

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

Condensed interim consolidated
financial information for the quarter and
nine months period ended
30 September 2021 (Unaudited)

**United Gulf Investment Corporation B.S.C.
Condensed interim consolidated financial information for the quarter and nine months period
ended 30 September 2021
(Unaudited)**

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United Gulf Investment Corporation B.S.C.
Administration and contact details as at 30 September 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-Seef 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 B.S.C. (c) 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 30 September 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 quarter and nine months period 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 30 September 2021, and its consolidated financial performance and its consolidated cash flows for the quarter and nine months period then ended in accordance with International Accounting Standard 34 - "*Interim financial reporting*".

BDO


Manama, Kingdom of Bahrain
10 November 2021




United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of financial position as at 30 September 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Notes</u>	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	32,614,233	34,015,881
Investment in associates	6	1,608,204	1,056,662
Right-of-use assets	7	<u>323,050</u>	<u>365,630</u>
		<u>34,545,487</u>	<u>35,438,173</u>
Current assets			
Financial assets at fair value through profit or loss	8	256,000	256,000
Inventories	9	14,056,644	17,945,431
Trade and other receivables	10	13,296,273	10,461,011
Mudaraba deposits		1,653,750	1,914,128
Cash and bank balances	11	<u>4,921,740</u>	<u>1,693,571</u>
		<u>34,184,407</u>	<u>32,270,141</u>
Total assets		<u>68,729,894</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>4,148,315</u>	<u>1,312,512</u>
Equity attributable to shareholders of the parent company		27,118,246	24,282,443
Non-controlling interest	13	<u>6,489,396</u>	<u>5,624,067</u>
		<u>33,607,642</u>	<u>29,906,510</u>
Non-current liabilities			
Non-current portion of term loans	14	19,545,575	21,799,727
Non-current portion of lease liabilities	15	332,674	369,124
Employees' terminal benefits		<u>696,747</u>	<u>663,273</u>
		<u>20,574,996</u>	<u>22,832,124</u>
Current liabilities			
Current portion of term loans	14	7,040,158	8,974,839
Current portion of lease liabilities	15	169,840	279,470
Trade and other payables	16	<u>7,337,258</u>	<u>5,715,371</u>
		<u>14,547,256</u>	<u>14,969,680</u>
Total equity and liabilities		<u>68,729,894</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:

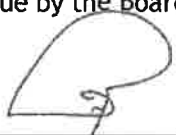

Rashed Abdulla Al Suwaiket Al Hajri
Chairman


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 quarter and nine months period ended 30 September 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Three months ended 30 September 2021 (Unaudited)	Three months ended 30 September 2020 (Unaudited)	Nine months ended 30 September 2021 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)
Sales		13,704,771	6,788,118	38,962,044	20,717,992
Cost of sales		(10,297,568)	(7,001,117)	(33,992,850)	(19,877,894)
Gross profit/(loss)		3,407,203	(212,999)	4,969,194	840,098
Other income	17	17,894	256,780	293,481	282,012
		<u>3,425,097</u>	<u>43,781</u>	<u>5,262,675</u>	<u>1,122,110</u>
Expenses					
Indirect expenses		(400,582)	(255,815)	(1,158,592)	(973,962)
Finance costs		(78,547)	(79,590)	(239,608)	(245,075)
		<u>(479,129)</u>	<u>(335,405)</u>	<u>(1,398,200)</u>	<u>(1,219,037)</u>
Net profit/(loss) for the period before tax and share of profit from investment in associates		2,945,968	(291,624)	3,864,475	(96,927)
Share of profit from investment in associates	6	36,902	30,628	164,389	95,335
Net profit/(loss) for the period before tax		2,982,870	(260,996)	4,028,864	(1,592)
Provision for Zakat		(1,056)	(106,050)	(327,732)	(327,732)
Net profit/(loss) and other comprehensive income/(loss) for the period		<u>2,981,814</u>	<u>(367,046)</u>	<u>3,701,132</u>	<u>(329,324)</u>
Net profit/(loss) attributable to:					
Shareholders of the Company		2,264,825	(258,261)	2,835,803	(224,044)
Non-controlling interest	13	716,989	(108,785)	865,329	(105,280)
		<u>2,981,814</u>	<u>(367,046)</u>	<u>3,701,132</u>	<u>(329,324)</u>
Basic and diluted earnings/(losses) per share	18	<u>11.33 fils</u>	<u>(1.29 fils)</u>	<u>14.18 fils</u>	<u>(1.12 fils)</u>
Total comprehensive income/(loss) attributable to:					
Shareholders of the Company		2,264,825	(258,261)	2,835,803	(224,044)
Non-controlling interest	13	716,989	(108,785)	865,329	(105,280)
		<u>2,981,814</u>	<u>(367,046)</u>	<u>3,701,132</u>	<u>(329,324)</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 changes in shareholders' equity for nine months period ended 30 September 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	<u>Equity attributable to shareholders of the Parent Company</u>							
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Share premium</u>	<u>Revaluation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total</u>
At 31 December 2019 (Audited)	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	-	-	-	-	(224,044)	(224,044)	(105,280)	(329,324)
At 30 September 2020 (Unaudited)	<u>20,000,000</u>	<u>2,853,603</u>	<u>116,328</u>	<u>4,329,043</u>	<u>(2,439,623)</u>	<u>24,859,351</u>	<u>5,789,670</u>	<u>30,649,021</u>
At 31 December 2020 (Audited)	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	-	-	-	-	2,835,803	2,835,803	865,329	3,701,132
At 30 September 2021 (Unaudited)	<u>20,000,000</u>	<u>2,853,603</u>	<u>116,328</u>	<u>4,329,043</u>	<u>(180,728)</u>	<u>27,118,246</u>	<u>6,489,396</u>	<u>33,607,642</u>

United Gulf Investment Corporation B.S.C.
Condensed interim consolidated statement of cash flows for nine months period ended
30 September 2021
(Unaudited)
(Expressed in Bahrain Dinars)

	Notes	Nine months ended 30 September 2021 (Unaudited)	Nine months ended 30 September 2020 (Unaudited)
Operating activities			
Net profit/(loss) for the period		3,701,132	(329,324)
Adjustments for:			
Depreciation	5	2,077,868	1,665,194
Amortisation of right-of-use assets	7	42,580	42,582
Provision for impaired trade receivables		79,214	226,119
Reversal of excess provision for impaired trade receivables	17	(206,801)	(173,015)
Share of profit from investment in associates	6	(164,389)	(95,335)
Bank interest income	17	(81,360)	(100,375)
Interest expense on term loans		202,456	203,690
Interest expense on lease liabilities	15	37,152	41,385
Changes in operating assets and liabilities:			
Inventories		3,888,787	(6,469,733)
Trade and other receivables		(2,707,675)	566,086
Trade and other payables		1,621,887	974,063
Employees' terminal benefits, net		<u>33,474</u>	<u>4,104</u>
Net cash provided by/(used in) operating activities		<u>8,524,325</u>	<u>(3,444,559)</u>
Investing activities			
Purchase of property, plant and equipment	5	(676,220)	(52,850)
Additions to investment in associates	6	(504,574)	-
Dividends received during the period		117,421	-
Net movement in Mudaraba deposits		260,378	218,702
Bank interest income received	17	<u>81,360</u>	<u>100,375</u>
Net cash (used in)/provided by investing activities		<u>(721,635)</u>	<u>266,227</u>
Financing activities			
Interest expense on term loans paid		(202,456)	(203,690)
Proceeds from term loans		8,369,282	6,476,630
Repayment of term loans		(12,558,115)	(4,952,243)
Repayment of lease liabilities		<u>(183,232)</u>	<u>-</u>
Net cash (used in)/provided by financing activities		<u>(4,574,521)</u>	<u>1,320,697</u>
Net increase/(decrease) in cash and cash equivalents		3,228,169	(1,857,635)
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>4,921,740</u>	<u>2,571,605</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the nine months ended 30 September 2021

(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, Commerce and Tourism 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 10 November 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 30 September</u>	<u>Non-controlling interest ownership /voting interest as at 30 September</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 quarter and nine months ended 30 September 2021.

3 Basis of preparation

The condensed interim financial information has been presented in accordance with International Accounting Standard 34 - “*Interim financial reporting*”. The condensed interim financial information should therefore be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2020. The financial information has been presented in Bahrain Dinars (BD) which is also the functional currency of the Company.

These financial statements have been prepared using going concern assumption under the historical cost convention.

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 year with earlier adoption.

Standards, amendments and interpretations issued and effective in 2021 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 2021 or subsequent periods, but is not relevant to the Company's operations:

<u>Standard or Interpretation</u>	<u>Title</u>	<u>Effective for annual periods beginning on or after</u>
IAS 39	Financial instruments: recognition and measurements	1 January 2021
IFRS 4	Insurance Contracts	1 January 2021
IFRS 7	Financial instruments: Disclosures	1 January 2021
IAS 39, IFRS 4,7,9 and 16	Interest Rate Benchmark Reform - IBOR 'phase 2'	1 January 2021
IFRS 9	Financial instruments	1 January 2021
IFRS 16	Leases	1 January 2021

Standards, amendments and interpretations issued but not yet effective in 2021

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial period ended 30 September 2021. They have not been adopted in preparing the financial information for the period ended 30 September 2021 and will or may have an effect on the entity's future financial statements. In all cases, the entity 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 3	Reference to the Conceptual Framework	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before intended use	1 January 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IAS 1	Disclosure of Accounting Policies	1 January 2023
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
IAS 8	Definition of Accounting Estimates	1 January 2023
IAS 12	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Amendments to IFRS 17	1 January 2023

There would have been no change in the operational results of the Company for the period ended 30 September 2021 had the Company early adopted any of the above standards applicable to the Company.

Early adoption of amendments or standards in 2021

The Company did not early-adopt any new or amended standards in 2021.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the nine
months ended 30 September 2021
(Unaudited)
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4 Significant accounting policies and critical accounting judgments, estimates and assumptions

The accounting policies used in the preparation of the condensed interim financial information are consistent with those used in the annual audited financial statements of the Company prepared as at, and for the year ended 31 December 2020, as described in those annual audited financial statements.

5 Property, plant and equipment

Additions to property, plant and equipment during the nine months period ended 30 September 2021 amounted to BD676,220 (31 December 2020: BD912,203). There were no disposals of property, plant and equipment during the nine months period ended 30 September 2021 (31 December 2020: BDNil).

The depreciation charged for the quarter and nine months period ended 30 September 2021 amounted to BD2,077,868 (31 December 2020: BD2,189,416).

The Company operates from premises rented at a monthly rent of BD1,707 (31 December 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 associates

	30 September <u>2021</u> (Unaudited)	31 December <u>2020</u> (Audited)
Opening balance	1,056,662	929,983
Additions during the period/year	504,574	-
Dividends received during the period/year	(117,421)	-
Share of profit for the period/year	<u>164,389</u>	<u>126,679</u>
Closing balance	<u>1,608,204</u>	<u>1,056,662</u>

The investment in associates represents the Group's 20% ownership interest in Dhahran Chemical Industries Marketing ("DCIM") and 40% ownership in Rukam, held through one of the subsidiaries.

The Group's share in the net assets and results of operations of the associates has been extracted from the unaudited management accounts prepared as at, and for the quarter and nine months period ended 30 September 2021. The carrying value of the investment in associates includes the value of goodwill amounting to BD251,111 being excess consideration paid to acquire one of the associates.

In the opinion of the management, the carrying value of goodwill is not impaired as at 30 September 2021.

United Gulf Investment Corporation B.S.C.
Selected explanatory notes to the condensed interim consolidated financial information for the nine months ended 30 September 2021
(Unaudited)
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7 Right-of-use assets

	<u>Leasehold land</u>
Cost	
At 31 December 2019, 31 December 2020 and 30 September 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>42,580</u>
At 30 September 2021	<u>156,131</u>
Carrying value	
At 30 September 2021 (unaudited)	<u>323,050</u>
At 31 December 2020 (audited)	<u>365,630</u>

8 Financial assets at fair value through profit or loss

	30 September <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

	30 September <u>2021</u> (Unaudited)	31 December <u>2020</u> (Audited)
Raw materials	6,600,950	5,873,634
Finished goods and work-in-process	5,107,476	9,756,285
Consumable spares	<u>2,348,218</u>	<u>2,315,512</u>
	<u>14,056,644</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 nine months ended 30 September 2021
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10 Trade and other receivables

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Trade receivables	9,994,556	5,386,231
Less: provision for impairment of trade receivables	<u>(383,986)</u>	<u>(511,573)</u>
	9,610,570	4,874,658
Prepayments and other receivables	<u>3,685,703</u>	<u>5,586,353</u>
	<u>13,296,273</u>	<u>10,461,011</u>

11 Cash and bank balances

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Balances in call and current accounts with banks	4,917,415	1,662,954
Short-term Mudaraba deposits	-	26,425
Cash on hand	<u>4,325</u>	<u>4,192</u>
	<u>4,921,740</u>	<u>1,693,571</u>

12 Share capital

	30 September 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

	30 September 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>865,329</u>	<u>(270,883)</u>
Closing balance	<u>6,489,396</u>	<u>5,624,067</u>

United Gulf Investment Corporation B.S.C.

Selected explanatory notes to the condensed interim consolidated financial information for the nine months ended 30 September 2021

(Unaudited)

(Expressed in Bahrain Dinars)

14 Term loans

	30 September 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).	18,190,100	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 September 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.	<u>8,395,633</u>	<u>11,574,466</u>
	26,585,733	30,774,566
Less: current portion of term loans	<u>(7,040,158)</u>	<u>(8,974,839)</u>
Non-current portion of term loans	<u>19,545,575</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.
Selected explanatory notes to the condensed interim consolidated financial information for the nine
months ended 30 September 2021
(Unaudited)
(Expressed in Bahrain Dinars)

15 Lease liabilities

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Opening balance	648,594	684,313
Lease payments	(183,232)	(90,900)
Interest expenses	<u>37,152</u>	<u>55,181</u>
Closing balance	502,514	648,594
Less: current lease liabilities	<u>(169,840)</u>	<u>(279,470)</u>
Non-current lease liabilities	<u>332,674</u>	<u>369,124</u>

Maturity analysis - contractual undiscounted cash flows:

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Less than one year	91,616	91,616
One to five years	450,445	458,079
More than five years	<u>-</u>	<u>38,173</u>
Total undiscounted lease liabilities	<u>542,061</u>	<u>587,868</u>

16 Trade and other payables

	30 September 2021 <u>(Unaudited)</u>	31 December 2020 <u>(Audited)</u>
Trade payables	3,160,184	1,396,226
Accruals and other payables	<u>4,177,074</u>	<u>4,319,145</u>
	<u>7,337,258</u>	<u>5,715,371</u>

17 Other income

	Three months ended 30 September 2021 <u>(Unaudited)</u>	Three months ended 30 September 2020 <u>(Unaudited)</u>	Nine months ended 30 September 2021 <u>(Unaudited)</u>	Nine months ended 30 September 2020 <u>(Unaudited)</u>
Reversal of excess provision for impaired trade receivables	-	173,015	206,801	173,015
Bank interest income	17,894	75,219	81,360	100,375
Miscellaneous income	<u>-</u>	<u>8,546</u>	<u>5,320</u>	<u>8,622</u>
	<u>17,894</u>	<u>256,780</u>	<u>293,481</u>	<u>282,012</u>

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18 Earnings/(losses) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to the shareholders of the Parent 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 30 September 2021 <u>(Unaudited)</u>	Three months ended 30 September 2020 <u>(Unaudited)</u>	Nine months ended 30 September 2021 <u>(Unaudited)</u>	Nine months ended 30 September 2020 <u>(Unaudited)</u>
Net profit/(loss) attributable to shareholders of the Parent Company	<u>2,264,824</u>	<u>(258,261)</u>	<u>2,835,802</u>	<u>(224,044)</u>
Weighted average number of ordinary shares in issue during the period	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Basic and diluted earnings/(losses) per share	<u>11.33 fils</u>	<u>(1.29 fils)</u>	<u>14.18 fils</u>	<u>(1.12 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.

	Nine months ended 30 September 2021 <u>(Unaudited)</u>	Nine months ended 30 September 2020 <u>(Unaudited)</u>
Remuneration to key management personnel	<u>93,600</u>	<u>93,600</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 quarter and nine months period ended 30 September 2021 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	38,962,044	-	38,962,044
Other income	212,121	81,360	293,481
Provision for Zakat	(327,732)	-	(327,732)
Operating costs	<u>(33,992,850)</u>	<u>-</u>	<u>(33,992,850)</u>
Segment profit	<u>4,853,583</u>	<u>81,360</u>	<u>4,934,943</u>
Share of profit from investment in associates	-	164,389	164,389
Other expenses	<u>(1,295,485)</u>	<u>(102,715)</u>	<u>(1,398,200)</u>
Net profit for the period	<u>3,558,098</u>	<u>143,034</u>	<u>3,701,132</u>
Assets and liabilities			
	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>1,180,794</u>	<u>-</u>	<u>1,180,794</u>
Total segment assets	<u>60,559,481</u>	<u>8,170,413</u>	<u>68,729,894</u>
Total segment liabilities	<u>34,174,807</u>	<u>947,446</u>	<u>35,122,253</u>

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20 Segmental information (continued)

As at 31 December 2020 (audited) and for the quarter and nine months ended 30 September 2020 (unaudited)

	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Revenue	20,717,992	-	20,717,992
Other income	181,637	100,375	282,012
Provision for Zakat	(327,732)	-	(327,732)
Operating costs	<u>(19,877,894)</u>	<u>-</u>	<u>(19,877,894)</u>
Segment profit	694,003	100,375	794,378
Share of profit from investment in an associate	-	95,335	95,335
Other expenses	<u>(1,126,895)</u>	<u>(92,142)</u>	<u>(1,219,037)</u>
Net (loss)/profit for the period	<u>(432,892)</u>	<u>103,568</u>	<u>(329,324)</u>
Assets and liabilities	<u>Smelting</u>	<u>Investment activities</u>	<u>Total</u>
Addition to non-current asset	<u>52,850</u>	<u>-</u>	<u>52,850</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>	
	<u>As at 30 September 2021</u>	<u>As at 31 December 2020</u>	<u>As at 30 September 2021</u>	<u>As at 31 December 2020</u>
Kingdom of Bahrain	8,170,413	7,188,098	947,446	301,432
Kingdom of Saudi Arabia	<u>60,559,481</u>	<u>60,520,216</u>	<u>34,174,807</u>	<u>37,500,372</u>
	<u>68,729,894</u>	<u>67,708,314</u>	<u>35,122,253</u>	<u>37,801,804</u>

21 Dividends

No dividends have been declared or paid during the nine months period ended 30 September 2021 (31 December 2020: BDNil).

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22 Interim results

The interim consolidated net profit and other comprehensive income for the quarter and nine months period ended 30 September 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>30 September 2021</u>
Term loans	<u>30,774,566</u>	<u>8,369,282</u>	<u>202,456</u>	<u>(12,558,115)</u>	<u>(202,456)</u>	<u>26,585,733</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>30 September 2020</u>
Term loans	<u>31,749,928</u>	<u>6,476,631</u>	<u>203,690</u>	<u>(4,952,243)</u>	<u>(203,690)</u>	<u>33,274,316</u>

24 Significant events and transactions

The World Health Organisation declared COVID-19 a global health emergency on 30 January 2020. Since then, the 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%; 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:

- Government grants; and
- Commitments and contingencies.

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24 Significant events and transactions (continued)

a) Government grants

The Group has applied for government support programs introduced in response to the global pandemic. The Group has received a government grant of BD4,000 to support the payroll of the Group's employees. The Group has elected to present this government grant as part of the Group's other incomes. The Group had to commit to spending the assistance on payroll expenses and not reduce employee head count below prescribed levels for a specified period of time. The Company does not have any unfulfilled obligations relating to this program.

b) 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 nine months period ended 30 September 2021.

25 Events after the reporting period

There were no events occurring subsequent to 30 September 2021 and before the date of the report that are expected to have a significant impact on this condensed interim consolidated financial information.