the financial instruments held by category is provided below as at 31 December 2016:

	Loans and receivables	Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss	-	256,000
Available-for-sale investments	-	861,337
Trade and other receivables (excluding prepayments)	6,466,809	-
Cash and bank balances	7,127,283	-
Total financial assets	13,594,092	1,117,337

31 Financial assets and liabilities and risk management (continued)

Principal financial instruments (continued)

	Financial liabilities at amortised cost
Term loans	34,233,688
Trade and other payables (excluding employee benefits)	3,480,472
Total financial liabilities	37,714,160

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 2017	Total	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	More than 2 years
Interest bearing	31,456,188	732,249	2,196,747	2,929,000	25,598,192
Non-interest bearing	4,535,942	4,535,942	-	-	-
	35,992,130	5,268,191	2,196,747	2,929,000	25,598,192

At 31 December 2016	Total	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	More than 2 years
Interest bearing	34,233,688	1,709,148	5,127,444	6,836,596	20,560,500
Non-interest bearing	3,480,472	3,480,472	-	-	-
	37,714,160	5,189,620	5,127,444	6,836,596	20,560,500

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 2017 and 2016, in the opinion the management, operational risk exposures are considered to be acceptable in the circumstance.

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.

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.

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 believes 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 2017, all other variables held constant, would have resulted to an increase/decrease in profit or loss of BD55,867 (2016: BD55,867) and net assets will correspondingly increase/decrease by the same amount.

31 Financial assets and liabilities and risk management (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 2017 and 2016, the Group's financial assets and financial liabilities were denominated in the following currencies:

Financial assets

	United States Dollars		Bahrain Dinars		Saudi Arabian Riyals		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Trade and other receivables	-	-	-	-	5,564,341	6,466,809	-	-	5,564,341	6,466,809
Cash and bank balances	4,826,633	3,108,520	215,660	407,497	3,124,931	3,611,165	-	101	8,167,224	7,127,283
Investment in an associate	-	-	-	-	886,548	-	-	-	886,548	-
Available-for-sale investments	-	-	-	-	-	861,337	-	-	-	861,337
Financial assets at fair value through profit or loss	-	-	256,000	256,000	-	-	-	-	256,000	256,000
	4,826,633	3,108,520	471,660	663,497	9,575,820	10,939,311	-	101	14,874,113	14,711,429

Financial liabilities

	Bahrain Dinars		Saudi Riyals		Total	
	2017	2016	2017	2016	2017	2016
Term loans	-	-	31,456,188	34,233,688	31,456,188	34,233,688
Trade and other payables (excuding employee benefits)	990,884	1,003,800	3,591,942	2,476,672	4,582,826	3,480,472
	990,884	1,003,800	35,048,130	36,710,360	36,039,014	37,714,160

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 2017	Balance as at 31 December 2017	Rating as at 31 December 2016	Balance as at 31 December 2016
Ahli United Bank	BBB+[2]	44,206	BBB+[3]	118,781
Arab Banking Corporation	BBB-[3]	896,737	Ba2[2]	1,805,147
Arab National Bank	N.A[4]	7,021,442	A[3]	5,226,194
Ithmaar Bank	N.A[4]	2,086,578	N.A[4]	690,541
Samba Financial Group	A+[2]	44,908	A+[3]	58,179
Various	N.A[4]	269,069	N.A[4]	332

1. *Standard and Poor's rating*
2. *Moody's long term rating*
3. *Fitch's long term issuer default rating*
4. *Rating not available*

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.

Financial instruments not measured at fair value on recurring basis but for which fair value needs to be disclosed include trade and other receivables (excluding prepayments), cash and cash equivalents, current portion of term loans and trade and other payables (excluding employee benefits). The fair value of long-term portion of term loans has been estimated based on the expected contractual future cash flows at the current market interest rates. In the opinion of the management, due to the nature of these financial instruments, the fair value of these financial instruments is not significantly different from their carrying amounts as at 31 December 2017 and 2016.

31 Financial assets and liabilities and risk management (continued)

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 observable 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	BD256,000 (2016: BD256,000)	L1	Quoted prices from stock exchanges	Not applicable	Not applicable
Investment in an associate	BD886,548 (2016: BDNil)	L2	Prices from market participants	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.

Related parties trasnasations

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 2017	Year ended 31 December 2016
Directors' sitting fees (Note 28)	7,200	14,400
Remuneration to key management personnel	109,900	109,987

A summary of significant transactions with the associate:

	Year ended 31 December 2017	Year ended 31 December 2016
Share of profit for the year	105,791	203,568
Dividends received during the year	80,580	183,676

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.

	1 January 2017	Obtained during the year	Finance cost accrued	Principal Repaid during the year	Finance costs paid	Transferred to current liabilities	31 December 2017
Term loan	34,233,688	6,607,340	233,200	(9,384,840)	(233,200)	(2,929,000)	28,527,188

34 Events after the reporting period

There were no events occurring subsequent to 31 December 2017 and before the date of the report that are expected to have a significant impact on these consolidated financial statements.

35 Zakat

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