

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

Interim condensed consolidated
financial information for the three
months ended 31 March 2019
(Unaudited)

United Gulf Investment Corporation B.S.C.
Interim condensed consolidated financial information for the three months ended
31 March 2019
(Unaudited)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 31 March 2019

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial information of United Gulf Investment Corporation B.S.C. (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the interim condensed consolidated statement of financial position as at 31 March 2019, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in shareholders’ equity and the interim condensed consolidated statement of cash flows for the three months then ended and selected explanatory notes. The management is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34 - “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information do not present fairly, in all material respects, the interim condensed consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with International Accounting Standard 34 - “*Interim Financial Reporting*”.



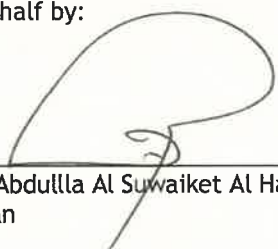
Manama, Kingdom of Bahrain
12 May 2019




United Gulf Investment Corporation B.S.C.
Interim condensed consolidated statement of financial position as at 31 March 2019
(Unaudited) (Expressed in Bahrain Dinars)

	Notes	31 March 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	36,908,755	37,493,410
Investment in an associate	6	941,808	913,107
Right-of-use asset	7	464,948	-
		<u>38,315,511</u>	<u>38,406,517</u>
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	15,068,523	16,275,306
Trade and other receivables	10	7,262,188	4,803,676
Mudaraba deposits		258,308	2,142,934
Cash and bank balances	11	9,232,556	10,418,816
		<u>32,077,575</u>	<u>33,896,732</u>
Total assets		<u>70,393,086</u>	<u>72,303,249</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	20,000,000	20,000,000
Statutory reserve		2,853,603	2,853,603
Share premium		116,328	116,328
Other reserves		5,664,803	6,484,698
Equity attributable to shareholders of the parent company		28,634,734	29,454,629
Non-controlling interest	13	7,004,666	7,249,613
		<u>35,639,400</u>	<u>36,704,242</u>
Non-current liabilities			
Non-current portion of term loans	14	25,127,745	25,127,745
Non-current portion of lease liability	15	447,638	-
Employees' terminal benefits		609,534	593,023
		<u>26,184,917</u>	<u>25,720,768</u>
Current liabilities			
Current portion of term loans	14	3,434,000	3,434,000
Current portion of lease liability	15	178,386	-
Trade and other payables	16	4,956,383	6,444,239
		<u>8,568,769</u>	<u>9,878,239</u>
Total equity and liabilities		<u>70,393,086</u>	<u>72,303,249</u>

The unaudited interim condensed consolidated financial information, set out on pages 4 to 19, was approved and authorised for issue by the Board of Directors on 12 May 2019 and signed on their behalf by:



 Rashed Abdulla Al Suwaiket Al Hajri
 Chairman




 Abdulla Fahad Al-Subaie
 Vice - Chairman

United Gulf Investment Corporation B.S.C.
Interim condensed consolidated statement of profit or loss and other comprehensive income for
the three months ended 31 March 2019
(Unaudited) (Expressed in Bahrain Dinars)

	<u>Notes</u>	Three months ended 31 March 2019	Three months ended 31 March 2018
Subsidiary sales		7,861,271	13,733,026
Subsidiary cost of sales		<u>(8,328,482)</u>	<u>(12,081,981)</u>
Subsidiary gross (loss)/profit		(467,211)	1,651,045
Other income	17	<u>40,834</u>	<u>39,906</u>
		<u>(426,377)</u>	<u>1,690,951</u>
Expenses			
General and administrative expenses		(474,479)	(410,901)
Finance costs		<u>(67,610)</u>	<u>(108,824)</u>
		<u>(542,089)</u>	<u>(519,725)</u>
Net (loss)/profit for the period before Zakat and share of profit from investment in an associate		(968,466)	1,171,226
Share of profit from investment in an associate	6	<u>28,701</u>	<u>26,363</u>
Net (loss)/profit for the period before tax		(939,765)	1,197,589
Provision for Zakat		<u>(81,018)</u>	<u>(343,253)</u>
Net (loss)/profit and total comprehensive (loss)/ income the period		<u>(1,020,783)</u>	<u>854,336</u>
Net (loss)/profit attributable to:			
Shareholders of the Parent Company		(786,551)	649,436
Non-controlling interest	13	<u>(234,232)</u>	<u>204,900</u>
		<u>(1,020,783)</u>	<u>854,336</u>
Basic and diluted earnings per share	18	<u>(3.93 fils)</u>	<u>3.25 fils</u>
Total comprehensive (loss)/income attributable to:			
Shareholders of the Parent Company		(786,551)	649,436
Non-controlling interest	13	<u>(234,232)</u>	<u>204,900</u>
		<u>(1,020,783)</u>	<u>854,336</u>

The unaudited interim condensed consolidated financial information, set out on pages 4 to 19, was approved and authorised for issue by the Board of Directors on 12 May 2019 and signed on their behalf by:


Rashed Abdulla Al Suwaket Al Hajri
Chairman


Abdulla Fahad Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Interim condensed consolidated statement of changes in shareholders' equity for the three months ended 31 March 2019
(Unaudited)
(Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent Company							
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Other reserves	Retained earnings	Non-controlling interest	Total
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
Effect of adoption of IFRS 9	-	-	-	-	(350,103)	(350,103)	(112,507)	(462,610)
At 1 January 2018	20,000,000	2,853,603	116,328	4,329,043	2,503,036	29,802,010	7,331,381	37,133,391
Total comprehensive income for the period	-	-	-	-	649,436	649,436	204,900	854,336
At 31 March 2018	20,000,000	2,853,603	116,328	4,329,043	3,152,472	30,451,446	7,536,281	37,987,727
At 31 December 2018	20,000,000	2,853,603	116,328	4,329,043	2,155,655	29,454,629	7,249,613	36,704,242
Effect of adoption of IFRS 16	-	-	-	-	(33,344)	(33,344)	(10,715)	(44,059)
At 1 January 2019	20,000,000	2,853,603	116,328	4,329,043	2,122,311	29,421,285	7,238,898	36,660,183
Total comprehensive loss for the period	-	-	-	-	(786,551)	(786,551)	(234,232)	(1,020,783)
At 31 March 2019	20,000,000	2,853,603	116,328	4,329,043	1,335,760	28,634,734	7,004,666	35,639,400

United Gulf Investment Corporation B.S.C.
Interim condensed consolidated statement of cash flows for the three months ended
31 March 2019
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Three months ended 31 March 2019	Three months ended 31 March 2018
Operating activities			
Net (loss)/profit for the period		(1,020,783)	854,336
Adjustments for:			
Depreciation	5	599,098	695,859
Amortisation of right-of-use asset	7	14,233	-
Interest expense on lease liability		1,784	-
Share of profit from investment in an associate	6	(28,701)	(26,363)
Bank interest income	17	(40,834)	(30,816)
Finance costs		67,610	108,824
Changes in operating assets and liabilities:			
Inventories		1,206,783	3,318,742
Trade and other receivables		(2,458,512)	(2,164,072)
Trade and other payables		(1,386,856)	1,370,639
Employees' terminal benefits, net		16,511	(175)
Net cash (used in)/provided by operating activities		<u>(3,029,667)</u>	<u>4,126,974</u>
Investing activities			
Purchase of property, plant and equipment	5	(14,443)	(12,619)
Net movement in Mudaraba deposits		1,884,626	-
Bank interest income received	17	40,834	30,816
Net cash provided by investing activities		<u>1,911,017</u>	<u>18,197</u>
Financing activities			
Finance costs paid		(67,610)	(108,824)
Net movement in term loans		-	(265,516)
Net cash used in financing activities		<u>(67,610)</u>	<u>(374,340)</u>
Net (decrease)/increase in cash and cash equivalents		(1,186,260)	3,770,831
Cash and cash equivalents, beginning of the period		10,418,816	8,167,224
Cash and cash equivalents, end of the period	11	<u>9,232,556</u>	<u>11,938,055</u>

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the interim condensed consolidated financial information for the three months ended 31 March 2019
(Unaudited)
(Expressed in Bahrain Dinars)

1 Organisation and activities

United Gulf Investment Corporation B.S.C. (“the Company”) and its subsidiaries comprise “the Group.” The Company is a public shareholding company registered with the Ministry of Industry 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 Memorandum and Articles of Association.

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

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

2 Structure of the Group

The structure of the Group is as follows:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest as at 31 March</u>	<u>Non-controlling interest ownership /voting interest as at 31 March</u>
Gulf Ferro Alloys Company (SABAYEK) W.L.L.	Kingdom of Saudi Arabia	75.68% (31 December 2018: 75.68%)	24.32% (31 December 2018: 24.32%)
United Gulf Trading S.P.C.	Kingdom of Bahrain	100% (31 December 2018: 100%)	- (31 December 2018: Nil)

The total assets and net profit for the period of the subsidiaries have been extracted from the unaudited interim management accounts for the three months ended 31 March 2019.

3 Basis of preparation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 - “Interim Financial Reporting”. The interim condensed consolidated financial information should therefore be read in conjunction with the annual audited consolidated financial statements prepared as at, and for the year ended, 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards.

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

3 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2019

The following new standard, amendment to existing standard or interpretation to published standard is mandatory for the first time for the financial year beginning 1 January 2019 and has been adopted in the preparation of these interim condensed consolidated financial information:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 16	Leases	1 January 2019

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases. As a result of adoption of IFRS 16, the Group has recognised right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under previous accounting requirements, the Group did not recognise related assets or liabilities, and instead spread the lease payments on a straight-line basis over the lease term, disclosing in its condensed interim financial information the total commitment.

The Group has adopted and implemented IFRS 16 from 1 January 2019 and therefore the Group has recognised leases on balance sheet as at 1 January 2019. In addition, it also decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Group has recognised finance costs on its lease liabilities and amortisation charge on its right-of-use assets. This will decrease reported EBITDA by the amount of its operating lease cost.

As a result of the adoption of this standard as of 1 January 2019 an amount of BD479,181 was recognised as right of use assets and BD626,024 was recognised as lease liabilities.

Standards, amendments and interpretations issued and effective in 2019 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2019 or subsequent periods, but is not relevant to the Group's operations:

<u>Standard or interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 12	Income taxes	1 January 2019
IAS 19	Employee benefits	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 9	Financial instruments	1 January 2019
IFRS 3	Business combinations	1 January 2019
IFRS 11	Joint arrangements	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

3 Basis of preparation (continued)

Improvements/amendments to IFRS/IAS

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

New standards, improvements, interpretations and amendments issued but not yet effective in 2019

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory and hence, have not been early adopted by the Group in preparing the interim condensed financial information for the period ended 31 March 2019. The Group intends to apply these standards from application date as indicated in the table below:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17	Insurance contracts	1 January 2021

There would have been no change in the operational results of the Group for the period ended 31 March 2019 had the Group early adopted any of the above standards applicable to the Group.

4 Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2018, as described in those annual audited consolidated financial statements except for the change arising due to adoption of IFRS 16.

Right-of-use assets

As explained above in Note 3, the Group has implemented IFRS 16 from 1 January 2019 and therefore the Group has recognised a right-of-use assets and lease liability in the condensed interim financial information. In accordance with the transition provisions of IFRS 16, instead of recognising an operating expense for its operating lease arrangements, the Group has recognised finance costs on its lease liabilities and amortisation charge on its right-of-use assets.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

4 Significant accounting policies (continued)

The right-of-use asset is subsequently amortised using the straight line method from the commencement date to the earlier of the end of the estimated useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of equipment and furniture. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Depreciation is calculated on a straight line basis over the estimated useful lives of the right of use assets.

Lease liability

The lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprising fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

5 Property, plant and equipment

Additions to property, plant and equipment during the three month period ended 31 March 2019 amounted to BD14,443 (31 December 2018: BD97,780). There were no disposals of property, plant and equipment during the three-month period ended 31 March 2019 (31 December 2018: BDNil).

The depreciation charged for the three months ended 31 March 2019 amounted to BD599,098 (31 March 2018: BD695,859).

The Company operates from premises rented at a monthly rent of BD1,707 (2018: BD1,631 per month).

The Group's Subsidiary operates from premises rented at a monthly rent of BD7,635 (2018: BD7,635 per month).

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

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the interim condensed consolidated financial information for the three months ended 31 March 2019

(Unaudited)

(Expressed in Bahrain Dinars)

6 Investment in an associate

	31 March <u>2019</u>	31 December <u>2018</u>
Opening balance	913,107	886,548
Share of profit for the year	<u>28,701</u>	<u>26,559</u>
Closing balance	<u>941,808</u>	<u>913,107</u>

The investment in an associate represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing ("DCIM"). This associate owns 51% shareholding interest in Synthomer Middle East ("Synthomer"), which effectively give the Group an ownership control of 10.20% in Synthomer.

The associate does not have any other major assets or liabilities other than its investment in Synthomer. The carrying value of the investment and the share of profit in an associate represents the Group's 10.20% effective ownership interest in Synthomer.

The Group's share in the net assets and results of operations of the associate has been extracted from the unaudited management accounts of Synthomer prepared as at, and for the three months ended 31 March 2019 and year ended 31 December 2018. The carrying value of the investment in associate include the value of goodwill amounting to BD251,111 being excess consideration paid to acquire the associate. In the opinion of the management, the carrying value of goodwill is not impaired as at 31 March 2019.

7 Right-of-use assets

	Leasehold land (Unaudited)
On adoption of IFRS 16 as at 1 January 2019 (Note 3)	479,181
Amortisation charge for the period	<u>(14,233)</u>
Balance at 31 March 2019	<u>464,948</u>

8 Financial assets at fair value through profit or loss

	31 March <u>2019</u>	31 December <u>2018</u>
Opening and closing balance	<u>256,000</u>	<u>256,000</u>

Financial assets at fair value through profit or loss are denominated in Bahrain Dinars. These consist of marketable equity securities listed on the Bahrain Bourse and are fair valued annually at the close of business on 31 December. Fair value is determined by reference to stock exchange quoted prices. In addition, the Company also holds 403,591 unquoted shares in TAB Energy Limited. In the opinion of the management, the fair values of the financial assets at fair value through profit or loss are not significantly different from their carrying amount.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the interim condensed consolidated financial information for the three months ended 31 March 2019
(Unaudited)
(Expressed in Bahrain Dinars)

9 Inventories

	<u>31 March 2019</u>	<u>31 December 2018</u>
Raw materials	3,312,398	7,159,115
Finished goods and work-in-process	9,288,874	6,680,320
Consumable spares	<u>2,467,251</u>	<u>2,435,871</u>
	<u>15,068,523</u>	<u>16,275,306</u>

10 Trade and other receivables

	<u>31 March 2019</u>	<u>31 December 2018</u>
Trade receivables	4,599,688	2,296,397
Less: provision for impairment of trade receivables	<u>(472,303)</u>	<u>(374,301)</u>
	4,127,385	1,922,096
Prepayments and other receivables	<u>3,134,803</u>	<u>2,881,580</u>
	<u>7,262,188</u>	<u>4,803,676</u>

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

11 Cash and bank balances

	<u>31 March 2019</u>	<u>31 December 2018</u>
Balances in call and current accounts with banks	9,227,897	10,414,659
Cash on hand	<u>4,659</u>	<u>4,157</u>
	<u>9,232,556</u>	<u>10,418,816</u>

12 Share capital

	<u>31 March 2019</u>	<u>31 December 2018</u>
Authorised		
400,000,000 (2018: 400,000,000) shares of 100 fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up		
200,000,000 (2018: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the interim condensed consolidated financial information for the three months ended 31 March 2019

(Unaudited)

(Expressed in Bahrain Dinars)

13 Non-controlling interest

	31 March 2019	31 December 2018
Opening Balance	7,249,613	7,443,888
Effect of adoption of IFRS 9	-	(112,507)
Effect of adoption of IFRS 16	(10,715)	-
Share of non-controlling interest in the total comprehensive loss of the subsidiary	<u>(234,232)</u>	<u>(81,768)</u>
Closing balance	<u>7,004,666</u>	<u>7,249,613</u>

14 Term loans

	31 March 2019	31 December 2018
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Saudi Industrial Development Fund (SIDF)

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

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

Subsequently, the subsidiary negotiated with SIDF for the extension of the repayment schedule of the loan to a later period. SIDF accepted the subsidiary's proposal and extended the loan repayment period to 35 years beginning from 17 April 2008, with half yearly intervals, vide their letter dated 7/11/1427 Hijri (Arabic date).

	20,614,100	20,614,100
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Saudi Electric Company (SEC)

Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million.

Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity charges to SEC on time.

The management re-negotiated with SEC for instalment payments against energy bills to which SEC agreed. At the end of 2016, SABAYEK agreed to make instalment payments for its 2015 and 2016 liabilities where SABAYEK is required to pay SAR1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2018, SAR2 million from November 2018 to March 2021 including the final instalment of SAR1.1 million in accordance with the repayment schedule.

	<u>7,947,645</u>	<u>7,947,645</u>
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	28,561,745	28,561,745
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Less: current portion of term loans	<u>(3,434,000)</u>	<u>(2,929,000)</u>
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Non-current portion of term loans	<u>25,127,745</u>	<u>25,127,745</u>
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United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the interim condensed consolidated financial information for the three months ended 31 March 2019

(Unaudited)

(Expressed in Bahrain Dinars)

14 Term loans (continued)

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 term loans.

15 Lease liabilities

	31 March <u>2019</u>	31 December <u>2018</u>
Lease liabilities	626,024	-
Less: current portion of lease liabilities	<u>(178,386)</u>	<u>-</u>
Non-current portion of lease liabilities	<u>447,638</u>	<u>-</u>

Maturity analysis - contractual undiscounted cash flows:

	31 March <u>2019</u>	31 December <u>2018</u>
Less than one year	263,674	-
One to five years	458,079	-
More than five years	<u>221,405</u>	<u>-</u>
Total undiscounted lease liabilities	<u>943,158</u>	<u>-</u>

16 Trade and other payables

	31 March <u>2019</u>	31 December <u>2018</u>
Trade payables	1,116,279	3,068,587
Accruals and other payables	<u>3,840,104</u>	<u>3,375,652</u>
	<u>4,956,383</u>	<u>6,444,239</u>

17 Other income

	Three months ended 31 March <u>2019</u>	Three months ended 31 March <u>2018</u>
Bank interest income	40,834	30,816
Miscellaneous income	<u>-</u>	<u>9,090</u>
	<u>40,834</u>	<u>39,906</u>

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18 Earnings per share

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

	Three months ended 31 March 2019	Three months ended 31 March 2018
Net (loss)/profit attributable to shareholders of the Parent Company	<u>(786,551)</u>	<u>649,436</u>
Weighted average number of ordinary shares in issue during the period	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted (loss)/earnings per share	<u>(3.93 fils)</u>	<u>3.25 fils</u>

19 Related party transactions and balances

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

Key management personnel compensation

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

	Three months ended 31 March 2019	Three months ended 31 March 2018
Remuneration to key management personnel	<u>6,900</u>	<u>6,900</u>

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20 Segmental information

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

The Group's primary business segments are:

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

As at and for the three month period ended 31 March 2019

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	7,861,271	-	7,861,271
Other income	-	40,834	40,834
Provision for Zakat	(81,018)		(81,018)
Operating costs	<u>(8,328,482)</u>	<u>-</u>	<u>(8,328,482)</u>
Segment loss	(548,229)	40,834	(507,395)
Share of profit from investment in an associate			28,701
Other expenses			<u>(542,089)</u>
Net loss for the period			<u>(1,020,783)</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>956,251</u>	<u>-</u>	<u>956,251</u>
Total segment assets	<u>62,998,315</u>	<u>7,394,771</u>	<u>70,393,086</u>
Total segment liabilities	<u>34,343,503</u>	<u>410,183</u>	<u>34,753,686</u>

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20 Segmental information (continued)

For the three months period ended 31 March 2018 and as at 31 December 2018

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	13,733,026	-	13,733,026
Other income	9,090	30,816	39,906
Operating costs	<u>(12,081,981)</u>	<u>-</u>	<u>(12,081,981)</u>
Segment profit	1,660,135	30,816	1,690,951
Share of profit from investment in an associate			26,363
Other expenses			<u>(862,978)</u>
Net profit for the period			<u><u>854,336</u></u>

Assets and liabilities	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>409,950</u>	<u>-</u>	<u>409,950</u>
Total segment assets	<u>64,779,882</u>	<u>7,523,367</u>	<u>72,303,249</u>
Total segment liabilities	<u>34,589,895</u>	<u>1,009,112</u>	<u>35,599,007</u>

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

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

	<u>Segment assets</u>		<u>Segment liabilities</u>	
	As at 31 March 2019	As at 31 December 2018	As at 31 March 2019	As at 31 December 2018
Kingdom of Bahrain	7,394,771	7,523,367	410,183	1,009,112
Kingdom of Saudi Arabia	<u>62,998,315</u>	<u>64,779,882</u>	<u>34,343,503</u>	<u>34,589,895</u>
	<u>70,393,086</u>	<u>72,303,249</u>	<u>34,753,686</u>	<u>35,599,007</u>

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21 Dividends

The Board of Directors does not propose to pay any dividends during the period ended 31 March 2019 (31 December 2018: BDNil).

22 Interim results

The interim condensed consolidated net profit and other comprehensive income for the three months ended 31 March 2019 may not be represent a proportionate share of the annual consolidated net profit and other comprehensive income due to the variability in timing of the receipt of investment income.

23 Notes supporting statement of cash flows

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

	1 January <u>2019</u>	Obtained during the <u>year</u>	Finance cost <u>accrued</u>	Principal repaid during the <u>year</u>	Finance costs <u>Paid</u>	31 March <u>2019</u>
Term loan	<u>28,561,745</u>	<u>-</u>	<u>65,826</u>	<u>-</u>	<u>(65,826)</u>	<u>28,561,745</u>
	1 January <u>2018</u>	Obtained during the <u>year</u>	Finance cost <u>accrued</u>	Principal repaid during the <u>year</u>	Finance costs <u>Paid</u>	31 March <u>2018</u>
Term loan	<u>31,456,188</u>	<u>2,513,688</u>	<u>108,824</u>	<u>(2,779,204)</u>	<u>(108,824)</u>	<u>31,190,672</u>

24 Events after the reporting period

There were no events occurring subsequent to 31 March 2019 and before the date of the report that are expected to have a significant impact on these interim condensed consolidated financial information.