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

Condensed consolidated interim financial information (unaudited)

For the nine months period ended 30 September 2019

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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 condensed consolidated statement of financial position of Gulf General Investments Co. (P.S.C) (the "Company") and its subsidiaries (the "Group") as at 30 September 2019, the related condensed consolidated income statement, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months and nine months period then ended and explanatory information. 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 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".

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

Other matter

The consolidated financial statements for the year ended 31 December 2018 and the condensed consolidated interim financial information for the period ended 30 September 2018 were audited and reviewed by another auditor who expressed an unmodified opinion and an unqualified conclusion on those statements on 27 March 2019 and 14 November 2018 respectively.

Emphasis of matter

We draw attention to notes 5 and 17 of the condensed consolidated interim financial information which 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 qualified in respect of this matter.

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GRANT THORNTON
Farouk Mohamed

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

Registration No: 86
Dubai, 13 November 2019

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

Condensed consolidated statement of financial position

As at 30 September 2019

	Notes	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**350,172**	354,992
Investment properties	6	**2,365,521**	2,346,265
Goodwill		**11,500**	11,500
Investments in associates	7	**371,492**	369,108
Investments in securities	8	**59,465**	67,211
Trade and other receivables	11	**84,252**	71,699
		3,242,402	3,220,775
Current assets			
Properties held for development and sale	9	**564,971**	551,256
Inventories	10	**35,395**	33,252
Amounts due from related parties	16	**96,813**	91,299
Trade and other receivables	11	**768,577**	809,873
Re-insurance contract assets	12	**121,780**	115,027
Investments in securities	8	**117,255**	119,967
Cash in hand and at bank	13	**271,577**	264,066
		1,976,368	1,984,740
Total assets		**5,218,770**	5,205,515

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

Condensed consolidated statement of financial position (continued)

As at 30 September 2019

	Notes	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Equity and liabilities			
Equity			
Share capital	14	**1,791,333**	1,791,333
Legal reserve		**49,164**	49,164
Additional reserve		**7,068**	7,068
Land revaluation reserve		**37,747**	37,747
Cumulative change in fair value of investments measured at fair value through other comprehensive income		**(42,324)**	(34,578)
Accumulated losses		**(1,604,751)**	(1,500,574)
Equity attributable to owners of the Company		**238,237**	350,160
Non-controlling interests		**294,087**	289,010
Total equity		**532,324**	639,170
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		**30,119**	34,122
		30,119	34,122
Current liabilities			
Amounts due to related parties	16	**366,228**	381,344
Insurance contract liabilities	12	**328,100**	295,276
Short term borrowings	17	**2,388,970**	2,398,320
Trade and other payables		**1,573,029**	1,457,283
		4,656,327	4,532,223
Total liabilities		**4,686,446**	4,566,345
Total equity and liabilities		**5,218,770**	5,205,515

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on 13 November 2019.

Abdalla Juma Majid Al Sari
Chairman

Hamad Saif Hamad Almheiri
Director

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

The independent auditor's report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

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

Condensed consolidated income statement (unaudited)

For the nine months period ended 30 September 2019

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2019	2018	**2019**	2018
		AED '000	AED '000	**AED '000**	AED '000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue		**100,169**	190,759	**334,163**	429,213
Cost of revenue		**(63,374)**	(120,877)	**(208,614)**	(264,115)
Gross profit		**36,795**	69,882	**125,549**	165,098
Administrative and general expenses	18	**(30,403)**	(77,323)	**(108,349)**	(182,968)
Selling and distribution expenses		**(371)**	523	**(5,501)**	(3,434)
Other income		**2,471**	7,136	**6,526**	11,678
Share of (loss)/profit in associates	7	**(494)**	2,184	**1,841**	5,810
Change in fair value of investments in securities – net	8	**(1,458)**	(2,165)	**(1,974)**	(1,489)
Gain/(loss) on sale of investments in securities		**-**	68	**83**	(197)
Finance cost		**(40,806)**	(37,034)	**(115,180)**	(114,006)
Finance income		**1,868**	1,631	**5,480**	4,700
Loss for the period		**(32,398)**	(35,098)	**(91,525)**	(114,808)
Loss attributable to:					
Owners of the Company		**(35,791)**	(31,976)	**(104,095)**	(139,899)
Non-controlling interests		**3,393**	(3,122)	**12,570**	25,091
		(32,398)	(35,098)	**(91,525)**	(114,808)
Loss per share - Basic (AED fils per share)	20	**(2.00)**	(1.79)	**(5.81)**	(7.81)

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

The independent auditor's report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

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

Condensed consolidated statement of other comprehensive income (unaudited)

For the nine months period ended 30 September 2019

	Note	Three months period ended 30 September		Nine months period ended 30 September	
		2019	2018	**2019**	2018
		AED '000	AED '000	**AED '000**	AED '000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the period		**(32,398)**	(35,098)	**(91,525)**	(114,808)
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Share in other comprehensive income/(loss) of associates (fair value through other comprehensive income ("FVOCI"))		**21**	83	**918**	(663)
Change in fair value of investments in securities - net ("FVOCI")	8	**(4,021)**	(528)	**(7,746)**	(7,845)
Other comprehensive loss for the period		**(4,000)**	(445)	**(6,828)**	(8,508)
Total comprehensive loss for the period		**(36,398)**	(35,543)	**(98,353)**	(123,316)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(39,791)**	(32,421)	**(110,923)**	(148,407)
Non-controlling interests		**3,393**	(3,122)	**12,570**	25,091
Total comprehensive loss for the period		**(36,398)**	(35,543)	**(98,353)**	(123,316)

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

The independent auditor's report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

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

Condensed consolidated statement of cash flows (unaudited)

For the nine months period ended 30 September 2019

	Notes	Nine months period ended 30 September 2019 AED '000 (Unaudited)	2018 AED '000 (Unaudited)
Cash flows from operating activities			
Loss for the period		**(91,525)**	(114,808)
Adjustments for:			
Depreciation	18	**9,457**	9,717
Share of profit from associates		**(1,841)**	(5,810)
Change in fair value of investments measured at fair value through profit or loss		**1,974**	1,489
Allowance for slow moving inventories		**-**	6,850
Provision of employees' end of service benefits		**3,053**	3,576
(Gain)/loss from sale of investments in securities		**(83)**	197
Expected credit losses on trade receivables		**-**	10,614
Write back of expected credit losses on trade receivables		**-**	(228)
Write-off of other receivables		**-**	16,702
Finance income		**(5,480)**	(4,700)
Finance cost		**115,180**	114,006
Operating profit before working capital changes		**30,735**	37,605
Changes in re-insurance contract assets		**(6,753)**	70,361
Changes in insurance contract liabilities		**32,824**	(64,372)
Changes in related parties		**(20,630)**	-
Changes in properties held for development and sale		**(13,715)**	34,876
Changes in inventories		**(2,143)**	(10,918)
Changes in trade and other receivables		**28,743**	39,062
Changes in trade and other payables		**115,746**	(43,195)
Additions to investment properties		**(19,256)**	(7,540)
Proceeds from sale of investments in securities		**821**	5,081
		146,372	60,960
Employees' end of service benefits paid		**(7,056)**	(6,851)
Net cash generated from operating activities		**139,316**	54,109
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,263)**	(3,344)
Proceeds from assets held for sale		**-**	1,693
Proceeds from sale of property, plant and equipment		**-**	6,190
Dividend received from an associate		**-**	3,675
Finance income		**5,480**	4,700
Change in fixed deposits		**-**	1,938
Net cash generated from investing activities		**1,217**	14,852
Cash flows from financing activities			
Net movement in bank borrowings		**3,251**	(1,357)
Dividend paid to non-controlling interest		**(6,493)**	-
Directors' fee paid		**(2,000)**	(2,000)
Finance costs		**(115,180)**	(114,006)
Net cash used in financing activities		**(120,422)**	(117,363)
Net increase/(decrease) in cash and cash equivalents		**20,111**	(48,402)
Cash and cash equivalents at the beginning of the period		**140,229**	162,755
Cash and cash equivalents at the end of the period	15	**160,340**	114,353

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

The independent auditor's report on review of the condensed consolidated interim financial information is set out on pages 1 and 2.

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

Condensed consolidated statement of changes in equity

For the nine months period ended 30 September 2019

	Attributable to owners of the Company								
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non - controlling interests AED '000	Total AED '000
Balance at 1 January 2018 (audited)	1,791,333	46,904	7,068	37,747	(30,968)	(1,204,587)	647,497	304,142	951,639
Cumulative effect of adopting IFRS 9 – Financial Instruments	-	-	-	-	-	(10,593)	(10,593)	-	(10,593)
As at 1 January 2018 (restated)	1,791,333	46,904	7,068	37,747	(30,968)	(1,215,180)	636,904	304,142	941,046
Total comprehensive income for the period (unaudited):									
(Loss)/profit for the period	-	-	-	-	-	(139,899)	(139,899)	25,091	(114,808)
Other comprehensive loss	-	-	-	-	(7,845)	(663)	(8,508)	-	(8,508)
Total comprehensive (loss)/income	-	-	-	-	(7,845)	(140,562)	(148,407)	25,091	(123,316)
Other movement:									
Directors' fees paid by a subsidiary	-	-	-	-	-	(1,000)	(1,000)	(1,000)	(2,000)
As at 30 September 2018 (unaudited)	1,791,333	46,904	7,068	37,747	(38,813)	(1,356,742)	487,497	328,233	815,730

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

Condensed consolidated statement of changes in equity (continued)

For the nine months period ended 30 September 2019

	Attributable to owners of the Company								
	Share Capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Land revaluation reserve AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non - controlling Interests AED '000	Total AED '000
As at 1 January 2019	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	-	-	-	-	-	(104,095)	(104,095)	12,570	(91,525)
Other comprehensive (loss)/income	-	-	-	-	(7,746)	918	(6,828)	-	(6,828)
Total comprehensive (loss)/income	-	-	-	-	(7,746)	(103,177)	(110,923)	12,570	(98,353)
Transaction with owners of the company									
Dividend paid	-	-	-	-	-	-	-	(6,493)	(6,493)
Other movement									
Directors' fees paid by a subsidiary	-	-	-	-	-	(1,000)	(1,000)	(1,000)	(2,000)
As at 30 September 2019 (unaudited)	**1,791,333**	**49,164**	**7,068**	**37,747**	**(42,324)**	**(1,604,751)**	**238,237**	**294,087**	**532,324**

No allocation of profit has been made to the legal reserve for the nine months period ended 30 September 2019 as it would be effected at the year-end.

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

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 2019 (the "current period") comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates.

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 nine months period ended 30 September 2019 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 2018.

Use of estimates and judgements

The preparation of these condensed consolidated interim financial information is in conformity with IFRS which 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 2018.

3 Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial information are same as those applied in the annual financial statements as at and for the year ended 31 December 2018, except for changes to the accounting for leases resulting from the adoption of International Financial Reporting Standard (IFRS) 16 *Leases.*

(i) IFRS 16 Leases

The Group has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets. The Group initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Group initially measures the lease liability at the present value of the future minimum lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has assessed that the impact of IFRS 16 is not material as at the reporting date.

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 2018.

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 4,263 million as at 30 September 2019 (2018: AED 4,185 million) of which AED 4,232 million (2018: AED 4,151 million) is payable within one year from the reporting date.

These third-party commitments include loans and borrowings of AED 2,949 million (2018: AED 2,926 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 existing loan facilities.

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

6 Investment properties

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Opening balance	**2,346,265**	2,324,298
Additions during the period/year	**19,256**	22,849
Transferred from development properties	**-**	101,640
Disposals during the period/year	**-**	(18,610)
Change in fair value	**-**	(83,912)
Closing balance	**2,365,521**	2,346,265

(i) During the nine months period ended 30 September 2019, 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 2018.

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 profit in associates for the nine months period ended 30 September 2019 amounted to AED 1.8 million (30 September 2018: share of profit of AED 5.8 million). The Group's share in other comprehensive income of associates for the nine months period ended 30 September 2019 amounted to AED 0.9 million (30 September 2018: share in other comprehensive loss of AED 0.7 million)

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

8 Investments in securities

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Investments measured at fair value through other comprehensive income ("FVOCI")		
Opening balance	**67,211**	72,370
Change in fair value during the period/year	**(7,746)**	(3,320)
Disposal during the period/year	**-**	(1,839)
Closing balance	**59,465**	67,211
Investments measured at fair value through profit or loss ("FVTPL")		
Opening balance	**119,967**	129,592
Change in fair value during the period/year	**(1,974)**	2,762
Disposal during the period/year	**(738)**	(12,387)
Closing balance	**117,255**	119,967

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 2019, 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 2018. 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 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Gross		
Reserve for outstanding claims	**66,355**	70,440
Unallocated loss adjustment expense reserve	**4,000**	2,354
Unexpired risk reserve	**1,024**	630
Reserve for incurred but not reported claims (IBNR)	**54,217**	49,443
Reserve for outstanding claims (including IBNR)	**125,596**	122,867
Unearned premium reserve	**202,504**	172,409
Total insurance contract liabilities (gross)	**328,100**	295,276
Less: Recoverable from reinsurers		
Reinsurer share of outstanding claims	**(35,220)**	(46,570)
Reinsurer share of incurred but not reported claims (IBNR)	**(18,677)**	(15,561)
Reinsurer share of outstanding claims (including IBNR)	**(53,897)**	(62,131)
Unamortized reinsurance premium reserve	**(67,883)**	(52,896)
Total re-insurance contract assets	**(121,780)**	(115,027)
Net insurance contract liabilities	**206,320**	180,249

13 Cash in hand and at bank

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Cash in hand	**1,443**	1,795
Bank balances:		
- Current accounts	**54,311**	45,027
- Deposit accounts	**215,857**	217,271
- Call accounts	**-**	7
Less: Expected credit losses	**(34)**	(34)
	271,577	264,066

13 Cash in hand and at bank (continued)

Deposits include fixed deposits of AED 184 million (2018: 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 (2018: AED 10 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

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Authorised, issued and paid up		
1,791 million shares of AED 1 each paid up in cash	**1,791,333**	1,791,333

15 Cash and cash equivalents

	Nine months period ended 30 September 2019 AED '000 (Unaudited)	2018 AED '000 (Unaudited)
Cash in hand	**1,443**	2,593
Bank balances:		
- Current accounts	**54,311**	46,528
- Deposit accounts	**215,857**	203,902
Expected credit losses	**(34)**	(34)
	271,577	252,989
Less: Fixed deposits under lien/deposits with maturity over three months	**(4)**	(886)
Less: Bank overdrafts (refer to note 17)	**(111,233)**	(137,750)
	160,340	114,353

16 Related party transactions and balances

The Group in the ordinary course of business, enters into transactions 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:

	Nine months period ended 30 September	
	2019	2018
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	**812**	434
Purchase of services	**879**	208
Gross premium	**3,927**	1,062
Claims paid	**2,000**	883
Compensation to key management personnel:		
Salaries and benefits	**2,637**	1,945

Amounts due from related parties

	30 September 2019	31 December 2018
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	**13,281**	12,354
Other related parties	**83,532**	78,945
	96,813	91,299

Amounts due to related parties

	30 September 2019	31 December 2018
	AED '000	AED '000
	(Unaudited)	(Audited)
Associates	**21,911**	22,565
Other related parties	**344,317**	358,779
	366,228	381,344

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

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
Term loans (refer note below)	**2,260,618**	2,260,618
Bank overdrafts (refer to note 15)	**111,233**	120,941
Trust receipts	**17,119**	16,761
	2,388,970	2,398,320
Presented in the condensed consolidated statement of financial position:		
Current portion	**2,388,970**	2,398,320

The below table provides movement of interest bearing borrowings:

	30 September 2019 AED '000 (Unaudited)	31 December 2018 AED '000 (Audited)
At 1 January	**2,398,320**	2,419,363
Cash flow items		
Repayment of borrowings during the period/year	**-**	(4,641)
Other non-cash items		
Net movement in bank overdrafts/trust receipts	**(9,350)**	(16,402)
At 30 September/31 December	**2,388,970**	2,398,320

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 up to 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 91 million (principal), due and payable as at 30 September 2019, was defaulted by the Company on 31 December 2018. The Company's Directors have reviewed the facts and circumstances of this default and have accordingly classified the entire loan amount as current liability.

17 Borrowings (continued)

The revised restructured facility carries interest at the rate of 2.75% per annum above 6-months EIBOR for term facilities denominated in AED and 6-months 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.

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 (2018: AED 210 million) (principal) and interest of AED 99 million (2018: AED 88 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 30 September 2019, 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 36 million (2018: AED 27 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 months period ended 30 September		Nine months period ended 30 September	
	2019	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff costs	**18,234**	20,480	**60,631**	66,290
Rent	**1,536**	3,808	**7,569**	12,699
Legal and professional fee	**1,949**	4,298	**6,236**	9,181
Depreciation	**3,005**	4,877	**9,457**	9,717
Repairs and maintenance	**149**	2,006	**3,165**	5,546
Telephone, postal and office supplies	**566**	666	**948**	2,247

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, amounts due from related parties and cash at bank. Financial liabilities of the Group include borrowings, insurance contract liabilities, amounts due to related parties, 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
30 September 2019 (Unaudited)					
Financial assets					
Investments in securities	**117,255**	**59,465**	**-**	**176,720**	**176,720**
Amounts due from related parties	**-**	**-**	**96,813**	**96,813**	**96,813**
Re-insurance contract assets	**-**	**-**	**121,780**	**121,780**	**121,780**
Trade and other receivables	**-**	**-**	**852,829**	**852,829**	**852,829**
Cash at bank	**-**	**-**	**270,134**	**270,134**	**270,134**
	117,255	**59,465**	**1,341,556**	**1,518,276**	**1,518,276**
Financial liabilities					
Borrowings	**-**	**-**	**2,388,970**	**2,388,970**	**2,388,970**
Amounts due to related parties	**-**	**-**	**366,228**	**366,228**	**366,228**
Insurance contract liabilities	**-**	**-**	**328,100**	**328,100**	**328,100**
Trade and other payables	**-**	**-**	**1,573,029**	**1,573,029**	**1,573,029**
	-	**-**	**4,656,327**	**4,656,327**	**4,656,327**
31 December 2018 (Audited)					
Financial assets					
Investments in securities	119,967	67,211	-	187,178	187,178
Amounts due from related parties	-	-	91,299	91,299	91,299
Re-insurance contract assets	-	-	115,027	115,027	115,027
Trade and other receivables	-	-	881,572	881,572	881,572
Cash at bank	-	-	262,271	262,271	262,271
	119,967	67,211	1,350,169	1,537,347	1,537,347
Financial liabilities					
Borrowings	-	-	2,398,320	2,398,320	2,398,320
Amounts due to related parties	-	-	381,344	381,344	381,344
Insurance contract liabilities	-	-	295,276	295,276	295,276
Trade and other payables	-	-	1,457,283	1,457,283	1,457,283
	-	-	4,532,223	4,532,223	4,532,223

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
30 September 2019 *(Unaudited)*			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	**55,475**	-	-
Unquoted equity investments	-	-	**3,990**
	55,475	-	**3,990**
Investments measured at fair value through profit or loss:			
Quoted equity investments	**51,550**	-	-
Unquoted equity investments	-	-	**65,705**
	51,550	-	**65,705**
31 December 2018 *(Audited)*			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	63,221	-	-
Unquoted equity investments	-	-	3,990
	63,221	-	3,990
Investments measured at fair value through profit or loss:			
Quoted equity investments	50,306	-	-
Unquoted equity investments	-	-	69,661
	50,306	-	69,661

19 Financial instruments/fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the nine months period ended 30 September 2019, 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 (2018: Nil).

The fair value of unquoted equity investments was determined by an external, qualified and independent valuer as at 31 December 2018 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 2018.

20 Loss per share

	Nine months period ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Net loss attributable to owners of the company (AED '000)	**(104,095)**	(139,899)
Number of shares ('000)	**1,791,333**	1,791,333
Basic loss per share (AED fils per share)	**(5.81)**	(7.81)

There was no dilution effect on the basic loss 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.

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:

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

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

22 Segment reporting (continued)

	Manufacturing		Investments		Services and others		Unallocated		Total	
	30-Sep 2019 AED '000 (Unaudited)	31-Dec 2018 AED '000 (Audited)	**30-Sep 2019 AED '000 (Unaudited)**	31-Dec 2018 AED '000 (Audited)	**30-Sep 2019 AED '000 (Unaudited)**	31-Dec 2018 AED '000 (Audited)	**30-Sep 2019 AED '000 (Unaudited)**	31-Dec 2018 AED '000 (Audited)	**30-Sep 2019 AED '000 (Unaudited)**	31-Dec 2018 AED '000 (Audited)
Segment assets	**267,167**	282,552	**4,061,287**	4,152,384	**450,491**	415,216	**415,391**	355,363	**5,194,336**	5,205,515
Segment liabilities	**324,652**	328,749	**3,381,746**	3,347,401	**496,344**	452,701	**459,268**	437,494	**4,662,010**	4,566,345

	30-Sep 2019 AED '000	30-Sep 2018 AED '000	**30-Sep 2019 AED '000**	30-Sep 2018 AED '000	**30-Sep 2019 AED '000**	30-Sep 2018 AED '000	**30-Sep 2019 AED '000**	30-Sep 2018 AED '000	**30-Sep 2019 AED '000**	30-Sep 2018 AED '000
(Unaudited)										
Revenue	**19,068**	41,871	**27,597**	100,298	**287,498**	287,044	**-**	-	**334,163**	429,213
Segment result from operations	**(4,173)**	22,706	**2,099**	(71,988)	**25,729**	48,480	**-**	-	**23,655**	(802)
Finance cost	**(10,217)**	(9,998)	**(101,398)**	(100,193)	**(3,565)**	(3,815)	**-**	-	**(115,180)**	(114,006)
(Loss)/profit for the period	**(14,390)**	12,708	**(99,299)**	(172,181)	**22,164**	44,665	**-**	-	**(91,525)**	(114,808)