

**UNITED ELECTRONICS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIODS ENDED 30 JUNE 2021
AND REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021

	Page
Report on review of condensed consolidated interim financial information	2
Condensed consolidated interim statement of profit or loss and other comprehensive income	3
Condensed consolidated interim statement of financial position	4 - 5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7 - 8
Notes to the condensed consolidated interim financial information	9 - 21



Report on review of Condensed Consolidated Interim Financial Information

To the shareholders of United Electronics Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of United Electronics Company (the "Company") and its subsidiaries (the "Group") as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2021 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim 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", as endorsed in the Kingdom of Saudi Arabia. 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, as endorsed in the Kingdom of Saudi Arabia, 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 consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Ali A. Alotaibi
License Number 379



3 August 2021

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of profit or loss and other comprehensive income
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues		1,328,787,024	1,550,858,659	2,693,114,148	2,783,107,659
Cost of revenues		(1,038,996,961)	(1,274,742,904)	(2,143,113,990)	(2,286,222,471)
Gross profit		289,790,063	276,115,755	550,000,158	496,885,188
Selling and distribution expenses	14	(134,412,154)	(120,474,616)	(258,438,967)	(252,755,184)
General and administrative expenses		(38,913,800)	(37,169,591)	(74,853,018)	(72,416,659)
Net impairment losses on financial assets	5,14	(8,343,784)	(5,506,278)	(12,439,416)	(8,072,674)
Other expenses		(1,980,479)	(7,252,984)	(2,131,538)	(7,329,104)
Other income		11,177,691	329,616	12,464,535	1,074,614
Finance charges		(9,363,012)	(12,607,254)	(18,823,127)	(26,835,697)
Profit before zakat and income tax		107,954,525	93,434,648	195,778,627	130,550,484
Zakat expense	14	(6,777,070)	(1,894,434)	(12,133,495)	(4,329,577)
Income tax expense	14	(677,973)	(1,156,912)	(1,949,629)	(1,156,912)
Net profit for the period		100,499,482	90,383,302	181,695,503	125,063,995
Other comprehensive income for the period					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		(98,841)	(72,791)	(2,641)	(75,283)
Total comprehensive income for the period		100,400,641	90,310,511	181,692,862	124,988,712
Earnings per share					
Basic earnings per share	11	1.75	1.57	3.16	2.17
Diluted earnings per share	11	1.67	1.51	3.03	2.08

The accompanying notes are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 3 August 2021 and was signed on their behalf by:


Wael Mohammed Mohammed Khalil
 Chief Financial Officer


Mohammed Galal Ali Fahmy
 Chief Executive Officer


Abduljabbar AbdulRahman Mohammed AlAbduljabbar
 Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	As at 30 June 2021	As at 31 December 2020
Note	(Unaudited)	(Audited)
Assets		
Non-current assets		
Property and equipment	446,920,023	452,228,590
Right-of-use assets	348,039,606	399,251,120
Intangible assets	54,663,763	56,883,510
Goodwill	528,692	528,692
Trade and other receivables	6,192,228	1,374,148
Investment in Islamic financing contracts	5 616,483,021	468,626,388
Total non-current assets	1,472,827,333	1,378,892,448
Current assets		
Inventories	1,072,159,118	935,617,739
Trade and other receivables	86,157,659	95,899,488
Current portion of investment in Islamic financing contracts	5 407,299,675	334,292,730
Cash and cash equivalents	6 129,490,965	184,762,989
Total current assets	1,695,107,417	1,550,572,946
Total assets	3,167,934,750	2,929,465,394
Equity and liabilities		
Equity		
Share capital	600,000,000	600,000,000
Statutory reserve	47,967,195	29,797,645
Other reserves	11,235,197	7,487,838
Retained earnings	261,083,414	212,593,893
Treasury shares	1 (31,999,966)	(24,000,000)
Total equity	888,285,840	825,879,376
Liabilities		
Non-current liabilities		
Deferred revenue from extended warranty program	98,656,501	93,576,444
Lease liabilities	399,376,040	464,609,547
Borrowings	7 432,548,611	183,416,667
Deferred tax liabilities	1,242,635	1,242,635
Employee benefit obligations	78,081,296	74,880,088
Other liabilities	-	19,427
Total non-current liabilities	1,009,905,083	817,744,808

(Continued)

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current liabilities			
Trade and other payables	8	902,653,759	972,462,374
Deferred revenue from extended warranty program		76,490,115	66,706,136
Lease liabilities		75,431,621	71,350,033
Borrowings	7	199,495,315	156,583,333
Zakat and income tax		15,673,017	18,739,334
Total current liabilities		1,269,743,827	1,285,841,210
Total liabilities		2,279,648,910	2,103,586,018
Total equity and liabilities		3,167,934,750	2,929,465,394

The accompanying notes are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 3 August 2021 and was signed on their behalf by:

		
Wael Mohammed Mohammed Khalil Chief Financial Officer	Mohammed Galal Ali Fahmy Chief Executive Officer	Abduljabbar AbdulRahman Mohammed AlAbduljabbar Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

Note	Share capital	Statutory reserve	Other reserves			Retained earnings	Treasury shares	Total equity	
			Share based payment reserve	Foreign currency translation reserve	Actuarial reserve				Total other reserves
At 1 January 2020 (Audited)	500,000,000	41,783,373	7,600,000	(11,495)	973,743	8,562,248	129,565,441	(20,000,000)	659,911,062
Profit for the period	-	-	-	-	-	-	125,063,995	-	125,063,995
Other comprehensive loss for the period	-	-	-	(75,283)	-	(75,283)	-	-	(75,283)
Total comprehensive income for the period	-	-	-	(75,283)	-	(75,283)	125,063,995	-	124,988,712
Transfer to statutory reserve	-	12,506,400	-	-	-	-	(12,506,400)	-	-
Issuance of bonus shares	100,000,000	(40,000,000)	-	-	-	-	(56,000,000)	(4,000,000)	-
Dividends	-	-	-	-	-	-	(55,500,000)	-	(55,500,000)
Employee share schemes - value of employee services	-	-	1,911,671	-	-	1,911,671	-	-	1,911,671
At 30 June 2020 (Unaudited)	600,000,000	14,289,773	9,511,671	(86,778)	973,743	10,398,636	130,623,036	(24,000,000)	731,311,445
At 1 January 2021 (Audited)	600,000,000	29,797,645	15,101,647	(150,394)	(7,463,415)	7,487,838	212,593,893	(24,000,000)	825,879,376
Profit for the period	-	-	-	-	-	-	181,695,503	-	181,695,503
Other comprehensive loss for the period	-	-	-	(2,641)	-	(2,641)	-	-	(2,641)
Total comprehensive income for the period	-	-	-	(2,641)	-	(2,641)	181,695,503	-	181,692,862
Transfer to statutory reserve	-	18,169,550	-	-	-	-	(18,169,550)	-	-
Dividends	13	-	-	-	-	-	(115,036,432)	-	(115,036,432)
Treasury shares	1	-	-	-	-	-	-	(7,999,966)	(7,999,966)
Employee share schemes - value of employee services	-	-	3,750,000	-	-	3,750,000	-	-	3,750,000
At 30 June 2021 (Unaudited)	600,000,000	47,967,195	18,851,647	(153,035)	(7,463,415)	11,235,197	261,083,414	(31,999,966)	888,285,840

The accompanying notes are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 3 August 2021 and was signed on their behalf by:


Wael Mohammed Mohammed Khalil
Chief Financial Officer


Mohammed Galal Ali Fahmy
Chief Executive Officer


Abduljabbar AbdulRahman Mohammed
AlAbduljabbar
Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		195,778,627	130,550,484
Adjustments for:			
Depreciation of property and equipment		20,526,693	22,313,681
Property and equipment written off		-	7,149,424
Amortization of intangible assets		6,310,256	5,648,767
Depreciation of right-of-use assets		23,023,704	27,031,786
Intangible assets written off		-	108,631
Net impairment losses on financial assets	5	12,439,416	-
Gain on termination of a lease		(10,952,018)	-
Employee share schemes - value of employee services		3,750,000	1,911,671
Loss on disposal of property and equipment		25,598	27,505
Finance charges		18,823,127	26,835,697
Provision for employee benefit obligations		8,943,898	6,538,021
Changes in operating assets and liabilities:			
Decrease in trade and other receivables		4,923,749	34,638,828
Increase in investment in Islamic financing contracts		(233,302,994)	(94,848,762)
(Increase) decrease in inventories		(136,541,379)	168,048,617
(Decrease) increase in trade and other payables		(62,626,080)	372,690,453
Increase in deferred revenue from extended warranty program		14,864,036	9,794,382
Cash (utilized in) generated from operations		(134,013,367)	718,439,185
Employee benefit obligations paid		(6,007,663)	(1,865,815)
Finance cost paid		(3,841,099)	(6,210,766)
Zakat and income tax paid		(17,149,441)	(1,444,130)
Net cash (outflow) inflow from operating activities		(161,011,570)	708,918,474
Cash flows from investing activities			
Payments for purchases of property and equipment		(15,807,546)	(19,424,331)
Payments for purchases of intangible assets		(4,038,119)	(1,559,716)
Proceeds from disposal of property and equipment		469,233	20,000
Net cash outflow from investing activities		(19,376,432)	(20,964,047)
Cash flows from financing activities			
Proceeds from long-term borrowings		330,000,000	220,000,000
Repayment of long-term borrowings		(11,666,667)	(1,229,000,000)
Proceeds from short-term borrowings		325,000,000	859,000,000
Repayment of short-term borrowings		(355,000,000)	-
Dividends paid to the Company's shareholders		(115,036,432)	(55,500,000)
Acquisition of treasury shares	1	(7,999,966)	-
Principal elements of lease payments		(40,180,957)	(33,888,537)
Net cash inflow (outflow) from financing activities		125,115,978	(239,388,537)

(Continued)

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows (continued)
 (All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Net change in cash and cash equivalents		(55,272,024)	448,565,890
Cash and cash equivalents at beginning of period		184,762,989	102,971,989
Cash and cash equivalents at end of period	6	<u>129,490,965</u>	<u>551,537,879</u>
Non-cash investing and financing activities:			
Right-of-use assets recorded against lease liabilities		<u>2,053,593</u>	<u>3,104,512</u>
Transfers from capital work in progress to intangible assets		<u>52,390</u>	<u>523,337</u>
Change in goodwill valuation		<u>-</u>	<u>5,838,759</u>

The accompanying notes are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorized for issue by the Board of Directors on 3 August 2021 and was signed on their behalf by:


 Wael Mohammed Mohammed
 Khalil
 Chief Financial Officer


 Mohammed Galal Ali
 Fahmy
 Chief Executive
 Officer


 Abduljabbar AbdulRahman
 Mohammed AlAbduljabbar
 Chairman

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
 (All amounts in Saudi Riyals unless otherwise stated)

1 General information

United Electronics Company (the “Company”) is a Saudi Joint Stock Company registered in Al Khobar under Commercial Registration (“CR”) number 2051029841 dated 10 Jumada II, 1425H (corresponding to 27 July 2004). The shares of the Company were listed on the Saudi Stock Exchange (“Saudi Exchange”) on 24 December 2011.

The registered address of the Company is P.O. Box 76688 Al Khobar 31952, Kingdom of Saudi Arabia.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) include the wholesale and retail trade in electric appliances, electronic gadgets, computers and their spare parts and accessories, furniture, office equipment and tools, maintenance and repair services, third-party marketing and consumer financing services.

The accompanying condensed consolidated interim financial information include the activities of the Company and its following wholly owned subsidiaries.

Subsidiaries	Country of incorporation
United Electronics Company Extra S.P.C.	Kingdom of Bahrain
United Electronics Company Extra L.L.C	Sultanate of Oman
United Company for Maintenance Services	Kingdom of Saudi Arabia
United Company for Financial Services	Kingdom of Saudi Arabia
Procco Financial Services W.L.L.	Kingdom of Bahrain

As at 30 June 2021, the Group had a total of 51 branches (31 December 2020: 50 branches) out of which 46 operational branches are in the Kingdom of Saudi Arabia (31 December 2020: 45 branches).

The coronavirus (“COVID-19”) pandemic continues to disrupt the global and local markets due to multiple waves and variants of the virus. The Government of Kingdom of Saudi Arabia (the “Government”) has taken effective measures to control the outbreak and mitigate its potential impact on the social and economic activities.

Management continues to evaluate the current situation and its impact on the Group’s key performance indicators in order to take necessary steps, as needed, to mitigate any possible disruptions to operational and financial performance of the Group. Management, based on its evaluation of the current situation and changes in the macroeconomic factors, has recognised the corresponding impact on the calculation of expected credit loss allowance as at 30 June 2021. The Group’s ECL model continues to be sensitive to such macroeconomic variables and the Group continues to reassess its position.

During the year ended 31 December 2020, the Board of Directors of the Group announced their intention to purchase 100,000 shares of the Company as part of the employees’ share program, subject to the approval of the Extra Ordinary General Assembly. The shareholders of the Group approved the recommendation in their annual general meeting dated 5 May 2020. During the six-month period ended 30 June 2021, the Group purchased 81,784 shares for a consideration of Saudi Riyals 8.0 million.

The accompanying condensed consolidated interim financial information was authorized for issue by the Board of Directors on 3 August 2021.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

2 Accounting policies

The principal accounting policies applied in the preparation of the condensed consolidated interim financial information of the Group are consistent with those of the previous financial year and corresponding interim reporting periods.

2.1 Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial information of the Group has been prepared in compliance with IAS 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

(b) Historical cost convention

The condensed consolidated interim financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2020.

(c) New standards, amendments to standards and interpretations

There are no new standards applicable to the Group, however, certain amendments to standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

(d) Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 Fair value of assets and liabilities

As at 30 June 2021 and 31 December 2020, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short-term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of condensed consolidated interim statement of financial position. The fair values of the non-current financial instruments are estimated to approximate their carrying values as these are determined through cash flows discounted using interest rates which are based on prevailing market interest rates.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
 (All amounts in Saudi Riyals unless otherwise stated)

4 Critical accounting estimates and judgements

The preparation of condensed consolidated interim financial information requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant changes in critical accounting estimates and judgements used by management in the preparation of the condensed consolidated interim financial information from those that were applied and disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

5 Investment in Islamic financing contracts

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Installment sales receivables, net	48,687,077	99,752,217
Investment in tawarruq financing contracts, net	655,395,078	451,175,950
Investment in murabaha financing contracts, net	319,700,541	251,990,951
	1,023,782,696	802,919,118
Less: non- current portion	(616,483,021)	(468,626,388)
Current portion	407,299,675	334,292,730

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and six-month periods ended 30 June 2021

(All amounts in Saudi Riyals unless otherwise stated)

Reconciliation between gross and net investment in Islamic financing contracts is as follows:

	Installment sales		Tawarruq finance		Murabaha finance		Total	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Gross investment in Islamic financing contracts	100,450,485	188,100,870	1,072,151,956	753,833,231	452,598,366	356,473,902	1,625,200,807	1,298,408,003
Unearned finance and processing fee income	(26,792,111)	(61,200,595)	(392,025,817)	(287,922,472)	(122,792,556)	(98,600,769)	(541,610,484)	(447,723,836)
Present value of Islamic financing contracts' receivables ("P.V of I.F.C")	73,658,374	126,900,275	680,126,139	465,910,759	329,805,810	257,873,133	1,083,590,323	850,684,167
Allowance for ECL	(24,971,297)	(27,148,058)	(24,731,061)	(14,734,809)	(10,105,269)	(5,882,182)	(59,807,627)	(47,765,049)
Net investment in Islamic financing contracts ("Net investment in I.F.C")	48,687,077	99,752,217	655,395,078	451,175,950	319,700,541	251,990,951	1,023,782,696	802,919,118
Net investment in Islamic financing contracts - non-current portion	(6,173,451)	(20,304,545)	(487,606,424)	(347,324,668)	(122,703,146)	(100,997,175)	(616,483,021)	(468,626,388)
Net investment in Islamic financing contracts - current portion	42,513,626	79,447,672	167,788,654	103,851,282	196,997,395	150,993,776	407,299,675	334,292,730

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and six-month periods ended 30 June 2021

(All amounts in Saudi Riyals unless otherwise stated)

The movement in allowance for ECL on Islamic financing contracts is as follows:

	Installment sales		Tawarruq finance		Murabaha finance		Total	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Opening balance	27,148,058	40,250,321	14,734,809	1,312,502	5,882,182	1,331,751	47,765,049	42,894,574
(Reversal) charge for the period / year	(1,779,923)	(12,971,837)	9,996,252	13,422,307	4,223,087	4,550,431	12,439,416	5,000,901
Write-offs for the period / year	(396,838)	(130,426)	-	-	-	-	(396,838)	(130,426)
Closing balance	24,971,297	27,148,058	24,731,061	14,734,809	10,105,269	5,882,182	59,807,627	47,765,049

UNITED ELECTRONICS COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial information (Unaudited)

For the three-month and six-month periods ended 30 June 2021

(All amounts in Saudi Riyals unless otherwise stated)

Stage-wise analysis of Islamic financing contracts and the respective ECL are as follows:

30 June 2021 (Unaudited)	Installment sales			Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C
Performing (Stage 1)	15,660,434	(246,875)	15,413,559	647,024,612	(6,702,787)	640,321,825	312,144,200	(1,975,206)	310,168,994	974,829,246	(8,924,868)	965,904,378
Under- performing (Stage 2)	8,350,265	(937,788)	7,412,477	10,234,997	(3,375,973)	6,859,024	6,423,286	(1,181,727)	5,241,559	25,008,548	(5,495,488)	19,513,060
Non- performing (Stage 3)	<u>49,647,675</u>	<u>(23,786,634)</u>	<u>25,861,041</u>	<u>22,866,530</u>	<u>(14,652,301)</u>	<u>8,214,229</u>	<u>11,238,324</u>	<u>(6,948,336)</u>	<u>4,289,988</u>	<u>83,752,529</u>	<u>(45,387,271)</u>	<u>38,365,258</u>
	<u>73,658,374</u>	<u>(24,971,297)</u>	<u>48,687,077</u>	<u>680,126,139</u>	<u>(24,731,061)</u>	<u>655,395,078</u>	<u>329,805,810</u>	<u>(10,105,269)</u>	<u>319,700,541</u>	<u>1,083,590,323</u>	<u>(59,807,627)</u>	<u>1,023,782,696</u>
31 December 2020 (Audited)	Installment sales			Tawarruq finance			Murabaha finance			Total		
	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C	P.V of I.F.C	Allowance for ECL	Net investment in I.F.C
Performing (Stage 1)	61,602,578	(531,921)	61,070,657	445,805,392	(4,424,601)	441,380,791	247,880,856	(1,832,768)	246,048,088	755,288,826	(6,789,290)	748,499,536
Under- performing (Stage 2)	9,929,982	(1,133,501)	8,796,481	4,516,818	(1,071,306)	3,445,512	2,790,931	(310,276)	2,480,655	17,237,731	(2,515,083)	14,722,648
Non- performing (Stage 3)	<u>55,367,715</u>	<u>(25,482,636)</u>	<u>29,885,079</u>	<u>15,588,549</u>	<u>(9,238,902)</u>	<u>6,349,647</u>	<u>7,201,346</u>	<u>(3,739,138)</u>	<u>3,462,208</u>	<u>78,157,610</u>	<u>(38,460,676)</u>	<u>39,696,934</u>
	<u>126,900,275</u>	<u>(27,148,058)</u>	<u>99,752,217</u>	<u>465,910,759</u>	<u>(14,734,809)</u>	<u>451,175,950</u>	<u>257,873,133</u>	<u>(5,882,182)</u>	<u>251,990,951</u>	<u>850,684,167</u>	<u>(47,765,049)</u>	<u>802,919,118</u>

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

6 Cash and cash equivalents

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash at banks	118,889,194	170,913,240
Cash in hand	10,601,771	13,849,749
	129,490,965	184,762,989

7 Borrowings

The Group has bank facilities from local banks for letters of credit, letters of guarantee, Murabaha and Tawarruq financings. These facilities are subject to Islamic Shariah principles. The loan facilities are denominated in Saudi Riyals and bear financial charges based on prevailing market rates.

There are no financial covenants applicable to the Group under such facilities with the respective banks.

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Long-term borrowings		
Murabaha facilities	538,333,333	220,000,000
Short-term borrowings		
Murabaha facilities	90,000,000	50,000,000
Tawarruq facilities	-	70,000,000
	628,333,333	340,000,000
Accrued finance cost	3,710,593	-
	632,043,926	340,000,000

Classification of borrowings is presented below:

Current portion (including short-term borrowings)	199,495,315	156,583,333
Non-current portion	432,548,611	183,416,667
	632,043,926	340,000,000

The long-term Murabaha borrowings outstanding above relate to UCFS, which utilizes the facilities obtained by the Company. The various facilities and their respective utilization levels are as follows:

Murabaha I

Total amount allocated to UCFS under such facility is Saudi Riyals 250.0 million. Each tranche of facility utilization is repayable in 20 quarterly installments commencing 6 months after receipt of the borrowed amount. As at 30 June 2021, UCFS has utilized Saudi Riyals 175.0 million from such facility.

Murabaha II

Total amount allocated to UCFS under such facility is Saudi Riyals 50.0 million. The tenure of the borrowing facility was less than one year and the amount was settled during the period ended 30 June 2021.

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

Murabaha III

Total amount allocated to UCFS under such facility is Saudi Riyals 500.0 million. Each tranche of facility utilization is repayable in 48 monthly installments commencing 6 months from receipt of the borrowed amount. As at 30 June 2021, UCFS has utilized Saudi Riyals 375.0 million from such facility.

Murabaha IV

Total amount utilized by the Company under such facility is Saudi Riyals 90.0 million. The tenure of the borrowing facility is less than one year and is expected to be settled during the period ending 30 September 2021.

Tawaruq I

Total amount allocated to UCFS under such facility is Saudi Riyals 70.0 million. The tenure of the borrowing facility was less than one year, and the amount was settled during the period ended 30 June 2021.

All loan facilities above are denominated in Saudi Riyals and bear financial charges based on Saudi Arabian Interbank Offered Rate (SAIBOR) ranging between SAIBOR plus 1.1% to 1.7%.

The contractual maturities of the borrowings are as follows:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Less than 6 months	133,354,166	132,083,333
Between 6 - 12 months	62,430,556	24,500,000
Between 1 and 2 years	130,416,667	49,000,000
Between 2 and 5 years	292,381,944	131,416,667
Above 5 years	9,750,000	3,000,000
	628,333,333	340,000,000

8 Trade and other payables

	Note	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Accounts payable		751,142,169	787,098,862
Advances from customers		28,794,512	26,697,952
Accruals for employees		26,741,742	47,585,108
Gift cards		25,371,433	28,669,400
Value added tax payable - net		19,927,281	16,144,793
Accrual for utilities and other charges		18,488,801	10,674,975
Due to related parties	10	1,300,914	2,847,823
Others		30,886,907	52,743,461
		902,653,759	972,462,374

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

9 Segmental information

a) Operating segments

The Group is organized into business units based on factors including distribution method, targeted customers, products and geographic location.

The Group has two major operating segments namely, retail/wholesale and consumer finance. The Board of Directors of the Company, considered as Chief Operating Decision Maker, review the internal management reports of each segment at least quarterly for the purpose of resources allocation and assessment of performance. All other operating segments that are not reportable are combined under "Others".

The following summary describes the operations of each reportable segment.

Reportable segment	Operation
Retail/Wholesale	Retail, wholesale, installation and repair services of electronics products, computers, smartphones and accessories, extended warranties and gift cards
Consumer finance	Consumer financing under Murabaha and Tawarruq products respectively

The segmental information was as follows:

For the six-month period ended 30 June 2021 (Unaudited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Revenue					
- At a point in time	2,483,290,991	-	-	-	2,483,290,991
- Over time	78,477,081	133,072,628	7,588,222	(9,314,774)	209,823,157
	2,561,768,072	133,072,628	7,588,222	(9,314,774)	2,693,114,148
Net profit	136,040,882	45,644,682	593,817	(583,878)	181,695,503
Total assets	2,144,421,427	1,033,655,809	8,671,790	(37,254,643)	3,149,494,383
Total liabilities	1,673,701,021	636,244,002	4,624,091	(34,920,204)	2,279,648,910

For the six-month period ended 30 June 2020 (Unaudited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Revenue					
- At a point in time	2,645,344,496	-	-	-	2,645,344,496
- Over time	94,788,895	44,662,721	4,674,182	(6,362,635)	137,763,163
	2,740,133,391	44,662,721	4,674,182	(6,362,635)	2,783,107,659
Net profit	130,641,380	223,783	245,370	(6,046,538)	125,063,995

For year ended 31 December 2020 (Audited)

	Retail/ Wholesale	Consumer finance	Others	Eliminations	Total
Total assets	2,186,651,378	781,265,636	8,683,971	(47,135,591)	2,929,465,394
Total liabilities	1,714,132,166	429,498,514	5,339,301	(45,383,963)	2,103,586,018

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

b) Geographical segments

The geographical information below analyses the Group's revenue, net profit, total assets and total liabilities as follows:

For the six-month period ended 30 June 2021 (Unaudited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Revenue				
- At a point in time	2,268,462,222	214,828,769	-	2,483,290,991
- Over time	208,571,740	10,566,191	(9,314,774)	209,823,157
	2,477,033,962	225,394,960	(9,314,774)	2,693,114,148
Net profit	227,898,750	12,998,590	(59,201,837)	181,695,503
Total assets	3,401,493,319	226,303,166	(478,302,102)	3,149,494,383
Total liabilities	2,131,596,038	185,232,774	(37,179,902)	2,279,648,910

For the six-month period ended 30 June 2020 (Unaudited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Revenue				
- At a point in time	137,115,170	173,608,806	-	310,723,976
- Over time	2,471,735,690	7,010,628	(6,362,635)	2,472,383,683
	2,608,850,860	180,619,434	(6,362,635)	2,783,107,659
Net profit	125,214,736	5,895,797	(6,046,538)	125,063,995

For year ended 31 December 2020 (Audited)

	Kingdom of Saudi Arabia	Others	Eliminations	Total
Total assets	3,157,585,976	208,654,847	(436,775,429)	2,929,465,394
Total liabilities	1,977,793,990	180,676,251	(54,884,223)	2,103,586,018

10 Related party transactions and balances

Related parties comprise the shareholders, directors, associated companies, key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

(a) Significant transactions with related parties in the ordinary course of business during the period were as follows:

Nature of transaction	Relationship	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	Major shareholder	34,127	87,395	55,126	89,143
	Associated Companies	38,518	119,997	120,603	130,982
Purchases (returns)	Major shareholder	-	5,000,000	-	5,000,000
	Associated Companies	(66,694)	520,066	567,291	3,507,600
Rental income	Associated Companies	391,520	1,089,844	728,662	2,103,040
Rent expense	Associated Companies	485,250	873,000	805,333	1,010,500
Other expenses charged	Associated Companies	144,803	-	184,350	126,158
Management fee income	Associated Companies	-	-	96,600	-

(b) Key management compensation

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other employee benefits	12,621,601	11,715,378	16,572,549	14,734,725
Board of Directors' fees	38,000	100,433	2,386,000	2,380,433
	12,659,601	11,815,811	18,958,549	17,115,158

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

(c) Due from related parties

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
United Homeware Company	1,904,541	2,403,097
Retal Urban Development Company	2,370	3,178
Al Fozan Holding Company	18,734	749
	1,925,645	2,407,024

(d) Due to related parties

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
United Homeware Company	982,366	2,248,883
Madar Tools & Equipment Co.	287,834	568,226
Al Yassra Trading Co.	30,714	30,714
	1,300,914	2,847,823

The above balances are receivable/payable in the ordinary course of business and do not bear any financial charges.

11 Earnings per share

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
Profit for the period attributable to the shareholders of the Company	100,499,482	90,383,302	181,695,503	125,063,995

The weighted average number of shares used as the denominator are as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
Weighted average number of ordinary shares used in calculating basic earnings per share	57,518,216	57,600,000	57,518,216	57,600,000
Adjustment for treasury shares	2,481,784	2,400,000	2,481,784	2,400,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	60,000,000	60,000,000	60,000,000	60,000,000

Earnings per share

Basic earnings per share	1.75	1.57	3.16	2.17
Diluted earnings per share	1.67	1.51	3.03	2.08

UNITED ELECTRONICS COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information (Unaudited)
For the three-month and six-month periods ended 30 June 2021
(All amounts in Saudi Riyals unless otherwise stated)

12 Contingencies and capital commitments

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Letters of credit	<u>502,173,161</u>	<u>483,364,451</u>
Letters of guarantee	<u>54,232,448</u>	<u>54,401,266</u>
Commitments for the acquisition of property and equipment	<u>7,017,968</u>	<u>10,000,000</u>

13 Dividends

The shareholders of the Company in their general assembly meeting held on 29 April 2021 approved dividends of Saudi Riyals 2.0 per share, amounting to Saudi Riyals 120.0 million, for the second half of the year ended 31 December 2020, which were fully paid during the six-month period ended 30 June 2021.

Subsequent to the six-month period ended 30 June 2021, the Company's Board of Directors, in their meeting held on 11 July 2021, resolved to distribute cash dividends of Saudi Riyals 2.0 per share, amounting to Saudi Riyals 120.0 million, for the first half of the year ending 31 December 2021.

14 Comparative figures

Certain amounts in the comparative condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2020 have been appropriately presented to conform to the presentation for the three-month and six-month periods ended 30 June 2021.

These include the presentation of net impairment losses on financial assets, amounting to Saudi Riyals 5.5 million and Saudi Riyals 8.1 million, zakat expense amounting to Saudi Riyals 1.9 million and Saudi Riyals 4.3 million and income tax expense amounting to Saudi Riyals 1.6 million and Saudi Riyals 1.6 million, for the three-month and six-month periods ended 30 June 2020, respectively, as separate line items on the condensed consolidated interim statement of profit or loss and other comprehensive income. These reclassification restatements have had no impact on the gross profit, profit before zakat and income tax, net profit for the period or basic and diluted earnings per share for the three-month and six-month periods ended 30 June 2020, the condensed consolidated interim statement of financial position as at 31 December 2020 and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended 30 June 2020.