

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

Condensed interim consolidated
financial information for the three
months ended 31 March 2020
(Unaudited)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the three months ended
31 March 2020
(Unaudited)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 31 March 2020

Commercial registration no.	24377 obtained on 18 February 1991
Board of Directors	Rashed Abdulla Al Suwaiket Al Hajri - Chairman Abdulla Fahad Al-Subaie - Vice - Chairman Qusay Khalil Yusuf Al-Khalili Abdulla Mubarak Abdulla Al-Suwaiket Waleed Fahad Al-Tharman
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 - Chairman Waleed Fahad Al-Tharman
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 Alinma Bank
Auditors	BDO 17 th Floor Diplomat Commercial Offices Tower PO Box 787 Manama Kingdom of Bahrain
Registrars	Karvy Computershare W.L.L. PO Box 514 Manama Kingdom of Bahrain Bahrain Clear Bahrain Financial Harbour Harbour Gate - Level 4 PO Box 3203 Manama Kingdom of Bahrain

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of United Gulf Investment Corporation B.S.C. (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the condensed interim consolidated statement of financial position as at 31 March 2020, the condensed interim consolidated statement of profit or loss and other comprehensive income, the condensed interim consolidated statement of changes in shareholders’ equity and the condensed interim consolidated statement of cash flows for the three months then ended and selected explanatory notes. The management is responsible for the preparation and presentation of these condensed interim consolidated financial information in accordance with International Accounting Standard 34 - *“Interim Financial Reporting”*. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information do not present fairly, in all material respects, the condensed interim consolidated financial position of the Group as at 31 March 2020, 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
August 2020

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 31 March 2020
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	31 March 2020 (Unaudited)	31 December 2019 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	34,673,319	35,293,094
Investment in an associate	6	981,761	929,983
Right-of-use assets	7	<u>408,212</u>	<u>422,406</u>
		<u>36,063,292</u>	<u>36,645,483</u>
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	21,715,135	18,653,121
Trade and other receivables	10	5,616,821	6,745,497
Mudaraba deposits		1,908,069	1,903,323
Cash and bank balances	11	<u>5,321,419</u>	<u>4,429,240</u>
		<u>34,817,444</u>	<u>31,987,181</u>
Total assets		<u>70,880,736</u>	<u>68,632,664</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		<u>1,882,671</u>	<u>2,113,464</u>
Equity attributable to shareholders of the parent company		24,852,602	25,083,395
Non-controlling interest	13	<u>5,819,116</u>	<u>5,894,950</u>
		<u>30,671,718</u>	<u>30,978,345</u>
Non-current liabilities			
Non-current portion of term loans	14	24,622,745	24,622,745
Non-current portion of lease liabilities	15	400,685	447,638
Employees' terminal benefits		<u>658,698</u>	<u>655,624</u>
		<u>25,682,128</u>	<u>25,726,007</u>
Current liabilities			
Current portion of term loans	14	8,724,840	7,127,183
Current portion of lease liabilities	15	297,423	236,675
Trade and other payables	16	<u>5,504,627</u>	<u>4,564,454</u>
		<u>14,526,890</u>	<u>11,928,312</u>
Total equity and liabilities		<u>70,880,736</u>	<u>68,632,664</u>

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

Rashed Abdulla Al Suwaiket Al Hajri
Chairman

Abdulla Fahad. Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of profit or loss and other comprehensive income
for the three months ended 31 March 2020
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	Three months ended 31 March 2020 (Unaudited)	Three months ended 31 March 2019 (Audited)
Sales		6,299,720	7,861,271
Cost of sales		<u>(6,113,062)</u>	<u>(8,328,482)</u>
Gross profit/(loss)		186,658	(467,211)
Other income	17	<u>23,221</u>	<u>40,834</u>
		<u>209,879</u>	<u>(426,377)</u>
Expenses			
General and administrative expenses		(381,425)	(474,479)
Finance costs		<u>(80,809)</u>	<u>(67,610)</u>
		<u>(462,234)</u>	<u>(542,089)</u>
Net loss for the period before Zakat and share of profit from investment in an associate		(252,355)	(968,466)
Share of profit from investment in an associate	6	<u>51,778</u>	<u>28,701</u>
Net loss for the period before tax		(200,577)	(939,765)
Provision for Zakat		<u>(106,050)</u>	<u>(81,018)</u>
Net loss and total comprehensive loss for the period		<u>(306,627)</u>	<u>(1,020,783)</u>
Net loss attributable to:			
Shareholders of the Parent Company		(230,793)	(786,551)
Non-controlling interest	13	<u>(75,834)</u>	<u>(234,232)</u>
		<u>(306,627)</u>	<u>(1,020,783)</u>
Basic and diluted loss per share	18	<u>(1.15 fils)</u>	<u>(3.93 fils)</u>
Total comprehensive loss attributable to:			
Shareholders of the Parent Company		(230,793)	(786,551)
Non-controlling interest	13	<u>(75,834)</u>	<u>(234,232)</u>
		<u>(306,627)</u>	<u>(1,020,783)</u>

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

Rashed Abdulla Al Suwaiket Al Hajri
Chairman

Abdulla Fahad. Al-Subaie
Vice - Chairman

United Gulf Investment Corporation B.S.C.

Condensed interim consolidated statement of changes in shareholders' equity for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent Company						Non-controlling interest	Total
	Share capital	Statutory reserve	Share premium	Other reserves		Total		
				Revaluation reserve	Retained earnings			
Adjusted balance at 1 January 2019 (Audited)	20,000,000	2,853,603	116,328	4,329,043	2,122,311	29,421,285	7,238,898	36,660,183
Total comprehensive loss for the period	-	-	-	-	(786,551)	(786,551)	(234,232)	(1,020,783)
At 31 March 2019 (Unaudited)	<u>20,000,000</u>	<u>2,853,603</u>	<u>116,328</u>	<u>4,329,043</u>	<u>1,335,760</u>	<u>28,634,734</u>	<u>7,004,666</u>	<u>35,639,400</u>
At 31 December 2019	20,000,000	2,853,603	116,328	4,329,043	(2,215,579)	25,083,395	5,894,950	30,978,345
Total comprehensive loss for the period	-	-	-	-	(230,793)	(230,793)	(75,834)	(306,627)
At 31 March 2019 (Unaudited)	<u>20,000,000</u>	<u>2,853,603</u>	<u>116,328</u>	<u>4,329,043</u>	<u>(2,446,372)</u>	<u>24,852,602</u>	<u>5,819,116</u>	<u>30,671,718</u>

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

	<u>Notes</u>	Three months ended 31 March <u>2020</u> (Unaudited)	Three months ended 31 March <u>2019</u> (Audited)
Operating activities			
Net loss for the period		(306,627)	(1,020,783)
Adjustments for:			
Depreciation	5	621,610	599,098
Amortisation of right-of-use assets		14,194	14,233
Provision for impaired trade receivables		104,610	98,002
Share of profit from investment in an associate	6	(51,778)	(28,701)
Bank interest income	17	(23,221)	(40,834)
Finance costs		80,809	69,394
Changes in operating assets and liabilities:			
Inventories		(3,062,014)	1,206,783
Trade and other receivables		1,024,066	(2,556,514)
Trade and other payables		940,173	(1,386,856)
Employees' terminal benefits, net		<u>3,074</u>	<u>16,511</u>
Net cash used in operating activities		<u>(655,104)</u>	<u>(3,029,667)</u>
Investing activities			
Purchase of property, plant and equipment	5	(1,835)	(14,443)
Net movement in Mudaraba deposits		(4,746)	1,884,626
Bank interest income received	17	<u>23,221</u>	<u>40,834</u>
Net cash provided by investing activities		<u>16,640</u>	<u>1,911,017</u>
Financing activities			
Proceeds from term loans	23	2,469,270	-
Repayment of term loans	23	(871,613)	-
Finance costs paid		<u>(67,014)</u>	<u>(67,610)</u>
Net cash provided by/(used in) financing activities		<u>1,530,643</u>	<u>(67,610)</u>
Net increase/(decrease) in cash and cash equivalents		892,179	(1,186,260)
Cash and cash equivalents, beginning of the period		<u>4,429,240</u>	<u>10,418,816</u>
Cash and cash equivalents, end of the period	11	<u>5,321,419</u>	<u>9,232,556</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

1 Organisation and activities

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

The unaudited condensed interim consolidated financial information, set out on pages 4 to 18, was approved and authorised for issue by the Board of Directors on August 2020.

2 Structure of the Group

The structure of the Group is as follows:

<u>Name of the subsidiary</u>	<u>Country of incorporation</u>	<u>Proportion of ownership interest as at 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 2020.

3 Basis of preparation

The condensed interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 - “*Interim Financial Reporting*”. The condensed Interim consolidated financial information should therefore be read in conjunction with the annual audited consolidated financial statements prepared as at, and for the year ended, 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards.

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

United Gulf Investment Corporation B.S.C.
 Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020
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3 Basis of preparation (continued)

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

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

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

Improvements/amendments to IFRS/IAS

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

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

The following new accounting standard, interpretation and amendment has been issued, but is not mandatory and hence, has not been early adopted by the Group in preparing the condensed interim consolidated financial information for the period ended 31 March 2020. The Group intends to apply this standard from application date as indicated in the table below:

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

There would have been no change in the financial position and operational results of the Group for the period ended 31 March 2020 had the Group early adopted the above standard.

4 Significant accounting policies

The accounting policies used in the preparation of the condensed interim consolidated financial information are consistent with those used in the annual audited consolidated financial statements of the Group prepared as at, and for the year ended 31 December 2019, as described in those annual audited consolidated financial statements.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

5 Property, plant and equipment

Additions to property, plant and equipment during the three-month period ended 31 March 2020 amounted to BD1,835 (31 December 2019: BD17,626). There were no disposals of property, plant and equipment during the three-month period ended 31 March 2020 (31 December 2019: BDNil).

The depreciation charged for the three months ended 31 March 2020 amounted to BD621,610 (31 March 2018: BD599,098).

The Company operates from premises rented at a monthly rent of BD1,707 (2019: BD1,707 per month).

The Group's Subsidiary operates from premises rented at a monthly rent of BD7,635 (2019: BD7,635 per month).

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

6 Investment in an associate

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Opening balance	929,983	913,107
Share of profit for the year	<u>51,778</u>	<u>16,876</u>
Closing balance	<u>981,761</u>	<u>929,983</u>

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

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

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020
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7 Right-of-use assets

	<u>Leasehold Land</u>
<i>Cost</i>	
On adoption of IFRS 16 at 1 January 2019, 31 December 2019 and 31 March 2020	<u>479,181</u>
<i>Accumulated amortisation</i>	
Amortisation charge for the year and at 31 December 2019	56,775
Amortisation charge for the period	<u>14,194</u>
At 31 March 2020	<u>70,969</u>
<i>Carrying value</i>	
At 31 March 2020 (unaudited)	<u>408,212</u>
At 31 December 2019 (audited)	<u>422,406</u>

8 Financial assets at fair value through profit or loss

	31 March <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Opening and closing balance	<u>256,000</u>	<u>256,000</u>

Financial assets at fair value through profit or loss are denominated in Bahrain Dinars. These consist of marketable equity securities listed on the Bahrain Bourse and are fair valued annually at the close of business 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 which have been fully impaired. 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.

9 Inventories

	31 March <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Finished goods and work-in-process	15,000,773	11,334,817
Raw materials	4,324,425	4,909,497
Consumable spares	<u>2,389,937</u>	<u>2,408,807</u>
	<u>21,715,135</u>	<u>18,653,121</u>

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020
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10 Trade and other receivables

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Trade receivables	3,016,224	2,424,877
Less: provision for impairment of trade receivables	<u>(533,560)</u>	<u>(428,950)</u>
	2,482,664	1,995,927
Prepayments and other receivables	<u>3,134,157</u>	<u>4,749,570</u>
	<u>5,616,821</u>	<u>6,745,497</u>

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

11 Cash and bank balances

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Balances in call and current accounts with banks	5,317,081	4,330,536
Cash on hand	4,338	4,329
Short-term Mudaraba deposits	<u>-</u>	<u>94,375</u>
	<u>5,321,419</u>	<u>4,429,240</u>

12 Share capital

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Authorised 400,000,000 (2019: 400,000,000) shares of 100 fils each	<u>40,000,000</u>	<u>40,000,000</u>
Issued and fully paid-up 200,000,000 (2019: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

13 Non-controlling interest

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
Opening Balance	5,894,950	7,249,613
Impact of IFRS 16 adoption	-	(10,715)
Share of non-controlling interest in the total comprehensive loss of the subsidiary	<u>(75,834)</u>	<u>(1,343,948)</u>
Closing balance	<u>5,819,116</u>	<u>5,894,950</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

14 Term loans

	<u>31 March</u> <u>2020</u> (Unaudited)	<u>31 December</u> <u>2019</u> (Audited)
Saudi Industrial Development Fund (SIDF)		
In 1996, the subsidiary obtained a long-term loan from SIDF amounting to SAR323 million by pledging the property, plant and equipment of the subsidiary and the guarantee of the subsidiary's shareholders against the loan. The total withdrawal against this loan amounted to SAR319 million.		
The loan agreement initially stated that the loan should be repaid in 16 instalments starting from 28 July 1999 up to 8 October 2006.		
Subsequently, the subsidiary negotiated with SIDF for the extension of the repayment schedule of the loan to a later period. SIDF accepted the subsidiary's proposal and extended the loan repayment period to 35 years beginning from 17 April 2008, with half yearly intervals, vide their letter dated 7/11/1427 Hijri (Arabic date).	20,109,100	20,109,100
Saudi Electric Company (SEC)		
Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million. Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity charges to SEC on time. The management re-negotiated with SEC for instalment payments against energy bills to which SEC agreed. At the end of 2016, SABAYEK agreed to make instalment payments for its 2015 and 2016 liabilities where SABAYEK is required to pay SAR1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2018, SAR2 million from November 2018 to March 2021 including the final instalment of SAR1.1 million in accordance with the repayment schedule.	<u>13,238,485</u>	<u>11,640,828</u>
	33,347,585	31,749,928
Less: current portion of term loans	<u>(8,724,840)</u>	<u>(7,127,183)</u>
Non-current portion of term loans	<u>24,622,745</u>	<u>24,622,745</u>

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

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020
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15 Lease liabilities

	31 March <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Opening balance	684,313	624,240
Interest expense	<u>13,795</u>	<u>60,073</u>
Closing balance	698,108	684,313
Less: current lease liabilities	<u>(297,423)</u>	<u>(236,675)</u>
Non-current lease liabilities	<u>400,685</u>	<u>447,638</u>

Maturity analysis - contractual undiscounted cash flows:

	31 March <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Less than one year	419,906	328,290
One to five years	458,079	458,079
More than five years	<u>38,173</u>	<u>129,789</u>
Total undiscounted lease liabilities	<u>916,158</u>	<u>916,158</u>

16 Trade and other payables

	31 March <u>2020</u> (Unaudited)	31 December <u>2019</u> (Audited)
Trade payables	1,342,867	741,815
Accruals and other payables	<u>4,161,760</u>	<u>3,822,639</u>
	<u>5,504,627</u>	<u>4,564,454</u>

17 Other income

	Three months ended 31 March <u>2020</u> (Unaudited)	Three months ended 31 March <u>2019</u> (Unaudited)
Bank interest income	<u>23,221</u>	<u>40,834</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

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 2020 <u>(Unaudited)</u>	Three months ended 31 March 2019 <u>(Unaudited)</u>
Net loss attributable to shareholders of the Parent Company	<u>(230,793)</u>	<u>(786,551)</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 losses per share	<u>(1.15fil)</u>	<u>(3.93 fil)</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 2020 <u>(Unaudited)</u>	Three months ended 31 March 2019 <u>(Unaudited)</u>
Remuneration to key management personnel	<u>6,900</u>	<u>6,900</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

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 2020 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	6,299,720	-	6,299,720
Other income	-	23,221	23,221
Provision for Zakat	(106,050)	-	(106,050)
Operating costs	<u>(6,113,062)</u>	-	<u>(6,113,062)</u>
Segment profit	80,608	23,221	103,829
Share of profit from investment in an associate	-	51,778	51,778
Other expenses	<u>(462,234)</u>	-	<u>(462,234)</u>
Net loss for the period	<u>(381,626)</u>	<u>74,999</u>	<u>(306,627)</u>
Assets and liabilities	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>1,835</u>	-	<u>1,835</u>
Total segment assets	<u>63,718,640</u>	<u>7,162,096</u>	<u>70,880,736</u>
Total segment liabilities	<u>39,879,964</u>	<u>329,054</u>	<u>40,209,018</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

20 Segmental information (continued)

For the three months period ended 31 March 2019 (unaudited) and as at 31 December 2019 (audited)

	<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>(8,328,482)</u>
Segment loss	(548,229)	40,834	(507,395)
Share of profit from investment in an associate	-	28,701	28,701
Other expenses	<u>(542,089)</u>	-	<u>(542,089)</u>
Net loss for the period	<u>(1,090,318)</u>	<u>69,535</u>	<u>(1,020,783)</u>
Assets and liabilities	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>17,626</u>	-	<u>17,626</u>
Total segment assets	<u>61,310,219</u>	<u>7,322,445</u>	<u>68,632,664</u>
Total segment liabilities	<u>37,295,419</u>	<u>358,900</u>	<u>37,654,319</u>

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

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

	<u>Segment assets</u>		<u>Segment liabilities</u>	
	As at 31 March 2020	As at 31 December 2019	As at 31 March 2020	As at 31 December 2019
Kingdom of Bahrain	7,162,096	7,322,445	329,054	358,900
Kingdom of Saudi Arabia	<u>63,718,640</u>	<u>61,310,219</u>	<u>39,879,964</u>	<u>37,295,419</u>
	<u>70,880,736</u>	<u>68,632,664</u>	<u>40,209,018</u>	<u>37,654,319</u>

21 Dividends

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

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial statements for the three months ended 31 March 2020

(Unaudited)

(Expressed in Bahrain Dinars)

22 Interim results

The condensed interim consolidated net profit and other comprehensive income for the three months ended 31 March 2020 may not be represent a proportionate share of the annual consolidated net profit and other comprehensive income due to the variability in timing of the receipt of investment income.

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.

	<u>1 January 2019</u>	<u>Obtained during the year</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the year</u>	<u>Finance costs Paid</u>	<u>31 March 2019</u>
Term loan	<u>31,749,928</u>	<u>2,469,270</u>	<u>67,014</u>	<u>(871,613)</u>	<u>(67,014)</u>	<u>33,347,585</u>
	<u>1 January 2019</u>	<u>Obtained during the year</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the year</u>	<u>Finance costs Paid</u>	<u>31 March 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>

24 Events after the reporting period

On 30 January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Proprietorship’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Proprietorship is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year 2020.

Other than above, there were no events occurring subsequent to 31 March 2020 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.