

Aluminium Bahrain B.S.C.
INTERIM CONDENSED FINANCIAL STATEMENTS
30 SEPTEMBER 2014 (REVIEWED)



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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 September 2014, comprising of the interim statement of financial position as at 30 September 2014 and the related interim statements of comprehensive income, cash flows and changes in equity for the nine-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.

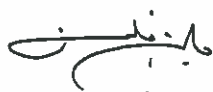
11 November 2014
Manama, Kingdom of Bahrain

Aluminium Bahrain B.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	30 September 2014 Reviewed BD '000	31 December 2013 Audited BD '000
	Note	
ASSETS		
Non-current assets		
Property, plant and equipment	842,404	868,318
Long term receivable	5,157	6,877
Other assets	4,752	-
	<u>852,313</u>	<u>875,195</u>
Current assets		
Inventories	140,883	144,930
Current portion of long term receivable	3,438	3,438
Accounts receivable and prepayments	93,113	85,375
Other assets	-	4,800
Bank balances and cash	62,782	64,540
	<u>300,216</u>	<u>303,083</u>
TOTAL ASSETS	<u><u>1,152,529</u></u>	<u><u>1,178,278</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	142,000	142,000
Treasury shares	(3,423)	(5,157)
Statutory reserve	71,000	71,000
Capital reserve	249	249
Retained earnings	674,000	629,381
Proposed dividend	-	30,978
Total equity	<u>883,826</u>	<u>868,451</u>
Non-current liabilities		
Borrowings	56,564	84,402
Derivative financial instruments	4	5,313
Employees' end of service benefits	1,077	930
	<u>57,641</u>	<u>90,645</u>
Current liabilities		
Borrowings	93,215	116,432
Accounts payable and accruals	110,063	97,960
Derivative financial instruments	4	4,790
	<u>211,062</u>	<u>219,182</u>
Total liabilities	<u>268,703</u>	<u>309,827</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,152,529</u></u>	<u><u>1,178,278</u></u>



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 COMPREHENSIVE INCOME

For the nine months ended 30 September 2014 (Reviewed)

	Note	Three months ended		Nine months ended	
		30 September 2014 BD '000	30 September 2013 BD '000	30 September 2014 BD '000	30 September 2013 BD '000
Sales revenue	6	223,156	183,326	599,576	565,932
Cost of sales		(180,136)	(163,839)	(499,323)	(475,039)
GROSS PROFIT		43,020	19,487	100,253	90,893
Other income		526	921	1,267	2,182
Selling and distribution expenses		(4,947)	(4,807)	(14,410)	(13,177)
General and administrative expenses		(7,204)	(7,883)	(21,855)	(23,517)
Gain (loss) on foreign exchange		550	(106)	942	207
Finance costs		(1,031)	(1,480)	(3,430)	(4,628)
PROFIT FOR THE PERIOD BEFORE DERIVATIVE FINANCIAL INSTRUMENTS		30,914	6,132	62,767	51,960
(Loss) gain on revaluation/settlement of derivative financial instruments (net)	4	(1,422)	(1,262)	(910)	14,106
PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD		29,492	4,870	61,857	66,066
Basic and diluted earnings per share (fils)	3	21	3	44	47



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 nine months ended 30 September 2014 (Reviewed)

	<i>30 September</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>
<i>Note</i>	<i>BD '000</i>	<i>BD '000</i>
OPERATING ACTIVITIES		
Profit for the period	61,857	66,066
Adjustments for:		
Depreciation	59,355	58,347
Loss on disposal of property, plant and equipment	1,051	435
Provision for slow moving inventories	131	269
Provision for employees' end of service benefits	1,039	640
Provision for doubtful debts written back	(3)	(51)
Amortisation of lease rights for other assets	48	-
Unrealised gain on revaluation of derivative financial instruments	4	(21,865)
Interest income	(141)	(193)
Finance costs	3,430	4,628
(Reversal) amortisation of the cost of treasury shares held for Employees Stock Incentive Plan	(91)	550
	124,358	108,826
Working capital changes:		
Inventories	3,916	2,408
Accounts receivable and prepayments	(7,735)	(39,519)
Accounts payable and accruals	12,327	4,301
Cash from operations	132,866	76,016
Employees' end of service benefits paid	(892)	(534)
Net cash from operating activities	131,974	75,482
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(34,618)	(12,282)
Proceeds from disposal of property, plant and equipment	125	275
Other assets	-	(4,800)
Interest received	141	193
Net cash used in investing activities	(34,352)	(16,614)
FINANCING ACTIVITIES		
Amounts received from long term receivable	1,720	1,719
Borrowings availed	176,720	246,975
Borrowings repaid	(227,775)	(281,049)
Finance costs paid	(3,654)	(4,790)
Dividends paid	8	(47,998)
Purchase of treasury shares - net	(1,649)	(2,328)
Proceeds from resale of treasury shares	3,256	237
Net cash used in financing activities	(99,380)	(78,724)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,758)	(19,856)
Cash and cash equivalents at 1 January	64,540	61,605
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	62,782	41,749

Non-cash item

The movement in finance costs of BD 224 thousand (2013: BD 162 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.

Aluminium Bahrain B.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2014 (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 2014	142,000	(5,157)	71,000	249	629,381	30,978	868,451
Total comprehensive income for the period	-	-	-	-	61,857	-	61,857
Net movement in treasury shares	-	1,825	-	-	-	-	1,825
Reversal of excess amortisation of the cost of treasury shares held for Employees Stock Incentive Plan	-	(91)	-	-	-	-	(91)
Loss on resale of treasury shares	-	-	-	-	(218)	-	(218)
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	-
Interim dividend for 2014 approved and paid	-	-	-	-	-	(16,958)	(16,958)
Shortage of interim dividend for 2014	-	-	-	-	(16)	16	-
Balance at 30 September 2014	142,000	(3,423)	71,000	249	674,000	-	883,826
	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 2013	142,000	(4,087)	71,000	249	600,683	19,773	829,618
Total comprehensive income for the period	-	-	-	-	66,066	-	66,066
Net movement in treasury shares	-	(1,902)	-	-	-	-	(1,902)
Amortisation of the cost of treasury shares held for Employees Stock Incentive Plan	-	550	-	-	-	-	550
Loss on resale of treasury shares	-	-	-	-	(188)	-	(188)
Final dividend for 2012 approved (note 8)	-	-	-	-	-	(39,488)	(39,488)
Excess of final dividend for 2012 reversed	-	-	-	-	14	(14)	-
Dividend proposed (note 8)	-	-	-	-	(19,729)	19,729	-
Balance at 30 September 2013	142,000	(5,439)	71,000	249	646,846	-	854,656

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

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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 September 2014, 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 2013: 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 11 November 2014.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company for the nine month period ended 30 September 2014 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 2013. In addition, results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013, except for the adoption of new Standards and Interpretation effective as of 1 January 2014, noted below, which did not have any impact on the accounting policies, financial position or performance of the Company:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company as the Company does not have any investment in entities that qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - (Amendments to IAS 32)

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Novation of Derivatives and Continuation of Hedge Accounting – (Amendments to IAS 39)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company as the Company has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets – (Amendments to IAS 36)

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Company.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. These amendments have no impact on the Company.

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

3 EARNINGS PER SHARE

	<i>Three month period ended</i>		<i>Nine month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit for the period - BD '000	29,492	4,870	61,857	66,066
Weighted average number of shares outstanding - thousands of shares	1,413,014	1,408,525	1,411,177	1,411,297
Basic and diluted earnings per share – fils	21	3	44	47

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, forward contracts and commodity options. The fair values of the derivative financial instruments at 30 September 2014 and 31 December 2013 were as follows:

	<i>30 September</i>		<i>31 December</i>	
	<i>2014</i>		<i>2013</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Commodity options	-	7,369	-	9,364
Commodity futures	-	224	-	38
Interest rate collars	-	191	-	701
Total	-	7,784	-	10,103

These are classified in the interim statement of financial position as follows:

	<i>30 September</i>		<i>31 December</i>	
	<i>2013</i>		<i>2013</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Non-current portion:				
Commodity options	-	-	-	5,232
Interest rate collars	-	-	-	81
	-	-	-	5,313
Current portion:				
Commodity options	-	7,369	-	4,132
Commodity futures	-	224	-	38
Interest rate collars	-	191	-	620
	-	7,784	-	4,790

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	<i>Three month period ended</i>		<i>Nine month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Revaluation:				
Commodity options and futures	(192)	160	1,808	20,229
Interest rate collars	191	331	510	1,589
Forward foreign exchange contracts	-	-	-	47
Unrealised (loss) gains on derivative financial instruments	(1)	491	2,318	21,865
Realised:				
Commodity options and futures	(1,229)	(1,158)	(2,480)	(5,792)
Interest rate collars	(192)	(595)	(748)	(1,967)
Realised losses on derivatives	(1,421)	(1,753)	(3,228)	(7,759)
Net (loss) gain on fair valuation taken to interim statement of comprehensive income	(1,422)	(1,262)	(910)	14,106

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 the 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 September 2014 and 31 December 2013:

	<i>30 September 2014</i>		<i>31 December 2013</i>	
	<i>Loans and receivables</i>	<i>Fair value profit or loss</i>	<i>Loans and receivables</i>	<i>Fair value profit or loss</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Financial assets:				
Long term receivables	8,595	-	10,315	-
Trade and other receivables	89,399	-	82,797	-
	97,994	-	93,112	-
Financial liabilities:				
Borrowings	149,779	-	200,834	-
Accounts payable and accruals	64,043	-	60,633	-
Derivative financial instruments	-	7,784	-	10,103
	213,822	7,784	261,467	10,103

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

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 September 2014, 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 nine months ended 30 September 2014. The Company does not have financial instruments qualifying for Level 1 or Level 3 classification.

During the nine month period ended 30 September 2014 and the nine month period ended 30 September 2013, 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.

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:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Aluminium	199,625	175,445	551,998	549,719
Calcined coke	-	7,881	1,810	9,895
Alumina	23,531	-	45,768	6,318
	223,156	183,326	599,576	565,932

b) Geographic information

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Kingdom of Bahrain	87,260	83,852	247,927	260,049
Rest of the Middle East and North Africa	43,795	48,477	123,584	148,236
Europe	53,665	19,442	120,720	73,623
Asia	28,096	20,013	73,486	60,954
Americas	10,340	11,542	33,859	23,070
Total sales revenue	223,156	183,326	599,576	565,932

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

6 OPERATING SEGMENT INFORMATION (continued)

c) Customers

Revenue from sale of metal to two of the major customers of the Company amounted to BD 199,617 thousand (2013: BD 205,456 thousand), each being more than 10% of the total sales revenue for the period.

7 COMMITMENTS AND CONTINGENCIES

a) Commitments

As of 30 September 2014, there have been no significant changes to outstanding commitments and contingencies compared to 31 December 2013, other than the operating lease commitments as below.

b) Operating lease commitments

The Company entered into a lease agreement with the Government of the Kingdom of Bahrain ("the Government") for the lease of an industrial land in Askar, Kingdom of Bahrain for a period of 25 years commencing 1 July 2014. The annual rent for the leased land is BD 31,452 which is negotiable after the first five years.

Future minimum rentals payable under the non-cancellable operating lease as of the reporting date amounts to BD 31,452 within one year and BD 125,808 after one year but not more than five years.

8 DIVIDEND

On 27 February 2014, the Company's shareholders approved the Board of Director's 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. On 26 July 2014, the Board of Directors proposed an interim dividend of BD 0.012 per share (excluding treasury shares) totalling BD16,958 thousand which was fully paid as of 30 September 2014.

On 7 March 2013, the Company's shareholders approved the Board of Director's proposal to pay a final dividend of BD 0.014 per share (excluding treasury shares) totalling BD 19,773 thousand relating to 2012 which was fully paid as of 31 March 2013. On 28 July 2013, the Board of Directors proposed an interim dividend of BD 0.014 per share (excluding treasury shares) totalling BD19,729 thousand. This was approved by the Company's shareholders at the Annual General Meeting.

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:

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2014 (Reviewed)

9 RELATED PARTY TRANSACTIONS (continued)

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Other related parties				
Revenue and other income				
Sale of metal	26,741	25,322	75,463	77,107
Sale of water	325	409	921	889
Interest on long term receivable	28	44	98	148
	<u>27,094</u>	<u>25,775</u>	<u>76,482</u>	<u>78,144</u>
Cost of sales and expenses				
Purchase of natural gas and diesel	25,927	27,141	74,602	76,627
Purchase of electricity	9	53	1,204	939
Royalty	968	954	2,891	2,830
	<u>26,904</u>	<u>28,148</u>	<u>78,697</u>	<u>80,396</u>

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

	<i>30 September</i>	<i>31 December</i>
	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>
Other related parties		
Assets		
Long term receivable	8,596	10,315
Bank balances	13,857	14,986
Receivables	9,189	7,923
	<u>31,642</u>	<u>33,224</u>
Liabilities		
Borrowings	11,280	15,040
Payables	18,426	9,616
	<u>29,706</u>	<u>24,656</u>

Outstanding balances at the end of the period arise in the normal course of business. For the nine month period ended 30 September 2014, the Company has not recorded any impairment on amounts due from related parties (2013: nil).

Compensation of key management personnel

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Short term benefits	292	335	845	980
End of service benefits	16	17	48	50
Contributions to Alba Savings Benefit Scheme	14	14	40	43
Other benefits	-	-	-	111
	<u>322</u>	<u>366</u>	<u>933</u>	<u>1,184</u>