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

Consolidated financial statements
For the year ended 31 December 2019

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

Consolidated financial statements
For the year ended 31 December 2019

Contents | *Page*

Directors' report

The directors submit their report on the audited consolidated financial statements for the year ended 31 December 2019.

Incorporation and registered offices

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 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.

Principal activities

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.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2019 are set out in the accompanying consolidated financial statements.

Directors

The following were the Directors of the Group for the year ended 31 December 2019:

Mr. Abdalla Juma Majid Al Sari	Chairman
Mr. Majid Abdalla Juma Al Sari	Deputy Chairman
Mr. Ahmad Yousuf Habib Al Yousuf	Director
Mr. Hamad Saif Hamad Al Mheiri	Director
Mr. Mohamed Ali Abdalla Al Sari	Director

Auditors

The consolidated financial statements for the year ended 31 December 2019 have been audited by Grant Thornton UAE and, being eligible, offer themselves for reappointment.

By order of the Board of Directors.

Chairman
Date: 25 March 2020

GGICO
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GULF GENERAL INVESTMENT P.S.C

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf General Investments Co. (P.S.C) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by AED 2,960.7 million as at 31 December 2019. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

i) Valuation of investment properties

The Group's investment properties portfolio is carried at AED 2,504.7 million. The Group engaged a professionally qualified external valuer to fair value its investment properties. The valuer performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Global Standards (2017 Edition). The fair value definition as per RICS Valuation Standards, adopted by the external valuers, complies with the fair value definition under IFRS. The valuation of the portfolio is a significant judgement area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value, could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognised in respect of these investment properties.

Our audit procedures, among others, included:

- We assessed the competence, independence and integrity of the external valuers to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;

- We obtained the external valuation reports for all properties valued by the valuers and assessed the valuation approach used by the valuer in determining the fair value of the properties;

- We have tested on a sample basis whether property specific data supplied to the external valuers by management reflected the underlying property records; and

- Based on the outcome of our evaluation, we assessed the adequacy of the disclosure in the consolidated financial statements.

ii) Valuation of properties held for development and sale

The Group holds properties for development and sale of AED 301.4 million. The net realisable value of property held for development and sale is determined based on the comparable market data adjusted for property specific characteristics. Key inputs into the valuation process are property size, location, rezoning permits. The Group uses professionally qualified external valuers to determine the recoverable amount of the Group's portfolio of properties held for development and sale. The valuers perform their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Global Standards (2017 Edition) and have experience in the markets in which the Group operates.

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Independent Auditor's report

The Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

ii) Valuation of properties held for development and sale (continued)

The estimation of property cost and net realisable value is a complex process as a change in the Group's forecast estimate of sales price and construction cost could have a material impact on the carrying value of properties held for development and sales in the Group's consolidated financial statements. For properties under construction, the recoverable amount cannot be reliably determined until the construction is complete and cash flows can be reliably estimated.

Our audit procedures, among others, included:

- We assessed the competence, independence and integrity of the external valuers to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- We obtained the external valuation reports for all properties valued by the valuers and assessed the valuation approach used by the valuer in determining the recoverable amount of the properties;
- We have tested whether property specific data supplied to the external valuers by management reflected the underlying property records;
- We met the external valuers of the portfolio to discuss the results of their work. We discussed and evaluated the valuation process, overall performance of the portfolio and the significant assumptions used in the valuation;
- In relation to the properties under construction where the recoverable amount cannot be determined reliably, we evaluated reasonableness of the management's impairment assessment; and
- Based on the outcome of our evaluation, we assessed the adequacy of the disclosure in the consolidated financial statements.

iii) Valuation of trade and insurance receivables

The Group has trade and insurance receivables that are overdue and not impaired (as disclosed in note 14 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's related allowance for expected credit losses (ECL) is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

Our audit procedures, among others, included:

- We obtained an understanding of the Group's process for estimating ECL and assessed the appropriateness of ECL methodology against the requirements of IFRS 9;
- We identified and tested key controls over the ECL model used;

Independent Auditor's report
The Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

iii) Valuation of trade and insurance receivables (continued)

- We assessed the reasonableness of managements' key assumptions and judgements made in determining the allowance for ECL, segmenting of receivables and macroeconomic factors; and

- We tested the key inputs of model such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also assessed reasonableness of forward-looking factors used by the Group by corroborating with publicly available information.

iv) Valuation of insurance contract liabilities

Valuation of these liabilities involves significant judgement and requires a number of assumptions to be made that have high estimation uncertainty. This is particularly the case for those liabilities that are recognised in respect of claims that have occurred, but have not yet been reported ("IBNR") to the Group. IBNR and life assurance fund is calculated by an independent qualified external actuary for the Group.

Small changes in the assumptions used to value the liabilities, particularly those relating to the amount and timing of future claims, can lead to a material impact on the valuation of these liabilities and a corresponding effect on consolidated income statement. The key assumptions that drive the reserve calculations include loss ratios, estimates of the frequency and severity of claims and, where appropriate, the discount rates for longer tail classes of business.

The valuation of these liabilities depends on accurate data about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of these liabilities may arise.

Our audit procedures, among others, included:

- Understood and tested the governance process in place to determine the insurance contract liabilities, including testing the associated financial reporting control framework;

- We tested the underlying group's data to source documentation;

- Using our actuarial specialist team members, we applied our industry knowledge and experience, and compared the methodology, models and assumptions used against recognised actuarial practices; and

- Using our actuarial specialist team members, we checked the mathematical accuracy of the methodology applied on selected classes of business, particularly focusing on the largest and most uncertain reserves.

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

v) Funding/liquidity: borrowings

The Group has loans and borrowings amounting to AED 3,035.3 million as at 31 December 2019, which is payable within one year from the reporting date. 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. The Board of Directors expect that the Group will meet its funding requirements through restructuring of certain existing loan and credit facilities, existing cash and bank balances, and future income generated from operations and sale of investments and properties.

Management has not identified any material uncertainty that may cast significant doubt about the Group's ability to meet its future obligations. Due to the significance of the carrying value of the outstanding loan facilities in the Group's consolidated financial statements and the inherent uncertainties associated with the cash flow forecast, the funding and liquidity has been determined as a key audit matter.

Our audit procedures, among others, included:

- We reviewed management's plan for the next twelve months from the reporting date to meet the cash flow requirements of the Group as well as their progress of the ongoing loan restructuring; and

- We assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements relating to liquidity risk and commitments.

vi) Litigation and claims

The Group has a number of litigations and claims, the final outcome of which, based on the opinion of the lawyers received by the Group's management and information presently available, cannot be reliably estimated considering that these cases are sub-judice. Hence, the recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigations and claims requires significant judgement by the management and as a result is a key area of focus in our audit.

Our audit procedures, among others, included:

- We evaluated the Group's assessment of the nature and status of litigation, claims and provision assessments, and obtained inputs from the external lawyers to understand the legal position and material risks. The outcome of our evaluation was used as a basis to determine the adequacy of the level of provisioning and disclosure in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises of the Directors' report, which we obtained prior to the date of this auditor's report and the Group's Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Other matter

The consolidated financial statements for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Independent Auditor's report
To the Shareholders of Gulf General Investments Co. (P.S.C)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of accounts;

iv) the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) other than those disclosed in note 10 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2019;

vi) note 13 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Group, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2019.

Grant Thornton

GRANT THORNTON

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

Farouk Mohamed
Registration No: 86
Dubai - 25 March 2020

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

Consolidated statement of financial position

As at 31 December 2019

	Notes	2019 AED '000	Restated 2018 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**408,758**	354,992
Investment properties	7	**2,504,716**	2,346,265
Goodwill	8	**11,500**	11,500
Investments in associates	9	**315,923**	369,108
Investments in securities	10	**57,577**	67,211
Trade and other receivables	14	**74,690**	71,699
		3,373,164	3,220,775
Current assets			
Properties held for development and sale	11	**301,436**	551,256
Inventories	12	**32,956**	33,252
Due from related parties	13	**83,503**	58,255
Trade and other receivables	14	**662,696**	791,627
Reinsurance contract assets	15	**116,314**	115,027
Investments in securities	10	**100,362**	108,561
Cash in hand and at banks	16	**259,587**	264,066
		1,556,854	1,922,044
TOTAL ASSETS		**4,930,018**	5,142,819

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

Gulf General Investments Co. (P.S.C) and its subsidiaries
Consolidated statement of financial position (continued)
As at 31 December 2019

	Notes	2019 AED '000	Restated 2018 AED '000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	**1,791,333**	1,791,333
Legal reserve	18	**49,645**	49,164
Additional reserve	18	**7,068**	7,068
Land revaluation reserve	18	**37,747**	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		**(44,212)**	(34,578)
Accumulated losses		**(1,698,126)**	(1,532,066)
Equity attributable to owners of Parent Company		**143,455**	318,668
Non-controlling interests	35	**241,344**	257,806
Total equity		**384,799**	576,474
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	19	**27,648**	34,122
		27,648	34,122
Current liabilities			
Due to related parties	13	**431,307**	381,344
Insurance contract liabilities	15	**333,591**	295,276
Borrowings	20	**2,370,494**	2,398,320
Trade and other payables	21	**1,371,828**	1,457,283
Lease liabilities	3	**10,351**	-
		4,517,571	4,532,223
Total liabilities		**4,545,219**	4,566,345
TOTAL EQUITY AND LIABILITIES		**4,930,018**	5,142,819

The consolidated financial statements were authorised for issue by and on behalf of the Board of Directors on 25 March 2020

Abdalla Juma Majid Al Sari
Chairman

Hamad Saif Hamad Al Mheiri
Director

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

Consolidated income statement

For the year ended 31 December 2019

	Notes	2019 AED '000	Restated 2018 AED '000
Revenue	22	**532,663**	560,097
Cost of revenue	23	**(346,404)**	(351,088)
Gross profit		**186,259**	209,009
Administrative and general expenses	24	**(161,791)**	(206,925)
Selling and distribution expenses		**(15,935)**	(7,534)
Other income		**5,722**	4,650
Write down of properties held for development and sale to net realisable value	11	**(16,445)**	-
Investment properties income – net	25	**25,945**	(55,382)
Share of loss in associates	9	**(5,049)**	(224)
Investment income – net	26	**6,468**	2,840
Allowance for expected credit losses	32	**-**	(35,872)
Finance income	27	**7,274**	6,390
Finance cost	28	**(190,545)**	(174,613)
Loss for the year		**(158,097)**	(257,661)
(Loss)/profit attributable to:			
Owners of Parent Company		**(165,047)**	(282,072)
Non-controlling interests		**6,950**	24,411
		(158,097)	(257,661)
			Restated
Loss per share - Basic (AED fils per share)	29	**(9.21)**	(15.75)

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

	Notes	2019 AED '000	Restated 2018 AED '000
Loss for the year		**(158,097)**	(257,661)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Share in other comprehensive income/(loss) of associates (fair value through other comprehensive income ("FVTOCI"))	9	**1,156**	(1,768)
Change in fair value of investments in securities - net (FVTOCI)	10	**(9,634)**	(3,320)
Other comprehensive loss for the year		**(8,478)**	(5,088)
Total comprehensive loss for the year		**(166,575)**	(262,749)
Total comprehensive (loss)/income attributable to:			
Owners of Parent Company		**(173,525)**	(287,160)
Non-controlling interests		**6,950**	24,411
Total comprehensive loss for the year		**(166,575)**	(262,749)

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Attributable to owners of Parent 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 FVTOCI AED '000	Accumulated losses AED '000	Total AED '000	Non – controlling interests AED '000	Total AED '000
At 1 January 2019	1,791,333	49,164	7,068	37,747	(34,578)	(1,532,066)	318,668	257,806	576,474
Impact of adopting IFRS 16 (note 3)	-	-	-	-	-	(24)	(24)	(21)	(45)
At 1 January 2019	1,791,333	49,164	7,068	37,747	(34,578)	(1,532,090)	318,644	257,785	576,429
Total comprehensive loss for the year									
(Loss)/profit for the year	-	-	-	-	-	(165,047)	(165,047)	6,950	(158,097)
Other comprehensive (loss)/income	-	-	-	-	(9,634)	1,156	(8,478)	-	(8,478)
Total comprehensive loss	-	-	-	-	(9,634)	(163,891)	(173,525)	6,950	(166,575)
Transactions with owners of Company									
Dividend paid	-	-	-	-	-	-	-	(6,493)	(6,493)
Other movements									
Acquisition of non-controlling interests without change in control (note 2)	-	-	-	-	-	(789)	(789)	(16,023)	(16,812)
Director's fees paid by a subsidiary	-	-	-	-	-	(875)	(875)	(875)	(1,750)
Transfer to reserves	-	481	-	-	-	(481)	-	-	-
At 31 December 2019	**1,791,333**	**49,645**	**7,068**	**37,747**	**(44,212)**	**(1,698,126)**	**143,455**	**241,344**	**384,799**

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2019

	Attributable to owners of Parent 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 FVTOCI AED '000	Accumulated losses AED '000	Total AED '000	Non – controlling interests AED '000	Total AED '000
At 1 January 2018	1,791,333	46,904	7,068	37,747	(30,968)	(1,204,587)	647,497	304,142	951,639
Impact of adopting IFRS 9	-	-	-	-	-	(10,593)	(10,593)	-	(10,593)
Effect of restatement (note 37)	-	-	-	-	-	(30,076)	(30,076)	(29,800)	(59,876)
As at 1 January 2018 (restated)	1,791,333	46,904	7,068	37,747	(30,968)	(1,245,256)	606,828	274,342	881,170
Total comprehensive loss for the year									
(Loss)/profit for the year (restated)	-	-	-	-	-	(282,072)	(282,072)	24,411	(257,661)
Other comprehensive loss	-	-	-	-	(3,320)	(1,768)	(5,088)	-	(5,088)
Total comprehensive loss	-	-	-	-	(3,320)	(283,840)	(287,160)	24,411	(262,749)
Transactions with owners of Company									
Dividend paid	-	-	-	-	-	-	-	(39,947)	(39,947)
Other movements									
Change in fair value of investments measured at FVTOCI - reclassified to accumulated losses	-	-	-	-	(290)	290	-	-	-
Directors' fees paid by a subsidiary	-	-	-	-	-	(1,000)	(1,000)	(1,000)	(2,000)
Transfer to reserves (restated)	-	2,260	-	-	-	(2,260)	-	-	-
At 31 December 2018	1,791,333	49,164	7,068	37,747	(34,578)	(1,532,066)	318,668	257,806	576,474

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows

For the year ended 31 December 2019

	Notes	2019 AED '000	Restated 2018 AED '000
Cash flows from operating activities			
Loss for the year		**(158,097)**	(257,661)
Adjustments for:			
Depreciation	6	**16,185**	20,725
Loss on sale of investment properties	7	**-**	1,610
Fair value loss on investment properties	7	**15,424**	83,912
Share of loss in associates	9	**5,049**	224
Change in fair value of investments measured at fair value through profit or loss	10	**9,701**	(2,762)
Reversal made for slow moving inventories	12	**(1,426)**	(1,274)
Provision of employees' end of service benefits	19	**3,531**	5,061
Gain on sale of investments in securities		**(83)**	(78)
Loss of disposal of equity interest in an associate		**12,052**	-
Gain on liquidation of subsidiaries	26	**(28,138)**	-
Allowance for expected credit losses on trade receivables	32	**-**	35,872
Interest on lease liability		**643**	
Finance income	27	**(7,274)**	(6,390)
Finance costs	28	**190,545**	174,613
Operating profit before working capital changes		**58,112**	53,852
Changes in trade and other receivables		**125,940**	54,768
Changes in properties held for development and sale		**26,435**	(107)
Changes in inventories		**1,722**	(912)
Changes in due from related parties		**(25,248)**	42,801
Changes in reinsurance contract assets		**(1,287)**	83,399
Changes in due to related parties		**49,963**	14,344
Changes in insurance contract liabilities		**38,315**	(84,855)
Changes in trade and other payables		**(57,317)**	20,090
Additions to investment properties	7	**(27,242)**	(22,849)
Proceeds from sale of investments in securities		**(1,419)**	14,304
		187,974	174,835
Employees' end of service benefits paid	19	**(10,005)**	(8,161)
Net cash generated from operating activities		**177,969**	166,674

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows (continued)

For the year ended 31 December 2019

	Notes	2019 AED '000	Restated 2018 AED '000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(7,092)**	(23,783)
Proceeds from disposal of property, plant and equipment		**26,905**	26,703
Dividend received from an associate	9	**-**	3,675
Acquisition of non-controlling interest		**(16,812)**	-
Proceeds from sale of investment properties	7	**-**	17,000
Proceeds from disposal of equity interest in an associate	9	**35,000**	-
Net movement in fixed deposits (maturity of more than 3 months)		**2,010**	(72)
Net proceeds from asset held for sale		**-**	1,693
Finance income	27	**7,274**	6,390
Net cash generated from investing activities		**47,285**	31,606
Cash flows from financing activities			
Dividend paid to non-controlling interest		**(6,493)**	(39,947)
Net movement in borrowings		**4,360**	(4,246)
Payment of lease liability		**(3,350)**	-
Directors' fees paid		**(1,750)**	(2,000)
Finance costs	28	**(190,545)**	(174,613)
Net cash used in financing activities		**(197,778)**	(220,806)
Net decrease in cash and cash equivalents		**27,476**	(22,526)
Cash and cash equivalents at the beginning of the year		**140,229**	162,755
Cash and cash equivalents at the end of the year	16	**167,705**	140,229

The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.

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 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.

These consolidated financial statements present the financial position and results of operations of the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates (refer to notes 2 and 9).

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.

The Company is a subsidiary of Investment Group (Pvt) Limited, a company registered in UAE.

2 Basis of preparation

Going concern

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that the Group has incurred a net loss of AED 158.1 million (2018: AED 257.7 million), has net current liabilities of AED 2,960.7 million (2018: AED 2,610.2 million) and accumulated losses of AED 1,698.1 (2018: AED 1,532.1 million) as at that date. The continuation of the Group's operations is dependent upon future profitable operations and the ability of the Group to generate sufficient cash flows from operations and sale of investments and properties to meet its future obligations. Also refer to note 4.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and applicable requirements of UAE Law.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except in respect of certain property, plant and equipment, investment properties and investments in marketable equity securities which are stated at their fair values.

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 Basis of preparation (continued)

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 expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

Basis of consolidation

These consolidated financial statements comprise a consolidation of the audited financial statements of the Company and its subsidiaries on a line-by-line basis together with the Group's interest in the net assets of its associates. For a list of the subsidiaries and associates refer the below note and note 9 respectively.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2 Basis of preparation (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

Details of the Company's significant subsidiaries at 31 December 2019 are as follows:

Name of the subsidiaries	Place of incorporation	Proportion of ownership (%) 2019	Proportion of ownership (%) 2018	Principal activities
Gulf Prefab Houses Factory (L.L.C.) and subsidiaries	U.A.E.	100	100	Manufacturing of prefab houses, concrete, carpentry, restaurant, ovens, kitchens, central air-conditioning systems.
GGICO Orion Buying and Selling Real Estate LLC (refer note below)	U.A.E	100	51	Real estate development
G.G.I. Retail General Trading L.L.C. and subsidiaries	U.A.E.	100	100	General trading.
Concept Piping Systems Industries LLC	U.A.E.	100	100	Manufacturing and trading of plastic goods.
Emirates Lube Oil Co. Ltd. (L.L.C.) and subsidiaries	U.A.E.	100	100	Manufacturing of and trading in oil, lubricants and grease.
Al Sagr National Insurance Co. (PSC)	U.A.E.	50	50	Writing of insurance of all types.
Time Hotels Management (L.L.C.)	U.A.E.	51	51	Hotels management.
Time Topaz Hotel Apartments	U.A.E.	100	100	Hotel apartment rentals.
Time Oak Hotel & Suites L.L.C	U.A.E.	51	51	Hospitality.
Oil Lab & Marine Surveyors Co. L.L.C.	U.A.E.	50	50	Marine inspection, testing of petroleum products.
Dubai Al Ahlia Quick Transport L.L.C.	U.A.E.	50	50	Transportation of general materials by trucks.
Acorn Industries Co. L.L.C.	U.A.E.	50	50	Vehicle body manufacturing, steel, structure parts.

During the year, the Group has acquired additional equity interest of 49% in "GGICO Orion Buying and Selling Real Estate LLC".

Certain percentage of investment in Al Sagr National Insurance Co. (PSC) is registered in the name of related parties in trust and for the benefit of the Company. Certain percentage of investments in 100% owned subsidiaries are held by the Company through nominee arrangements.

2 Basis of preparation (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

During the year, the Group has liquidated the following subsidiaries:

Name of the subsidiaries	**Place of incorporation**	**Proportion of ownership (%) 2019**	Proportion of ownership (%) 2018	**Principal activities**
Time Crystal Living Court	U.A.E	-	100	Hotel booking.
Grand Gourmet Investments LLC	U.A.E.	-	100	Enterprises and management.
Envogue Department Store LLC	U.A.E	-	100	Departmental store.
Envogue Interior LLC	U.A.E	-	100	Interior designers.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Interests in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

3 Significant accounting policies

The Group has consistently applied the following accounting policies for all periods presented in these consolidated financial statements, except as disclosed in the note below.

Change in accounting policy

The Group has adopted the following new standard, including any consequential amendments to other standards, with a date of initial application of 1 January 2019.

Leases

The Group has adopted IFRS 16 – Leases on its effective date of 1 January 2019 using the retrospective approach. IFRS 16 replaces IAS 17 'Leases'. Leases will be recorded in the consolidated statement of financial position in the form of a right-of-use asset and a lease liability.

Subsequent to implementation of IFRS 16, the Group recognises a right-to-use asset and a lease liability at the lease commencement date. The right-to-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use or the end of the lease term. The estimated useful life of the right-to-use asset is determined on the same basis as those of property and equipment. In addition, the right-to-use is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rates as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in the consolidated income statement if the carrying amount of the right-to-use asset has been reduced to zero.

The Group presents right-to-use assets that do not meet the definition of investment properties in 'Property, plant and equipment' and the lease liabilities as a separate item in the consolidated statement of financial position.

The Group has adopted IFRS 16 using the modified retrospective transition approach as of 1 January 2019 and therefore the comparative information has not been restated. All right-of-use assets were measured at their carrying amounts as if the standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The impact arising from the implementation of this standard in these financial statements is shown on the next page.

3 Significant accounting policies (continued)

Change in accounting policy (continued)

Leases (continued)

	31 December 2019 AED '000
Property, plant and equipment	
Property and equipment	399,732
Right of use – land and buildings	9,026
	408,758
Right-of-use assets	
Balance as at 1 January 2019	13,013
Depreciation charge for the year	(3,987)
Balance as at 31 December 2019	9,026
Lease liabilities	
Balance as at 1 January 2019	13,058
Lease payments made during the year	(3,350)
Interest on lease liabilities	643
Balance as at 31 December 2019	10,351

Amounts recognised in the income statement	31 December 2019 AED '000
General and administrative expenses	
Interest expense on lease liabilities	643
Depreciation of right-to-use assets	3,987
	4,630

Impact on opening retained earnings	1 January 2019 AED '000
Right-of-use assets	13,013
Lease liabilities	(13,058)
	(45)

Financial instruments

Non-derivative financial assets and liabilities

Recognition

The Group initially recognises trade receivables and trade payables on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes party to the contractual provision of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3 Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets and liabilities (continued)

Classification

At inception a financial asset is classified as measured at amortised cost or fair value.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Group makes an assessment of a business model at portfolio level as this reflect the best way the business is managed and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in to collect contractual cash flows, the Group considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focus on earning contractual interest revenue;
- the degree of frequency of any expected asset sales;
- the reason of any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets at FVTPL

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Group has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial assets at FVTOCI

At initial recognition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in certain equity instruments as at FVTOCI (fair value through other comprehensive income). Designation to FVTOCI is not permitted if the equity instrument is held for trading.

3 Significant accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets and liabilities (continued)

Classification (continued)

Financial assets at FVTOCI (continued)

Dividend in these investments in equity instruments are recognised in the consolidated profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represents a recovery of part of the cost of the investment.

Gains and losses on such equity instruments are never reclassified to consolidated income statement and no impairment is recognised in consolidated income statement.

Financial assets are not reclassified subsequent to their initial recognition, except when the Group changes its business model for managing financial assets.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Loans and receivables comprise mainly trade and other receivables and due from related parties.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with the banks and fixed deposits with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Equity securities

Ordinary shares of the Group are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through consolidated statement of other comprehensive income) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (continued)

Financial instruments (continued)

De-recognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Group is recognised as separate asset or liability in the consolidated statement of financial position.

On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated income statement.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the financial assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfer of assets with retention of all or substantially all risks and rewards include, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the services.

The Group derecognises a financial liability when its contractual obligation are discharged or cancelled or expire.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

3 Significant accounting policies (continued)

Financial instruments (continued)

Measurement of ECLs (continued)

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

Impairment allowance for trade receivables are recognised based on the simplified approach within IFRS 9 using the life time expected credit losses. During this process the probability of non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within general and administrative expenses in the consolidated income statement. On confirmation that the trade receivables will not be collectible, the gross carrying value of the asset is written off against the associated provision.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- exposure at default (EAD);and
- loss given default (LGD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

The Group has adopted simplified approach in case of insurance and other receivables. In case of financial assets for which simplified approach is adopted lifetime expected credit loss is recognised.

The key inputs into the measurement of ECL are the term structure of the following variables:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon.

- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Forward-looking information

The measurement of expected credit losses considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

3 Significant accounting policies (continued)

Financial Instruments (continued)

Measurement of ECLs (continued)

Macroeconomic factors

In its models, the Group relies on a broad range of forward looking information as economic inputs, such as: GDP, GDP annual growth rate, unemployment rates, inflation rates, interest rates, etc. Various macroeconomic variables considered are Brent, CPI, Stock, Inflation and Loans to private sector.

The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *Financial assets measured at amortised cost:* as a deduction from the gross carrying amount of the assets.

Definition of default

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Group.

In assessing whether a borrower is in default, the Group considers indicators that are:

- Qualitative – e.g. breaches of covenant
- Quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

3 Significant accounting policies (continued)

Revenue from contracts with customers

The Group recognises revenue from sale of services based on a five step model as set out in IFRS 15:

Step 1	Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3	Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or service to a customer, excluding amounts collected on behalf of third parties.
Step 4	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5	Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Group's revenue streams

Sale of plots of land

Revenue from the sale of plots of land is recognised in the profit or loss when the significant risks and rewards of ownership are transferred to the buyer, the Group has no further substantial acts to complete under the respective sales contract, access has been granted to the plots and the buyer has provided sufficient evidence of his commitment to complete the payment towards purchase of plots of land and the amount of revenue and associated costs can be measured reliably. Revenue from sale of plots is presented net of returns/sale cancellations.

Revenue from sale of properties held for development and sale

Revenue from sale of properties held for development and sale is recognised in the profit or loss when the significant risks and rewards of ownership are transferred to the buyer. Significant risks and rewards of ownership are deemed to be transferred to the buyer when price risk is transferred to the buyer by signing of the sales contract and the buyer has been granted access to the property when the construction is complete.

3 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the transaction at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Securities

Gains and losses on sale of securities are recognised when the securities are sold and title has passed.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

Hotel revenue

Income from hotel services rendered to guests and customers is recognised pro-rata over the periods of occupancy. Revenue from sale of food and beverages is recognised upon issuance of related sales invoices on delivery to guests and customers.

Operating leases

The Group has entered into commercial property leases on its investment properties. The Group, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases. Payments made under operating leases are recognised in the consolidated income statement on a straight line basis over the term of the lease.

3 Significant accounting policies (continued)

Foreign currencies

The consolidated financial statements are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the year in which they arise.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are initially recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the profit or loss. The estimated useful lives of property, plant and equipment for the current and comparative period is as follows:

	Useful life (in years)
Buildings, shed and prefab houses	5 to 50
Plant and equipment	5 to 20
Motor vehicles, ships and trucks	4 to 10
Furniture and fixtures	4 to 7
Storage tanks	20
Other assets	5 to 8

3 Significant accounting policies (continued)

Property, plant and equipment (continued)

Depreciation (continued)

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Land is not depreciated and is stated at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using the fair values at the reporting date.

Any revaluation increase arising on the revaluation of land is credited in other comprehensive income to the land revaluation reserve, except to the extent that it reverses a revaluation decrease for the land previously recognised in the profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land is charged to the profit or loss to the extent that it exceeds the balance, if any, held in the land revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued land, the attributable revaluation surplus remaining in the land revaluation reserve is transferred directly to retained earnings. No transfer is made from the land revaluation reserve to retained earnings except when the land is derecognised.

Capital work in progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies.

Investment properties

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 *"Investment Property"*. Any gain or loss arising from a change in fair value is recognized in the profit or loss.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as property held for development and sale property during the redevelopment with respect to as an investment property.

3 Significant accounting policies (continued)

Investment properties (continued)

However, where fair value of investment property under construction is not reliably determinable, the property is measured at cost until the earlier of the date when the construction is complete and the date at which fair value becomes reliably measurable.

Transfer from property, plant and equipment to investment properties

Properties held for own use are accounted for as property, plant and equipment up to the date of the change in use. Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property, plant and equipment. Any existing or arising revaluation surplus previously recognised in other comprehensive income is not transferred to the profit or loss at the date of transfer or on subsequent disposal of the investment property. However, on subsequent disposal, any existing revaluation surplus that was recognised when the Group applied the revaluation model to the property is transferred to retained earnings.

Transfer from properties held for development and sale to investment properties

Certain properties held for development and sale are transferred to investment properties when those properties are either released for rental or for capital appreciation or both. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognised in the profit or loss. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties. Any gain arising on this re-measurement is recognised in the consolidated income statement on the specific property.

Transfer from investment properties to properties held for development and sale

When a property is transferred from investment property measured at fair value to properties held for development and sale, the transfer is accounted for at fair value. The fair value at the date of transfer is then deemed to be the property's cost. Any difference between the carrying amount of the property before transfer and its fair value on the date of transfer is recognised in the profit or loss in the same way as any other change in the fair value of investment property.

Sale of investment properties

Certain investment properties are sold in the ordinary course of business. No revenue and direct costs are recognised for sale of investment properties. Any gain or loss on disposal of sale of investment properties (calculated as the difference between the net proceeds from disposal and carrying amount) is recognised in the consolidated income statement.

Properties held for development and sale

Properties acquired, constructed or in the course of construction for sale are classified as properties held for development and sale. Properties held for development and sale are stated at the lower of cost or net realisable value.

Cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when the activities that are necessary to get the assets ready for the intended use are in progress. Net realisable value represents the estimated selling price of the asset in the present condition less costs to be incurred in selling the property.

The Group reviews the carrying values of the properties held for development and sale at each reporting date.

3 Significant accounting policies (continued)

Inventories

Raw materials and spare parts

Raw materials and spare parts are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Finished and semi-finished goods

Finished and semi-finished goods are stated at lower of cost (comprising direct labour, material cost, direct expenses and an appropriate allocation of production overheads) and the net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that its carrying value may be impaired.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain and is in respect of a provision recognised during the year. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Employee benefits

Defined contribution plan

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority which is a defined contribution plan. The Group's contribution, for eligible UAE National employees is calculated as a percentage of the employees' salaries and charged to the profit or loss, in accordance with the provisions of Federal Law No. (7) of 1999 relating to Pension and Social Security Law. The Group has no legal or constructive obligation to pay any further contributions.

3 Significant accounting policies (continued)

Employee benefits (continued)

Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

Provision for employees' end of service benefits to non-UAE nationals

The provision for end of service benefits is based on the liability that would arise if the employment of all staff were terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Finance income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Finance costs

Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Insurance contracts

Classification

The Group issues contracts that transfer either insurance risk or both insurance and financial risks.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Group to pay significant additional benefits as a result of an insured event occurring.

Insurance contracts may also transfer some financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts where insurance risk is not significant are classified as investment contracts.

Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

3 Significant accounting policies (continued)

Insurance contracts (continued)

Recognition and measurement

Premiums

Gross premiums written reflect business incepted during the year, and exclude any fees and other amounts collected with and calculated based on premiums. These are recognised when underwriting process is complete and policies are issued.

The earned proportion of premiums is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis described below:

Unearned premium provision (UPR)

The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. UPR are calculated using the 1/365 method except for marine cargo and general accident. The UPR for marine cargo is recognised as fixed proportion of the written premiums as required in the financial regulation and UPR for general accident assumes a linear increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy.

Claims

Claims incurred comprise the settlement and the internal and external handling costs paid and changes in the provisions for outstanding claims arising from events occurring during the financial period. Where applicable, deductions are made for salvage and their recoveries.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries. Claims outstanding are assessed by reviewing individual reported claims. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior periods are reflected in the financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provision is also made for any claims incurred but not reported ("IBNR") at the date of statement of financial position on the basis of management estimates. The basis of estimating outstanding claims and IBNR are detailed in note 15.

Provision for premium deficiency/liability adequacy test

Provision is made for premium deficiency arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies. The provision for premium deficiency is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and claims provisions.

3 Significant accounting policies (continued)

Insurance contracts (continued)

Recognition and measurement (continued)

Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in statement of income in the period in which they are incurred.

Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

Deferred acquisition cost

For general insurance contracts, the deferred acquisition cost asset represents the portion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the reporting date. Commission income related to underwriting activities are recognised on a time proportion basis over the effective period of policy using the same basis as described for unexpired risk premium.

Insurance receivables and payables

Amounts due from and to policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

Insurance contract provision and reinsurance assets

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Group and still unpaid at the consolidated statement of financial position date, in addition for claims incurred but not reported. The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the reporting date.

The reinsurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as reinsurance contract assets in the consolidated financial statements.

3 Significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the assets or liability take place with sufficient frequency and volume to provide pricing on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted

The impact of the new standard that is effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however the Group has not early adopted the below new or amended standard in preparing these consolidated financial statements.

IFRS 17 Insurance Contracts (effective from 1 January 2023)

IFRS 17 requires insurance liabilities to be measured at a current fulfillment 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.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is not practical, then the entity is required to choose either a modified retrospective approach or a fair value approach.

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 a significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its takaful contracts. However, it is not practical to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

4 Funding and liquidity

The Group has third party commitments amounting to AED 4,113.9 million as at 31 December 2019 *(2018: AED 4,185 million)* of which AED 4,086.3 million *(2018: AED 4,150.9 million)* is payable within one year from the reporting date.

These third party commitments include loans and borrowings of AED 3,035.3 million *(2018: AED 2,925.9 million)* which is payable within one year from the reporting date.

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 balances 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 notes 20 and 21.

5 Key accounting judgements and uncertainty

In the application of the Group's accounting policies, which are described in note 3 to these consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Key judgements in applying accounting policies

Classification of investments

Management decides on acquisition of a financial asset whether it should be subsequently measured at either amortised cost, fair value through profit or loss or fair value through other comprehensive income. This classification is based on the business objective and cash flow characteristics of the investment.

Going concern

The Group's management has performed an assessment of the Group's ability to continue as a going concern, which covers a period of twelve months from the reporting date, based on certain identified events and conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as going concern.

The Group's management has prepared its business forecast and the cash flow forecast for the twelve months from the reporting date on a conservative basis. On the basis of such forecasts, the Group's management is of the opinion that the Group will be able to continue its operations for the next twelve months from the reporting date and that the going concern assumption used in the preparation of these consolidated financial statements is appropriate. The appropriateness of the going concern basis of accounting shall be reassessed next year.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for development and sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and properties held for development and resale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Properties held for development and sale are grouped under current assets as intention of the management is to sell it within one year from the end of the reporting date.

5 Key accounting judgements and uncertainty (continued)

Key sources of estimation

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. Refer to note 7 for details.

Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, these investments are carried at cost less recognised impairment losses, if any. Management believes that the carrying values of these unquoted equity investments are not materially different from their fair values. Valuation techniques and key inputs are mentioned in note 32 to these consolidated financial statements.

Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in associates are impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. Management is satisfied that no impairment provision is necessary on its investments in associates in excess of amounts already provided.

Impairment of trade and other receivables (including due from related parties)

The Group reviews its receivables to assess impairment at least on an annual basis. The Group's credit risk is primarily attributable to its trade receivables, due from related parties and bank balance. In determining whether impairment losses should be recognised in profit and loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made in accordance with the 'expected credit loss' (ECL) model. This requires considerable judgement about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

5 Key accounting judgements and uncertainty (continued)

Key sources of estimation (continued)

Impairment of properties held for development and sale

The Group's management reviews the properties held for development and sale to assess impairment, if there is an indication of impairment.

In determining whether impairment losses should be recognised in the consolidated income statement and other comprehensive income, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the current selling prices are lower than the anticipated costs to complete, an impairment provision is recognised for the identified loss event or condition to reduce the cost of properties held for development and sale to its net realisable value.

Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Group.

There are a number of contracts sold where the Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Group is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

Provision for outstanding claims, whether reported or not

Considerable judgement by the management is required in the estimation of amounts due to the contract holders arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of consolidated statement of financial position and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the date of consolidated statement of financial position. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR) using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation and are presented in note 15.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and IBNR claims regularly.

Liability adequacy test

At each consolidated statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the consolidated income statement.

5 Key accounting judgements and uncertainty (continued)

Key sources of estimation (continued)

Impairment of goodwill

Goodwill is tested annually for impairment and at other times when such indications exist. The impairment calculation requires the use of estimates. Management has performed impairment test during the year and based on the consolidated financial position, performance and expansion plans of the entities, have concluded that expected future cash flows to arise from each subsidiaries will be adequate, accordingly no impairment is required.

Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Consolidation - de facto control

As per control model of IFRS 10, the Group has assessed for all its investees whether it has power over an investee, exposure or right to variable returns from its involvement with the investee and ability to use its power to affect those returns. In determining control, judgements have been exercised on the relationship of the Group with the investees based on which conclusions have been drawn.

Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

6 Property, plant and equipment

2019	Right of use assets AED ’000	Land AED ’000	Buildings, sheds and prefab houses AED ’000	Plant and equipment AED ’000	Motor vehicles, ships and trucks AED ’000	Furniture and fixtures AED ’000	Storage tanks AED ’000	Other assets AED ’000	Capital work-in-progress AED ’000	Total AED ’000
Cost										
At 1 January 2019	-	156,616	177,879	82,612	91,812	47,365	3,572	31,912	1,220	592,988
Additions	13,013	-	-	206	5,202	592	-	1,092	-	20,105
Transferred from investment properties (note 7)	-	76,752	-	-	-	-	-	-	-	76,752
Disposals	-	-	(9,893)	(15,960)	(6,840)	(5,946)	-	(9,588)	(1,220)	(49,447)
At 31 December 2019	**13,013**	**233,368**	**167,986**	**66,858**	**90,174**	**42,011**	**3,572**	**23,416**	**-**	**640,398**
Accumulated depreciation										
At 1 January 2019	-	-	61,554	52,397	64,215	40,107	684	19,039	-	237,996
Charge for the year	3,987	-	4,872	2,038	1,989	1,602	145	1,552	-	16,185
On disposals	-	-	(1,198)	(3,024)	(5,728)	(4,161)	-	(8,430)	-	(22,541)
At 31 December 2019	**3,987**	**-**	**65,228**	**51,411**	**60,476**	**37,548**	**829**	**12,161**	**-**	**231,640**
Net book value										
At 31 December 2019	**9,026**	**233,368**	**102,758**	**15,447**	**29,698**	**4,463**	**2,743**	**11,255**	**-**	**408,758**

6 Property, plant and equipment (continued)

	Right of use assets AED '000	Land AED '000	Buildings, sheds and prefab houses AED '000	Plant and equipment AED '000	Motor vehicles, ships and trucks AED '000	Furniture and fixtures AED '000	Storage tanks AED '000	Other assets AED '000	Capital work-in-progress AED '000	Total AED '000
Cost										
At 1 January 2018	-	156,616	168,775	85,055	87,690	47,555	3,572	36,851	20,939	607,053
Additions	-	-	11,556	556	8,691	2,446	-	508	26	23,783
Disposals	-	-	(2,452)	(2,999)	(4,569)	(2,636)	-	(5,447)	(19,745)	(37,848)
At 31 December 2018	-	156,616	177,879	82,612	91,812	47,365	3,572	31,912	1,220	592,988
Accumulated depreciation										
At 1 January 2018	-	-	55,814	51,031	63,150	38,917	539	18,965	-	228,416
Charge for the year	-	-	7,348	3,437	5,299	2,677	145	1,819	-	20,725
On disposals	-	-	(1,608)	(2,071)	(4,234)	(1,487)	-	(1,745)	-	(11,145)
At 31 December 2018	-	-	61,554	52,397	64,215	40,107	684	19,039	-	237,996
Net book value										
At 31 December 2018	-	156,616	116,325	30,215	27,597	7,258	2,888	12,873	1,220	354,992

Land represents plots of land in the Emirates of Sharjah and Dubai. In the opinion of the Group's management, based on their internal estimate, fair value of land as at the reporting date approximates its carrying value.

Certain plots of land, buildings and plant and machinery with a carrying amount of AED 98.2 million *(2018: AED* 101.8 *million)* are mortgaged to local banks against credit facilities granted to the Group (refer to note 20).

7 Investment properties

	2019	2018
	AED '000	AED '000
At 1 January	**2,346,265**	2,324,298
Additions during the year	**27,242**	22,849
Transferred from properties held for development and sale (note 11)	**223,385**	101,640
Transferred to property, plant and equipment (refer to note (iii) below)	**(76,752)**	-
Disposals during the year (refer to note (i) below)	**-**	(18,610)
Change in fair value (refer to note (ii) below)	**(15,424)**	(83,912)
At 31 December	**2,504,716**	2,346,265

(i) No investment properties have been disposed during the year *(2018: 18.6 million sold for AED 17 million which resulted in a loss of AED 1.6 million).*

(ii) The fair value of investment properties has been determined by external, qualified and independent Chartered Surveyors and Property Consultants who have recent experience in the locations and categories of the investment properties valued. The valuation has been conducted in accordance with the RICS Valuation Global Standards (2017 Edition).

The fair value of certain properties amounting to AED 538.9 million (*2018: AED* 556.2 *million*) has been determined by the 'Income Capitalisation' method. This process involves deducting running costs from the Gross Rental Income of the property in order to achieve the net rental income. The net rent is then capitalised at a yield to reflect the risks involved with the current and future cash flows.

(iii) During the year 2019, the Group transferred one land included in the investment properties to property and equipment as the Group's Board of Directors has resolved to construct one of its subsidiaries' head office on this land in the foreseeable future. The carrying value of the property at the date of transfer is AED 76.8 million (31 December 2018: AED 76.5 million). The Group has assessed the fair value of the investment property at the date of transfer and the fair value of investment property is not significantly different from its carrying value.

The significant assumptions applied in determining the fair value of investment properties are given below:

	2019	2018
	AED '000	AED '000
Gross operating income	**27,367**	34,241
Annual net rental income	**22,393**	28,018
Risk adjusted capitalisation rate	**7.5% - 8%**	4% - 4.3%

7 Investment properties (continued)

A significant change in the estimated rental income in isolation would result in significant movement in fair value measurement. Similarly, significant movement in the risk adjusted capitalisation rate in isolation would result in significant movement in fair value measurement.

The fair value of certain properties amounting to AED 608.8 million *(2018: AED 539.4 million)* has been determined by the 'Sales Comparison' method which is carried out on the basis of recent market transactions for similar properties in the same location. These values are adjusted for differences in key attributes such as property size, location, rezoning permits etc.

The fair value of certain properties amounting to AED 1,347.5 million *(2018: AED 1,250.7 million)* has been determined by taking into account the Gross Development Value when completed and deducting all the costs including construction costs, soft costs, developer's profit and finance costs. Further adjustments are applied in terms of the various characteristics of the property.

The fair value measurement for the investment properties has been categorised as Level 3 based on the inputs to the valuation techniques used. For all investment properties, the current use of the property is the considered to be highest and best use.

Based on the above valuations, the Group has recognised a loss on fair valuation of AED 15.4 million (2018: AED 83.9 million) on investment properties.

Investment properties amounting to AED 720.4 million *(2018: AED 701.9 million)* are registered in the name of related parties in trust and for the beneficial interest of the Group. Investment properties amounting to AED 1,994 million *(2018: AED 1,771.4 million)* are mortgaged to banks towards credit facilities granted to the Group (refer to note 20).

8 Goodwill

Goodwill represents AED 11.5 million as at 31 December 2019 (2018: AED 11.5 million). An impairment test for goodwill has been carried out based on the "value in use" calculation. The calculation uses cash flow projections over a period based on estimated operating results of the entities. The projected cash flows have been discounted using a discount rate that reflects the industry specific risk. The Group's Directors based on the review of the impairment test for goodwill believe that there was no impairment on goodwill and accordingly no impairment allowance is required at the reporting date (2018: Nil).

9 Investments in associates

	2019 **AED '000**	2018 AED '000
At 1 January	**369,108**	374,775
Share of loss for the year	**(5,049)**	(224)
Share in other comprehensive income/(loss) for the year	**1,156**	(1,768)
Disposal of interest in an associate (refer to note below)	**(49,292)**	-
Dividend received	**-**	(3,675)
At 31 December	**315,923**	369,108

The details of significant associates are as follows:

Name of the associates	**Place of incorporation**	**Ownership (%)** **2019**	2018
Union Insurance PSC	UAE	28.4	28.4
Arab Real Estate Development P.S.C. (Arab Corp)	Jordan	30.8	30.8
Ghadah General Trading and Contracting Co. L.L.C. (Khalid Mustafa Karam Sons & Partners)	Kuwait	38.0	38.0
Awtad Co. PJSC (refer note below)	U.A.E.	-	25.0
Al Sagr Cooperative Insurance Company	Saudi Arabia	20.0	20.0

Investments in associates include payments made against the share capital of the companies under formation.

Summarised financial information in respect of material associates are set out in note 36 to these consolidated financial statements.

Investments in associates amounting to AED 96.8 million (*2018: AED 96.8 million*) are mortgaged to banks towards credit facilities granted to the Group (refer to note 20).

During the year, the Group has disposed 23.3% of equity interest in Awtad Co. PJSC for AED 35 million. The carrying value of investment in Awtad Co. PJSC at the time of disposal was AED 49.3 million. This has resulted in a loss of AED 12.1 million. The Group has retained the equity interest of 1.7% with a fair value of AED 2.2 million which has been classified as fair value through profit or loss (refer note 10).

10 Investments in securities

	2019 **AED '000**	Restated 2018 AED '000
Investments measured at fair value through other comprehensive income ("FVTOCI")		
At 1 January	**67,211**	72,370
Disposal during the year	**-**	(1,839)
Change in fair value	**(9,634)**	(3,320)
At 31 December	**57,577**	67,211
Investments measured at fair value through profit or loss ("FVTPL")		
At 1 January	**108,561**	118,186
Transfer from investment in associate (note 9)	**2,240**	-
Change in fair value	**(9,701)**	2,762
Disposal during the year	**(738)**	(12,387)
At 31 December	**100,362**	108,561
Presented in statement of financial position as:		
Non-current portion	**57,577**	67,211
Current portion	**100,362**	108,561
	157,939	175,772

Investments measured at FVTPL includes an investment in a fund with a related party amounting to AED 3.4 million (2018: AED 3.3 million).

Investments measured at FVTPL and investments measured at FVTOCI include investments of AED 64.8 million (2018: AED 63.2 million) pledged to banks (note 20).

11 Properties held for development and sale

	2019 AED '000	2018 AED '000
At 1 January	**551,256**	652,789
Additions during the year	**13,655**	22,658
Gain on remeasurement on transfer to investment properties (refer to note (iv) below)	**41,369**	30,140
Transferred to investment properties (refer to note (iv) below)	**(223,385)**	(101,640)
Transfer to cost of revenue (note 23)	**(65,014)**	(52,691)
Written down to net realisable value (refer to note (ii) below)	**(16,445)**	-
At 31 December	**301,436**	551,256
This comprise of:		
Cost of land - net (refer to note (ii) below)	**124,900**	239,749
Construction cost - net (refer to note (iii) below)	**176,536**	311,507
	301,436	551,256

(i) Properties held for development and sale include projects with carrying amount of AED 46.9 million (2018: AED 237.4 million) which are temporarily on hold, however, management is in the process of devising a plan to recommence work on these projects. Based on review of these projects and after considering circumstances and facts of each of these projects, the Directors of the Company are of the view that costs incurred until the reporting date are fully recoverable and the work performed is not expected to be re-performed upon recommencement of construction or during completion of these projects.

(ii) Management has performed an assessment of the recoverable amount of the properties held for development and sale (land) mainly on the basis of the independent fair valuation which has resulted in a write down amounting to AED 16.4 million as at the reporting date (2018: *Nil*).

(iii) For certain properties that are under construction, the recoverable amount of the construction cost cannot be reliably determined until the construction is complete and cash flows can be reliably estimated. As at the reporting date, management has assessed that the recoverable amount of the construction cost approximates its carrying value.

(iv) During the current year, certain properties held for development and sale were transferred to investment properties with a fair value of AED 223.4 million (2018: AED 101.6 million) (note 7), based on management's change in intended use of the property. On account of the transfer, a gain on remeasurement amounting to AED 41.4 million (2018 AED 30.1 million) has been recognised in the consolidated income statement. The construction of these properties are temporarily on hold.

12 Inventories

	2019 AED '000	2018 AED '000
Raw materials	**22,252**	25,150
Work-in-progress	**3,736**	3,552
Finished products	**21,959**	20,990
	47,947	49,692
Allowance for slow moving inventories	**(17,190)**	(18,616)
	30,757	31,076
Stores and spares	**2,199**	2,176
	32,956	33,252

Movement in the allowance for slow moving inventories is as follows:

	2019 AED '000	2018 AED '000
At 1 January	**18,616**	19,890
Reversal of allowance during the year	**(1,426)**	(1,274)
At 31 December	**17,190**	18,616

Certain inventories along with the assignment of insurance policies against those inventories are hypothecated to banks against credit facilities granted to the Group (note 20).

13 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 consolidated financial statements are as follows:

	2019 AED '000	2018 AED '000
Interest charged by a related party	**27,224**	25,156
Sale of an investment properties	**-**	17,000
Gross premium	**4,501**	3,506
Claims paid	**5,373**	1,955
Commission paid on rented properties	**1,046**	1,240
Purchase of services	**-**	107

Compensation to key management personnel:

Salaries and benefits	**3,515**	3,467

The balances with related parties are as under:	2019 AED '000	Restated 2018 AED '000
Due from related parties		
Associates	**44,143**	12,354
Other related parties	**39,360**	45,901
	83,503	58,255

13 Related party transactions and balances (continued)

The balances with related parties are as under:

	2019 AED '000	2018 AED '000
Due to related parties		
Associates	**17,130**	22,565
Other related parties	**414,177**	358,779
	431,307	381,344

The amounts outstanding are unsecured and repayable on demand. The above balance is net of impairment allowance of AED 9.6 million *(2018: AED 9.6 million)*.

Certain related party balances carry interest at agreed rates.

14 Trade and other receivables

	2019 AED '000	Restated 2018 AED '000
Trade receivables	**251,853**	234,713
Notes receivable	**267,057**	454,380
Insurance receivables	**171,264**	136,881
Less: allowance for expected credit losses (note 32)	**(112,140)**	(128,493)
	578,034	697,481
Prepayment and other receivables	**157,813**	165,088
Value added taxes recoverable	**1,539**	757
	737,386	863,326
Less: non-current portion	**(74,690)**	(71,699)
	662,696	791,627

15 Reinsurance contract assets and insurance contract liabilities

	2019 AED '000	2018 AED '000
Gross		
Reserve for outstanding claims	**76,785**	70,440
Unallocated loss adjustment expense reserve	**3,985**	2,354
Unexpired risk reserve	**-**	630
Mathematical reserve	**1,190**	-
Reserve for incurred but not reported claims (IBNR)	**49,307**	49,443
Reserve for outstanding claims (including IBNR)	**131,267**	122,867
Unearned premium reserve	**202,324**	172,409
Total insurance contract liabilities (gross)	**333,591**	295,276
Less: recoverable from reinsurers		
Reinsurer share of outstanding claims	**(32,581)**	(46,570)
Reinsurer share of mathematical reserve	**(1,180)**	-
Reinsurer share of incurred but not reported claims (IBNR)	**(17,046)**	(15,561)
Reinsurer share of outstanding claims (including IBNR)	**(50,807)**	(62,131)
Unamortised reinsurance premium reserve	**(65,507)**	(52,896)
Total reinsurance contract assets	**(116,314)**	(115,027)
Net insurance contract liabilities	**217,277**	180,249

15 Reinsurance contract assets and insurance contract liabilities (continued)

Movement in outstanding claims reserve, mathematical reserve, IBNR reserve, unexpired risk reserve and unallocated loss adjustment expense reserve:

	Gross AED '000	Reinsurance AED '000	Net AED '000
2019			
At 1 January	**122,867**	**(62,131)**	**60,736**
Add: provision made during the year	**250,092**	**(66,706)**	**183,386**
Less: provision released during the year	**(241,692)**	**78,030**	**(163,662)**
At 31 December	**131,267**	**(50,807)**	**80,460**
2018			
At 1 January	211,611	(159,230)	52,381
Add: provision made during the year	206,236	(39,732)	166,504
Less: provision released during the year	(294,980)	136,831	(158,149)
At 31 December	122,867	(62,131)	60,736

Movement in unearned premium reserve:

	Gross AED '000	Reinsurance AED '000	Net AED '000
2019			
At 1 January	**172,409**	**(52,896)**	**119,513**
Add: provision made during the year	**202,324**	**(65,507)**	**136,817**
Less: provision released during the year	**(172,409)**	**52,896**	**(119,513)**
At 31 December	**202,324**	**(65,507)**	**136,817**
2018			
At 1 January	168,520	(54,266)	114,254
Add: provision made during the year	172,409	(52,896)	119,513
Less: provision released during the year	(168,520)	54,266	(114,254)
At 31 December	172,409	(52,896)	119,513

15 Reinsurance contract assets and insurance contract liabilities (continued)

Assumptions and sensitivities

Process used to determine the assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The sources of data used as inputs for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market practices or other published information.

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises.

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Group for provision of IBNR takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries. Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR) using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

The assumptions that have the greatest effect on the measurement of insurance contract provisions are the expected loss ratios for the most recent accident years.

An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process. The Group believes that the liability for claims reported in the consolidated statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims are finally settled.

15 Reinsurance contract assets and insurance contract liabilities (continued)

Assumptions and sensitivities (continued)

Claim and development table

	Underwriting year				
	2016 AED '000	2017 AED '000	2018 AED '000	**2019** **AED '000**	**Total** **AED '000**
Gross					
Estimate of net incurred claims cost					
- At the end of underwriting year	273,373	279,431	205,287	**226,600**	**-**
- One year later	315,323	246,074	217,977	**-**	**-**
- Two years later	326,411	250,020	-	**-**	**-**
- Three years later	327,248	-	-	**-**	**-**
Current estimate of incurred claims	327,248	250,020	217,977	**226,600**	**1,021,845**
Cumulative payments to date	(322,076)	(245,759)	(207,793)	**(169,540)**	**(945,168)**
Liability recognized	5,171	4,261	10,184	**57,060**	**76,677**
Liability in respect of prior years					**109**
Total liability included in the consolidated statement of financial position					**76,786**
Net					
Estimate of net incurred claims cost					
- At the end of underwriting year	171,151	130,811	124,910	**158,374**	**-**
- One year later	206,467	147,032	141,606	**-**	**-**
- Two years later	213,116	148,302	-	**-**	**-**
- Three years later	215,219	-	-	**-**	**-**
Current estimate of incurred claims	215,219	148,302	141,606	**158,374**	**663,501**
Cumulative payments to date	(211,718)	(145,942)	(135,774)	**(123,385)**	**(616,819)**
Liability recognised	3,501	2,360	5,832	**34,989**	**46,682**
Liability in respect of prior years					**(2,480)**
Total liability included in the consolidated statement of financial position					**44,202**

16 Cash in hand and at banks

	2019 AED '000	2018 AED '000
Cash in hand	**966**	1,795
Bank balances:		
- Current accounts (refer to note below)	**58,475**	45,027
- Deposit accounts (refer to note below)	**200,180**	217,271
- Call accounts	**-**	7
Less: expected credit losses	**(34)**	(34)
Cash in hand and at banks	**259,587**	264,066
For the purpose of the consolidated statement of cashflows, cash and cash equivalents comprise the following amounts:		
Less: fixed deposits under lien/deposits with maturity of more than three months	**(886)**	(2,896)
Less: bank overdrafts (note 20)	**(90,996)**	(120,941)
Cash and cash equivalents	**167,705**	140,229

Bank balances in current accounts includes AED 5.3 million *(2018: AED 2.7 million)* held in escrow accounts as at 31 December 2019.

Deposits include fixed deposits of AED 183.6 million *(2018: AED 183.6 million)* held under lien (note 20) against facilities granted (bank overdraft) to the Group and also include a deposit amounting to AED 10.3 million *(2018: 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.

17 Share capital

	2019 AED '000	2018 AED '000
Authorised, issued and paid up		
1,791 million shares of AED 1 each paid up in cash	**1,791,333**	1,791,333

18 Reserves

Legal reserve

In accordance with UAE Federal Commercial Companies Law No. (2) of 2015, the Company and its subsidiaries registered in UAE are required to establish a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid up share capital. This reserve is not available for distribution except as stipulated by the Law.

Additional reserve

The Company's Articles of Association requires that 10% of the annual profit be appropriated to an additional reserve until a decision by the Ordinary General Assembly Meeting on the strength of proposal by the Board of Directors or if such reserve equals 50% of paid-up share capital of the Company.

Land revaluation reserve

The revaluation reserve represents the surplus arising on the revaluation of land. This reserve is non-distributable unless the land is either disposed or withdrawn from use.

19 Provision for employees' end of service benefits

	2019 AED '000	2018 AED '000
At 1 January	**34,122**	37,222
Charge for the year	**3,531**	5,061
Payments during the year	**(10,005)**	(8,161)
At 31 December	**27,648**	34,122

20 Borrowings

	2019 AED '000	2018 AED '000
Term loans (refer to note below)	**2,260,341**	2,260,618
Bank overdrafts (note 16)	**90,996**	120,941
Trust receipts	**19,157**	16,761
	2,370,494	2,398,320

The below table provides movement of interest bearing borrowings in the following years:

	2019 AED '000	2018 AED '000
At 1 January	**2,398,320**	2,419,363
Cash flow items		
Repayment of borrowings during the year	**(277)**	(4,641)
Net movement in bank overdrafts	**(27,549)**	(16,402)
At 31 December	**2,370,494**	2,398,320

20 Borrowings (continued)

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 upto 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 2,146.6 million (including interest payable of AED 73.6 million upto 31 December 2016). Under the revised agreement, 66.08% of the Earlier Restructured Loan was 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 157.4 million (principal) *(2018: AED* 60.7 *million)*, due and payable as at 31 December 2019, was defaulted by the Company. The Company's Directors reviewed the facts and circumstances of the 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 0.5% 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 during the year 2019 and therefore the interest rate has increased from 2.75% to 3.00% per annum for the year ended 31 December 2019. Any such increase in the interest rate will no longer be applicable for future periods if no event of default subsists.

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. Refer to notes 6, 7, 9, 10, 11 and 12.

Some of the Group entities are also in negotiation with banks to restructure their existing borrowings facilities with a total outstanding of AED 209.5 million *(2018: AED* 209.5 *million)* (principal) and interest of AED 103.4 million *(2018: AED* 87.7 *million)* (included in trade and other payables) as at the reporting date. A part of these loans amounting to AED 80.8 million are under legal proceedings initiated by the lenders. The Directors of the Company are of the view that these loans are expected to be restructured in due course.

As at 31 December 2019, one of the Group entities has not complied with certain bank covenants. The carrying value of the outstanding loan is AED 160.7 million (principal) *(2018: AED 160.7 million)* which is classified within current liabilities.

Furthermore, the Company is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257.0 million (included in trade and other payables) and interest of AED 39.3 million *(2018: AED* 27.5 *million))* (refer to note 21).

20 Borrowings (continued)

Other borrowings

Other borrowings mainly include borrowings by the subsidiaries of the Company. These borrowings are subject to certain financial covenants at the respective subsidiary level and are at the below terms and conditions:

- Pledge of assets;
- Promissory note in favour of the banks; and
- Hypothecation over goods financed by trust receipts.

21 Trade and other payables

	2019	2018
	AED '000	AED '000
Trade payables	**188,262**	219,508
Advance from customers	**180,538**	333,350
Notes payable (refer to note below)	**257,040**	257,040
Accrued expenses (refer to note below)	**407,726**	295,700
Provisions and other payables	**242,318**	265,486
Insurance customers payable	**31,042**	30,668
Due to insurance and reinsurance companies	**62,793**	53,478
Value added taxes payable	**2,109**	2,053
	1,371,828	1,457,283

Notes payable represents capital protected notes carrying interest at the rate of 2% above 6-month LIBOR and are secured by investments in quoted securities of the Group. The Group is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257.0 million which became due for repayment on 30 September 2016. refer to note 20.

These includes AED 407.7 million *(2018: AED 270.6 million)* representing interest due on notes payable (refer to note above) and bank borrowings (refer to note 20 and note 4).

22 Revenue

	2019	2018
	AED '000	AED '000
Insurance income	**249,514**	238,472
Trading, service and rental income	**139,193**	170,449
Sale of properties held for development and sale	**92,379**	77,832
Sale of manufactured goods	**49,587**	68,366
Dividend income	**1,990**	4,978
	532,663	560,097

The Group's significant revenue from contract with customers is recognised at a point in time.

23 Cost of revenue

	2019 AED '000	Restated 2018 AED '000
Cost of insurance	**183,386**	169,325
Cost of property sold	**65,014**	52,691
Cost of trading, services and rentals	**60,637**	68,581
Cost of goods manufactured and sold	**37,367**	60,491
	346,404	351,088

24 Administrative and general expenses

	2019 AED '000	2018 AED '000
These include:		
Staff salaries and benefits	**79,255**	85,468
Rent expense	**19,171**	16,546
Legal and professional fee (note 31)	**9,067**	11,365
Depreciation	**16,184**	20,725
Utilities	**8,745**	9,889
Repair and maintenance	**5,292**	3,566

25 Investment properties income - net

	2019 AED '000	2018 AED '000
Change in fair value of investment properties (note 7)	**(15,424)**	(83,912)
Gain on remeasurement of development properties on transfer to investment properties (note 11)	**41,369**	30,140
Loss on sale of investment properties (note 7)	**-**	(1,610)
	25,945	(55,382)

26 Investment income - net

	2019 AED '000	2018 AED '000
Change in fair value of investments in securities (note 10)	**(9,701)**	2,762
Gain on sale of investments in securities	**83**	78
Loss on disposal of interest in an associate	**(12,052)**	-
Gain on liquidation of subsidiaries (refer to note below)	**28,138**	-
	6,468	2,840

During the year, the Group has liquidated four of its subsidiaries and written off its assets and liabilities which resulted in a net gain of AED 28.1 million (refer to note 2).

27 Finance income

	2019 AED '000	2018 AED '000
Interest on bank deposits	**7,274**	6,390

28 Finance cost

	2019 AED '000	2018 AED '000
Interest on term loans, bank overdraft, borrowings and payable to a related party	**190,545**	174,613

Refer to note 13 for the interest charged by related party.

29 Loss per share

	2019	Restated 2018
Loss attributable to owners of the :		
Company (AED '000)	**(165,047)**	(282,072)
Number of shares ('000)	**1,791,333**	1,791,333
Basic loss per share (AED fils per share)	**(9.21)**	(15.75)

30 Short term lease commitments

At the end of the reporting date, the minimum lease commitments of the Group were as follows:

	2019 AED '000	2018 AED '000
Less than one year	**681**	3,181

31 Commitments and contingent liabilities

Commitments

	2019 AED '000	2018 AED '000
Building construction contracts		
Group	**746,600**	780,142
Associate (100%)	**54,979**	54,979

Contingent liabilities

	2019 AED '000	2018 AED '000
Group		
Letters of guarantee	**17,949**	18,073
Associates		
Letters of guarantee (100%)	**38,114**	33,138

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 contracts 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 (note 24).

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 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.

32 Financial instruments

Financial assets of the Group include investments in securities, due from related parties, reinsurance contract assets, trade and other receivables and cash in hand and at banks. Financial liabilities of the Group include term loans, notes payable, due to related parties, insurance contract liabilities, trade and other payables and borrowings. 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 year:

	Designated as FVTPL AED '000	Designated as FVTOCI AED '000	Others at amortised cost AED '000	Carrying amount AED '000	Fair value AED '000
2019					
Financial assets					
Investments in securities	**100,362**	**57,577**	**157,939**	**157,939**	**157,939**
Due from related parties	**-**	**-**	**83,503**	**83,503**	**83,503**
Reinsurance contract assets	**-**	**-**	**116,314**	**116,314**	**116,314**
Trade and other receivables	**-**	**-**	**737,386**	**737,386**	**737,386**
Cash at banks	**-**	**-**	**258,621**	**258,621**	**258,621**
	100,362	**57,577**	**1,353,763**	**1,353,763**	**1,353,763**
Financial liabilities					
Borrowings	**-**	**-**	**2,370,494**	**2,370,494**	**2,370,494**
Due to related parties	**-**	**-**	**431,307**	**431,307**	**431,307**
Insurance contract liabilities	**-**	**-**	**333,591**	**333,591**	**333,591**
Trade and other payables	**-**	**-**	**1,371,828**	**1,371,828**	**1,371,828**
	-	**-**	**4,507,220**	**4,507,220**	**4,507,220**
2018 (restated)					
Financial assets					
Investments in securities	108,561	67,211	-	175,772	175,772
Due from related parties	-	-	58,255	58,255	58,255
Reinsurance contract assets	-	-	115,027	115,027	115,027
Trade and other receivables	-	-	863,326	863,326	863,326
Cash at banks	-	-	262,271	262,271	262,271
	108,561	67,211	1,298,879	1,474,651	1,474,651
Financial liabilities					
Borrowings	-	-	2,398,320	2,398,320	2,398,320
Due to related parties	-	-	381,344	381,344	381,344
Insurance contract liabilities	-	-	295,276	295,276	295,276
Trade and other payables	-	-	1,457,283	1,457,283	1,457,283
	-	-	4,532,223	4,532,223	4,532,223

32 Financial instruments (continued)

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019	Restated 2018
	AED '000	AED '000
Trade and other receivables (excluding prepayments and advances)	**704,574**	814,754
Due from related parties	**83,503**	58,255
Reinsurance contract assets	**116,314**	115,027
Cash at banks	**258,621**	262,271
	1,163,012	1,250,307

Impairment losses

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Movement in the allowance for expected credit losses in respect to trade receivables during the year is as follows:

	2019	2018
	AED '000	AED '000
At 1 January	**128,493**	107,691
Allowance for expected credit losses	**-**	35,872
Write off of allowance for impairment	**(16,353)**	(15,070)
At 31 December	**112,140**	128,493

Based on historical default rates and review of trade receivable balances, the Group's management is of the view that no further allowance of impairment is required against outstanding trade receivables.

32 Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of the Group's financial liabilities at the reporting dates:

	Carrying value AED '000	Contractual cash flows AED '000	Less than 1 year AED '000	More than 1 year AED '000
2019				
Financial liabilities				
Bank borrowings	**2,370,494**	**2,370,494**	**2,370,494**	**-**
Due to related parties	**431,307**	**431,307**	**431,307**	**-**
Trade and other payables	**1,371,828**	**1,371,828**	**1,371,828**	**-**
	4,173,629	**4,173,629**	**4,173,629**	**-**
2018				
Financial liabilities				
Bank borrowings	2,398,320	2,525,233	2,525,233	-
Due to related parties	381,344	406,500	406,500	-
Trade and other payables	1,457,284	1,446,310	1,446,310	-
	4,236,948	4,378,043	4,378,043	-

Interest rate risk

The Group's exposure to interest rate risk relates to its deposits with banks and bank borrowings.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2019 AED '000	2018 AED '000
Variable rate instruments		
Financial assets	**200,180**	217,271
Financial liabilities	**(2,370,494)**	(2,398,320)
	(2,170,314)	(2,181,049)

32 Financial instruments (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis as 2018.

	Equity	
	Increase AED '000	**Decrease AED '000**
At 31 December 2019		
Variable rate instruments	**21,703**	**(21,703)**
At 31 December 2018		
Variable rate instruments	21,810	(21,810)

Equity price risk

The Group's exposure to equity price rate risk relates to its investments measured at fair value through profit or loss and investments measured at fair value through other comprehensive income.

At the reporting date, the equity price profile of the Group's interest bearing financial instruments was:

	2019 AED '000	Restated 2018 AED '000
Investments measured at FVTPL	**103,850**	108,561
Investments measured at FVTOCI	**57,577**	67,211
	161,427	175,772

Cash flow sensitivity analysis for equity instruments

A change of 1% in equity rates at the reporting date would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2018.

	Equity	
	Increase AED '000	**Decrease AED '000**
At 31 December 2019		
Equity instruments	**1,614**	**(1,614)**
At 31 December 2018		
Equity instruments (restated)	1,758	(1,758)

32 Financial instruments (continued)

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
2019			
Financial assets			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	**53,253**	-	-
Unquoted equity investments	**-**	-	**4,324**
	53,253	**-**	**4,324**
Investments measured at fair value through profit or loss			
Quoted equity investments	**35,317**	-	-
Unquoted equity investments	**-**	**-**	**65,045**
	35,317	**-**	**65,045**
2018			
Financial assets			
Investments measured at fair value through other comprehensive income			
Quoted equity investments	63,221	-	-
Unquoted equity investments	-	-	3,990
	63,221	-	3,990
Investments measured at fair value through profit or loss (restated)			
Quoted equity investments	33,404	-	-
Unquoted equity investments	-	-	75,157
	33,404	-	75,157

32 Financial instruments (continued)

Fair value hierarchy (continued)

During the current year, 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.

The fair values of unquoted equity investments have been determined by an external, qualified and independent valuer who has experience in equity investments valuations.

33 Financial risk management objectives

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate because of change in foreign exchange rate. The Group does not have any significant exposure to foreign currency risk since the majority of transactions are denominated in AED.

Equity price risk

The Group is exposed to equity price risk through investments held by the Group and classified as fair value through profit or loss and fair value through other comprehensive income.

33 Financial risk management objectives (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group has bank deposits, loans and borrowings which carries normal commercial interest rates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, reinsurance contract assets, due from related parties and cash at banks.

Trade and other receivables (excluding insurance receivables) and due from related parties

The Group's credit risk is primarily attributable to its trade and other receivables and due from related parties. The amounts presented in the consolidated statement of financial position are net of the allowances for expected credit losses.

In monitoring credit risk, customers and related parties are grouped according to their credit characteristics, including their legal status, geographic location, industry, aging profile, maturity and evidence of previous financial difficulties.

The Group's exposure to credit risk is influenced mainly by individual characteristics of the customers; however, the Group is collecting advances from customers on a periodical basis and the handover of properties to the customers will take place only after final settlement of all dues by them.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Reinsurance contract assets (including insurance receivables)

Reinsurance is placed with reinsurers' approved by the management, which are generally international reputed companies. To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers' and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment if required. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

Cash at banks

The Group limits its exposure to credit risk by placing balances with local and international banks. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations. All the bank balances are held with banks of repute.

Impairment of cash at banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash at banks have low credit risk based on the external credit ratings of the counterparties.

33 Financial risk management objectives (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities (refer to note 20).

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of bank borrowings cash and cash equivalents and equity; comprising share capital, reserves (other than land revaluation and cumulative change in fair value) and accumulated losses.

Gearing ratio

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with capital.

The gearing ratio at the year-end was as follows:

	2019	Restated 2018
Debt (notes 20 and 21) (AED '000)	**3,035,260**	2,925,925
Cash in hand and at banks (note 16) (AED '000)	**(259,587)**	(264,066)
Net debt (AED '000)	**2,775,673**	2,661,859
Equity	**378,785**	576,474
Net debt to equity ratio (times)	**7.32**	4.62

Insurance - Asset liability management ("ALM")

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces due to the nature of its investments and liabilities is interest rate risk and equity price risk. The Group manages these positions within an ALM framework that has been developed by management to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Group's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

33 Financial risk management objectives (continued)

Insurance - Asset liability management ("ALM") (continued)

Insurance risks

The Group accepts insurance risk through its written insurance contracts. The Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group writes the following types of general insurance and life insurance contracts:

General insurance contracts

- Liability insurance
- Property insurance
- Motor insurance
- Fire insurance
- Medical insurance
- Marine insurance
- Engineering insurance

Life insurance contracts

- Group life insurance
- Credit life insurance

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group only issue short term insurance contracts in connection with property, motor, marine and casualty risks.

34 Segment information

The internal management reports that 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:

Reportable segments	**Operations**
Manufacturing	Includes manufacture and sale of oil, lubricants, grease, prefabricated houses, concrete, carpentry, restaurant, ovens, kitchens and central air conditioning systems.
Investments	Includes investments in real estate properties and equity securities.
Services and others	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.

34 Segment information (continued)

	Manufacturing		Investments		Services and others		Unallocated		Total	
										Restated
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Segment assets	**267,228**	282,552	**3,885,870**	4,152,384	**459,390**	415,216	**317,530**	355,363	**4,930,018**	5,205,515
Segment liabilities	**328,002**	328,749	**3,177,272**	3,347,401	**491,999**	452,701	**547,946**	437,494	**4,545,219**	4,566,345
Revenue	**21,207**	54,654	**116,725**	105,240	**394,731**	400,203	-	-	**532,663**	560,097
Finance income	**-**	-	**7,274**	6,390	**-**	-	**-**	-	**7,274**	6,390
Finance cost	**(13,401)**	(13,401)	**(171,729)**	(155,979)	**(5,415)**	(5,233)	**-**	-	**(190,545)**	(174,613)
(Loss)/profit for the year	**8,273**	8,909	**(154,868)**	(258,584)	**(11,503)**	(5,166)	**-**	-	**(158,097)**	(254,841)

35 Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

	Al Sagr National Insurance Co. P.S.C.		Dubai Al Ahlia Quick Transport LLC		Others		Total	
		Restated						Restated
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Current assets	**523,017**	761,057	**26,749**	25,675	**96,763**	77,125	**646,529**	863,857
Non-current assets	**373,449**	229,462	**35,737**	37,076	**55,424**	14,543	**464,610**	281,081
Current liabilities	**529,263**	503,777	**16,255**	19,151	**29,092**	54,338	**574,610**	577,266
Non-current liabilities	**11,135**	14,482	**2,277**	2,462	**2,850**	3,949	**16,262**	20,893
Net assets attributable to:								
Non-controlling interest	**178,034**	221,436	**21,795**	20,569	**41,515**	15,801	**241,344**	257,806
Revenue	**251,862**	240,501	**48,656**	48,037	**62,897**	65,806	**363,415**	357,790
Expenses	**(247,470)**	(221,598)	**(46,203)**	(47,498)	**(55,824)**	(23,124)	**(349,497)**	(237,518)
Profit for the year	**4,392**	18,903	**2,453**	539	**7,073**	42,682	**13,918**	120,272
Attributable to NCI:								
Profit	**2,196**	8,656	**1,226**	268	**3,528**	15,487	**6,950**	24,411

36 Details of associates that are material to the Group

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	Union Insurance P.S.C.		Ghadah General Trading & Contracting Co. L.L.C.		Al Sagr Cooperative Insurance Co.		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Total assets	**1,816,163**	1,642,391	45,500	45,500	**1,011,680**	954,454	**2,067**	2,067	**2,829,910**	2,644,412
Total liabilities	**(1,490,322)**	(1,342,139)	(28,327)	(28,327)	**(611,207)**	(504,328)	**(3,393)**	(3,393)	**(2,104,922)**	(1,878,187)
Net assets	**325,841**	300,252	**17,173**	17,173	**400,473**	450,126	**(1,326)**	(1,326)	**724,988**	766,225
Group's share of net assets	**86,153**	85,151	6,526	6,526	**80,094**	163,725	**39,815**	39,815	**212,318**	295,217
Revenue	**453,527**	466,660	**3,892**	18,345	**261,885**	199,502	**-**	-	**719,304**	684,507
Profit/(loss) for the year	**21,468**	6,197	**(3,005)**	(7,704)	**(49,653)**	9,103	**-**	-	**(31,133)**	7,596
Other comprehensive income/(loss) for the year	**4,121**	(6,236)	**-**	2	**-**	-	**-**	-	**4,121**	(6,234)
Group's share of profit/(loss) for the year	**6,024**	1,757	**(1,142)**	(2,927)	**(9,930)**	1,821	**-**	-	**(5,048)**	651
Group's share of other comprehensive income/(loss) for the year	**1,156**	(1,769)	**-**	-	**-**	-	**-**	-	**1,156**	(1,769)

37 Restatements

The Group held investments in financial assets at FVTPL which comprise the investments in funds and companies of related parties as at 31 December 2017 amounting to AED 11.7 million. Based on the management assessment, the financial position and results of operations of these investees reflected that these investments have been impaired as at that date.

The Group adopted the impairment requirements under IFRS 9 – Financial Instruments as at 1 January 2018 and booked a total ECL provision for insurance receivables and due from related parties amounting to AED 10.2 million. As per ECL model, the Group is required to assess, when determining whether the credit risk on these financial assets has increased significantly, to consider reasonable and supportable information available to determine the risk of a default occurring at the reporting date. Accordingly, as at 1 January 2018, the insurance receivables and due from related parties include balances amounting to AED 39.4 million that have objective evidence of impairment as at that date and not included in the ECL provision.

The Group recorded recovery against a claim of AED 1.41 million from a reinsurer in the year 2018. However, at a later stage, it has been identified that the claim should have been recorded as a provision for the year 2018. Double effect has been taken to relevant line items in these financial statements.

The above stated matters have now been corrected by restating each of the affected financial statement line items for the prior period.

37 Restatements (continued)

	2018		
	As previously recorded AED '000	Restatement AED '000	As restated AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	354,992	-	354,992
Investment properties	2,346,265	-	2,346,265
Goodwill	11,500	-	11,500
Investments in associates	369,108	-	369,108
Investments in securities	67,211	-	67,211
Trade and other receivables	71,699	-	71,699
	3,220,775	-	3,220,775
Current assets			
Properties held for development and sale	551,256	-	551,256
Inventories	33,252	-	33,252
Due from related parties	91,299	(33,044)	58,255
Trade and other receivables	809,873	(18,246)	791,627
Reinsurance contract assets	115,027	-	115,027
Investments in securities	119,967	(11,406)	108,561
Cash in hand and at banks	264,066	-	264,066
	1,984,740	(62,696)	1,922,044
TOTAL ASSETS	5,205,515	(62,696)	5,142,819

37 Restatements (continued)

	2018		
	As previously recorded AED ’000	Restatement AED ’000	As restated AED ’000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,791,333	-	1,791,333
Legal reserve	49,164	-	49,164
Additional reserve	7,068	-	7,068
Land revaluation reserve	37,747	-	37,747
Cumulative change in fair value of investments measured at FVTOCI	(34,578)	-	(34,578)
Accumulated losses	(1,500,574)	(31,492)	(1,532,066)
Equity attributable to owners of Parent Company	350,160	(31,492)	318,668
Non-controlling interests	289,010	(31,204)	257,806
Total equity	639,170	(62,696)	576,474
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	34,122	-	34,122
	34,122	-	34,122
Current liabilities			
Due to related parties	381,344	-	381,344
Insurance contract liabilities	295,276	-	295,276
Short term borrowings	2,398,320	-	2,398,320
Trade and other payables	1,457,283	-	1,457,283
	4,532,223	-	4,532,223
Total liabilities	4,566,345	-	4,566,345
TOTAL EQUITY AND LIABILITIES	5,205,515	(62,696)	5,142,819

37 Restatements (continued)

	2018		
	As previously recorded AED '000	Restatement AED '000	As restated AED '000
Revenue	560,097	-	560,097
Cost of revenue	(348,268)	(2,820)	(351,088)
Gross profit	211,829	(2,820)	209,009
Administrative and general expenses	(206,925)	-	(206,925)
Selling and distribution expenses	(7,534)	-	(7,534)
Other income	4,650	-	4,650
Change in fair value of investment properties	(83,912)	-	(83,912)
Gain on remeasurement of development properties on transfer to investment properties	30,140	-	30,140
Write down of properties held for development and sale to net realisable value	-	-	-
Share of loss in associates	(224)	-	(224)
Change in fair value of investments in securities - net	2,762	-	2,762
Gain on sale of investments in securities	78	-	78
Loss on disposal of interest in an associate	-	-	-
Loss on sale of investment properties	(1,610)	-	(1,610)
Allowance for expected credit losses	(35,872)	-	(35,872)
Finance income	6,390	-	6,390
Finance cost	(174,613)	-	(174,613)
Loss for the year	(254,841)	(2,820)	(257,661)
(Loss)/profit attributable to:			
Owners of Parent Company	(280,656)	(1,416)	(282,072)
Non-controlling interests	25,815	(1,404)	24,411
	(254,841)	(2,820)	(257,661)
Loss per share - Basic (AED fils per share)	(15.67)	-	(15.75)

38 Events after reporting period

Subsequent to the year end, there was an outbreak of a global pandemic (Novel Coronavirus disease), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the consolidated financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results. Since this is a non-adjusting event, management has not adjusted the consolidated financial statements for the year ended 31 December 2019.