

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

Condensed interim consolidated
financial information for the three
months ended 31 March 2021
(Unaudited)

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the three months ended 31 March 2021
(Unaudited)

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 31 March 2021

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	KFin technologies (Bahrain) 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 2021, 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 2021, 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
11 May 2021

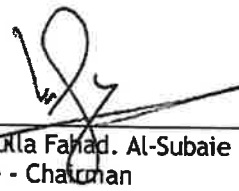


United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 31 March 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	<u>31 March 2021 (Unaudited)</u>	<u>31 December 2020 (Audited)</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,392,222	34,015,881
Investment in an associate	6	1,284,831	1,056,662
Right-of-use assets	7	<u>351,436</u>	<u>365,630</u>
		35,028,489	35,438,173
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	12,995,742	17,945,431
Trade and other receivables	10	10,905,412	10,461,011
Mudaraba deposits		1,871,632	1,914,128
Cash and bank balances	11	<u>5,703,583</u>	<u>1,693,571</u>
		31,732,369	32,270,141
Total assets		<u>66,760,858</u>	<u>67,708,314</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>1,439,254</u>	<u>1,312,512</u>
Equity attributable to shareholders of the parent company		24,409,185	24,282,443
Non-controlling interest	13	<u>5,650,075</u>	<u>5,624,067</u>
		30,059,260	29,906,510
Non-current liabilities			
Non-current portion of term loans	14	21,160,894	21,799,727
Non-current portion of lease liabilities	15	356,975	369,124
Employees' terminal benefits		<u>668,708</u>	<u>663,273</u>
		22,186,577	22,832,124
Current liabilities			
Current portion of term loans	14	7,997,671	8,974,839
Current portion of lease liabilities	15	233,303	279,470
Trade and other payables	16	<u>6,284,047</u>	<u>5,715,371</u>
		14,515,021	14,969,680
Total equity and liabilities		<u>66,760,858</u>	<u>67,708,314</u>

These unaudited condensed interim consolidated financial information were 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 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Subsidiary sales		12,936,120	6,299,720
Subsidiary cost of sales		<u>(12,319,033)</u>	<u>(6,113,062)</u>
Subsidiary gross profit		617,087	186,658
Other income	17	<u>35,327</u>	<u>23,221</u>
		<u>652,414</u>	<u>209,879</u>
Expenses			
General and administrative expenses		(376,486)	(381,425)
Finance costs		<u>(80,175)</u>	<u>(80,809)</u>
		<u>(456,661)</u>	<u>(462,234)</u>
Net profit/(loss) for the period before Zakat and share of profit from investment in an associate		195,753	(252,355)
Share of profit from investment in an associate	6	<u>72,629</u>	<u>51,778</u>
Net profit/(loss) for the period before tax		268,382	(200,577)
Provision for Zakat		<u>(115,632)</u>	<u>(106,050)</u>
Net profit/(loss) and total comprehensive income/(loss) for the period		<u>152,750</u>	<u>(306,627)</u>
Net profit/(loss) attributable to:			
Shareholders of the Parent Company		126,742	(230,793)
Non-controlling interest	13	<u>26,008</u>	<u>(75,834)</u>
		<u>152,750</u>	<u>(306,627)</u>
Basic and diluted earnings/(loss) per share	18	<u>0.63 fils</u>	<u>(1.15 fils)</u>
Total comprehensive profit/(loss) attributable to:			
Shareholders of the Parent Company		126,742	(230,793)
Non-controlling interest	13	<u>26,008</u>	<u>(75,834)</u>
		<u>152,750</u>	<u>(306,627)</u>

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


Rashed Abdulla Al Suvaiket 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 2021
 (Unaudited)
 (Expressed in Bahrain Dinars)

	Equity attributable to shareholders of the Parent Company							Non-controlling interest	Total
	Share capital	Statutory reserve	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total		
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 2020 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,446,372)	24,852,602	5,819,116	30,671,718	
At 31 December 2020	20,000,000	2,853,603	116,328	4,329,043	(3,016,531)	24,282,443	5,624,067	29,906,510	
Total comprehensive income for the period	-	-	-	-	126,742	126,742	26,008	152,750	
At 31 March 2021 (Unaudited)	20,000,000	2,853,603	116,328	4,329,043	(2,889,789)	24,409,185	5,650,075	30,059,260	

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for the three months ended
31 March 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Operating activities			
Net profit/(loss) for the period		152,750	(306,627)
Adjustments for:			
Depreciation	5	720,340	621,610
Amortisation of right-of-use assets		14,194	14,194
Provision for impaired trade receivables		-	104,610
Reversal of excess provision for impaired trade receivables	17	(23,721)	(23,221)
Share of profit from investment in an associate	6	(72,629)	(51,778)
Bank interest income	17	(11,606)	-
Interest expense on term loans		67,791	67,014
Interest expense on lease liabilities		12,384	13,795
Changes in operating assets and liabilities:			
Inventories		4,949,689	(3,062,014)
Trade and other receivables		(420,680)	1,024,066
Trade and other payables		568,676	940,173
Employees' terminal benefits, net		5,435	3,074
Net cash provided by/ (used in) operating activities		<u>5,962,623</u>	<u>(655,104)</u>
Investing activities			
Purchase of property, plant and equipment	5	(96,681)	(1,835)
Addition to investment in an associate		(155,540)	-
Net movement in Mudaraba deposits		42,496	(4,746)
Bank interest income received	17	11,606	23,221
Net cash (used in)/provided by investing activities		<u>(198,119)</u>	<u>16,640</u>
Financing activities			
Interest expense on term loans paid		(67,791)	(67,014)
Proceeds from term loans	23	6,580,922	2,469,270
Repayment of term loans	23	(8,196,923)	(871,613)
Repayment of lease liability		(70,700)	-
Net cash (used in)/provided by financing activities		<u>(1,754,492)</u>	<u>1,530,643</u>
Net increase in cash and cash equivalents		4,010,012	892,179
Cash and cash equivalents, beginning of the period		<u>1,693,571</u>	<u>4,429,240</u>
Cash and cash equivalents, end of the period	11	<u>5,703,583</u>	<u>5,321,419</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 2021
(Unaudited)
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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 19, was approved and authorised for issue by the Board of Directors on 11 May 2021.

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 2020: 75.68%)	24.32% (31 December 2020: 24.32%)
United Gulf Trading S.P.C.	Kingdom of Bahrain	100% (31 December 2020: 100%)	- (31 December 2020: Nil)

The total assets, liabilities and net profit for the period of the subsidiaries have been extracted from the unaudited interim management accounts prepared as at, and for the three months ended 31 March 2021.

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 2020, 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.

3 Basis of preparation (continued)

Standards, amendments and interpretations issued and effective in 2021 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 2021 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 2021
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2021
IFRS 3	Business combinations	1 January 2021
IFRS 7	Financial instruments: Disclosures	1 January 2021
IFRS 9	Financial instruments	1 January 2021

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 permitted.

New standard, interpretation and amendments issued but not yet effective in 2021

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 2021. 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 2023

There would have been no change in the financial position and operational results of the Group for the period ended 31 March 2021 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 2020, 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 2021

(Unaudited)

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5 Property, plant and equipment

Additions to property, plant and equipment during the three-month period ended 31 March 2021 amounted to BD96,681 (31 December 2020: BD912,203). There were no disposals of property, plant and equipment during the three-month period ended 31 March 2021 (31 December 2020: BDNil).

The depreciation charged for the three months ended 31 March 2021 amounted to BD720,340 (31 March 2020: BD621,610)

The Company operates from premises rented at a monthly rent of BD1,707 (2020: BD1,707 per month).

The Group's subsidiary operates from premises rented at a monthly rent of BD7,635 (2020: BD7,635 per month).

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

6 Investment in an associate

	31 March 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	1,056,662	929,983
Additions during the period/year	155,540	-
Share of profit for the period/year	<u>72,629</u>	<u>126,679</u>
Closing balance	<u>1,284,831</u>	<u>1,056,662</u>

The investment in an associate represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing ("DCIM").

The Group's share in the net assets and results of operations of the associate has been extracted from the unaudited management accounts of DCIM prepared as at, and for the three months ended 31 March 2021 and year ended 31 December 2020. 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 2021.

United Gulf Investment Corporation B.S.C.
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7 Right-of-use assets

	<u>Leasehold land</u>
Cost	
At 31 December 2019, 31 December 2020 and 31 March 2021	<u>479,181</u>
Accumulated amortisation	
Amortisation charge for the year and at 31 December 2020	113,551
Amortisation charge for the period	<u>14,194</u>
At 31 March 2021	<u>127,745</u>
Carrying value	
At 31 March 2021 (unaudited)	<u>351,436</u>
At 31 December 2020 (audited)	<u>365,630</u>

8 Financial assets at fair value through profit or loss

	31 March <u>2021</u> (Unaudited)	31 December <u>2020</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>2021</u> (Unaudited)	31 December <u>2020</u> (Audited)
Raw materials	7,212,610	5,873,634
Finished goods and work-in-process	3,504,072	9,756,285
Consumable spares	<u>2,279,060</u>	<u>2,315,512</u>
	<u>12,995,742</u>	<u>17,945,431</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 2021

(Unaudited)

(Expressed in Bahrain Dinars)

10 Trade and other receivables

	31 March 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Trade receivables	8,059,792	5,386,231
Less: provision for impairment of trade receivables	<u>(487,852)</u>	<u>(511,573)</u>
	7,571,940	4,874,658
Prepayments and other receivables	<u>3,333,472</u>	<u>5,586,353</u>
	<u>10,905,412</u>	<u>10,461,011</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 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Balances in call and current accounts with banks	5,698,948	1,662,954
Short-term Mudaraba deposits	-	26,425
Cash on hand	<u>4,635</u>	<u>4,192</u>
	<u>5,703,583</u>	<u>1,693,571</u>

12 Share capital

	31 March 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Authorised		
400,000,000 (2020: 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 (2020: 200,000,000) shares of 100 fils each	<u>20,000,000</u>	<u>20,000,000</u>

13 Non-controlling interest

	31 March 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	5,624,067	5,894,950
Share of non-controlling interest in the total comprehensive income/(loss) of the subsidiary	<u>26,008</u>	<u>(270,883)</u>
Closing balance	<u>5,650,075</u>	<u>5,624,067</u>

United Gulf Investment Corporation B.S.C.
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14 Term loans

	31 March 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Saudi Industrial Development Fund		
In 1996, the subsidiary obtained a long-term loan from SIDF amounting to SAR323 million by pledging the property, plant and equipment of the subsidiary and the guarantee of the subsidiary's shareholders against the loan. The total withdrawal against this loan amounted to SAR319 million.		
The loan agreement initially stated that the loan should be repaid in 16 instalments starting from 28 July 1999 and ended on 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).	19,099,100	19,200,100
Saudi Electric Company		
Payable to SEC includes payable towards substation amounting to SAR23 million and payables towards electricity charges amounting to SAR8 million.		
Due to cash shortage, the subsidiary could not pay the dues towards the usage of electricity 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 SAR 1 million each month 'till October 2017, SAR1.5 million from November 2017 to October 2019, SAR2 million from November 2019 to December 2020, SAR5 million from January 2021 to June 2022 including the final instalment of SAR4.9 million in accordance with the repayment schedule. In addition, a payment of SAR20 million at September 2020 and a further SAR20 million at December 2020.	10,059,465	11,574,466
	29,158,565	30,774,566
Less: current portion of term loans	<u>(7,997,671)</u>	<u>(8,974,839)</u>
Non-current portion of term loans	<u>21,160,894</u>	<u>21,799,727</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.
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15 Lease liabilities

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
At 1 January	648,594	684,313
Lease payments	(70,700)	(90,900)
Interest expenses	<u>12,384</u>	<u>55,181</u>
At 31 December	590,278	648,594
Less: current lease liabilities	<u>(233,303)</u>	<u>(279,470)</u>
Non-current lease liabilities	<u>356,975</u>	<u>369,124</u>

Maturity analysis - contractual undiscounted cash flows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Less than one year	419,906	91,616
One to five years	458,079	458,079
More than five years	<u>38,173</u>	<u>38,173</u>
Total undiscounted lease liabilities	<u>916,158</u>	<u>587,868</u>

16 Trade and other payables

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Trade payables	1,795,311	1,396,226
Accruals and other payables	<u>4,488,736</u>	<u>4,319,145</u>
	<u>6,284,047</u>	<u>5,715,371</u>

17 Other income

	Three months ended 31 March 2021 (Unaudited)	Three months ended 31 March 2020 (Unaudited)
Reversal of excess provision for impaired trade receivables	23,721	23,221
Bank interest income	<u>11,606</u>	<u>-</u>
	<u>35,327</u>	<u>23,221</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 2021

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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 2021 <u>(Unaudited)</u>	Three months ended 31 March 2020 <u>(Unaudited)</u>
Net profit/(loss) attributable to shareholders of the Parent Company	<u>126,742</u>	<u>(230,793)</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 earnings/(loss) per share	<u>0.63fils</u>	<u>(1.15 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 2021 <u>(Unaudited)</u>	Three months ended 31 March 2020 <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 2021

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(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 2021 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	12,936,120	-	12,936,120
Other income	23,721	11,606	35,327
Provision for Zakat	(115,632)	-	(115,632)
Operating costs	<u>(12,319,033)</u>	<u>-</u>	<u>(12,319,033)</u>
Segment profit	525,176	11,606	536,782
Share of profit from investment in an associate	-	72,629	72,629
Other expenses	<u>(456,661)</u>	<u>-</u>	<u>(456,661)</u>
Net profit for the period	<u>68,515</u>	<u>84,235</u>	<u>152,750</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>96,681</u>	<u>-</u>	<u>96,681</u>
Total segment assets	<u>58,126,986</u>	<u>8,633,872</u>	<u>66,760,858</u>
Total segment liabilities	<u>35,783,145</u>	<u>918,453</u>	<u>36,701,598</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 2021

(Unaudited)

(Expressed in Bahrain Dinars)

20 Segmental information (continued)

As at 31 December 2020 (audited) and for the three months 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>-</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>-</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>912,203</u>	<u>-</u>	<u>912,203</u>
Total segment assets	<u>60,520,216</u>	<u>7,188,098</u>	<u>67,708,314</u>
Total segment liabilities	<u>37,500,373</u>	<u>301,431</u>	<u>37,801,804</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 2021	As at 31 December 2020	As at 31 March 2021	As at 31 December 2020
Kingdom of Bahrain	8,633,872	7,188,098	918,453	301,432
Kingdom of Saudi Arabia	<u>58,126,986</u>	<u>60,520,216</u>	<u>35,783,145</u>	<u>37,500,392</u>
	<u>66,760,858</u>	<u>67,708,314</u>	<u>36,701,598</u>	<u>37,801,824</u>

21 Dividends

The Board of Directors does not propose to pay any dividends during the period ended 31 March 2021 (31 December 2020: BDNil).

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2021

(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 2021 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 2021</u>	<u>Obtained during the period</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the period</u>	<u>Finance costs paid</u>	<u>31 March 2021</u>
Term loan	<u>30,774,566</u>	<u>6,580,922</u>	<u>67,791</u>	<u>(8,196,923)</u>	<u>(67,791)</u>	<u>29,158,565</u>

	<u>1 January 2020</u>	<u>Obtained during the period</u>	<u>Finance cost accrued</u>	<u>Principal repaid during the period</u>	<u>Finance costs paid</u>	<u>31 March 2020</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>

24 Significant events and transactions

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, a Group has experienced significant disruption to its operations in the following respects:

- Decreased demand in domestic market for certain products as a consequence of social distancing requirements and recommendations;
- Decreased demand for products has compelled to Group to reduce selling price by 20%;
- Closure of international borders has significantly disrupted overseas sales of Group’s primary products; and
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for Group’s primary products.

Based on the nature of operations and the industry in which it operates, the Group’s management assessed the significant impact of COVID-19 in the below areas:

- Increase in sales;
- Government grants; and
- Commitments and contingencies.

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the three months ended 31 March 2021

(Unaudited)

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24 Significant events and transactions (continued)

a) Increase in sales

The Group has experienced elevation in sales which is represented by one of the subsidiaries, SABAYEK since pandemic effect was widespread during the three months ended 31 March 2021. The principal activities of SABAYEK include the production and marketing of ferro silicon, ferro manganese, silicon manganese, silicon and micro silicate. While there was a decrease in demand of primary products in the domestic market, overseas sales increased as the Group has dropped its selling prices of certain products in the last quarter of 2020 while increasing the volume causing the increase in sales by 105% as compared to the three months ended 31 March 2020.

b) Government grants

The Group has not received any government grants or availed of government support programs during the three months ended 31 March 2021.

c) Commitments and contingent liabilities

The Group has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Group, customers and suppliers, with a view of potential increase in contingent liabilities and commitments and no issues were noted.

No other significant impact has been noted by the management on other financial statement areas during the period ended 31 March 2021.

25 Events after the reporting period

There were no events occurring subsequent to 31 March 2021 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.