

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

Condensed consolidated interim financial
information (unaudited)

For the three months period ended 31 March 2020

Gulf General Investments Co. (P.S.C) and its subsidiaries
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**Review report of the Independent Auditor
To the Shareholders of Gulf General Investments Co. (P.S.C)**

**T +971 4 388 9925
F +971 4 388 9915**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf General Investments Co. (P.S.C) (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2020, the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter

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


GRANT THORNTON
Farouk Mohamed
Registration No: 86
Dubai 24 June 2020



Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of financial position
As at 31 March 2020

		31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
	Notes		
Assets			
Non-current assets			
Property, plant and equipment		414,998	408,758
Investment properties	6	2,514,369	2,504,716
Goodwill		11,500	11,500
Investments in associates	7	304,791	315,923
Investments in securities	8	58,916	57,577
Trade and other receivables	11	85,395	74,690
		3,389,969	3,373,164
Current assets			
Properties held for development and sale	9	304,624	301,436
Inventories	10	32,794	32,956
Due from related parties	16	86,053	83,503
Trade and other receivables	11	670,153	662,696
Re-insurance contract assets	12	108,696	116,314
Investments in securities	8	95,588	100,362
Cash in hand and at bank	13	279,859	259,587
		1,577,767	1,556,854
Total assets		4,967,736	4,930,018

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

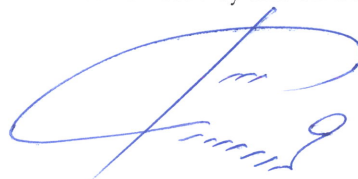
Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of financial position (continued)
As at 31 March 2020

		31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
	Notes		
Equity and liabilities			
Equity			
Share capital	14	1,791,333	1,791,333
Legal reserve		49,645	49,645
Additional reserve		7,068	7,068
Land revaluation reserve		37,747	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(42,873)	(44,212)
Accumulated losses		(1,746,269)	(1,698,126)
Equity attributable to owners of the Company		96,651	143,455
Non-controlling interests		244,463	241,344
Total equity		341,114	384,799
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		27,762	27,648
Current liabilities			
Due to related parties	16	420,372	431,307
Insurance contract liabilities	12	320,074	333,591
Short term borrowings	17	2,382,321	2,370,494
Trade and other payables		1,468,396	1,371,828
Lease liabilities		7,697	10,351
		4,598,860	4,517,571
Total liabilities		4,626,622	4,545,219
Total equity and liabilities		4,967,736	4,930,018

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on 24 June 2020


Abdalla Juma Majid Al Sari
Chairman





Hamad Saif Hamad Almheiri
Director

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated income statement (unaudited)
For the three month period ended 31 March 2020

	Notes	Three month period ended 31 March	
		2020 AED '000 (Unaudited)	2019 AED '000 (Unaudited)
Revenue		102,273	116,191
Cost of revenue		<u>(61,187)</u>	<u>(69,075)</u>
Gross profit		41,086	47,116
Administrative and general expenses	18	(31,113)	(40,272)
Selling and distribution expenses		(954)	(518)
Other income		447	2,378
Share of loss in associates	7	(9,339)	(303)
Change in fair value of investments in securities – net	8	(4,293)	(254)
Loss on sale of investments in securities		(21)	(607)
Finance cost		(40,334)	(38,680)
Finance income		<u>1,643</u>	<u>1,810</u>
Loss for the period		<u>(42,878)</u>	<u>(29,330)</u>
<i>(loss)/ income attributable to:</i>			
Owners of the Company		(46,498)	(34,686)
Non-controlling interests		<u>3,620</u>	<u>5,356</u>
		<u>(42,878)</u>	<u>(29,330)</u>
Loss per share - Basic (AED per share)	20	<u>(2.6)</u>	<u>(1.94)</u>

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of other comprehensive income (unaudited)
For the three month period ended 31 March 2020

		Three month period ended 31 March	
		2020	2019
	Notes	AED '000 (Unaudited)	AED '000 (Unaudited)
Loss for the period		<u>(42,878)</u>	<u>(29,330)</u>
Other comprehensive income:			
<i>Items that will never be reclassified to profit or loss:</i>			
Share in other comprehensive income of associates and joint ventures (fair value through other comprehensive income ("FVOCI"))		(1,645)	-
Change in fair value of investments in securities - net (FVOCI)	8	<u>1,339</u>	<u>(5,554)</u>
Other comprehensive loss for the period		<u>(306)</u>	<u>(5,554)</u>
Total comprehensive loss for the period		<u><u>(43,184)</u></u>	<u><u>(34,884)</u></u>
<i>Total comprehensive (loss)/ income attributable to:</i>			
Owners of the Company		(46,804)	(40,240)
Non-controlling interests		<u>3,620</u>	<u>5,356</u>
Total comprehensive loss for the period		<u><u>(43,184)</u></u>	<u><u>(34,884)</u></u>

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Condensed consolidated statement of cash flows (unaudited)
For the three month period ended 31 March 2020

		Three month period ended 31 March	
	Note	2020 AED '000 (Unaudited)	2019 AED '000 (Unaudited)
Cash flows from operating activities			
Loss for the period		(42,878)	(29,330)
<i>Adjustments for:</i>			
Depreciation		1,770	3,733
Share of profit from associates and joint ventures		9,339	303
Change in fair value of investments measured at fair value through profit or loss		4,293	254
Loss on sale of investments in securities		(21)	-
Provision of employees' end of service benefits		633	70
Finance income		(1,643)	(1,810)
Interest on lease liability		150	-
Finance costs		40,334	38,680
Operating profit before working capital changes		11,977	11,900
Changes in re-insurance contract assets		7,618	(1,679)
Changes in insurance contract liabilities		(13,517)	14,001
Changes in related parties		(13,485)	25,501
Changes in properties held for development and sale		(3,188)	(5,024)
Changes in inventories		162	(2,610)
Changes in trade and other receivables		(18,162)	(45,143)
Changes in trade and other payables		96,568	44,376
Additions to investment properties		(9,653)	(5,565)
Proceeds from sale of investments in securities		650	82
		58,970	35,839
Employees' end of service benefits paid		(519)	-
Net cash generated from operating activities		58,451	35,839
Cash flows from investing activities			
Purchase of property, plant and equipment		(8,010)	(2,423)
Proceeds from sale of property, plant and equipment		-	-
Finance income		1,643	1,810
Net cash used in investing activities		(6,367)	(613)
Cash flows from financing activities			
Dividend paid to non-controlling interest		(501)	-
Net movement in bank borrowings		(30)	2,136
Payment of lease liability		(2,804)	-
Finance costs		(40,334)	(38,680)
Net cash used in financing activities		(43,669)	(36,544)
Net decrease in cash and cash equivalents		8,415	(1,318)
Cash and cash equivalents at the beginning of the period		167,705	140,229
Cash and cash equivalents at the end of the period	15	176,120	138,911

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

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

Condensed consolidated statement of changes in equity

For the three month period ended 31 March 2020

	Attributable to owners of the Company						Total AED '000	Non- controlling interests AED '000	Total AED '000
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000			
As at 1 January 2019 (audited)	1,791,333	49,164	7,068	37,747	(34,578)	(1,500,574)	350,160	289,010	639,170
Total comprehensive income for the period (unaudited):									
(Loss)/ profit for the period	-	-	-	-	-	(34,686)	(34,686)	5,356	(29,330)
Other comprehensive loss	-	-	-	-	(5,554)	-	(5,554)	-	(5,554)
Total comprehensive (loss)/ income	-	-	-	-	(5,554)	(34,686)	(40,240)	5,356	(34,884)
At 31 March 2019 (unaudited)	1,791,333	49,164	7,068	37,747	(40,132)	(1,535,260)	309,920	294,366	604,286
As at 1 January 2020 (audited)	1,791,333	49,645	7,068	37,747	(44,212)	(1,698,126)	143,455	241,344	384,799
Total comprehensive income for the period (unaudited):									
(Loss)/ profit for the period	-	-	-	-	-	(46,498)	(46,498)	3,620	(42,878)
Other comprehensive income/ (loss)	-	-	-	-	1,339	(1,645)	(306)	-	(306)
Total comprehensive (loss)/ income	-	-	-	-	1,339	(48,143)	(46,804)	3,620	(43,184)
Transactions with owners of company									
Dividend paid	-	-	-	-	-	-	-	(501)	(501)
At 31 March 2020 (unaudited)	1,791,333	49,645	7,068	37,747	(42,873)	(1,746,269)	96,651	244,463	341,114

No allocation of profit has been made to the legal reserve for the three month period ended 31 March 2020 as it would be effected at the year-end.

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

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

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2020

1 Reporting entity

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

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2020 (the “current period”) comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates and joint ventures.

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

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

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2020 has been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. This does not include all of the information required for a complete set of International Financial Reporting Standards (“IFRS”) financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

Use of estimates and judgements

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

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

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

3 Significant accounting policies

The accounting policies applied are same as those applied in the annual financial statements as at and for the year ended 31 December 2019.

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 condensed consolidated interim financial information.

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

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2020

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

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 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

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

5 Funding and liquidity

The Group has third party commitments amounting to AED 4,206.2 million as at 31 March 2020 (31 December 2019: AED 4,113.9 million) of which AED 4,178.5 million (31 December 2019: AED 4,086.3 million) is payable within one year from the reporting date.

These third party commitments include loans and borrowings of AED 3,006.3 million (31 December 2019: AED 3,035.3 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 balance and restructuring of its certain existing loan facilities.

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2020

6 Investment properties

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Opening balance	2,504,716	2,346,265
Additions during the period/ year	9,653	27,242
Transferred from development properties	-	223,385
Transferred to property, plant and equipment	-	(76,752)
Change in fair value	-	(15,424)
Closing balance	<u>2,514,369</u>	<u>2,504,716</u>

- (i) During the three month period ended 31 March 2020, the Directors' of the Company have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2019.

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

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

7 Investments in associates

The Group's share of loss in associates for the three month period ended 31 March 2020 amounted to AED 9.3 million (31 March 2019: share of loss of AED 0.3 million).

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

8 Investments in securities

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
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Investments measured at fair value through other comprehensive income ("FVOCI")

Opening balance	57,577	67,211
Change in fair value during the period/ year	1,339	(9,634)
Closing balance	<u>58,916</u>	<u>57,577</u>

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2020

8 Investments in securities (continued)

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	100,362	108,561
Transfer from investment in associate	-	2,240
Disposal during the period/ year	(481)	(738)
Change in fair value during the period/ year	(4,293)	(9,701)
Closing balance	<u>95,588</u>	<u>100,362</u>

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

9 Properties held for development and sale

During the three month period ended 31 March 2020, the Company's Directors have reviewed the carrying value of properties held for development and sale and are of the opinion that there is no significant change in recoverable amount of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2019. Certain properties held for development and sale are mortgaged to banks towards credit facilities granted to the Group.

10 Inventories

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

11 Trade and other receivables

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2020

12 Reinsurance contract assets and insurance contract liabilities

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Gross		
Reserve for outstanding claims	57,010	76,785
Unallocated loss adjustment expense reserve	3,338	3,985
Unexpired risk reserve	258	-
Mathematical reserve	1,099	1,190
Reserve for incurred but not reported claims (IBNR)	44,167	49,307
Reserve for outstanding claims (including IBNR)	105,872	131,267
Unearned premium reserve	214,202	202,324
Total insurance contract liabilities (gross)	320,074	333,591
Less: recoverable from reinsurers		
Reinsurer share of outstanding claims	(30,890)	(32,581)
Reinsurer share of mathematical reserve	(1,090)	(1,180)
Reinsurer share of incurred but not reported claims (IBNR)	(12,387)	(17,046)
Reinsurer share of outstanding claims (including IBNR)	(44,367)	(50,807)
Unamortised reinsurance premium reserve	(64,329)	(65,507)
Total re-insurance contract assets	(108,896)	(116,314)
Net insurance contract liabilities	211,178	217,277

13 Cash in hand and at bank

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Cash in hand	946	966
Bank balances:		
- Current accounts	78,724	58,475
- Deposit accounts	200,223	200,180
Less: expected credit losses	(34)	(34)
	279,859	259,587

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2020

13 Cash in hand and at bank (continued)

Deposits include fixed deposits of AED 152.2 million (31 December 2019: AED 184 million) held under lien (also refer to note 15) against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (31 December 2019: AED 10.3 million) deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law No. (6) of 2007 relating to the Insurance Authority.

14 Share capital

	31 March 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
<i>Authorised, issued and paid up</i>		
1,791 million shares of AED 1 each paid up in cash	<u>1,791,333</u>	<u>1,791,333</u>

15 Cash and cash equivalents

	Three month period ended 31 March 2020 AED '000 (Unaudited)	2019 AED '000 (Unaudited)
Cash in hand	946	1,688
Bank balances:		
- Current accounts	78,724	34,660
- Deposit accounts	200,223	212,761
- Call accounts	-	16
Expected credit losses	<u>(34)</u>	<u>-</u>
	<u>279,859</u>	<u>249,125</u>
Less: Fixed deposits under lien/ deposits with maturity over three months	(886)	(886)
Less: bank overdrafts (refer to note 17)	<u>(102,853)</u>	<u>(109,328)</u>
	<u>176,120</u>	<u>138,911</u>

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

Notes to the condensed consolidated interim financial information (unaudited)

For the three month period ended 31 March 2020

16 Related party transactions and balances

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

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

	Three month period ended 31 March	
	2020	2019
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	252	269
Gross premium	1,259	1,174
Claims paid	25	1,000
	<u>252</u>	<u>1,000</u>
<i>Compensation to key management personnel:</i>		
Salaries and benefits	878	879
	<u>878</u>	<u>879</u>
<i>Due from related parties</i>		
	31 March	31 December
	2020	2019
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	36,203	44,143
Other related parties	49,850	39,360
	<u>86,053</u>	<u>83,503</u>
<i>Due to related parties</i>		
	31 March	31 December
	2020	2019
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	16,948	17,130
Other related parties	403,424	414,177
	<u>420,372</u>	<u>431,307</u>

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

Gulf General Investments Co. (P.S.C) and its subsidiaries
Notes to the condensed consolidated interim financial information (unaudited)
For the three month period ended 31 March 2020

17 Borrowings

	31 March 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Term loans (refer note below)	2,260,341	2,260,341
Bank overdrafts (refer to note 15)	102,853	90,996
Trust receipts	19,127	19,157
	<u>2,382,321</u>	<u>2,370,494</u>

The below table provides movement of interest bearing borrowings:

	31 March 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
At 1 January	2,370,494	2,398,320
<i>Cash flow items</i>		
Repayment of borrowings during the period/ year	(30)	(277)
<i>Other non-cash items</i>		
Net movement in bank overdrafts	11,857	(27,549)
At 31 March/ 31 December	<u>2,382,321</u>	<u>2,370,494</u>

On 2 July 2012, the Company concluded the restructuring agreement with a group of banks covering the outstanding debt of AED 2,778 million ("Earlier Restructured Loan"). The restructured loan was repayable in annual instalments up to 31 December 2018.

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

Of the total restructured loan, the repayment of AED 157.4 million (principal), due and payable as at 31 March 2020, was defaulted by the Company. The Company's Directors have reviewed the facts and circumstances of this default and have accordingly classified the entire loan amount as current liability.

The revised restructured facility carries interest at the rate of 3.00 % 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. Any such increase in the interest rate will no longer be applicable for future periods if no event of default subsists.

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17 Borrowings (continued)

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

Some of the Group entities are also in negotiation with banks to restructure their existing borrowings facilities with a total outstanding of AED 210 million (31 December 2019: AED 210 million) (principal) and interest of AED 107.3 million (31 December 2019: AED 103.4 million) (included in trade and other payables) as at the reporting date. A part of these loans amounting to AED 81 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 March 2020, one of the Group entities has not complied with certain bank covenants. The carrying value of the outstanding loan is AED 161 million (principal) 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 million (included in trade and other payables) and interest of AED 41.8 million (31 December 2019: AED 39 million) which became due for repayment on 30 September 2016.

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.

18 Administrative and general expenses

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Staff costs	17,782	21,366
Legal and professional fee	2,242	2,709
Depreciation	1,770	3,517
Rent	1,563	3,252
Repairs and maintenance	747	1,133
Telephone, postal and office supplies	286	675

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19 Financial instruments/ fair value hierarchy

(i) Financial instruments

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

	Designated as fair value through profit or loss AED '000	Designated as fair value through other comprehensive income AED '000	Others at amortised cost AED '000	Carrying amount AED '000	Fair value AED '000
31 March 2020					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	95,588	58,916	-	154,504	154,504
Due from related parties	-	-	86,053	86,053	86,053
Re-insurance contract assets	-	-	108,696	108,696	108,696
Trade and other receivables	-	-	755,548	755,548	755,548
Cash at bank	-	-	278,913	278,913	278,913
	95,588	58,916	1,229,210	1,383,714	1,383,714
<i>Financial liabilities</i>					
Borrowings	-	-	2,382,321	2,382,321	2,382,321
Due to related parties	-	-	420,372	420,372	420,372
Insurance contract liabilities	-	-	320,074	320,074	320,074
Trade and other payables	-	-	1,468,396	1,468,396	1,468,396
	-	-	4,591,163	4,591,163	4,591,163
31 December 2019					
(Audited)					
<i>Financial assets</i>					
Investments in securities	100,362	57,577	-	157,939	157,939
Due from related parties	-	-	83,503	83,503	83,503
Re-insurance contract assets	-	-	116,314	116,314	116,314
Trade and other receivables	-	-	737,386	737,386	737,386
Cash at bank	-	-	258,621	258,621	258,621
	100,362	57,577	1,353,763	1,353,763	1,353,763
<i>Financial liabilities</i>					
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

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19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy

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

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

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

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
31 March 2020 (Unaudited)			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	54,592	-	-
Unquoted equity investments	-	-	4,324
	<u>54,592</u>	<u>-</u>	<u>4,324</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	30,543	-	-
Unquoted equity investments	-	-	65,045
	<u>30,543</u>	<u>-</u>	<u>65,045</u>
31 December 2019 (Audited)			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	53,253	-	-
Unquoted equity investments	-	-	4,324
	<u>53,253</u>	<u>-</u>	<u>4,324</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	35,317	-	-
Unquoted equity investments	-	-	65,045
	<u>35,317</u>	<u>-</u>	<u>65,045</u>

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19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the three month period ended 31 March 2020, 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 (2019: Nil).

The fair value of unquoted equity investments was determined by an external, qualified and independent valuer as at 31 December 2019 who has experience in equity investments valuations. The Company's Directors are of the opinion that there is no significant change in fair value of unquoted equity investments as compared to the previous valuation carried out as at 31 December 2019.

20 Loss per share

	Three month period ended 31 March	
	2020 (Unaudited)	2019 (Unaudited)
Net loss attributable to owners of the company (AED '000)	<u>(46,498)</u>	<u>(34,686)</u>
Number of shares ('000)	<u>1,791,333</u>	<u>1,791,333</u>
Basic earnings per share (AED per share)	<u>(2.6)</u>	<u>(1.94)</u>

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

21 Contingent liabilities and commitments

Guarantees

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

Litigations

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

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21 Contingent liabilities and commitments (continued)

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

22 Segment reporting

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

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

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

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22 Segment reporting (continued)

	Manufacturing		Investments		Services and others		Unallocated		Total	
	31-Mar	31-Dec	31-Mar	31-Dec	31-Mar	31-Dec	31-Mar	31-Dec	31-Mar	31-Dec
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	266,240	267,228	3,886,556	3,885,870	474,577	459,390	340,363	317,530	4,967,736	4,930,018
Segment liabilities	330,484	328,002	3,245,702	3,177,272	504,490	491,999	545,946	547,946	4,626,622	4,545,219
	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar	31-Mar
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>(Unaudited)</i>										
Revenue	1,666	9,253	2,309	1,921	98,298	105,017	-	-	102,273	116,191
Segment result from operations	(66)	(1,487)	(12,960)	(8,320)	10,482	17,347	-	-	(2,544)	7,540
Finance income	-	-	1,643	1,810	-	-	-	-	1,643	1,810
Finance cost	(3,185)	(3,413)	(36,180)	(34,069)	(969)	(1,198)	-	-	(40,334)	(38,680)
Loss for the period	(3,251)	(4,900)	(49,140)	(40,579)	9,513	16,149	-	-	(42,878)	(29,330)

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23 Events effecting the operations

There was an outbreak of a global pandemic (COVID-19), causing significant financial and economic impact on major economies across the globe and affecting multiple industries. As at the date of approval of the condensed consolidated interim financial statements, management is in the process of assessing the impact of the said event on its subsequent period's financial results.