

**Gulf General Investments Co. (P.S.C)**

Condensed consolidated interim financial  
statements (unaudited)

For the three months period ended 31 March 2022

**Gulf General Investments Co. (P.S.C)**  
**Condensed consolidated interim financial statements (unaudited)**  
For the three months period ended 31 March 2022

<i>Contents</i>	<i>Page</i>
Review report of the independent auditor	1
Condensed consolidated statement of financial position	3
Condensed consolidated income statement	5
Condensed consolidated statement of comprehensive income	6
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows	8
Notes to the condensed consolidated interim financial statements	9

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

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf General Investments Co. (P.S.C) (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2022, the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis of Qualified Conclusion**

As disclosed in note 17 to the condensed consolidated interim financial statements, the Group has ceased recording interest on its borrowings since 1 January 2020 and the effects on these condensed consolidated interim financial statements have not been determined. Had this interest been recognised for the period ended 31 March 2022, many elements in the accompanying condensed consolidated interim financial statements would have been materially affected.

### **Qualified Conclusion**


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



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

**Emphasis of matter**

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

  
**GRANT THORNTON**



**Osama El-Bakry**  
**Registration No. 935**  
**Dubai, United Arab Emirates**

**12 May 2022**

**Gulf General Investments Co. (P.S.C)**  
**Condensed consolidated statement of financial position**  
**As at 31 March 2022**

		<b>31 March 2022 AED '000 (Unaudited)</b>	<b>31 December 2021 AED '000 (Audited)</b>
	<b>Notes</b>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		482,564	484,962
Investment properties	6	2,525,171	2,525,081
Goodwill		11,500	11,500
Investments in associates		182,167	184,839
Investments in securities	8	69,841	74,682
Trade and other receivables	11	19,923	23,052
		<u>3,291,166</u>	<u>3,304,116</u>
<b>Current assets</b>			
Properties held for development and sale	9	174,152	174,102
Inventories	10	39,296	40,819
Due from related parties	16	7,550	10,288
Trade and other receivables	11	560,315	530,408
Reinsurance contract assets	12	249,839	258,689
Investments in securities	8	103,798	101,868
Cash in hand and at bank	13	317,451	310,288
		<u>1,452,401</u>	<u>1,426,462</u>
<b>Total assets</b>		<u><b>4,743,567</b></u>	<u><b>4,730,578</b></u>

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

# Gulf General Investments Co. (P.S.C)

## Condensed consolidated statement of financial position (continued)


As at 31 March 2022

		31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
	Notes		
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	1,791,333	1,791,333
Legal reserve		49,645	49,645
Additional reserve		7,068	7,068
Land revaluation reserve		120,337	120,337
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(4,264)	577
Accumulated losses		(1,808,086)	(1,787,975)
<b>Equity attributable to owners of the Company</b>		<b>156,033</b>	<b>180,985</b>
Non-controlling interests		186,492	200,427
<b>Total equity</b>		<b>342,525</b>	<b>381,412</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		15,126	15,005
<b>Current liabilities</b>			
Due to related parties	16	421,973	436,249
Insurance contract liabilities	12	503,153	512,308
Borrowings	17	2,296,056	2,295,240
Trade and other payables		1,156,109	1,081,738
Lease liabilities		8,625	8,626
		<b>4,385,916</b>	<b>4,334,161</b>
<b>Total liabilities</b>		<b>4,401,042</b>	<b>4,349,166</b>
<b>Total equity and liabilities</b>		<b>4,743,567</b>	<b>4,730,578</b>

The condensed consolidated interim financial statements was authorised for issue by and on behalf of the Board of Directors on 12<sup>th</sup> May 2022.



Abdalla Juma Majid Al Sari  
Chairman



Hamad Saif Hamad Al Mheiri  
Director

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

**Gulf General Investments Co. (P.S.C)**  
**Condensed consolidated income statement (unaudited)**  
**For the three month period ended 31 March 2022**

	Notes	Three month period ended 31 March	
		2022 AED '000 (Unaudited)	2021 AED '000 (Unaudited)
Revenue		119,618	150,698
Cost of revenue		(119,366)	(128,142)
<b>Gross profit</b>		<b>252</b>	<b>22,556</b>
Administrative and general expenses	18	(26,996)	(26,912)
Selling and distribution expenses		(358)	(352)
Other income		1,517	889
Share of loss in associates		(2,672)	(8,863)
Change in fair value of investments in securities – net		2,169	(1,079)
Finance cost		(8,521)	(8,407)
Finance income		563	1,541
<b>Loss for the period</b>		<b>(34,046)</b>	<b>(20,627)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(20,111)	(15,052)
Non-controlling interests		(13,935)	(5,575)
		<b>(34,046)</b>	<b>(20,627)</b>
<b>Losses per share - Basic and diluted (AED fils per share)</b>			
	20	<b>(1.12)</b>	<b>(0.84)</b>

The accompanying notes 1 to 22 are an integral part of the condensed consolidated interim financial statements.

**Gulf General Investments Co. (P.S.C)**  
**Condensed consolidated statement of comprehensive income (unaudited)**  
**For the three month period ended 31 March 2022**

		Three month period ended 31 March	
	Note	2022 AED '000 (Unaudited)	2021 AED '000 (Unaudited)
Loss for the period		<u>(34,046)</u>	<u>(20,627)</u>
<b>Other comprehensive income:</b>			
<i>Items that will never be reclassified to profit or loss:</i>			
Change in fair value of investments in securities - net (FVOCI)	8	<u>(4,841)</u>	<u>2,231</u>
Other comprehensive (loss) / income for the period		<u>(4,841)</u>	<u>2,231</u>
Total comprehensive loss for the period		<u><u>(38,887)</u></u>	<u><u>(18,396)</u></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		<u>(24,952)</u>	<u>(12,821)</u>
Non-controlling interests		<u>(13,935)</u>	<u>(5,575)</u>
Total comprehensive loss for the period		<u><u>(38,887)</u></u>	<u><u>(18,396)</u></u>

The accompanying notes 1 to 22 are an integral part of the condensed consolidated interim financial statements.



**Gulf General Investments Co. (P.S.C)**

	Attributable to owners of the Company								
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Asset revaluation surplus AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non-controlling interests AED '000	Total AED '000
As at 1 January 2021 (audited)	1,791,333	49,645	7,068	37,747	(27,004)	(1,672,402)	186,387	230,413	416,800
Total comprehensive income for the period (unaudited):									
Loss for the period	-	-	-	-	-	(15,052)	(15,052)	(5,575)	(20,627)
Other comprehensive income	-	-	-	-	2,231	-	2,231	-	2,231
Total comprehensive income / (loss)	-	-	-	-	2,231	(15,052)	(12,821)	(5,575)	(18,396)
At 31 March 2021 (unaudited)	1,791,333	49,645	7,068	37,747	(24,773)	(1,687,454)	173,566	224,838	398,404
As at 1 January 2022 (audited)	1,791,333	49,645	7,068	120,337	577	(1,787,975)	180,985	200,427	381,412
Total comprehensive income for the period (unaudited):									
Loss for the period	-	-	-	-	-	(20,111)	(20,111)	(13,935)	(34,046)
Other comprehensive loss	-	-	-	-	(4,841)	-	(4,841)	-	(4,841)
Total comprehensive loss	-	-	-	-	(4,841)	(20,111)	(24,952)	(13,935)	(38,887)
At 31 March 2022 (unaudited)	1,791,333	49,645	7,068	120,337	(4,264)	(1,808,086)	156,033	186,492	342,525

The accompanying notes 1 to 22 are an integral part of the condensed consolidated interim financial statements.

**Gulf General Investments Co. (P.S.C)**  
**Condensed consolidated statement of cash flows (unaudited)**  
For the three month period ended 31 March 2022

		Three month period ended 31 March	
	Notes	2022 AED '000 (Unaudited)	2021 AED '000 (Unaudited)
<b>Cash flows from operating activities</b>			
Loss for the period		(34,046)	(20,627)
<i>Adjustments for:</i>			
Depreciation	18	1,296	1,145
Share of loss from associates and joint ventures		2,672	8,863
Change in fair value of investments measured at fair value through profit or loss		(2,169)	1,079
Provision of employees' end of service benefits		121	594
Finance income		(563)	(1,541)
Interest on lease liability		16	134
Finance costs		8,521	8,407
<b>Operating loss before working capital changes</b>		<b>(24,152)</b>	<b>(1,946)</b>
Changes in reinsurance contract assets		8,850	(12,699)
Changes in insurance contract liabilities		(9,155)	27,861
Changes in related parties		(11,538)	7,764
Changes in properties held for development and sale		(50)	-
Changes in inventories		1,523	450
Changes in trade and other receivables		(26,778)	(1,523)
Changes in trade and other payables		(33,537)	11,143
Additions to investment properties		(90)	-
Proceeds from sale of investments in securities		(239)	-
		<b>(95,166)</b>	<b>31,050</b>
Employees' end of service benefits paid		-	(1,001)
<b>Net cash (used in) / generated from operating activities</b>		<b>(95,166)</b>	<b>30,049</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,102)	-
Proceeds from sale of property, plant and equipment		-	1,861
Finance income		563	1,541
<b>Net cash (used in) / generated from investing activities</b>		<b>(539)</b>	<b>3,402</b>
<b>Cash flows from financing activities</b>			
Net movement in bank borrowings		816	-
Payment of lease liability		(110)	(1,312)
Finance costs		(8,521)	(8,407)
<b>Net cash used in financing activities</b>		<b>(7,815)</b>	<b>(9,719)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(103,520)</b>	<b>23,732</b>
Cash and cash equivalents at the beginning of the period		265,349	241,617
<b>Cash and cash equivalents at the end of the period</b>	15	<b>161,829</b>	<b>265,349</b>

The accompanying notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

# **Gulf General Investments Co. (P.S.C)**

## **Notes to the condensed consolidated interim financial statements (unaudited)**

**For the three month period ended 31 March 2022**

---

### **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 statements as at and for the three month period ended 31 March 2022 (the “current period”) comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in associates.

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Group has twelve months from the effective date to comply with the provisions of the New Companies Law.

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 statements as at and for the three month period ended 31 March 2022 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 2021.

#### **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 2021.

### **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 2021.

# **Gulf General Investments Co. (P.S.C)**

## **Notes to the condensed consolidated interim financial statements (unaudited)**

**For the three month period ended 31 March 2022**

---

### **3 Significant accounting policies (continued)**

#### **New and revised IFRS applied with no material effect on the condensed consolidated interim financial statements**

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

#### **New and revised IFRS not yet effective**

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

#### **IFRS 17 Insurance Contracts**

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

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

### **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 statements 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 2021.

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 4,134.48 million as at 31 March 2022 (31 December 2021: AED 4,084.68 million) of which AED 4,119.71 million (31 December 2021: AED 4,069.7 million) is payable within one year from the reporting date.

These third party commitments include loans and borrowings of AED 2,931.76 million (31 December 2021: AED 2,931.0 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)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 6 Investment properties

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Opening balance	2,525,081	2,585,089
Additions during the period/ year	90	-
Disposals during the period/ year	-	(79,400)
Change in fair value	-	19,392
Closing balance	<u>2,525,171</u>	<u>2,525,081</u>

- (i) During the three month period ended 31 March 2022, the Directors' of the Group 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 2021.

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 2022 amounted to AED 2.6 million (31 March 2021: share of loss of AED 8.9 million).

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

### 8 Investments in securities

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
--	---	--

#### *Investments measured at fair value through other comprehensive income ("FVOCI")*

Opening balance	74,682	49,343
Addition during the period/ year	-	28,712
Disposal during the period/ year	-	(8,831)
Change in fair value during the period/ year	(4,841)	5,458
Closing balance	<u>69,841</u>	<u>74,682</u>

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 8 Investments in securities (continued)

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<i>Investments measured at fair value through profit or loss ("FVTPL")</i>		
Opening balance	101,868	95,864
Change in fair value during the period/ year	2,169	5,925
Additions during the period/year	-	515
Disposal during the period/ year	(239)	(436)
Closing balance	103,798	101,868

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 2022, the Group'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 2021. 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.

### 12 Reinsurance contract assets and insurance contract liabilities

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<b>Gross</b>		
Reserve for outstanding claims	165,827	205,522
Unallocated loss adjustment expense reserve	6,337	6,337
Unexpired risk reserve	5,796	5,796
Mathematical reserve	1,157	1,157
Reserve for incurred but not reported claims (IBNR)	69,228	74,865
Reserve for outstanding claims (including IBNR)	248,345	293,677
Unearned premium reserve	254,808	218,631
<b>Total insurance contract liabilities (gross)</b>	<b>503,153</b>	<b>512,308</b>

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 12 Reinsurance contract assets and insurance contract liabilities (continued)

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Less: recoverable from reinsurers		
Reinsurance share of outstanding claims	(126,332)	(156,950)
Reinsurance share of mathematical reserve	(1,150)	(1,150)
Reinsurance share of unexpected risk reserve	(395)	(395)
Reinsurance share of incurred but not reported claims (IBNR)	(25,676)	(26,313)
Reinsurance share of outstanding claims (including IBNR)	(153,553)	(184,808)
Unamortised reinsurance premium reserve	(96,286)	(73,881)
<b>Total reinsurance contract assets</b>	<b>(249,839)</b>	<b>(258,689)</b>
<b>Net insurance contract liabilities</b>	<b>253,314</b>	<b>253,619</b>

### 13 Cash in hand and at bank

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Cash in hand	1,858	1,827
Bank balances:		
- Current accounts	143,055	117,322
- Deposit accounts	172,572	191,173
Less: expected credit losses	(34)	(34)
	<b>317,451</b>	<b>310,288</b>

Deposits include fixed deposits of AED 158.4 million (31 December 2021: AED 158.4 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 2021: 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 Central Bank of UAE.

### 14 Share capital

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<b>Authorised, issued and paid up</b>		
1,791 million shares of AED 1 each paid up in cash	<b>1,791,333</b>	<b>1,791,333</b>



# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 15 Cash and cash equivalents

	Three month period ended 31 March	
	2022	2021
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Cash in hand	1,858	1,202
Bank balances:		
- Current accounts	143,055	106,831
- Deposit accounts	172,572	203,460
Expected credit losses	(34)	(34)
	<u>317,451</u>	<u>311,459</u>
Less: Fixed deposits under lien/ deposits with maturity over three months	(256)	(256)
Less: bank overdrafts (refer to note 17)	<u>(155,366)</u>	<u>(45,854)</u>
	<u>161,829</u>	<u>265,349</u>

### 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 statements, are as follows:

	Three month period ended 31 March	
	2022	2021
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	(144)	(187)
Interest cost	(8,521)	(8,407)
Gross premium	1,210	1,137
Claims paid	<u>(124)</u>	<u>(252)</u>
<b>Compensation to key management personnel:</b>		
Salaries and benefits	<u>727</u>	<u>727</u>

### Due from related parties

	31 March 2022	31 December 2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	2,707	2,707
Other related parties	<u>4,843</u>	<u>7,581</u>



# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

	7,550	10,288
--	-------	--------

### 16 Related party transactions and balances (continued)

#### *Due to related parties*

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Other related parties	421,973	436,249
	<u>421,973</u>	<u>436,249</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.

### 17 Borrowings

	31 March 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Term loans (refer note below)	2,140,690	2,140,690
Bank overdrafts (refer to note 15)	155,366	154,550
	<u>2,296,056</u>	<u>2,295,240</u>

The below table provides movement of interest bearing borrowings:

	31 March 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
At 1 January	2,295,240	2,274,314
<i>Cash flow items</i>		
Repayment of borrowings during the period/ year	-	(55,818)
<i>Other non-cash items</i>		
Net movement in trust receipts	-	(19,157)
Net movement in bank overdrafts	816	95,901
<b>At 31 March/ 31 December</b>	<u>2,296,056</u>	<u>2,295,240</u>

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

In previous years, the Group initiated a negotiation with the lenders to further restructure its outstanding debt. As at 30 September 2017, the Group 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

## Gulf General Investments Co. (P.S.C)

### Notes to the condensed consolidated interim financial statements (unaudited)

#### For the three month period ended 31 March 2022

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.

#### 17 Borrowings (continued)

The revised restructured facility carries interest at the rate of 2.75% per annum above 6-month EIBOR for term facilities denominated in AED and 6-month LIBOR for term facilities denominated in USD charged on a semi-annual basis. Further, effective from the revised restructuring agreement date, a payment-in-kind (PIK) at 0.25% will be additionally charged on a semi-annual basis on the outstanding debt and is due to be repaid on 31 December 2023. Commencing 31 December 2018, in the event of default, the interest rate will be increased by 0.25% per annum on a semi-annual basis. The Group has been in default in 2019 and therefore the interest rate has increased from 2.75% to 3.00% per annum for the year/period ended 31 December 2021 and 31 March 2022. Any such increase in the interest rate will no longer be applicable for future periods if no event of default subsists.

The Group was in default in making repayment of loan which was due and payable as at 31 March 2022. The Group's Directors have reviewed the facts and circumstances of this default and accordingly classified the entire loan amount as current liability.

There is no change in the security and covenant requirements as per the revised restructuring agreement. The Group 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 Group are subject to maintain certain level of financial indebtedness as guarantors of the restructured loan. These borrowings are secured against certain assets of the Group.

Furthermore, the Group is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257 million (included in trade and other payables) and interest of AED 39.3 million (31 December 2021: AED 39.3 million)

#### 18 Administrative and general expenses

	Three month period ended 31 March	
	2022	2021
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Staff costs	15,336	15,876
Legal and professional fee	2,329	2,368
Depreciation	1,296	1,145
Rent	1,246	660
Repairs and maintenance	1,432	1,043
Telephone, postal and office supplies	326	218

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 19 Financial instruments/ fair value hierarchy

#### (i) Financial instruments

Financial assets of the Group include investments in securities, reinsurance 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
<b>31 March 2022</b>					
<b>(Unaudited)</b>					
<b>Financial assets</b>					
Investments in securities	103,798	69,841	-	173,639	173,639
Due from related parties	-	-	7,550	7,550	7,550
Re-insurance contract assets	-	-	249,839	249,839	249,839
Trade and other receivables	-	-	580,238	580,238	580,238
Cash at bank	-	-	315,593	315,593	315,593
	<b>103,798</b>	<b>69,841</b>	<b>1,153,220</b>	<b>1,326,859</b>	<b>1,326,859</b>
<b>Financial liabilities</b>					
Borrowings	-	-	2,296,056	2,296,056	2,296,056
Due to related parties	-	-	421,973	421,973	421,973
Insurance contract liabilities	-	-	503,153	503,153	503,153
Trade and other payables	-	-	1,156,109	1,156,109	1,156,109
	<b>-</b>	<b>-</b>	<b>4,377,291</b>	<b>4,377,291</b>	<b>4,377,291</b>
<b>31 December 2021</b>					
<b>(Audited)</b>					
<b>Financial assets</b>					
Investments in securities	101,868	74,682	-	176,550	176,550
Due from related parties	-	-	10,288	10,288	10,288
Reinsurance contract assets	-	-	258,689	258,689	258,689
Trade and other receivables	-	-	541,660	541,660	541,660
Cash at bank	-	-	308,461	308,461	308,461
	<b>101,868</b>	<b>74,682</b>	<b>1,119,098</b>	<b>1,295,648</b>	<b>1,295,648</b>
<b>Financial liabilities</b>					
Borrowings	-	-	2,295,240	2,295,240	2,295,240
Due to related parties	-	-	436,249	436,249	436,249
Insurance contract liabilities	-	-	512,308	512,308	512,308
Trade and other payables	-	-	1,081,738	1,081,738	1,081,738
	<b>-</b>	<b>-</b>	<b>4,325,535</b>	<b>4,325,535</b>	<b>4,325,535</b>

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

### 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
<b>31 March 2022 (Unaudited)</b>			
<i>Financial assets</i>			
<b>Investments measured at fair value through other comprehensive income:</b>			
Quoted equity investments	66,428	-	-
Unquoted equity investments	-	-	3,413
	<u>66,428</u>	<u>-</u>	<u>3,413</u>
<b>Investments measured at fair value through profit or loss:</b>			
Quoted equity investments	32,613	-	-
Unquoted equity investments	-	-	71,185
	<u>32,613</u>	<u>-</u>	<u>71,185</u>
<b>31 December 2021 (Audited)</b>			
<i>Financial assets</i>			
<b>Investments measured at fair value through other comprehensive income:</b>			
Quoted equity investments	71,265	-	-
Unquoted equity investments	-	-	3,417
	<u>71,265</u>	<u>-</u>	<u>3,417</u>
<b>Investments measured at fair value through profit or loss:</b>			
Quoted equity investments	30,391	-	-
Unquoted equity investments	-	-	71,477
	<u>30,391</u>	<u>-</u>	<u>71,477</u>

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited) For the three month period ended 31 March 2022

### 19 Financial instruments/ fair value hierarchy (continued)

#### (ii) Fair value hierarchy (continued)

During the three month period ended 31 March 2022, 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 (31 December 2021: Nil).

The fair value of unquoted equity investments was determined by an external, qualified and independent valuer as at 31 December 2021 who has experience in equity investments valuations. The Group'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 2021.

### 20 Losses per share

	Three month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Net loss attributable to owners of the company (AED '000)	<u>(20,111)</u>	<u>(15,052)</u>
Number of shares ('000)	<u>1,791,333</u>	<u>1,791,333</u>
Basic losses per share (AED fils per share)	<u>(1.12)</u>	<u>(0.84)</u>

There was no dilution effect on the basic losses 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 Group) 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 Group'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 Group 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.

# Gulf General Investments Co. (P.S.C)

## Notes to the condensed consolidated interim financial statements (unaudited)

For the three month period ended 31 March 2022

---

### 21 Contingent liabilities and commitments (continued)

#### *Litigations (continued)*

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

### 22 Segment reporting

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

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

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

**Notes to the condensed consolidated interim financial statements (unaudited)**  
**For the three month period ended 31 March 2022**

	Manufacturing		Investments		Insurance services and others		Unallocated		Total
	31-Mar 2022	31-Dec 2021	31-Mar 2022	31-Dec 2021	31-Mar 2022	31-Dec 2021	31-Mar 2022	31-Dec 2021	31-Mar 2022
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Segment assets	58,546	60,440	3,665,085	3,677,512	694,936	672,051	325,000	320,575	4,743,567
Segment liabilities	19,209	20,758	3,089,057	3,049,780	891,130	688,611	401,646	590,017	4,401,042
	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
(Unaudited)	(Audited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)
Revenue	4,506	2,152	4,116	4,088	110,996	144,458	-	-	119,618
	(376)	-	1,819	(4,993)	(26,967)	(9,233)	-	-	(25,524)
Segment result from operations									(14,226)
Finance income	-	-	-	1,541	563	-	-	-	563
Finance cost	(3)	-	(7,717)	(7,601)	(801)	(806)	-	-	(8,521)
(Loss) for the period	(379)	-	(5,899)	(10,588)	(27,768)	(10,039)	-	-	(34,046)