Aluminium Bahrain B.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2015 (REVIEWED)

Building a better working world

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REPORT ON THE REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ALUMINIUM BAHRAIN B.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Aluminium Bahrain B.S.C. ('the Company') as at 30 June 2015, comprising of the interim statement of financial position as at 30 June 2015 and the related interim statements of comprehensive income, cash flows and changes in equity for the six-month period then ended and explanatory notes. The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst + Young

29 July 2015
Manama, Kingdom of Bahrain

Aluminium Bahrain B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Note	*30 June 2015 Reviewed BD '000*	*31 December 2014 Audited BD '000*
ASSETS			
Non-current assets			
Property, plant and equipment		**820,346**	837,757
Long term receivable		**1,719**	3,439
Other asset		**4,608**	4,704
		826,673	845,900
Current assets			
Inventories		**166,555**	152,469
Current portion of long term receivable		**3,438**	3,438
Accounts receivable and prepayments		**94,781**	92,888
Bank balances and cash		**69,283**	67,198
		334,057	315,993
TOTAL ASSETS		**1,160,730**	1,161,893
EQUITY AND LIABILITIES			
Equity			
Share capital		**142,000**	142,000
Treasury shares		**(4,125)**	(3,696)
Statutory reserve		**71,000**	71,000
Capital reserve		**249**	249
Retained earnings		**746,596**	687,387
Proposed dividend		**7,768**	21,200
Total equity		**963,488**	918,140
Non-current liabilities			
Borrowings		**46,782**	64,137
Employees' end of service benefits		**1,410**	1,265
		48,192	65,402
Current liabilities			
Borrowings		**59,871**	72,351
Accounts payable and accruals		**88,093**	101,378
Derivative financial instruments	4	**1,086**	4,622
		149,050	178,351
Total liabilities		**197,242**	243,753
TOTAL EQUITY AND LIABILITIES		**1,160,730**	1,161,893

Daij Bin Salman Bin Daij Al Khalifa	Tim Murray	Yousif Taqi
Chairman	Chief Executive Officer	Director

The attached notes 1 to 9 form part of these interim condensed financial statements.

Aluminium Bahrain B.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015 (Reviewed)

	Note	*Three months ended*		*Six months ended*	
		30 June 2015	*30 June 2014*	***30 June 2015***	*30 June 2014*
		BD '000	*BD '000*	***BD '000***	*BD '000*
Sales revenue	6	**199,382**	193,587	**405,946**	376,420
Cost of sales		**(161,106)**	(164,780)	**(321,581)**	(319,187)
GROSS PROFIT		**38,276**	28,807	**84,365**	57,233
Other income		**1,316**	1,141	**2,539**	741
Selling and distribution expenses		**(837)**	(5,612)	**(4,315)**	(9,463)
General and administrative expenses		**(7,889)**	(7,297)	**(14,988)**	(14,651)
(Loss) gain on foreign exchange		**(187)**	405	**403**	392
Finance costs		**(839)**	(1,201)	**(1,716)**	(2,399)
PROFIT FOR THE PERIOD BEFORE DERIVATIVE FINANCIAL INSTRUMENTS		**29,840**	16,243	**66,288**	31,853
(Loss) gain on revaluation/settlement of derivative financial instruments (net)	4	**(23)**	(1,007)	**703**	512
PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**29,817**	15,236	**66,991**	32,365
Basic and diluted earnings per share (fils)	3	**21**	11	**47**	23

Daij Bin Salman Bin Daij Al Khalifa
Chairman

Tim Murray
Chief Executive Officer

Yousif Taqi
Director

The attached notes 1 to 9 form part of these interim condensed financial statements.

Aluminium Bahrain B.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 (Reviewed)

	Note	*30 June 2015 BD '000*	*30 June 2014 BD '000*
OPERATING ACTIVITIES			
Profit for the period		**66,991**	32,365
Adjustments for:			
Depreciation		**36,842**	39,505
Loss on disposal of property, plant and equipment		**401**	921
Provision for slow moving inventories		**282**	78
Provision for employees' end of service benefits		**805**	629
Provision for doubtful debts written back		**-**	(3)
Unrealised gain on revaluation of derivative financial instruments	4	**(3,536)**	(2,319)
Interest income		**(70)**	(99)
Finance costs		**1,716**	2,399
Amortisation of other asset		**96**	-
Reversal of the cost of treasury shares held for Employees Stock Incentive Plan		**-**	(106)
		103,527	73,370
Working capital changes:			
Inventories		**(14,368)**	(5,033)
Accounts receivable and prepayments		**(1,893)**	(11,024)
Accounts payable and accruals		**(13,221)**	22,981
Cash from operations		**74,045**	80,294
Employees' end of service benefits paid		**(660)**	(490)
Net cash flows from operating activities		**73,385**	79,804
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(19,851)**	(20,538)
Proceeds from disposal of property, plant and equipment		**19**	97
Interest received		**70**	99
Net cash flows used in investing activities		**(19,762)**	(20,342)
FINANCING ACTIVITIES			
Amounts received from long term receivable		**1,720**	1,720
Borrowings availed		**62,040**	63,920
Borrowings repaid		**(91,875)**	(95,905)
Finance costs paid		**(1,780)**	(2,490)
Dividends paid	8	**(21,198)**	(31,040)
Purchase of treasury shares - net		**(738)**	(1,310)
Proceeds from resale of treasury shares		**293**	2,006
Net cash flows used in financing activities		**(51,538)**	(63,099)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,085**	(3,637)
Cash and cash equivalents at 1 January		**67,198**	64,540
CASH AND CASH EQUIVALENTS AT 30 JUNE		**69,283**	60,903

Non-cash item

Finance costs of BD 64 thousand (2014: BD 91 thousand) which have been accrued but not yet paid have been excluded from the movement of accounts payable and accruals.

The attached notes 1 to 9 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 (Reviewed)

	Share capital BD '000	*Treasury shares BD '000*	*Statutory reserve BD '000*	*Capital reserve BD '000*	*Retained earnings BD '000*	*Proposed dividend BD '000*	*Total BD '000*
Balance at 1 January 2015	142,000	(3,696)	71,000	249	687,387	21,200	918,140
Total comprehensive income for the period	-	-	-	-	66,991	-	66,991
Net movement in treasury shares	-	(429)	-	-	-	-	(429)
Loss on resale of treasury shares	-	-	-	-	(16)	-	(16)
Final dividend for 2014 approved and paid (note 8)	-	-	-	-	-	(21,198)	(21,198)
Excess of final dividend for 2014 reversed	-	-	-	-	2	(2)	-
Dividend proposed (note 8)	-	-	-	-	(7,768)	7,768	-
Balance at 30 June 2015	**142,000**	**(4,125)**	**71,000**	**249**	**746,596**	**7,768**	**963,488**

	Share capital BD '000	*Treasury shares BD '000*	*Statutory reserve BD '000*	*Capital reserve BD '000*	*Retained earnings BD '000*	*Proposed dividend BD '000*	*Total BD '000*
Balance at 1 January 2014	142,000	(5,157)	71,000	249	629,381	30,978	868,451
Total comprehensive income for the period	-	-	-	-	32,365	-	32,365
Net movement in treasury shares	-	837	-	-	-	-	837
Reversal of excess amortisation of the cost of treasury shares held for Employees Stock Incentive Plan	-	(106)	-	-	-	-	(106)
Loss on resale of treasury shares	-	-	-	-	(141)	-	(141)
Final dividend for 2013 approved and paid (note 8)	-	-	-	-	-	(31,040)	(31,040)
Shortage of final dividend paid for 2013	-	-	-	-	(62)	62	-
Dividend proposed (note 8)	-	-	-	-	(16,942)	16,942	-
Balance at 30 June 2014	142,000	(4,426)	71,000	249	644,601	16,942	870,366

The attached notes 1 to 9 form part of these interim condensed financial statements.

1 ACTIVITIES

Aluminium Bahrain B.S.C. ("the Company") was incorporated as a Bahrain Joint Stock Company (closed) in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 999.

Subsequent to the Initial Public Offering (IPO), the Company became a Bahrain Public Joint Stock Company effective 23 November 2010 and its shares were listed on Bahrain Stock Exchange (now Bahrain Bourse) and Global Depositary Receipts were listed on the London Stock Exchange. The Company has its registered office at 150 Askar Road, Askar 951, Kingdom of Bahrain.

As of 30 June 2015, the majority shareholder of the Company is Bahrain Mumtalakat Holding Company B.S.C. (c) (Mumtalakat), a company wholly owned by the Government of the Kingdom of Bahrain through the Ministry of Finance, which holds 69.38% (31 December 2014: 69.38%) of the Company's share capital.

The Company is engaged in manufacturing aluminium and aluminium related products. The Company owns and operates a primary aluminium smelter and the related infrastructure. The Company also has branch offices in Zurich and Hong Kong.

On 3 September 1990, the Company entered into a Quota Agreement between the Company, the Government of the Kingdom of Bahrain (GB), SABIC Industrial Investments Company (SIIC) and Breton Investments Limited (Breton). The Quota Agreement remains in full force and effect and was not amended with respect to the transfer of GB's shareholding in the Company to Mumtalakat. Consequent to the purchase of shares held by Breton in 2010, Breton ceased to be a shareholder of the Company, thereby revoking its entitlement to rights and obligations under the Quota Agreement, including the right to require the Company to sell the eligible quota of aluminium to Breton at a specified price.

On 25 May 2010, Mumtalakat provided a letter to the Company whereby it irrevocably and unconditionally waived its rights under the Quota Agreement requiring the Company to sell the eligible quota of aluminium to Mumtalakat. Consequently, as a result of this waiver the Company is no longer under an obligation to sell any part of its production to Mumtalakat. The Company is now free to sell 69.38% of its production to third-party customers on commercial terms. Mumtalakat has also acknowledged that it is under an obligation to purchase its quota of aluminium produced by the Company, should the Company decide to sell Mumtalakat's quota in accordance with the Quota Agreement. SIIC has not given a corresponding written waiver to the Company as at the date of approval of these interim condensed financial statements.

The interim condensed financial statements were authorised for issue by the Board of Directors on 29 July 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company for the six month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim condensed financial statements do not contain all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2014. In addition, results for the six month period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014, except for the adoption of new Standards and Interpretations, noted below, which did not have any impact on the accounting policies, financial position or performance of the Company:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. The Company is currently assessing the impact of this amendment to the Company's accounting policies.

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim condensed financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Company has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Company's accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). The amendment does not affect the Company's accounting policies as the Company does not have any contingent considerations.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Company has not applied the aggregation criteria in IFRS 8.12, as this criteria is not applicable to the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim condensed financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Company does not have a joint arrangement, and thus this amendment is not relevant for the Company.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The Company does not have any investment property and thus this amendment is not relevant to the Company.

3 EARNINGS PER SHARE

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015	*2014*	***2015***	*2014*
Profit for the period - BD '000	**29,817**	15,236	**66,991**	32,365
Weighted average number of shares outstanding - thousands of shares	**1,412,597**	1,409,291	**1,413,036**	1,408,451
Basic and diluted earnings per share – fils	**21**	11	**47**	23

No separate figure for diluted earnings per share has been presented as the Company has not issued financial instruments which may have a dilutive effect.

4 DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not engage in proprietary trading activities in derivatives. However, the Company enters into derivative transactions to hedge economic risks under its risk management guidelines that may not qualify for hedge accounting under IAS 39. Consequently, gains or losses resulting from the re-measurement to fair value of these derivatives are taken to the interim statement of comprehensive income.

The Company has a number of derivative financial instruments comprising interest rate collars, knockout swaps, forward contracts and commodity options. The fair values of the derivative financial instruments at 30 June 2015 and 31 December 2014 were as follows:

Liabilities	***30 June 2015 BD '000***	*31 December 2014 BD '000*
Commodity options	**206**	3,750
Commodity futures	**880**	806
Interest rate collars	**-**	66
Total	**1,086**	4,622

The fair valuation of the derivative financial instruments resulted in the following gains (losses) to the interim statement of comprehensive income for the three month and six month period ended 30 June.

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015 BD '000	*2014 BD '000*	***2015 BD '000***	*2015 BD '000*
Revaluation:				
Commodity options and futures	**1,235**	(323)	**3,470**	2,000
Interest rate collars and knockout swaps	**-**	248	**66**	319
Unrealised gains on derivative financial instruments	**1,235**	(75)	**3,536**	2,319
Realised:				
Commodity options and futures	**(1,258)**	(681)	**(2,767)**	(1,251)
Interest rate collars and knockout swaps	**-**	(251)	**(66)**	(556)
Realised losses on derivatives	**(1,258)**	(932)	**(2,833)**	(1,807)
Net (loss) gain on fair valuation taken to interim statement of comprehensive income	**(23)**	(1,007)	**703**	512

5 FINANCIAL INSTRUMENTS

Fair values
Financial instruments comprise of financial assets, financial liabilities and derivative financial instruments. Financial assets consist of bank balances and cash and receivables. Financial liabilities consist of borrowings and payables. Derivative financial instruments consist of interest rate collars, forward exchange contracts and commodity options and futures.

The Company assessed that the fair value of cash and short term deposits, trade receivables, current portion of long term receivable, trade payables, other current liabilities and borrowings approximate their carrying amounts, largely due to the short term maturities of these financial instruments. The Company also assessed that the fair value of non-current portion of long term receivable and borrowings approximate their carrying amounts.

Set out below is an overview of financial instruments, other than bank balances, held by the Company as at 30 June 2015 and 31 December 2014:

30 June 2015		*Loans and receivables BD '000*	*Total BD '000*
Financial assets:			
Long term receivables		**5,157**	**5,157**
Trade and other receivables		**92,332**	**92,332**
		97,489	**97,489**

	Financial liabilities at amortised cost BD '000	*Derivative financial instruments BD '000*	*Total BD '000*
Financial liabilities:			
Borrowings	**106,653**	**-**	**106,653**
Accounts payable and accruals	**30,371**	**-**	**30,371**
Derivative financial instruments	**-**	**1,086**	**1,086**
	137,024	**1,086**	**138,110**

31 December 2014		*Loans and receivables BD '000*	*Total BD '000*
Financial assets:			
Long term receivables		6,877	6,877
Trade and other receivables		88,802	88,802
		95,679	95,679

	Financial liabilities at amortised cost BD '000	*Derivative financial instruments BD '000*	*Total BD '000*
Financial liabilities:			
Borrowings	136,488	-	136,488
Accounts payable and accruals	55,724	-	55,724
Derivative financial instruments	-	4,622	4,622
	192,212	4,622	196,834

5 FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;

Level 2 : Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable); and

Level 3 : Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

As at 30 June 2015, the Company's derivative financial instruments, long term receivable and borrowings are measured at fair value. These are Level 2 as per the hierarchy above for the six months ended 30 June 2015. The Company does not have financial instruments qualifying for Level 1 or Level 3 classification.

During the six month period ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements (31 December 2014: same).

6 OPERATING SEGMENT INFORMATION

For management purposes, the Company has a single operating segment which is the ownership and operation of a primary aluminium smelter and related infrastructure. Hence no separate disclosure of profit or loss, assets and liabilities is provided as this disclosure will be identical to the interim statement of financial position and interim statement of comprehensive income of the Company.

a) Product

An analysis of the sales revenue by product is as follows:

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015 BD '000	*2014 BD '000*	***2015 BD '000***	*2014 BD '000*
Aluminium	**197,488**	171,366	**397,114**	352,391
Alumina	**-**	22,237	**3,843**	22,237
Calcined coke	**1,894**	(16)	**4,989**	1,792
	199,382	193,587	**405,946**	376,420

b) Geographic information

An analysis of the sales revenue by geographic location is as follows:

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015 BD '000	*2014 BD '000*	***2015 BD '000***	*2014 BD '000*
Kingdom of Bahrain	**91,258**	80,805	**187,061**	160,667
Rest of the Middle East and North Africa	**38,786**	42,685	**76,537**	79,789
Europe	**25,381**	36,123	**58,082**	67,055
Asia	**28,880**	24,098	**53,490**	45,390
Americas	**15,077**	9,876	**30,776**	23,519
Total sales revenue	**199,382**	193,587	**405,946**	376,420

The revenue information above is based on the location of the customers.

6 OPERATING SEGMENT INFORMATION (continued)

c) Customers

Revenue from sale of metal to two of the major customers of the Company amounted to BD 125,478 thousand (30 June 2014: BD 129,195 thousand), each being more than 10% of the total sales revenue for the period.

7 COMMITMENTS AND CONTINGENCIES

As of 30 June 2015, there have been no significant changes to outstanding commitments and contingencies compared to 31 December 2014.

8 DIVIDEND

On 1 March 2015, the Company's shareholders approved the Board of Directors' proposal to pay a final dividend of BD 0.015 per share (excluding treasury shares) totalling BD 21,198 thousand relating to 2014 which was fully paid as of 31 March 2015.

On 29 July 2015, the Board of Directors proposed an interim dividend of BD 0.0055 per share (excluding treasury shares) totalling BD 7,768 thousand. This is subject to ratification by the Company's shareholders at the Annual General Meeting.

On 27 February 2014, the Company's shareholders approved the Board of Directors' proposal to pay a final dividend of BD 0.022 per share (excluding treasury shares) totalling BD 31,040 thousand relating to 2013 which was fully paid as of 31 March 2014.

9 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors.

Transactions with shareholders

In the ordinary course of business, the Company purchases supplies and services from parties related to the Government of the Kingdom of Bahrain, principally natural gas and public utility services. A royalty, based on production, is also paid to the Government of the Kingdom of Bahrain.

Transactions with related parties included in the interim statement of comprehensive income are as follows:

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015	*2014*	***2015***	*2014*
	BD '000	*BD '000*	***BD '000***	*BD '000*
Other related parties				
Revenue and other income				
Sale of metal	**25,496**	23,982	**53,239**	48,722
Sale of water	**286**	292	**736**	596
Interest on long term receivable	**24**	36	**47**	70
	25,806	24,310	**54,022**	49,388
Cost of sales and expenses				
Purchase of natural gas and diesel	**28,048**	24,798	**53,184**	48,675
Purchase of electricity	**337**	367	**1,100**	1,195
Royalty	**991**	960	**1,976**	1,923
	29,376	26,125	**56,260**	51,793

9 RELATED PARTY TRANSACTIONS (continued)

Balances with related parties included in the interim statement of financial position are as follows:

	30 June 2015 BD '000	*31 December 2014 BD '000*
Other related parties		
Assets		
Long term receivable	**5,157**	6,877
Bank balances	**6,892**	13,505
Receivables	**9,345**	11,386
	21,394	31,768
Liabilities		
Borrowings	**3,760**	7,520
Payables	**10,621**	9,888
	14,381	17,408

Outstanding balances at the end of the period arise in the normal course of business. For the six-month period ended 30 June 2015, the Company has not recorded any impairment on amounts due from related parties (2014: nil).

Compensation of key management personnel
The remuneration of members of key management during the period was as follows:

	Three-month period ended 30 June		*Six-month period ended 30 June*	
	2015 BD '000	*2014 BD '000*	*2015 BD '000*	*2014 BD '000*
Short term benefits	**268**	269	**566**	553
End of service benefits	**10**	15	**22**	32
Contributions to Alba Savings Benefit Scheme	**15**	13	**30**	26
	293	297	**618**	611