

**Gulf General Investments Co. (P.S.C)
and its subsidiaries**

Condensed consolidated interim financial
information (unaudited)

For the three months period ended 31 March 2021

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Review report of the independent auditor To the shareholders of Gulf General Investments Co. (P.S.C)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf General Investments Co. (P.S.C) (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2021, the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 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.

Basis of Qualified Conclusion

During the period, interest on borrowings of the Group aggregates to an amount of AED 18.3 million (31 December 2020: AED 122.1 million). This interest cost has not been recorded in the condensed consolidated interim financial statements since 1 January 2021. Had this interest been recognised in the condensed consolidated interim financial statements for the period, the Group’s finance costs and loss for the period would have increased by AED 18.3 million and the accumulated losses, net current liabilities and total liabilities of the Group would have increased by AED 18.3 million.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.



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**Review report of the independent auditor
To the Shareholders of Gulf General Investments Co. (P.S.C)**

Emphasis of matter

We draw attention to notes 5 and 17 of the condensed consolidated interim financial information which fully explains that the Group is in the process of negotiation with the lenders to restructure certain existing loan and credit facilities to meet its commitments and financial obligations as they fall due in the foreseeable future. Our review conclusion is not modified in respect of this matter.

GRANT THORNTON
Farouk Mohamed



Registration No: 86
Dubai, 10 May 2021

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of financial position
As at 31 March 2021

		31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
	Notes		
Assets			
Non-current assets			
Property, plant and equipment		403,939	406,945
Investment properties	6	2,585,089	2,585,089
Goodwill		11,500	11,500
Investments in associates	7	277,574	286,437
Investments in securities	8	51,574	49,343
Trade and other receivables	11	44,607	57,654
		<u>3,374,283</u>	<u>3,396,968</u>
Current assets			
Properties held for development and sale	9	174,086	174,086
Inventories	10	61,773	62,223
Due from related parties	16	26,728	25,884
Trade and other receivables	11	540,949	526,379
Reinsurance contract assets	12	233,742	221,043
Investments in securities	8	94,785	95,864
Cash in hand and at bank	13	311,459	300,525
		<u>1,443,522</u>	<u>1,406,004</u>
Total assets		<u>4,817,805</u>	<u>4,802,972</u>


The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial information.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of financial position (continued)
As at 31 March 2021

		31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
	Notes		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		49,645	49,645
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(24,773)	(27,004)
Accumulated losses		(1,687,454)	(1,672,402)
Equity attributable to owners of the Company		173,566	186,387
Non-controlling interests		224,838	230,413
Total equity		398,404	416,800
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		22,909	23,316
Current liabilities			
Due to related parties	16	421,059	412,451
Insurance contract liabilities	12	542,728	514,867
Borrowings	17	2,261,519	2,274,314
Trade and other payables		1,164,182	1,153,039
Lease liabilities		7,004	8,185
		4,396,492	4,362,856
Total liabilities		4,419,401	4,386,172
Total equity and liabilities		4,817,805	4,802,972

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on 10th May 2021


Abdalla Juma Majid Al Sari
Chairman


Hamad Saif Hamad Almheiri
Director

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial information.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated income statement (unaudited)
For the three month period ended 31 March 2021

	Notes	Three month period ended 31 March	
		2021 AED '000 (Unaudited)	2020 AED '000 (Unaudited)
Revenue		150,698	102,273
Cost of revenue		<u>(128,142)</u>	<u>(61,187)</u>
Gross profit		22,556	41,086
Administrative and general expenses	18	(26,912)	(31,113)
Selling and distribution expenses		(352)	(954)
Other income		889	447
Share of loss in associates	7	(8,863)	(9,339)
Change in fair value of investments in securities – net	8	(1,079)	(4,293)
Loss on sale of investments in securities		-	(21)
Finance cost		(8,407)	(40,334)
Finance income		<u>1,541</u>	<u>1,643</u>
Loss for the period		<u>(20,627)</u>	<u>(42,878)</u>
Loss attributable to:			
Owners of the Company		(15,052)	(46,498)
Non-controlling interests		<u>(5,575)</u>	<u>3,620</u>
		<u>(20,627)</u>	<u>(42,878)</u>
Earnings per share - Basic (AED fils per share)	20	<u>(0.84)</u>	<u>(2.6)</u>

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of other comprehensive income (unaudited)
For the three month period ended 31 March 2021

	Notes	Three month period ended 31 March	
		2021 AED '000 (Unaudited)	2020 AED '000 (Unaudited)
Loss for the period		<u>(20,627)</u>	<u>(42,878)</u>
Other comprehensive income:			
<i>Items that will never be reclassified to profit or loss:</i>			
Share in other comprehensive loss of associates and joint ventures (fair value through other comprehensive income ("FVOCI"))		-	(1,645)
Change in fair value of investments in securities - net (FVOCI)	8	<u>2,231</u>	<u>1,339</u>
Other comprehensive income/ (loss) for the period		<u>2,231</u>	<u>(306)</u>
Total comprehensive loss for the period		<u>(18,396)</u>	<u>(43,184)</u>
 <i>Total comprehensive loss attributable to:</i>			
Owners of the Company		(12,821)	(46,804)
Non-controlling interests		<u>(5,575)</u>	<u>3,620</u>
Total comprehensive loss for the period		<u>(18,396)</u>	<u>(43,184)</u>

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial information.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of changes in equity (unaudited)
For the three month period ended 31 March 2021

	Attributable to owners of the Company						
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Non-controlling interests AED '000
As at 1 January 2020 (audited)	1,791,333	49,645	7,068	37,747	(44,212)	(1,647,918)	231,402
Total comprehensive income for the period (unaudited):							
Loss for the period	-	-	-	-	-	(46,498)	3,620
Other comprehensive loss	-	-	-	-	1,339	(1,645)	-
Total comprehensive loss	-	-	-	-	1,339	(48,143)	3,620
Transactions with owners of the company							
Dividend paid	-	-	-	-	-	-	(501)
At 31 March 2020 (unaudited)	1,791,333	49,645	7,068	37,747	(42,873)	(1,696,061)	234,521
As at 1 January 2021 (audited)	1,791,333	49,645	7,068	37,747	(27,004)	(1,672,402)	230,413
Total comprehensive income for the period (unaudited):							
Loss for the period	-	-	-	-	-	(15,052)	(5,575)
Other comprehensive income	-	-	-	-	2,231	-	-
Total comprehensive loss	-	-	-	-	2,231	(15,052)	(5,575)
At 31 March 2021 (unaudited)	1,791,333	49,645	7,068	37,747	(24,773)	(1,687,454)	224,838
						173,566	398,404

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2021 as it would be effected at the year-end.

The accompanying notes 1 to 23 are an integral part of the condensed consolidated interim financial statements.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of cash flows (unaudited)
For the three month period ended 31 March 2021

		Three month period ended 31 March	
	Notes	2021 AED '000 (Unaudited)	2020 AED '000 (Unaudited)
Cash flows from operating activities			
Loss for the period		(20,627)	(42,878)
<i>Adjustments for:</i>			
Depreciation	18	1,145	1,770
Share of loss from associates and joint ventures		8,863	9,339
Change in fair value of investments measured at fair value through profit or loss		1,079	4,293
Loss on sale of investments in securities		-	(21)
Provision of employees' end of service benefits		594	633
Finance income		(1,541)	(1,643)
Interest on lease liability		134	150
Finance costs		8,407	40,334
Operating (loss)/ profit before working capital changes		(1,946)	11,977
Changes in re-insurance contract assets		(12,699)	7,618
Changes in insurance contract liabilities		27,861	(13,517)
Changes in related parties		7,764	(13,485)
Changes in properties held for development and sale		-	(3,188)
Changes in inventories		450	162
Changes in trade and other receivables		(1,523)	(18,162)
Changes in trade and other payables		11,143	96,568
Additions to investment properties		-	(9,653)
Proceeds from sale of investments in securities		-	650
		31,050	58,970
Employees' end of service benefits paid		(1,001)	(519)
Net cash generated from operating activities		30,049	58,451
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(8,010)
Proceeds from sale of property, plant and equipment		1,861	-
Finance income		1,541	1,643
Net cash generated from/ (used in) investing activities		3,402	(6,367)
Cash flows from financing activities			
Dividend paid to non-controlling interest		-	(501)
Net movement in bank borrowings		-	(30)
Payment of lease liability		(1,312)	(2,804)
Finance costs		(8,407)	(40,334)
Net cash used in financing activities		(9,719)	(43,669)
Net increase in cash and cash equivalents		23,732	8,415
Cash and cash equivalents at the beginning of the period		241,617	167,705
Cash and cash equivalents at the end of the period	15	265,349	176,120

The accompanying notes 1 to 23 are an integral part of these condensed consolidated interim financial information.

Gulf General Investments Co. (P.S.C) and its subsidiaries

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2021

1 Reporting entity

Gulf General Investments Co. (P.S.C) (the “Company”) is incorporated under Emiri Decree No. 2/73 dated 27 July 1973 as a Public Shareholding Company. The duration of the Company is ninety nine years commencing from the date of issuance of the above mentioned Emiri Decree. The registered address of the Company is P. O. Box 22588, Dubai, United Arab Emirates. The Company is listed on the Dubai Financial Market.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2021 (the “current period”) comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and joint ventures.

The parent company and subsidiary of the Group have complied with all applicable requirement of the UAE Federal Law No. 2 of 2015 and are in the process of complying with Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies which was issued on 27 September 2020 and shall take effect starting from the 2 January 2021.

The principal activities of the Group are to act as a real estate agent, manufacturing, retail trading and provision of real estate development, writing of insurance of all types, hospitality and other services.

Investment Group (Pvt) Limited, a company registered in UAE is a significant shareholder of the Company (the “significant shareholder”).

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2021 has been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. This does not include all of the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

3 Significant accounting policies

The accounting policies applied are same as those applied in the annual financial statements as at and for the year ended 31 December 2020.

Gulf General Investments Co. (P.S.C) and its subsidiaries

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2021

3 Significant accounting policies (continued)

New and revised IFRS applied with no material effect on the condensed consolidated interim financial information

There are no new and revised IFRS that has a material impact for the Group during the period.

New and revised IFRS not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Management anticipates that IFRS 17 will be adopted in the Group's financial statements for the annual period beginning 1 January 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group's financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review. Management is in the process of performing a detailed assessment as required by the Insurance Authority on implementation of IFRS 17.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Framework;
- Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41); and
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

4 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, equity price risk, and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

There has been no change in the risk management policies since the year end.

5 Funding and liquidity

The Group has third party commitments amounting to AED 4,016.1 million as at 31 March 2021 (31 December 2020: AED 3,971.1 million) of which AED 3,993.2 million (31 December 2020: AED 3,947.7 million) is payable within one year from the reporting date.

These third party commitments include loans and borrowings of AED 2,900.5 million (31 December 2020: AED 2,921.1 million) which is payable within one year from the reporting date.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

5 Funding and liquidity (continued)

The Board of Directors expect that the Group will meet its funding requirements through future income generated from operations, sale of investments and properties, existing cash and bank balance and restructuring of its certain existing loan facilities.

Furthermore, the Board of Directors and the management have undertaken a variety of initiatives and are continuing with the plans as outlined above, which they believe to be realistic and achievable to ensure the Group's ability to meet its financial commitments as they fall due. Also refer to note 17.

6 Investment properties

	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
Opening balance	2,585,089	2,550,958
Additions during the period/ year	-	27,182
Transferred from development properties	-	67,243
Transferred to property, plant and equipment	-	-
Disposals during the period/ year	-	(49,850)
Change in fair value	-	(10,444)
Closing balance	<u>2,585,089</u>	<u>2,585,089</u>

- (i) During the three month period ended 31 March 2021, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2020.

The fair value measurement of these properties have been categorised as Level 3 fair value.

- (ii) Certain investment properties are mortgaged to banks towards credit facilities granted to the Group.

7 Investments in associates

The Group's share of loss in associates for the three month period ended 31 March 2021 amounted to AED 8.9 million (31 March 2020: share of loss of AED 9.3 million).

Certain investments in associates and joint ventures are mortgaged to banks towards credit facilities granted to the Group.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

8 Investments in securities

	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVOCI")</i>		
Opening balance	49,343	57,577
Addition during the period/ year	-	407
Disposal during the period/ year	-	(8,065)
Change in fair value during the period/ year	2,231	(576)
Closing balance	<u>51,574</u>	<u>49,343</u>
	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	95,864	100,362
Change in fair value during the period/ year	-	(3,865)
Disposal during the period/ year	(1,079)	(633)
Closing balance	<u>94,785</u>	<u>95,864</u>

Certain investments are mortgaged to banks and financial institution towards credit facilities granted to the Group.

9 Properties held for development and sale

During the three month period ended 31 March 2021, the Company's Directors have reviewed the carrying value of properties held for development and sale and are of the opinion that there is no significant change in recoverable amount of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2020. Certain properties held for development and sale are mortgaged to banks towards credit facilities granted to the Group.

10 Inventories

Certain inventories along with assignment of insurance policies against those inventories are hypothecated to banks against credit facilities granted to the Group.

11 Trade and other receivables

Trade and other receivables include notes receivable that represent post-dated cheques received from the buyers of properties held for development and sale. Management has performed an impairment assessment on the future collectability of these notes receivable and accordingly has concluded that no allowance for impairment is required as these notes are expected to be realised in the normal course of business.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

12 Reinsurance contract assets and insurance contract liabilities

	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
Gross		
Reserve for outstanding claims	190,218	192,617
Unallocated loss adjustment expense reserve	4,083	4,083
Unexpired risk reserve	119	119
Mathematical reserve	1,146	1,146
Reserve for incurred but not reported claims (IBNR)	50,582	50,582
Reserve for outstanding claims (including IBNR)	246,148	248,547
Unearned premium reserve	296,580	266,320
Total insurance contract liabilities (gross)	542,728	514,867
Less: recoverable from reinsurers		
Reinsurer share of outstanding claims	(156,078)	(148,879)
Reinsurer share of mathematical reserve	(1,138)	(1,138)
Reinsurer share of incurred but not reported claims (IBNR)	(16,037)	(16,037)
Reinsurer share of outstanding claims (including IBNR)	(173,253)	(166,054)
Unamortised reinsurance premium reserve	(60,489)	(54,989)
Total re-insurance contract assets	(233,742)	(221,043)
Net insurance contract liabilities	308,986	293,824

13 Cash in hand and at bank

	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
Cash in hand	1,202	882
Bank balances:		
- Current accounts	106,831	100,040
- Deposit accounts	203,460	199,637
Less: expected credit losses	(34)	(34)
	311,459	300,525

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

13 Cash in hand and at bank (continued)

Deposits include fixed deposits of AED 132.5 million (31 December 2020: AED 132.5 million) held under lien (also refer to note 15) against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (31 December 2020: AED 10.3 million) deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law No. (6) of 2007 relating to the Insurance Authority.

14 Share capital

	31 March 2021 AED '000 (Unaudited)	31 December 2020 AED '000 (Audited)
<i>Authorised, issued and paid up</i>		
1,791 million shares of AED 1 each paid up in cash	<u>1,791,333</u>	<u>1,791,333</u>

15 Cash and cash equivalents

	Three month period ended 31 March 2021 AED '000 (Unaudited)	2020 AED '000 (Unaudited)
Cash in hand	1,202	946
Bank balances:		
- Current accounts	106,831	78,724
- Deposit accounts	203,460	200,223
Expected credit losses	(34)	(34)
	<u>311,459</u>	<u>279,859</u>
Less: Fixed deposits under lien/ deposits with maturity over three months	(256)	(886)
Less: bank overdrafts (refer to note 17)	<u>(45,854)</u>	<u>(102,853)</u>
	<u>265,349</u>	<u>176,120</u>

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

16 Related party transactions and balances

The Group in the ordinary course of business, enters into transaction with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24. Pricing policies and terms of transactions with related parties are mutually agreed.

Significant transactions carried out with related parties during the period, other than those disclosed elsewhere in the condensed consolidated interim financial information, are as follows:

	Three month period ended 31 March	
	2021	2020
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	187	252
Gross premium	1,137	1,259
Claims paid	<u>252</u>	<u>208</u>
<i>Compensation to key management personnel:</i>		
Salaries and benefits	<u>727</u>	<u>878</u>

Due from related parties

	31 March 2021	31 December 2020
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	2,728	2,728
Other related parties	<u>24,000</u>	<u>23,156</u>
	<u>26,728</u>	<u>25,884</u>

Due to related parties

	31 March 2021	31 December 2020
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	16,356	16,356
Other related parties	<u>404,703</u>	<u>396,095</u>
	<u>421,059</u>	<u>412,451</u>

The Group's assets comprising of certain investment in subsidiaries, investment properties, investment in associates and investment in securities are held by the related parties for the beneficial interest of the Group.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2021

17 Borrowings

	31 March 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Term loans (refer note below)	2,196,508	2,196,508
Bank overdrafts (refer to note 15)	45,854	58,649
Trust receipts	19,157	19,157
	<u>2,261,519</u>	<u>2,274,314</u>

The below table provides movement of interest bearing borrowings:

	31 March 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
At 1 January	2,274,314	2,370,494
<i>Cash flow items</i>		
Repayment of borrowings during the period/ year	-	(63,833)
<i>Other non-cash items</i>		
Net movement in bank overdrafts	(12,795)	(32,347)
At 31 March/ 31 December	<u>2,261,519</u>	<u>2,274,314</u>

On 2 July 2012, the Company concluded the restructuring agreement with a group of banks covering the outstanding debt of AED 2,778.4 million ("Earlier Restructured Loan"). The restructured loan was repayable in annual instalments up to 31 December 2018.

In previous years, the Company initiated a negotiation with the lenders to further restructure its outstanding debt. As at 30 September 2017, the Company concluded the revised restructuring agreement after obtaining approvals from the majority of the banks covering a total debt of AED 2,147 million (including interest payable of AED 74 million upto 31 December 2016). Under the revised agreement, 66.08% of the Earlier Restructured loan is repayable in annual instalments until 31 December 2023 and the remaining 33.92% as a final settlement in a manner to be renegotiated at that time.

Of the total restructured loan, the repayment of AED 349 million (principal), due and payable as at 31 March 2021, was in default. The Company's Directors have reviewed the facts and circumstances of this default in 2018 and have accordingly classified the entire loan amount as current liability.

The revised restructured facility carries interest at the rate of 2.75% per annum above 6-month EIBOR for term facilities denominated in AED and 6-month LIBOR for term facilities denominated in USD charged on a semi-annual basis. Further, effective from the revised restructuring agreement date, a payment-in-kind (PIK) at 0.25% will be additionally charged on a semi-annual basis on the outstanding debt and is due to be repaid on 31 December 2023. Commencing 31 December 2018, in the event of default, the interest rate will be increased by 0.25% per annum on a semi-annual basis. The Company has been in default in 2019 and therefore the interest rate has increased from 2.75% to 3.00% per annum for the year/period ended 31 December 2020 and 31 March 2021. Any such increase in the interest rate will no longer be applicable for future periods if no event of default subsists.

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17 Borrowings (continued)

There is no change in the security and covenant requirements as per the revised restructuring agreement. The Company is required to maintain a minimum Asset Cover Ratio of 1.2:1 and is also subject to the general covenants including dividend restriction in accordance with the restructuring agreement. Further, certain subsidiaries of the Company are subject to maintain certain level of financial indebtedness as guarantors of the restructured loan. These borrowings are secured against certain assets of the Group.

Furthermore, the Company is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257 million (included in trade and other payables) and interest of AED 39.3 million (31 December 2020: AED 39.3 million)

18 Administrative and general expenses

	Three month period ended 31 March	
	2021	2020
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Staff costs	15,876	17,782
Legal and professional fee	2,368	2,242
Depreciation	1,145	1,770
Rent	660	1,563
Repairs and maintenance	1,043	747
Telephone, postal and office supplies	218	286

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19 Financial instruments/ fair value hierarchy

(i) Financial instruments

Financial assets of the Group include investments in securities, re-insurance contract assets, trade and other receivables and cash in hand and at bank. Financial liabilities of the Group include borrowings, insurance contract liabilities, trade and other payables and finance lease liabilities. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and comparative period:

	Designated as fair value through profit or loss AED '000	Designated as fair value through other comprehensive income AED '000	Others at amortised cost AED '000	Carrying amount AED '000	Fair value AED '000
31 March 2021					
(Unaudited)					
Financial assets					
Investments in securities	94,785	51,574	-	146,359	146,359
Due from related parties	-	-	26,728	26,728	26,728
Re-insurance contract assets	-	-	233,742	233,742	233,742
Trade and other receivables	-	-	573,187	573,187	573,187
Cash at bank	-	-	310,257	310,257	310,257
	94,785	51,574	1,143,914	1,290,273	1,290,273
Financial liabilities					
Borrowings	-	-	2,261,519	2,261,519	2,261,519
Due to related parties	-	-	421,059	421,059	421,059
Insurance contract liabilities	-	-	542,728	542,728	542,728
Trade and other payables	-	-	1,164,182	1,164,182	1,164,182
	-	-	4,389,488	4,389,488	4,389,488
31 December 2020					
(Audited)					
Financial assets					
Investments in securities	95,864	49,343	-	145,207	145,207
Due from related parties	-	-	25,884	25,884	25,884
Re-insurance contract assets	-	-	221,043	221,043	221,043
Trade and other receivables	-	-	570,743	570,743	570,743
Cash at bank	-	-	299,643	299,643	299,643
	95,864	49,343	1,117,313	1,262,520	1,262,520
Financial liabilities					
Borrowings	-	-	2,274,314	2,274,314	2,274,314
Due to related parties	-	-	412,451	412,451	412,451
Insurance contract liabilities	-	-	514,867	514,867	514,867
Trade and other payables	-	-	1,153,039	1,153,039	1,153,039
	-	-	4,354,671	4,354,671	4,354,671

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19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
31 March 2021 (Unaudited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	48,193	-	-
Unquoted equity investments	-	-	3,381
	<u>48,193</u>	<u>-</u>	<u>3,381</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	20,806	-	-
Unquoted equity investments	-	-	73,979
	<u>20,806</u>	<u>-</u>	<u>73,979</u>
31 December 2020 (Audited)			
<i>Financial assets</i>			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	45,962	-	-
Unquoted equity investments	-	-	3,381
	<u>45,962</u>	<u>-</u>	<u>3,381</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	21,885	-	-
Unquoted equity investments	-	-	73,979
	<u>21,885</u>	<u>-</u>	<u>73,979</u>

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19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the three month period ended 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 measurements (2020: Nil).

The fair value of unquoted equity investments was determined by an external, qualified and independent valuer as at 31 December 2020 who has experience in equity investments valuations. The Company's Directors are of the opinion that there is no significant change in fair value of unquoted equity investments as compared to the previous valuation carried out as at 31 December 2020.

20 Earnings per share

	Three month period ended 31 March	
	2021 (Unaudited)	2020 (Unaudited)
Net loss attributable to owners of the company (AED '000)	(15,052)	(46,498)
Number of shares ('000)	1,791,333	1,791,333
Basic earnings per share (AED fils per share)	(0.84)	(2.6)

There was no dilution effect on the basic earnings per share as the Company does not have any such outstanding commitment as at the reporting date.

21 Contingent liabilities and commitments

Guarantees

The Group has issued corporate guarantees for loans and advances from commercial banks obtained by related and third parties including subsidiaries and associates.

Litigations

Certain claims and contingent liabilities may arise during the normal course of business. The Board of Directors review these on a regular basis as and when such claims are received and each case is treated according to its merit. Based on the terms of the relevant contract and circumstances, the Group determines if a counter claim should be lodged. Based on the opinion of the Group's independent legal counsel and information presently available, the Board of Directors have assessed that the final outcome of outstanding legal claims (initial judgement in some cases is in favour and in some cases against the Company) cannot be reliably determined considering these cases are sub-judice. On the basis of their review of the current position of these legal claims, the Company's Directors are of the view that the existing provision as at the reporting date is adequate to cover any possible cash outflows arising from the final outcome of these claims. The Company has elected not to present the complete disclosures as required by IAS 37 "*Provision and Contingent Liabilities and Contingent Assets*" as management is of the view that since the legal claims are sub-judice and are disputed, therefore this information may be prejudicial to their position on these matters.

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21 Contingent liabilities and commitments (continued)

Furthermore, certain other contingent liabilities may arise during the normal course of business, which based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of the management, these contingent liabilities are not likely to result in any cash outflows for the Group in addition to any related existing provisions currently in the books.

22 Segment reporting

The internal management reports which are prepared under IFRS are reviewed by the Board of Directors based on the different sectors in which the Group operates. The Group has identified the following different sectors as its basis of segmentation:

<i>Manufacturing</i>	Includes manufacture and sale of oil, lubricants, grease, prefabricated houses, concrete, carpentry, restaurant, ovens, kitchens and central air conditioning systems.
<i>Investments</i>	Includes investments in real estate properties and equity securities.
<i>Insurance services and others</i>	Service and other operations include writing of insurance and various other services including hospitality.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

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22 Segment reporting (continued)

	Manufacturing		Investments		Insurance services and others		Unallocated		Total
	31-Mar 2021	31-Dec 2020	31-Mar 2021	31-Dec 2020	31-Mar 2021	31-Dec 2020	31-Mar 2021	31-Dec 2020	
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Segment assets	266,860	266,068	3,626,952	3,678,262	631,365	598,189	292,628	260,453	4,802,972
Segment liabilities	68,127	67,172	3,163,337	3,196,066	745,687	686,866	442,250	436,068	4,386,172
	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
(Unaudited)									
Revenue	2,152	1,666	4,088	2,309	144,458	98,298	-	-	150,698
									102,273
Segment result from operations	-	(66)	(4,993)	(14,603)	(9,233)	10,482	-	-	(14,226)
									(4,187)
Finance income	-	-	1,541	1,643	-	-	-	-	1,541
									1,643
Finance cost	-	(3,185)	(7,601)	(36,180)	(806)	(969)	-	-	(8,407)
									(40,334)
(Loss)/ profit for the period	-	(3,251)	(10,588)	(49,140)	(10,039)	9,513	-	-	(20,627)
									(42,878)

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23 Impact of Covid-19

The Group is continuing to monitor the impact of COVID-19 on its financial performance. To date, there has been no significant impact on the credit risk or instances of default. Accordingly, results for the period ended 31 March 2021 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2021.