

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

Condensed consolidated interim financial
information (unaudited)

For the nine months period ended 30 September 2022

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Gulf General Investments Co. (P.S.C) (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2022, the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income for the three months and nine months periods then ended, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the nine months period then ended and other related explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Basis of Qualified Conclusion

As disclosed in note 17 to the condensed consolidated interim financial information, the Group has ceased recording interest on its borrowings since 1 January 2020. In addition to this, the Group is currently renegotiating the amount repayable to its borrowers and as at the period end date, we were not able to independently verify the total amount of borrowing and its effects on this condensed consolidated interim financial information.

Had this interest been recognised and renegotiated amount confirmed for the period ended 30 September 2022, many elements in the accompanying condensed consolidated interim financial information 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 information 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 information which fully explains that the Group is in the process of negotiation with the lenders to restructure certain existing loan and credit facilities to meet its commitments and financial obligations as they fall due in the foreseeable future. Our review conclusion is not modified in respect of this matter.

We draw attention to note 2 of the condensed consolidated interim financial information, which indicates that the Group's current liabilities exceeded its current assets by AED 2,950.5 million as at 30 September 2022. 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 review conclusion is not modified in respect of this matter.



GRANT THORNTON

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



10 November 2022

Gulf General Investments Co. (P.S.C)
Condensed consolidated interim statement of financial position
As at 30 September 2022

		30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
	Notes		
Assets			
Non-current			
Property, plant and equipment		473,591	484,962
Investment properties	6	2,525,400	2,525,081
Goodwill		11,500	11,500
Investments in associates	7	169,968	184,839
Investments in securities	8	70,428	74,682
Trade and other receivables	11	16,732	23,052
		<u>3,267,619</u>	<u>3,304,116</u>
Current			
Properties held for development and sale	9	175,118	174,102
Inventories	10	33,259	40,819
Due from related parties	16	7,341	10,288
Trade and other receivables	11	587,922	530,408
Reinsurance contract assets	12	239,484	258,689
Investments in securities	8	103,666	101,868
Cash in hand and at bank	13	311,545	310,288
		<u>1,458,335</u>	<u>1,426,462</u>
Total assets		<u>4,725,954</u>	<u>4,730,578</u>

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

Gulf General Investments Co. (P.S.C)
Condensed consolidated interim statement of financial position (continued)
As at 30 September 2022

		30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
	Notes		
Equity and liabilities			
Equity			
Share capital	15	1,791,333	1,791,333
Legal reserve		49,645	49,645
Additional reserve		7,068	7,068
Asset revaluation surplus		120,337	120,337
Cumulative change in fair value of investments measured at fair value through other comprehensive income		(3,393)	577
Accumulated losses		<u>(1,837,325)</u>	<u>(1,787,975)</u>
Equity attributable to owners of the Parent		127,665	180,985
Non-controlling interest		<u>174,893</u>	<u>200,427</u>
Total equity		<u>302,558</u>	<u>381,412</u>
Liabilities			
Non-current			
Provision for employees' end of service benefits		<u>14,561</u>	<u>15,005</u>
Current			
Due to related parties	16	434,989	436,249
Insurance contract liabilities	12	544,142	512,308
Borrowings	17	2,311,759	2,295,240
Trade and other payables		1,115,991	1,081,738
Lease liabilities		<u>1,954</u>	<u>8,626</u>
		<u>4,408,835</u>	<u>4,334,161</u>
Total liabilities		<u>4,423,396</u>	<u>4,349,166</u>
Total equity and liabilities		<u>4,725,954</u>	<u>4,730,578</u>

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on 10 November 2022.



Abdalla Juma Majid Al Sari
Chairman

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

Gulf General Investments Co. (P.S.C)
Condensed consolidated interim income statement (unaudited)
For the nine months period ended 30 September 2022

	Notes	Three months period ended		Nine months period ended	
		30 September 2022	2021	30 September 2022	2021
		AED '000 (Unaudited)	AED '000 (Unaudited)	AED '000 (Unaudited)	AED '000 (Unaudited)
Revenue		111,301	75,501	307,904	353,520
Cost of revenue		(78,769)	(64,393)	(267,425)	(300,571)
Gross profit		32,532	11,108	40,479	52,949
Administrative and general expenses	18	(29,297)	(27,143)	(85,019)	(77,953)
Selling and distribution expenses		(365)	(1,098)	(1,119)	(3,303)
Other income		1,776	1,706	4,962	4,215
Share of loss in associates	7	(12,199)	(1,257)	(14,871)	(17,713)
Revaluation deficit		-	-	-	(11,189)
Change in fair value of investments in securities – net	8	(171)	969	4,111	2,723
Loss on disposal of equity interest in an associate		-	-	-	(32,891)
Gain / (loss) on sale of investments in securities		350	(139)	350	(139)
Loss on sale of investment properties		-	(10,515)	-	(10,515)
Gain on revaluation of investment properties		-	7,020	-	7,020
Finance cost		(8,886)	(7,000)	(25,892)	(18,775)
Finance income		716	2,279	2,124	3,566
Loss for the period		(15,544)	(24,070)	(74,875)	(102,005)
Loss attributable to:					
Owners of the Parent		(13,311)	(15,627)	(49,341)	(81,556)
Non-controlling interest		(2,233)	(8,443)	(25,534)	(20,449)
		(15,544)	(24,070)	(74,875)	(102,005)
Loss per share - Basic and diluted (AED fils per share)	20	(0.74)	(0.87)	(2.75)	(4.55)

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

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

Condensed consolidated interim statement of other comprehensive income (unaudited)

For the nine months period ended 30 September 2022

	Note	Three months period ended 30 September		Nine months period ended 30 September	
		2022	2021	2022	2021
		AED '000 (Unaudited)	AED '000 (Unaudited)	AED '000 (Unaudited)	AED '000 (Unaudited)
Loss for the period		(15,544)	(24,070)	(74,875)	(102,005)
Other comprehensive income:					
<i>Items that will never be reclassified to profit or loss:</i>					
Change in fair value of investments in securities - net (FVTOCI)	8	(539)	(658)	(3,979)	1,182
Revaluation of land and buildings		-	-	-	99,226
Other comprehensive (loss)/income for the period		(539)	(658)	(3,979)	100,408
Total comprehensive loss for the period		(16,083)	(24,728)	(78,854)	(1,597)
Total comprehensive (loss)/income attributable to:					
Owners of the Parent		(13,850)	(16,285)	(53,320)	13,405
Non-controlling interest		(2,233)	(8,443)	(25,534)	(15,002)
Total comprehensive loss for the period		(16,083)	(24,728)	(78,854)	(1,597)

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

Gulf General Investments Co. (P.S.C)
Condensed consolidated interim statement of changes in equity (unaudited)
For the nine months period ended 30 September 2022

	Attributable to owners of the Parent								
	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	Equity attributable to owners of the Parent AED '000	Non-controlling interest AED '000	Total equity 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/(loss) for the period (unaudited):									
Loss for the period	-	-	-	-	-	(81,556)	(81,556)	(20,449)	(102,005)
Other comprehensive income	-	-	-	93,779	1,182	-	94,961	5,447	100,408
Total comprehensive income / (loss)	-	-	-	93,779	1,182	(81,556)	13,405	(15,002)	(1,597)
Directors' fees paid by a subsidiary	-	-	-	-	-	(765)	(765)	(772)	(1,537)
Loss transfer to retained earnings on disposal of equity interest in associate	-	-	-	-	3,219	(3,219)	-	-	-
At 30 September 2021 (unaudited)	1,791,333	49,645	7,068	131,526	(22,603)	(1,757,942)	199,027	214,639	413,666
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	-	-	-	-	-	(49,341)	(49,341)	(25,534)	(74,875)
Other comprehensive loss	-	-	-	-	(3,979)	-	(3,979)	-	(3,979)
Total comprehensive loss	-	-	-	-	(3,979)	(49,341)	(53,320)	(25,534)	(78,854)
Loss transfer to retained earnings on disposal of FVTOCI	-	-	-	-	9	(9)	-	-	-
As at 30 September 2022 (unaudited)	1,791,333	49,645	7,068	120,337	(3,393)	(1,837,325)	127,665	174,893	302,558

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

Gulf General Investments Co. (P.S.C)
Condensed consolidated interim statement of cash flows (unaudited)
For the nine months period ended 30 September 2022

	Notes	Nine months period ended	
		30 September 2022 AED '000 (Unaudited)	30 September 2021 AED '000 (Unaudited)
Cash flows from operating activities			
Loss for the period		(74,875)	(102,005)
<i>Adjustments for:</i>			
Depreciation	18	3,685	3,862
Share of loss from associates		14,871	17,713
Loss on disposal of equity interest in an associate		-	32,891
Revaluation deficit		-	11,189
Change in fair value of investments measured at fair value through profit or loss		(4,111)	(2,723)
(Gain) / loss on sale of investments in securities		(350)	139
Loss on sale of investment properties		-	10,515
Gain on sale of property, plant and equipment		(18)	(217)
Gain on termination of lease liability		(93)	-
Change in fair value of investment properties		-	(7,020)
Provision of employees' end of service benefits		1,856	939
Finance income		(2,124)	(3,566)
Interest on lease liability		91	147
Finance costs		25,892	18,775
Operating loss before working capital changes		(35,176)	(19,361)
Changes in reinsurance contract assets		19,205	(15,722)
Changes in insurance contract liabilities		31,834	(37,592)
Changes in related parties		1,687	13,360
Changes in properties held for development and sale		(1,016)	-
Changes in inventories		7,560	21,828
Changes in trade and other receivables		(47,649)	15,294
Changes in trade and other payables		34,253	(37,317)
		10,698	(59,510)
Employees' end of service benefits paid		(2,301)	(6,224)
Directors' fee paid		-	(1,537)
Net cash generated from / (used in) operating activities		8,397	(67,271)
Cash flows from investing activities			
Purchase of investments in securities		(2,750)	(19)
Purchase of property, plant and equipment		(471)	(1,434)
Addition to investment properties		(319)	-
Proceeds from disposal of equity interest in an associate		-	19,200
Proceeds from sale of investments in securities		5,340	73
Proceeds from disposal of property, plant and equipment		69	1,204
Finance income		2,124	3,566
Net cash generated from investing activities		3,993	22,590
Cash flows from financing activities			
Net movement in bank borrowings		(4,714)	(4,566)
Finance cost paid		(25,892)	(18,334)
Payment of lease liability		(1,504)	(4,047)
Net cash used in financing activities		(32,110)	(26,947)
Net change in cash and cash equivalents		(19,720)	(71,628)
Cash and cash equivalents at the beginning of the period		155,482	241,617
Cash and cash equivalents at the end of the period	14	135,762	169,989

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

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

Notes to the condensed consolidated interim financial information (unaudited)

For the nine months period ended 30 September 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 information as at and for the nine months period ended 30 September 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.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a 9% Federal Corporate Tax rate effective for fiscal years commencing on or after 1 June 2023. There is no impact of this announcement on the condensed consolidated interim financial information of the Group for the period ended 30 September 2022.

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

Going concern

This condensed consolidated interim financial information have been prepared on a going concern basis notwithstanding the fact that the Group has incurred a net loss of AED 74.88 million (nine month period ended 30 September 2021: AED 102.01 million), current liabilities exceeding current assets by AED 2,950.5 million (31 December 2021: AED 2,907.7 million) and accumulated losses of AED 1,837 million (31 December 2021: AED 1,788 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 5.

Statement of compliance

The condensed consolidated interim financial information as at and for the nine month period ended 30 September 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 (“IFRSs”) financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Use of estimates and judgements

The preparation of this condensed consolidated financial information 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.

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

Notes to the condensed consolidated interim financial information (unaudited)

For the nine months period ended 30 September 2022

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.

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

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

New and revised IFRS not yet effective

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

IFRS 17 Insurance Contracts

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

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

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 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 4,144.1 million as at 30 September 2022 (31 December 2021: AED 4,084.68 million) of which AED 4,129.55 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 2,940.63 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 information (unaudited)

For the nine months period ended 30 September 2022

6 Investment properties

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Opening balance	2,525,081	2,585,089
Additions during the period/ year	319	-
Disposals during the period/ year	-	(79,400)
Change in fair value	-	19,392
Closing balance	<u>2,525,400</u>	<u>2,525,081</u>

- (i) During the nine months period ended 30 September 2022, 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 2021.

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

- (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 nine months period ended 30 September 2022 amounted to AED 14.87 million (30 September 2021: share of loss of AED 17.71 million).

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

Name of the associates	Place of Incorporation	Ownership (%)	
		30 September 2022	31 December 2021
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
Al Sagr Cooperative Insurance Company (PSC)	Saudi Arabia	20.0	20.0

8 Investments in securities

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<i>Investments measured at fair value through other comprehensive income ("FVTOCI")</i>		
Opening balance	74,682	49,343
Addition during the period/ year	-	28,712
Disposal during the period/ year	(275)	(8,831)
Change in fair value during the period/ year	<u>(3,979)</u>	<u>5,458</u>
Closing balance	<u>70,428</u>	<u>74,682</u>

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

Notes to the condensed consolidated interim financial information (unaudited)

For the nine months period ended 30 September 2022

8 Investments in securities (continued)

	30 September 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
Addition during the period/ year	2,750	515
Disposal during the period/ year	(5,063)	(436)
Change in fair value during the period/ year	4,111	5,925
Closing balance	<u>103,666</u>	<u>101,868</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 nine months period ended 30 September 2022, 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 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

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Gross		
Reserve for outstanding claims	156,277	205,522
Unallocated loss adjustment expense reserve	5,250	6,337
Unexpired risk reserve	11,518	5,796
Mathematical reserve	1,157	1,157
Reserve for incurred but not reported claims (IBNR)	<u>75,864</u>	<u>74,865</u>
Reserve for outstanding claims (including IBNR)	250,066	293,677
Unearned premium reserve	<u>294,076</u>	<u>218,631</u>
Total insurance contract liabilities (gross)	<u>544,142</u>	<u>512,308</u>

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

Notes to the condensed consolidated interim financial information (unaudited)

For the nine months period ended 30 September 2022

12 Reinsurance contract assets and insurance contract liabilities (continued)

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Less: recoverable from reinsurers		
Reinsurer share of outstanding claims	(124,617)	(156,950)
Reinsurer share of unexpired risk reserve	-	(395)
Reinsurer share of mathematical reserve	(1,150)	(1,150)
Reinsurer share of incurred but not reported claims (IBNR)	(24,784)	(26,313)
Reinsurer share of outstanding claims (including IBNR)	(150,551)	(184,808)
Reinsurer share of unearned premium reserve	(88,933)	(73,881)
Total reinsurance contract assets	(239,484)	(258,689)
Net insurance contract liabilities	304,658	253,619

13 Cash in hand and at bank

	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Cash in hand	1,486	1,827
Bank balances:		
- Current accounts	123,713	117,322
- Deposit accounts	186,380	191,173
Less: expected credit losses	(34)	(34)
	311,545	310,288

Deposits include fixed deposits of AED 185.3 million (31 December 2021: AED 158.4 million) held under lien (also refer to note 17) against facilities granted to the Group and also 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 Cash and cash equivalents

	30 September 2022 AED '000 (Unaudited)	30 September 2021 AED '000 (Audited)
Cash in hand	1,486	1,345
Bank balances:		
- Current accounts	123,713	128,213
- Deposit accounts	186,380	190,211
Expected credit losses	(34)	(34)
	311,545	319,735
Less: Fixed deposits under lien/ deposits with maturity over three months	-	(256)
Less: bank overdrafts (refer to note 17)	(175,783)	(149,490)
	135,762	169,989

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15 Share capital

	30 September 2022 AED '000 (Unaudited)	31 December 2021 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>

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:

	30 September 2022 AED '000 (Unaudited)	30 September 2021 AED '000 (Unaudited)
Commission paid on rented properties	454	506
Gross premium	2,028	2,797
Claims paid	<u>(321)</u>	<u>(649)</u>
<i>Compensation to key management personnel:</i>		
Salaries and benefits	<u>4,309</u>	<u>2,180</u>
<i>Due from related parties</i>		
	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Associates	2,707	2,707
Other related parties	<u>4,634</u>	<u>7,581</u>
	<u>7,341</u>	<u>10,288</u>
<i>Due to related parties</i>		
	30 September 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Other related parties	<u>434,989</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.

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17 Borrowings

	30 September 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
Term loans (refer note below)	2,135,976	2,140,690
Bank overdrafts (refer to note 14)	175,783	154,550
	<u>2,311,759</u>	<u>2,295,240</u>

The below table provides movement of interest bearing borrowings:

	30 September 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	(4,714)	(55,818)
<i>Other non-cash items</i>		
Net movement in trust receipts	-	(19,157)
Net movement in bank overdrafts	21,233	95,901
At 30 September/ 31 December	<u>2,311,759</u>	<u>2,295,240</u>

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

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

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 30 September 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 since 2019 in making repayment of loan which was due and payable as at 30 September 2022. The Group's Director's had reviewed the facts and circumstances of 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.

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17 Borrowings (continued)

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 months period ended 30 September		Nine months period ended 30 September	
	2022 AED '000 (Unaudited)	2021 AED '000 (Unaudited)	2022 AED '000 (Unaudited)	2021 AED '000 (Unaudited)
Staff costs	15,583	15,602	47,384	44,872
Legal and professional fee	4,546	384	9,005	5,495
Depreciation	1,087	1,648	3,685	3,862
Rent	1,451	1,328	5,298	3,035
Repairs and maintenance	1,068	5,079	3,878	6,157
Telephone, postal and office supplies	267	843	926	1,260

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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, due from related parties and cash at bank. Financial liabilities of the Group include borrowings, insurance contract liabilities, trade and other payables, due to related parties 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	Designated as fair value through other comprehensive income	At amortised cost	Carrying amount	Fair value
30 September 2022					
(Unaudited)					
<i>Financial assets</i>					
Investments in securities	103,666	70,428	-	174,094	174,094
Due from related parties	-	-	7,341	7,341	7,341
Reinsurance contract assets	-	-	239,484	239,484	239,484
Trade and other receivables	-	-	576,635	576,635	576,635
Cash at bank	-	-	311,545	311,545	311,545
	103,666	70,428	1,135,005	1,309,099	1,309,099
<i>Financial liabilities</i>					
Borrowings	-	-	2,311,759	2,311,759	2,311,759
Due to related parties	-	-	434,989	434,989	434,989
Insurance contract liabilities	-	-	544,142	544,142	544,142
Lease liabilities	-	-	1,954	1,954	1,954
Trade and other payables	-	-	1,115,991	1,115,991	1,115,991
	-	-	4,408,835	4,408,835	4,408,835
31 December 2021					
(Audited)					
<i>Financial assets</i>					
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
	101,868	74,682	1,119,098	1,295,648	1,295,648
<i>Financial liabilities</i>					
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
Lease liabilities	-	-	8,626	8,626	8,626
	-	-	4,334,161	4,334,161	4,334,161

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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 reassessing 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
30 September 2022 (Unaudited)			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	67,078	-	-
Unquoted equity investments	-	-	3,350
	<u>67,078</u>	<u>-</u>	<u>3,350</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	33,223	-	-
Unquoted equity investments	-	-	70,443
	<u>33,223</u>	<u>-</u>	<u>70,443</u>
31 December 2021 (Audited)			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	71,265	-	-
Unquoted equity investments	-	-	3,417
	<u>71,265</u>	<u>-</u>	<u>3,417</u>
Investments measured at fair value through profit or loss:			
Quoted equity investments	30,391	-	-
Unquoted equity investments	-	-	71,477
	<u>30,391</u>	<u>-</u>	<u>71,477</u>

During the nine months period ended 30 September 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).

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19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

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 Loss per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Net loss attributable to owners of the Parent (AED '000)	<u>(13,311)</u>	<u>(15,627)</u>	<u>(49,341)</u>	<u>(81,556)</u>
Number of shares ('000)	<u>1,791,333</u>	<u>1,791,333</u>	<u>1,791,333</u>	<u>1,791,333</u>
Basic loss per share (AED fils per share)	<u>(0.74)</u>	<u>(0.87)</u>	<u>(2.75)</u>	<u>(4.55)</u>

There was no dilution effect on the basic loss per share as the Group 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.

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.

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

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22 Segment reporting (continued)

	Manufacturing		Investments		Insurance services and others		Unallocated		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Segment assets	AED '000 (Unaudited) 58,875	AED '000 (Audited) 60,440	AED '000 (Unaudited) 3,635,199	AED '000 (Audited) 3,677,512	AED '000 (Unaudited) 712,997	AED '000 (Audited) 672,051	AED '000 (Unaudited) 318,883	AED '000 (Audited) 320,575	AED '000 (Unaudited) 4,725,954	AED '000 (Audited) 4,730,578
Segment liabilities	19,044	20,758	3,068,589	3,049,780	921,101	688,611	414,662	590,017	4,423,396	4,349,166
	17,884	7,054	16,313	21,899	273,707	324,567	-	-	307,904	353,520
<i>(Unaudited)</i>										
Revenue	(1,235)	(138,110)	(224)	60,980	(49,648)	(9,666)	-	-	(51,107)	(86,796)
Segment result from operations	-	-	-	-	2,124	3,566	-	-	2,124	3,566
Finance income	(9)	(8)	(23,459)	(17,195)	(2,424)	(1,572)	-	-	(25,892)	(18,775)
Finance cost	(1,245)	(138,118)	(23,684)	43,785	(49,946)	(7,672)	-	-	(74,875)	(102,005)

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23 Post reporting date event

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of this condensed consolidated interim financial information.