

United Gulf Holding Company B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 March 2021 (REVIEWED)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED GULF HOLDING COMPANY B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Holding Company B.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 March 2021, comprising the interim consolidated statement of financial position as at 31 March 2021 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Board of Directors of the Company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ('IAS 34') as modified by the Central Bank of Bahrain ("CBB"). Our responsibility is to express a conclusion on these interim condensed financial consolidated statements based on our review. review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as modified by CBB.

Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of interim condensed financial statements for the three-month period ended 31 March 2020. We have not reviewed the comparative information for the three-month period ended 31 March 2020 presented in these interim condensed consolidated financial statements which have been extracted from management accounts and, we do not express any review conclusion on them.



12 May 2021
Manama, Kingdom of Bahrain

United Gulf Holding Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (Reviewed)

		<i>Reviewed</i> 31 March 2021 US\$ 000	<i>Audited</i> 31 December 2020 US\$ 000	<i>Not reviewed</i> 31 March 2020 US\$ 000
	<i>Notes</i>			
ASSETS				
Demand and call deposits with banks		568,206	465,391	321,450
Placements with banks		223,816	219,348	280,198
Investments carried at fair value through statement of income		547,279	544,548	641,093
Investments carried at fair value through other comprehensive income		355,324	347,294	241,432
Investments carried at amortised cost		10,018	9,839	9,695
Loans and receivables		563,273	593,715	638,721
Other assets		111,129	119,541	143,529
Investments in associates		699,440	700,981	704,662
Investment properties	6	151,793	115,940	117,815
Property and equipment	6	46,739	79,832	83,084
Goodwill and other intangible assets		68,231	68,472	69,454
Assets held for sale		-	-	47,163
TOTAL ASSETS		3,345,248	3,264,901	3,298,296
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		713,074	647,763	469,474
Deposits from customers		1,117,590	1,115,273	936,378
Loans payable		830,763	818,618	1,148,772
Long term bonds	7	132,371	131,497	127,028
Other liabilities		112,604	114,760	174,917
TOTAL LIABILITIES		2,906,402	2,827,911	2,856,569
EQUITY				
Share capital	8	219,547	219,547	206,487
Share premium		169,558	270,111	214,477
Treasury shares		(320)	(320)	(320)
Treasury share reserve		(1,518)	(1,518)	(1,518)
Statutory reserve		3,285	3,285	3,285
Fair value reserve		(107,116)	(107,590)	(93,068)
Foreign currency translation reserve		(1,345)	(3,148)	(5,974)
Accumulated deficit		(4,236)	(100,553)	(42,526)
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT		277,855	279,814	280,843
Perpetual Tier 1 capital	9	33,000	33,000	33,000
Non-controlling interests		127,991	124,176	127,884
TOTAL EQUITY		438,846	436,990	441,727
TOTAL LIABILITIES AND EQUITY		3,345,248	3,264,901	3,298,296

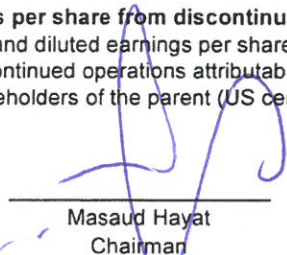

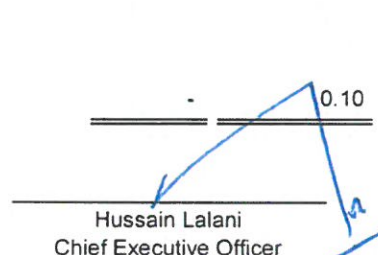
Masaud Hayat
Chairman

Faisal Al Ayyar
Vice Chairman

Hussain Lalani
Chief Executive Officer

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.
INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three-month period ended 31 March 2021 (Reviewed)

		<i>Three-month period ended 31 March</i>	
		2021	2020
		Reviewed	Not reviewed
		US\$ 000	US\$ 000
		<i>Notes</i>	
Continuing operations			
Interest income		10,779	13,572
Investment income (loss) - net		7,515	(13,735)
		18,294	(163)
Fees and commissions - net		13,178	20,796
Foreign currency translation gains - net		(297)	(135)
Share of results of associates - net		4,389	(1,525)
Total income		35,564	18,973
Interest expense		(15,043)	(18,140)
Operating income before expenses and provisions		20,521	833
Salaries and benefits		(14,477)	(17,127)
General and administrative expenses		(7,982)	(9,372)
Operating loss before provisions and tax		(1,938)	(25,666)
Reversal of (provision for) allowance for impairment for expected credit losses	5	1,759	(7,853)
Reversal of impairment (Impairment loss) on investments		30	(33)
Loss before tax from continuing operations		(149)	(33,552)
Taxation - net		(704)	(559)
Loss for the period from continuing operations		(853)	(34,111)
Discontinued operations			
Profit for the period from discontinued operations		-	418
Loss for the period		(853)	(33,693)
Net (loss) profit for the period attributable to:			
Shareholders of the parent			
- from continuing operations		(3,663)	(26,598)
- from discontinued operation		-	251
		(3,663)	(26,347)
Non-controlling interests			
- from continuing operations		2,810	(7,513)
- from discontinued operation		-	167
		2,810	(7,346)
Loss per share			
Basic and diluted earnings per share attributable to shareholders of the parent (US cents)		(0.84)	(8.33)
Loss per share from continued operations			
Basic and diluted earnings per share from continued operations attributable to shareholders of the parent (US cents)		(0.84)	(8.43)
Earnings per share from discontinued operations			
Basic and diluted earnings per share from discontinued operations attributable to shareholders of the parent (US cents)		-	0.10
 Masaud Hayat Chairman		 Faisal Al Ayyar Vice Chairman	
		 Hussain Lalani Chief Executive Officer	

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2021 (Reviewed)

	<i>Three-month period ended 31 March</i>	
	2021	2020
	Reviewed	Not reviewed
	US\$ 000	US\$ 000
NET LOSS FOR THE PERIOD	(853)	(34,111)
Other comprehensive income (loss)		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation reserve	2,276	(6,201)
Share of other comprehensive loss of associates - net	(8,880)	(5,858)
Fair value changes of investments carried at fair value through other comprehensive income	2,117	(3,979)
Cash flow hedges	4,208	(5,448)
	(279)	(21,486)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Fair value changes of investments carried at fair value through other comprehensive income	2,367	(3,918)
Total other comprehensive income (loss) for the period	2,088	(25,404)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	1,235	(59,515)
Total comprehensive (loss) income attributable to		
- shareholders of the parent	(1,959)	(47,060)
- non-controlling interests	3,194	(12,455)
	1,235	(59,515)

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2021 (Reviewed)

	<i>Three-month period ended 31 March</i>	
	2021	2020
	Reviewed	Not reviewed
<i>Note</i>	US\$ 000	US\$ 000
OPERATING ACTIVITIES		
Loss before tax from continuing operations	(149)	(33,552)
Profit before tax from discontinued operations	-	418
(Loss) profit before tax	(149)	(33,134)
Adjustments for non-cash items:		
Depreciation	1,593	2,436
Share of results of associates - net	(4,389)	1,525
Allowance for expected credit losses - net	(1,759)	7,853
Impairment loss on investments	(30)	33
Loss (gain) on investments carried at fair value through the statement of income	(4,353)	14,903
Gain on sale of an associate	-	(1,380)
Gain on sale due to reclassification of investment	-	(418)
Change in fair values of investment properties	-	-
Interest income	(10,779)	(13,572)
Interest expense	15,043	18,140
Operating loss before working capital changes	(4,823)	(3,614)
Changes in operating assets and liabilities:		
Placements with banks with original maturities of more than ninety days	36,548	11,736
Investments carried at fair value through statement of income	1,622	27,363
Investments carried at fair value through other comprehensive income	(5,419)	(34,103)
Investments carried at amortised cost	(179)	371
Loans and receivables	32,532	13,183
Other assets	11,325	(1,638)
Due to banks and other financial institutions	65,311	(163,556)
Deposits from customers	2,317	(42,522)
Other liabilities	(436)	51,156
Net assets held for sale	-	(135,831)
	138,798	(277,455)
Interest received	11,039	11,820
Interest paid	(16,518)	(16,802)
Directors' remuneration	(195)	(195)
Donations	(50)	(200)
Net cash flows from (used in) operating activities	133,074	(282,832)
INVESTING ACTIVITIES		
Investments in associates - net	(2,950)	31,250
Property and equipment - net	(82)	1,052
Net cash flows (used in) from investing activities	(3,032)	32,302

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended 31 March 2021 (Reviewed)

		<i>Three-month period ended 31 March</i>	
		2021	2020
	<i>Note</i>	Reviewed US\$ 000	<i>Unreviewed US\$ 000</i>
FINANCING ACTIVITIES			
Proceeds from new term loans obtained		12,145	142,177
Net cash flow from financing activity		12,145	142,177
Foreign currency translation adjustments		874	(3,508)
Movement in non-controlling interests		621	(2,092)
NET CHANGE IN CASH AND CASH EQUIVALENTS		143,682	(113,953)
Cash and cash equivalents at 1 January		572,838	676,237
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	716,520	562,284

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2021 (Reviewed)

	Attributable to shareholders of the parent											
	Share capital US\$ 000	Share premium US\$ 000	Treasury shares US\$ 000	Treasury share reserve US\$ 000	Statutory reserve US\$ 000	Fair value reserve US\$ 000	Foreign currency translation reserve US\$ 000	Accumulated deficit US\$ 000	Total US\$ 000	Perpetual Tier 1 capital US\$ 000	Non-controlling interests US\$ 000	Total equity US\$ 000
Reviewed												
Balance at 1 January 2021	219,547	270,111	(320)	(1,518)	3,285	(107,590)	(3,148)	(100,553)	279,814	33,000	124,176	436,990
(Loss) profit for the period	-	-	-	-	-	-	-	(3,663)	(3,663)	-	2,810	(853)
Other comprehensive loss (profit) for the period	-	-	-	-	-	(99)	1,803	-	1,704	-	384	2,088
Total comprehensive loss for the period	-	-	-	-	-	(99)	1,803	(3,663)	(1,959)	-	3,194	1,235
Transfer upon disposal of equity investments carried at fair value through other comprehensive income	-	-	-	-	-	573	-	(573)	-	-	-	-
Write-off of accumulated losses (note 10)	-	(100,553)	-	-	-	-	-	100,553	-	-	-	-
Distributions and other movements in non-controlling interests - net	-	-	-	-	-	-	-	-	-	-	621	621
Balance at 31 March 2021	219,547	169,558	(320)	(1,518)	3,285	(107,116)	(1,345)	(4,236)	277,855	33,000	127,991	438,846
Not reviewed												
Balance at 1 January 2020	206,487	214,477	(320)	(1,518)	3,285	(76,150)	(3,093)	(14,555)	328,613	33,000	142,013	503,626
Loss for the period	-	-	-	-	-	-	-	(26,347)	(26,347)	-	(7,346)	(33,693)
Other comprehensive loss	-	-	-	-	-	(17,832)	(2,881)	-	(20,713)	-	(4,691)	(25,404)
Total comprehensive loss for the period	-	-	-	-	-	(17,832)	(2,881)	(26,347)	(47,060)	-	(12,037)	(59,097)
Transfer upon disposal of equity investments carried at fair value through other comprehensive income	-	-	-	-	-	914	-	(914)	-	-	-	-
Share of associate's interest payment on Tier 1 capital	-	-	-	-	-	-	-	(710)	(710)	-	-	(710)
Distributions and other movements in non-controlling interests - net	-	-	-	-	-	-	-	-	-	-	(2,092)	(2,092)
Balance at 31 March 2020 (not reviewed)	206,487	214,477	(320)	(1,518)	3,285	(93,068)	(5,974)	(42,526)	280,843	33,000	127,884	441,727

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

As at 31 March 2021 (Reviewed)

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Incorporation

United Gulf Holding Company B.S.C. ["the Company"] is a joint stock company incorporated in the Kingdom of Bahrain on 28 June 2017 under Commercial Registration number 114160 and is listed on the Bahrain Bourse. The address of the Company's registered office is UGB Tower, Diplomatic Area, P.O. Box 5565, Manama, Kingdom of Bahrain.

Activities

The principal activities of the Company and its subsidiaries [together the "Group"] comprise investment and commercial banking. Investment banking includes asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking includes extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

The Company's parent and ultimate holding company is Kuwait Projects Company Holding K.S.C.P. ["KIPCO"], a company incorporated in the State of Kuwait and listed on the Kuwait Stock Exchange (Boursa Kuwait). As at 31 March, KIPCO owned 98% of the Company's outstanding shares.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 12 May 2021.

2 SIGNIFICANT ACCOUNTING

Basis of preparation

The annual financial statements of the Group are prepared in accordance with the relevant provisions of the Bahrain Commercial Companies Law, directives and regulations and associated resolutions, rules and procedures of the Bahrain Bourse and directives of the Capital Markets Supervision Directorate (CMSD) of the Central Bank of Bahrain (CBB) including CBB circulars issued on regulatory concessionary measures in response to COVID-19. These rules and regulations, in particular CBB circular OG/226/2020 dated 21 June 2020, require the adoption of all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) (IFRS), except for:

- (a) recognition of modification losses on financial assets arising from payment holidays provided to customers impacted by COVID-19 without charging additional interest, in equity instead of profit or loss as required by IFRS 9 Financial Instruments. Any other modification gains or losses on financial assets are recognised in accordance with the requirements of IFRS 9; and
- (b) recognition of financial assistance received from the government and/ or regulators in response to its COVID-19 support measures that meets the government grant requirement, in equity, instead of profit or loss. This will only be to the extent of any modification loss recorded in equity as a result of (a) above, and balance of the amount to be recognized in profit or loss. Any other financial assistance is recognised in accordance with the requirements of IAS 20.

The above framework for basis of preparation of the annual financial statements is hereinafter referred to as 'IFRS as modified by CBB'.

The interim condensed consolidated financial statements of the Group have been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting', using the IFRS as modified by CBB framework. Hence, the framework used in the preparation of the interim condensed consolidated financial statements of the Group is hereinafter referred to as 'IAS 34 as modified by CBB'.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

These interim condensed consolidated financial statements do not contain all the information and disclosures required for the annual audited consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. In addition, results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

These interim condensed consolidated financial statements are reviewed, not audited. Due to the outbreak of the novel coronavirus (COVID-19), the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their interim consolidated financial statements for the three-month period ended 31 March 2020. Accordingly, the comparatives for the interim consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2020 while the comparatives for the interim consolidated statements of income, comprehensive income, cash flows and changes in equity and related notes have been extracted from the management accounts for the three month period ended 31 March 2020. Further, the comparative information included in the interim consolidated statements of income, cash flows and changes in equity and related notes are not reviewed by external auditors.

Significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments adopted by the Group

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform phase 1)

On August 27, 2020, the IASB issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments). The amendments introduce various practical expedients with respect to changes arising due to IBOR reform as explained below:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the IBOR reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group (continued)

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform phase 1) (continued)

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Significant accounting judgements, estimates and assumptions

In preparing these interim condensed consolidated financial statements, significant judgements made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual consolidated financial statements for the year ended 31 December 2020.

3 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the interim condensed financial statements of the Company and its subsidiaries as at and for three-month period ended 31 March 2021. The reporting dates of the subsidiaries and the Company are identical and the subsidiaries' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Where the reporting dates of the subsidiaries and the Company are not identical, the most recent financial statements of the subsidiaries are used, adjusted for the effects of significant transactions or events between their respective reporting dates and the Company's reporting date. The basis of consolidation used in these interim condensed consolidated financial statements of the Group is consistent to the basis of consolidation used and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2020.

The principal subsidiaries of the Company are as follows:

Name of the subsidiary	Country of incorporation	Ownership		Year of incorporation
		31 March 2021	31 December 2020	
Held directly				
United Gulf Bank B.S.C. (c) [UGB]	Bahrain	100%	100%	1980
Fimbank Group [FIMBank]	Malta	80%	80%	1994
Hatoon Real Estate Company	Kuwait	100%	100%	2008
Syria Gulf Investment Company	Syria	99%	99%	2007
Held through UGB				
KAMCO Investment Company				
K.S.C.P. [KAMCO]	Kuwait	60%	60%	1998
United Gulf Financial Services Company-North Africa [UGFS-NA]	Tunisia	84%	84%	2008
United Gulf Realty International, Ltd	British Virgin Islands	100%	100%	2012
United Gulf Asset Company W.L.L.	Bahrain	100%	100%	2017
Held through KAMCO				
Al Dhiyafa United Real Estate Company W.L.L.	Kuwait	100%	100%	2007
Al Jazi Money Market Fund	Kuwait	51%	51%	2007
Al Tadamon United Holding Co	Kuwait	96%	96%	2017
Al Zad Real Estate W.L.L.	Kuwait	99%	99%	2007
Bukeye Power Project Advisory Co	U.S.A.	48%	48%	2017
Bukeye Power Project Manager Ltd	Jersey	100%	100%	2017
Carnation Advisory Company LLC	U.S.A.	75%	75%	2018
Carnation Manager limited	U.K.	100%	100%	2018
Centerstone Investor	Jersey	100%	100%	2020
First Brokerage	Kuwait	93%	93%	1985
Global Saudi	Saudi Arabia	100%	100%	2016
KAMCO Investment Company (DIFC) Limited	U.A.E.	100%	100%	2016

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

3 BASIS OF CONSOLIDATION (continued)

Name of the subsidiary	Country of incorporation	Ownership		Year of incorporation
		31 March 2021	31 December 2020	
Held through KAMCO (continued)				
KAMCO Egypt Holding Ltd	U.A.E.	100%	100%	2018
Kamco GCC Opportunistic Fund	Kuwait	100%	100%	2013
KAMCO Mena Plus (DIFC)	U.A.E.	58%	100%	2019
Kubbar United Real Estate Company	Kuwait	100%	100%	2019
Kuwait Private Equity Opportunity Fund	Kuwait	73%	73%	2004
Lawson Lane Investor Inc.	U.S.A.	100%	100%	2019
Nawasi United Holding Co	Kuwait	96%	96%	2017
North Africa Real Estate Co.	Kuwait	100%	100%	2014
Plans United Real Estate Company	Kuwait	100%	100%	2019
Project Plaza Investor Inc	Jersey	100%	100%	2019
Shuroq Investment Services	Oman	77%	77%	1998
Held through FIMBank				
India Factoring and Finance Solutions Private Limited	India	87%	87%	2010
FIM Holdings (Chile) S.P.A.	Chile	100%	100%	2014
London Forfaiting Company Limited	United Kingdom	100%	100%	2009
London Forfaiting International Limited	United Kingdom	100%	100%	2009
London Forfaiting Americas Inc.	U.S.A.	100%	100%	2009
London Forfaiting do Brasil Ltd.	Brazil	100%	100%	2009
FIM Factors B.V.	Netherlands	100%	100%	2009
FIM Business Solutions Limited	Malta	100%	100%	2009
FIM Property Investment Limited	Malta	100%	100%	2010
The Egyptian Company for Factoring S.A.E.	Egypt	100%	100%	2016
Held through UGFS-NA				
United Gulf Financial Services UGAS	Tunisia	100%	100%	2010

4 CASH AND CASH EQUIVALENTS

	Reviewed 31 March 2021 US\$ 000	Audited 31 December 2020 US\$ 000	Not reviewed 31 March 2020 US\$ 000
Demand and call deposits with banks	568,206	465,391	321,450
Placements with banks	223,816	219,348	280,198
	792,022	684,739	601,648
Adjusted for:			
Time deposits with original maturities of more than ninety days	65,371	101,919	31,686
Mandatory reserves	10,765	10,765	10,765
Expected credit losses	(634)	(783)	(3,087)
Cash and cash equivalents	716,520	572,838	562,284

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

5 ANALYSIS OF MOVEMENT IN ECL ALLOWANCES

An analysis of movement in ECL allowances during the period is as follows:

	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2021	17,142	7,074	107,602	131,818
Net transfers between stage 1, 2 and 3	1,264	(1,494)	230	-
Reversal during the period - net	(570)	(459)	(730)	(1,759)
Written-off during the period	(224)	-	(745)	(969)
Foreign exchange adjustments	205	(6)	1,244	1,443
As at 31 March 2021	17,817	5,115	107,601	130,533

An analysis of movement in ECL allowances during the three-month period ended 31 March 2020 is as follows:

Not Reviewed	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2020	15,711	7,309	56,613	79,633
Net transfers between stage 1, 2 and 3	(1,044)	(278)	1,322	-
Provided during the period - net	1,263	2,541	4,049	7,853
Written-off during the period	-	-	10	10
Foreign exchange adjustments	(259)	(12)	(378)	(649)
As at 31 March 2020	15,671	9,560	61,616	86,847

6 INVESTMENT PROPERTIES / PROPERTY AND EQUIPMENT

During the period, a property consisting of land and building was transferred from property and equipment to investment properties in accordance with IAS 40 - Investment Property, since the majority of the property is being leased out to third parties and is no longer being occupied by the Group. At the date of reclassification, the fair value was determined by an independent valuer. At the date of the reclassification, the carrying value of the property was US\$ 32,383 thousand and its fair value was estimated to be US\$ 35,853 thousand. Accordingly, the increase of US\$ 3,471 thousand was recorded in the interim consolidated statement of comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment properties as at 31 December 2020.

7 LONG TERM BONDS

	Reviewed 31 March 2021 US\$ 000	Audited 31 December 2020 US\$ 000	Not reviewed 31 March 2020 US\$ 000
Fixed interest of 6.00% p.a. and maturing on 26 July 2023, (KD 14.9 million)	49,308	48,983	47,318
Floating interest of CBK* discount rate + 2.75% p.a. (capped) at 7% p.a.) and maturing on 26 July 2023, (KD 25.1 million)	83,063	82,514	79,710
	132,371	131,497	127,028

* Central Bank of Kuwait

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

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As at 31 March 2021 (Reviewed)

8 SHARE CAPITAL

	<i>Reviewed</i> <i>31 March</i> <i>2021</i>	<i>Audited</i> <i>31 December</i> <i>2020</i>	<i>Not Reviewed</i> <i>31 March</i> <i>2020</i>
Authorised share capital			
Number of shares (in thousands)	505,400	505,400	505,400
Par value (US\$)	0.50	0.50	0.50
Authorised share capital (US\$ thousand)	252,700	252,700	252,700
Issued and fully paid up share capital			
Number of shares (in thousands)	439,094	439,094	412,974
Par value (US\$)	0.50	0.50	0.50
Issued and fully paid up share capital (US\$ thousand)	219,547	219,547	206,487

On 10 December 2020, the company concluded an issuance of 26,120 thousand rights shares ("rights issue") to its existing shareholders for a consideration of US\$ 68,694 thousand. Accordingly, the issued and paid up share capital of the company increased by US\$ 13,060 thousand. The Parent fully subscribed to its portion of rights issue.

9 PERPETUAL TIER 1 CAPITAL

On 28 March 2016, UGB (a subsidiary) issued Perpetual Additional Tier 1 Capital (the "AT1 Capital") amounting to US\$ 33,000 thousand. The AT1 Capital constitutes subordinated obligations of UGB and is classified as equity in accordance with IAS 32: Financial Instruments – Classification. The AT1 Capital does not have a maturity date and bears interest on its nominal amount from the date of issue at a fixed annual rate. The AT1 Capital is redeemable by UGB at its sole discretion on or after 28 March 2021 or on any interest payment date thereafter subject to the prior consent of the CBB.

UGB at its sole discretion may elect not to distribute interest and this is not considered an event of default. If UGB does not pay interest on the AT1 Capital (for whatever reason), then UGB must not make any other distribution on or with respect to its other shares that rank equally with or junior to the AT1 Capital.

10 WRITE-OFF OF ACCUMULATED LOSSES

In an extraordinary general meeting (EGM) held on 31 March 2021, the shareholders resolved to write off the accumulated losses that were outstanding as of 31 December 2020 amounting to US\$ 100,553 thousand against the share premium held by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

11 RELATED PARTY TRANSACTIONS

The Group enters into transactions with its parent, associated companies, directors, senior management and entities which are either controlled or significantly influenced by such parties.

The income and expenses in respect of related party transactions during the three-month period are included in the interim condensed consolidated financial statements and are as follows:

	<i>Reviewed</i>			
	<i>Three-month period ended 31 March 2021</i>			
	<i>Major shareholder US\$ 000</i>	<i>Associates US\$ 000</i>	<i>Other related parties US\$ 000</i>	<i>Total US\$ 000</i>
Investment income - net	-	-	119	119
Fee and commission income - net	2,244	764	1,031	4,039
Rental income	548	-	-	548
Interest income	92	245	1,150	1,487
Interest expense	(382)	(3,242)	(1,289)	(4,913)
General and administrative expenses	-	-	(360)	(360)
Others	-	7	18	25

All related party transactions are on terms that are mutually agreed between the counterparties.

The income and expenses in respect of related party transactions during the three-month period 31 March 2020 are as follow:

	Not reviewed			
	Three-month period ended 31 March 2020			
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Investment income - net	-	-	180	180
Fee and commission income - net	718	627	1,267	2,612
Rental income	544	-	-	544
Interest income	122	148	170	440
Interest expense	(16)	(5,815)	(1,598)	(7,429)
General and administrative expenses	-	-	(302)	(302)
Others	-	-	32	32

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

11 RELATED PARTY TRANSACTIONS (continued)

The period-end balances in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>Reviewed</i> 31 March 2021		
	<i>Major shareholder</i> US\$ 000	<i>Associates</i> US\$ 000	<i>Other related parties</i> US\$ 000
			<i>Total</i> US\$ 000
Demand and call deposits with banks	-	3,122	372
Placements with banks	-	-	27,170
Investments carried at fair value through statement of income	-	1,977	784
Investments carried at fair value through other comprehensive income	-	3,431	159,054
Investments carried at amortised cost	10,071	-	-
Loans and receivables	-	12,496	52,871
Other assets	3,202	25,426	2,360
Due to banks and other financial institutions	-	(10,679)	(100,120)
Deposits from customers	(41,834)	(380)	(5,524)
Loans payable	-	(461,812)	(53,900)
Other liabilities	(12)	(3,200)	(3,607)
Perpetual Tier 1 Capital	-	-	(10,000)
<i>Commitment and contingencies</i>			
Letters of guarantee	-	-	150

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

11 RELATED PARTY TRANSACTIONS (continued)

The 2020 year-end balances in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	Audited 31 December 2020			
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Demand and call deposits with banks	-	4,562	270	4,832
Placements with banks	-	-	28,370	28,370
Investments carried at fair value through statement of income	-	2,052	-	2,052
Investments carried at fair value through other comprehensive income	-	4,186	156,696	160,882
Investments carried at amortised cost	9,910	-	-	9,910
Loans and receivables	-	9,533	48,271	57,804
Other assets	4,536	25,436	1,965	31,937
Due to banks and other financial institutions	-	(13,097)	(82,538)	(95,635)
Deposits from customers	(41,409)	(609)	(6,992)	(49,010)
Loans payable	-	(461,812)	(53,900)	(515,712)
Other liabilities	(39)	(5,168)	(3,770)	(8,977)
Perpetual Tier 1 Capital	-	-	(10,000)	(10,000)
<i>Commitment and contingencies</i>				
Letters of guarantee	-	-	150	150

The ultimate parent had committed to acquire specific FVOCI investment from the Group at its carrying value of US\$ 104 million.

For other transactions with related parties refer to note 13 to these interim condensed consolidated financial statements.

Compensation of key management personnel was as follows:

	<i>Reviewed 31 March 2021 US\$ 000</i>	<i>Unreviewed 31 March 2020 US\$ 000</i>
Employee benefits	871	929

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

12 SEGMENTAL INFORMATION

Operating segments are reported in accordance with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments reported by the Group meet the definition of a reportable segment under IFRS 8: operating segments.

For management purposes, the Group is organised into business units based on the nature of their operations and services. The Group has two reportable operating segments being 'asset management and investment banking' and 'commercial banking'.

Asset management and investment banking Undertaking asset portfolio management, corporate finance, advisory, investments in quoted and private equity/funds, real estate, capital markets, international banking and treasury activities.

Commercial banking Loans and other credit facilities, deposit and current accounts from corporate and institutional customers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are generally recorded at estimated market rates.

Segmental results

Segmental results for the three-month period ended 31 March 2021 were as follows:

	<i>Reviewed</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Adjustments and eliminations US\$ 000</i>
			<i>Total US\$ 000</i>
Income from external customers	16,700	14,847	(372)
Share of results of associates - net	1,759	2,630	-
Total income	18,459	17,477	(372)
Operating (loss)/income before ECL, impairment and taxation	(3,532)	1,222	372
(Allowance for) reversal of expected credit losses	(238)	1,997	-
Reversal of impairment loss on investments	-	30	-
Taxation - net	(17)	(687)	-
Net (loss) profit for the period	(3,787)	2,562	372
Loss attributable to shareholders of the parent			(3,663)
Profit attributable to non-controlling interests			2,810
Net loss for the period			(853)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

12 SEGMENTAL INFORMATION (continued)

Segmental results (continued)

Segmental results for the three-month period ended 31 March 2020 were as follows:

	<i>Not reviewed</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Adjustments and eliminations US\$ 000</i>
			<i>Total US\$ 000</i>
Income from external customers	7,517	13,408	(427)
Share of results of associates - net	(8,336)	7,516	(705)
Total (loss) income	(819)	20,924	(1,132)
Operating (loss) income before ECL, impairment and taxation	(27,001)	203	1,132
Allowance for expected credit losses - net	(2,622)	(5,231)	-
Impairment loss on investments	-	(33)	-
Taxation - net	24	(583)	-
Profit from discontinued operations	418	-	-
Net (loss) profit for the period	(29,181)	(5,644)	1,132
Loss attributable to shareholders of the parent			(26,347)
Loss attributable to non-controlling interests			(7,346)
Net loss for the period			(33,693)

Segmental assets and liabilities

Segmental assets and liabilities at 31 March 2021 were as follows:

	<i>Reviewed</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Adjustments and eliminations US\$ 000</i>
			<i>Total US\$ 000</i>
Investments in associates	170,380	529,060	-
Segment assets	1,151,621	2,409,780	(216,153)
Segment liabilities	1,285,835	1,650,990	(30,423)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

12 SEGMENTAL INFORMATION (continued)

Segmental assets and liabilities (continued)

Segmental assets and liabilities at 31 December 2020 were as follows:

	<i>Audited</i>		
	<i>Asset management and investment banking US\$ 000</i>	<i>Commercial banking US\$ 000</i>	<i>Adjustments and eliminations US\$ 000</i>
			<i>Total US\$ 000</i>
Investments in associates	171,465	529,516	-
Segment assets	1,134,534	2,358,932	(228,565)
Segment liabilities	1,272,514	1,600,888	(45,491)

13 COMMITMENTS, CONTINGENCIES AND OTHER OFF BALANCE SHEET ITEMS

Commitments

Credit-related commitments include commitments to extend credit, standby letters of credit and guarantees which are designed to meet the requirements of the Group's customers.

Letters of credit and guarantees (including standby letters of credit) committed by the Group to make payments on behalf of customers if certain conditions are met under the terms of the contract.

The Group has the following credit and investment-related commitments:

	<i>Reviewed 31 March 2021 US\$ 000</i>	<i>Audited 31 December 2020 US\$ 000</i>
Credit-related commitments:		
Undrawn credit facilities	81,244	73,013
Letters of credit	19,519	27,750
Letters of guarantee	15,285	14,988
	116,048	115,751
Investments related commitments*	48,209	15,605
	164,257	131,356

* Investment related commitments include commitments for capital calls of fund structures. These commitments can be called during the investment period of the fund which is normally 1 to 5 years.

Off-balance sheet items (Offsetting)

The Group has interest bearing receivables from and payables to related parties amounting to US\$ 325 million (2020: US\$ 325 million). These receivables and payables have been offset in these interim condensed financial statements as the criteria for offsetting of financial instruments has been met. Interest income and interest expense on these related party balances amounting to US\$ 740 thousand and US\$ 382 thousand respectively for the three month period ended March 2021 (31 March 2020: US\$ 20 thousand and 16 thousand respectively) have been recorded in these interim condensed consolidated financial

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

14 DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments.

	<i>Positive fair value US\$ 000</i>	<i>Negative fair value US\$ 000</i>	<i>Notional amount Total US\$ 000</i>
31 March 2021 (Reviewed)			
<i>Derivatives held for trading</i>			
Forward foreign exchange contracts *	543	(1,502)	190,685
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	58	(3,943)	516,166
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	-	(1,650)	415,000

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operation hedges and are entered into for periods consistent with currency transaction exposures.

Forward foreign exchange contracts are contractual agreements to either buy or sell a specified currency, at a specific price and date in the future, and are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

	<i>Positive fair value US\$ 000</i>	<i>Negative fair value US\$ 000</i>	<i>Notional amount Total US\$ 000</i>
31 December 2020 (Audited)			
<i>Derivatives held for trading</i>			
Forward foreign exchange contracts *	1,030	(2,714)	282,314
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	3,333	(417)	659,866
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	-	(6,930)	375,000

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operation hedges and are entered into for periods consistent with currency transaction exposures.

Forward foreign exchange contracts are contractual agreements to either buy or sell a specified currency, at a specific price and date in the future, and are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

15 FINANCIAL INSTRUMENTS

The table below summarises the accounting classification of the Group's financial assets and financial liabilities:

	<i>Designated at FVTPL</i>	<i>FVOCI</i>	<i>Amortised cost</i>	<i>Total</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
31 March 2021				
Demand and call deposits with banks	-	-	568,206	568,206
Placements with banks	-	-	223,816	223,816
Investments carried at fair value through statement of income	547,279	-	-	547,279
Investments carried at fair value through other comprehensive income	-	355,324	-	355,324
Investments carried at amortised cost	-	-	10,018	10,018
Loans and receivables	-	-	563,273	563,273
Other assets	-	-	102,664	102,664
Total financial assets	547,279	355,324	1,467,977	2,370,580
Due to banks and other financial institutions	-	-	713,074	713,074
Deposits from customers	-	-	1,117,590	1,117,590
Loans payable	-	-	830,763	830,763
Long term bonds	-	-	132,371	132,371
Other liabilities	959	5,535	106,110	112,604
Total financial liabilities	959	5,535	2,899,908	2,906,402
31 December 2020				
Demand and call deposits with banks	-	-	465,391	465,391
Placements with banks	-	-	219,348	219,348
Investments carried at fair value through statement of income	544,548	-	-	544,548
Investments carried at fair value through other comprehensive income	-	347,294	-	347,294
Investments carried at amortised cost	-	-	9,839	9,839
Loans and receivables	-	-	593,715	593,715
Other assets	-	-	112,364	112,364
Total financial assets	544,548	347,294	1,400,657	2,292,499
Due to banks and other financial institutions	-	-	647,763	647,763
Deposits from customers	-	-	1,115,273	1,115,273
Loans payable	-	-	818,618	818,618
Long term bonds	-	-	131,497	131,497
Other liabilities	1,684	4,014	109,062	114,760
Total financial liabilities	1,684	4,014	2,822,213	2,827,911

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

16 FAIR VALUE MEASUREMENT

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 March 2021:

	<i>Level 1</i> <i>US\$ 000</i>	<i>Level 2</i> <i>US\$ 000</i>	<i>Level 3</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Assets measured at fair value				
Investments carried at fair value through statement of income				
Forfeiting assets	-	-	444,007	444,007
Equities - quoted	16,355	-	-	16,355
Equities - unquoted	-	53	2,547	2,600
Debt securities - quoted	12,640	-	-	12,640
Investment in sub-fund of a collective investment scheme - unlisted	-	-	19,419	19,419
Managed funds	4,271	37,897	10,090	52,258
Investments carried at fair value through other comprehensive income				
Equities - quoted	5,151	-	-	5,151
Equities - unquoted	-	40	194,765	194,805
Debt securities - quoted	155,335	-	-	155,335
Managed funds	-	-	33	33
Investment properties	-	-	151,793	151,793
	193,752	37,990	822,654	1,054,396
Liabilities carried at fair value				
Derivatives				
Interest rate swap	-	(1,650)	-	(1,650)
Forward foreign exchange contracts	-	(4,844)	-	(4,844)
	-	(6,494)	-	(6,494)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

16 FAIR VALUE MEASUREMENT (continued)

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2020:

	Level 1 US\$ 000	Level 2 US\$ 000	Level 3 US\$ 000	Total US\$ 000
Assets measured at fair value				
Investments carried at fair value through statement of income				
Forfeiting assets	-	-	452,327	452,327
Equities - quoted	7,916	-	-	7,916
Equities - unquoted	-	53	2,555	2,608
Debt securities - quoted	12,436	-	-	12,436
Investment in sub-fund of a collective investment scheme - unlisted	-	-	20,332	20,332
Managed funds	1,313	34,286	13,330	48,929
Investments carried at fair value through other comprehensive income				
Equities - quoted	5,034	-	-	5,034
Equities - unquoted	-	-	188,899	188,899
Debt securities - quoted	153,328	-	-	153,328
Managed funds	-	-	33	33
Derivatives				
Forward foreign exchange contracts	-	1,232	-	1,232
Investment properties	-	-	115,940	115,940
	180,027	35,571	793,416	1,009,014
Liabilities carried at fair value				
Derivatives				
Interest rate swap	-	(6,930)	-	(6,930)
	-	(6,930)	-	(6,930)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021 (Reviewed)

16 FAIR VALUE MEASUREMENT (continued)

Transfers between Level 1, Level 2 and Level 3

During the period from 1 January to 31 March 2021 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement (year ended 31 December 2020: same, except for investment property transferred to property and equipment). The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value:

	As at 1 January 2021 US\$'000	Net purchases, sales, transfer and settlement US\$'000	Gain / (loss) recorded in the statement of income US\$'000	Gain recognised in other comprehensive income US\$'000	As at 31 March 2021 US\$'000
<i>Investments carried at fair value through statement of income</i>					
Forfeiting assets	452,327	(3,556)	(4,764)	-	444,007
Equities - unquoted	2,555	-	(8)	-	2,547
Investment scheme - unlisted	20,332	-	(913)	-	19,419
Managed funds	13,330	(3,480)	240	-	10,090
	488,544	(7,036)	(5,445)	-	476,063
<i>Investments carried at fair value through other comprehensive income</i>					
Equities - unquoted	188,899	1,010	-	4,856	194,765
Managed funds	33	-	-	-	33
	188,932	1,010	-	4,856	194,798
Investment properties (note 6)	115,940	35,853	-	-	151,793

Transfers between Level 1, Level 2 and Level 3

The following table shows a reconciliation of the opening and closing amount of level 3 financial instruments which are recorded at fair value for the year ended 31 December 2020

	As at 1 January 2020 US\$'000	Net purchases, sales, transfer and settlement US\$'000	Gain / (loss) recorded in the statement of income US\$'000	Loss recognised in other comprehensive income US\$'000	As at 31 December 2020 US\$'000
<i>Investments carried at fair value through statement of income</i>					
Forfeiting assets	460,239	(19,299)	11,387	-	452,327
Equities - unquoted	4,335	(1,017)	(763)	-	2,555
Investment scheme - unlisted	125,289	(106,000)	1,043	-	20,332
Managed funds	14,141	4,476	(5,287)	-	13,330
	604,004	(121,840)	6,380	-	488,544
<i>Investments carried at fair value through other comprehensive income</i>					
Equities - unquoted	134,315	64,000	-	(9,416)	188,899
Managed funds	1,006	-	-	(973)	33
	135,321	64,000	-	(10,389)	188,932
Investment properties	119,937	-	(3,997)	-	115,940

United Gulf Holding Company B.S.C.

SUPPLEMENTARY FINANCIAL INFORMATION

As at 31 March 2021

**(The attached schedules do not form part of the reviewed
interim condensed consolidated financial statements)**

SUPPLEMENTARY DISCLOSURES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2021

COVID-19 IMPACT

During 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. While these developments continue to impact the Group's operations, the scale and duration of further developments remain uncertain at this stage and could potentially further impact the Group's financial position, financial performance and cash flows in the future, the extent of which is presently undeterminable. The Group is monitoring the situation closely, and has undertaken various risk minimisation and management practices to limit and minimise the impact on the Group's operations, financial position and performance.

The Group's Board of Directors and management has been monitoring the impact of COVID-19 on the Group's revenues, impact on valuations of assets and impairments, etc. The Group's contingency plans were activated including business continuity, liquidity management etc.

Impact on financial statements

The following table summarises the impact that COVID-19 has had on different classes of assets for the three-month period ended 31 March 2021:

	<i>Net impact on the Group's consolidated</i>		
		<i>Statement of</i>	<i>Other</i>
	<i>Income</i>	<i>Financial</i>	<i>Comprehen-</i>
	<i>Statement</i>	<i>Position</i>	<i>-sive income</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
Impact on:			
Real estate assets	(2,929)	(2,929)	-
Investments at fair value through profit or loss	3,542	3,542	-
Investments at fair value through other comprehensive income	-	320	320
Investments in associates	(7,778)	(7,778)	-
Loans, receivables and other assets	2,583	2,583	-
Other impacts	(9,020)	-	-
Revenues	(12,440)	-	-
Expenses	14,742	-	-

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

This information has not been subject to any review by external auditors.