GULFA GENERAL INVESTMENTS COMPANY P.L.C.
(FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.)

INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2020

Gulfa General Investments Company P.L.C. (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Independent auditor's report and consolidated financial statements
For the year ended December 31, 2020

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Directors' Report

The Directors have submitted their report together with the consolidated financial statements of **Gulfa General Investments Company P.L.C.** (the **"Group"**) (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.) for the year ended December 31, 2020.

Principal activities

The principal activities of the Group are commercial, industrial, agricultural, sport and education services enterprises investment, institution and management.

Results and appropriations

The Group has achieved profit from continuing operations, (loss) on discontinued operations, (loss) on disposal of subsidiary - business segment and net (loss) of **AED 1,952,883, AED (3,817,913), AED (3,225,269)** and **AED (5,090,299)** respectively for the year ended December 31, 2020 as compared to profit from continuing operations, (loss) on discontinued operations, (loss) on disposal of subsidiary - business segment and net (loss) in the previous year of AED Nil, AED (4,197,043), AED Nil and AED (4,197,043) respectively. As at December 31, 2020, the equity of the Group is **AED 37,060,606** (2019: AED 32,150,905).

Accounting records

The directors have taken appropriate measures to ensure compliance with the requirement of UAE Federal Law No. (2) of 2015, with regard to the accounting matters in preparation of these consolidated financial statements.

Events since the end of the year

No major events since the end of the year.

Branches

There are no other branches related to this Group.

Statement on relevant audit information

Each of the person who is a Director in the Group at the time when Directors' report is approved has confirmed that:

- So far as the Directors are aware, there is no relevant audit information of which Group's auditor are unaware, and
- The Directors have taken all the steps that ought to have been taken as the Directors in order to be aware of any of any relevant audit information and to establish that the Group's auditors are aware of that information.

The report was approved by the Board and signed on its behalf by:

Khalifa Hasan Ali Alhammadi
Chairman

Abu Dhabi, United Arab Emirates
March 14, 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULFA GENERAL INVESTMENTS COMPANY P.L.C. (FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Gulfa General Investments Company P.LC. and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note (1) of these consolidated financial statements which states that the Group recorded (loss) of AED (5,090,299) for the year ended December 31, 2020 (2019: (loss) AED 4,197,043). The total accumulated (loss) of the Group as at December 31, 2020 is AED (9,061,027) (2019: AED (3,970,728)). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In this regard, the Board of Directors has undertaken to continue to provide the necessary financial support to the Group to enable it to continue its operations and meet its obligations as and when they fall due. On this basis, the Group's consolidated financial statements are prepared on the going concern assumption. Our opinion is not modified in respect of this matter.

Other matter

The standalone audited financial statements for the subsidiaries are not available as at the date of the audit report.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULFA GENERAL INVESTMENTS COMPANY P.L.C. (FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.) (CONTINUED)

Key audit matter
Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the consolidated financial statements of the current year. There were no key audit matter identified in our audit of the consolidated financial statement of the Group during the year.

Other information
The Directors are responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon).

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GULFA GENERAL INVESTMENTS COMPANY P.L.C. (FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.) (CONTINUED)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

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

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULFA GENERAL INVESTMENTS COMPANY P.L.C. (FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.) (CONTINUED)

Report on other legal and regulatory requirements (continued)

v) As stated in note (8), the Group has purchased or invested in shares of stocks during the year ended December 31, 2020.

vi) As stated note (21), the Group has disposed its subsidiary. Duly signed agreements were provided to us, however the same are yet to be duly attested by relevant competent authority in UAE.

vii) based on the information that has been made available to us and to the best of our knowledge and belief, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended December 31, 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at December 31, 2020.

For:
MAZARS
Chartered Accountants LLC (Abu Dhabi Br.1)

By: Jaffer A. Rupawala
Registered Auditor No.: 852

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محاسبون قانونيون ذ.م.م
CHARTERED ACCOUNTANTS L.L.C
Abu Dhabi br. فرع ابو ظبي

Abu Dhabi,
March 14, 2020

Gulfa General Investments Company P.L.C. (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Consolidated statement of financial position
As at December 31, 2020

ASSETS	Note	December 31, 2020 AED	December 31, 2019 AED
Non-current assets			
Property and equipment	5	-	9,542,942
Intangible assets	6	-	68,293
Investment property	7	-	25,196,500
		-	**34,807,735**
Current assets			
Investments at fair value through profit or loss	8	42,113,040	-
Inventories	9	-	4,110,028
Trade receivables	10	-	592,793
Other assets	11	-	1,017,607
Net value added tax (VAT) receivable	12	50,601	360,299
Cash and cash equivalents	13	54,456	296,356
		42,218,097	**6,377,083**
Total assets		**42,218,097**	**41,184,818**
Equity and liabilities			
Equity			
Share capital	14	40,000,000	30,000,000
Statutory reserve	15	5,887,566	5,887,566
General reserve	16	234,067	234,067
Accumulated (losses)		(9,061,027)	(3,970,728)
		37,060,606	**32,150,905**
Non-current liability			
Provision for employees' end of service indemnity	17	652,868	1,593,335
		652,868	**1,593,335**
Current liabilities			
Bank overdraft	18	3,348,673	-
Trade and other payables	19	1,155,950	7,440,578
		4,504,623	**7,440,578**
Total liabilities		**5,157,491**	**9,033,913**
Total equity and liabilities		**42,218,097**	**41,184,818**

We approve these consolidated financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for the audit.

These consolidated financial statements were approved by the management and board of directors on March 14, 2020 and signed on its behalf by;

Mr. Khalifa Al Hammadi
Chairman

Mr. Fadi Radieddine
Finance Manager

The notes from 1 to 26 form an integral part of these consolidated financial statements.

Gulfa General Investments Company P.L.C. (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Consolidated statement of comprehensive income
For the year ended December 31, 2020

	Note	2020 AED	2019 AED
Continuing operations			
General and administrative expenses	*20*	(398,727)	-
Gain on financial instruments at FVPL	*8*	17,373,812	-
Gain on sale of financial instruments		196,457	-
(Loss) on sale of investment property	*7*	(15,196,500)	-
Finance cost		(45,812)	-
Other income		23,653	-
Profit from continuing operations for the year		**1,952,883**	**-**
Discontinued operations			
(Loss) on discontinued operations	*21*	(3,817,913)	(4,197,043)
		(3,817,913)	**(4,197,043)**
Disposal of a subsidiary- business segment			
(Loss) on disposal of a subsidiary- business segment	*21*	(3,225,269)	-
		(3,225,269)	**-**
Total comprehensive (loss) for the year		**(5,090,299)**	**(4,197,043)**
Basic losses per share		**(0.127)**	**(0.140)**

The notes from 1 to 26 form an integral part of these consolidated financial statements.

Gulfa General Investments Company P.L.C. (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Consolidated statement of changes in equity
For the year ended December 31, 2020

	Share capital AED	Statutory reserve AED	General reserve AED	Accumulated (losses) AED	Total AED
As at January 1, 2019	30,000,000	5,887,566	234,067	226,315	36,347,948
Total comprehensive (loss) for the year	-	-	-	(4,197,043)	(4,197,043)
As at December 31, 2019	**30,000,000**	**5,887,566**	**234,067**	**(3,970,728)**	**32,150,905**
Capital contribution - Introduction of shares	10,000,000	-	-	-	10,000,000
Total comprehensive (loss) for the year	-	-	-	(5,090,299)	(5,090,299)
As at December 31, 2020	**40,000,000**	**5,887,566**	**234,067**	**(9,061,027)**	**37,060,606**

The notes from 1 to 26 form an integral part of these consolidated financial statements.

Gulfa General Investments Company P.L.C. (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Consolidated statement of cash flows
For the year ended December 31, 2020

	Note	2020 AED	2019 AED
Cash flows from operating activities			
(Loss) for the year		(5,090,299)	(4,197,043)
Adjustments for:			
Depreciation on property, plant and equipment	5	1,242,625	2,675,495
Amortization of intangible assets	6	15,162	30,533
Provision for slow moving inventories		-	244,703
Finance cost		45,812	-
Provision for expected credit losses, net		-	265,257
Written off / provision for impairment of other assets		-	(906,948)
Provision for employees' end of service benefits	17	33,436	516,797
(Gain) on disposal of property, plant and equipment		-	(60,000)
Loss on sale of investment property	7	15,196,500	-
Loss on disposal of a subsidiary – business segment	21	3,225,269	-
(Gain) on fair value adjustment in investment properties	7	-	(5,032,700)
(Gain) on sale of financial instruments		(196,457)	-
(Gain) on financial instruments at FVPL	8	(11,449,518)	-
		3,022,530	**(6,463,906)**
Movement in working capital			
Decrease in inventories		140,510	1,224,913
Decrease in trade receivables		69,457	1,952,465
(Increase) / decrease in other assets		(239,941)	949,330
Decrease / (increase) in net value added tax (VAT) receivable		94,409	(343,225)
(Decrease) / increase in trade and other payables		(1,151,280)	2,074,816
Cash generated from / (used in) operating activities		**1,935,685**	**(605,607)**
Employees' end of service indemnity payment	17	(13,381)	(1,141,496)
Net cash generated from / (used in) operating activities		**1,922,304**	**(1,747,103)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(54,805)
Proceeds from the disposal of property, plant and equipment		-	60,000
Proceeds from disposal of a subsidiary – business segment		5,000,000	
Purchase of financial instruments at FVPL	8	(42,286,830)	-
Proceeds from sale of financial instruments at FVPL		11,819,765	-
Proceeds from sale of investment property	7	10,000,000	-
Net cash (used in) / generated from investing activities		**(15,467,065)**	**5,195**
Cash flows from financing activities			
Capital contribution - Introduction of shares		10,000,000	-
Finance cost		(45,812)	-
Bank overdraft		3,348,673	-
Net cash generated from financing activities		**13,302,861**	**-**
Net (decrease) in cash and cash equivalents		**(241,900)**	**(1,741,908)**
Cash and cash equivalents at beginning of the year		296,356	2,038,264
Cash and cash equivalents at end of the year	13	**54,456**	**296,356**

The notes from 1 to 26 form an integral part of these consolidated financial statements.

1. Legal status and principal activities:

Gulfa General Investments Company P.L.C. (the "**Company**") was established in Ajman by an Emiri decree number 13 issued by His Highness the Ruler of Ajman on 28 March 1977 located on Gulfa Street, P.O. Box 929, Ajman, United Arab Emirates. The Company started its operations on May 24, 1977. The Company is a publicly listed company on the Dubai Financial Market since April 17, 2007.

In December 2019, the general assembly approved the changing of the Group's name to "Gulfa General Investment Company P.L.C." and approved the new activities to its Article of Association -Article (5). On June 18, 2020, the Company has changed their name from Gulfa Mineral Water and Processing Industries Co. to Gulfa General Investment Company P.L.C. On September 21, 2020, the Company announced the approval of Emirates Securities and Commodities Authority on the name change.

The principal activities of the Group are as follows.

- Investment in industrial, commercial, retail trade enterprises and management and water enterprises and developmentt
- General trading

New activities of the Company as announced to Emirates Securities and Commodities Authority are as follows:

- Commercial Enterprises Investment, Institution and Management
- Industrial Enterprises Investment, Institution and Management
- Agricultural Enterprises Investment, Institution and Management
- Sport Enterprises Investment, Institution and Management
- Education Services Enterprises Investment, Institution and Management

The consolidated financial information includes the performance and financial position as of December 31, 2020 of the Company and its subsidiaries (the **"Group"**).

Subsidiaries	Ownership	Nationality
Gulfa General Trading L.L.C.	100%	UAE
Gulfa Investment L.L.C.	100%	UAE

Going concern

The Group incurred a loss of AED (5,090,299) for the year ended December 31, 2020 (2019: loss of AED (4,197,043). The total accumulated (loss) of the Group as at December 31, 2020 is AED (9,061,027) (2019: AED (3,970,728)). These factors could indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As a result, management performed a detailed assessment for the appropriateness of the Group's use of the going concern assumption through review of its cash flow projections covering a 12-month period from the date of approval of these consolidated financial statements. These projections indicate that the Group will be able to generate sufficient cash to meet its future obligations. The Board of Directors are therefore confident that the Group will be able to meet its obligations as and when they fall due and to carry on its business without significant curtailment of operations. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2. Application of new and revised International Financial Reporting Standards:

a) Standards, amendments and interpretations effective as at January 1, 2020:

The following amendments to existing standards have been adopted by the Group on January 1, 2020:

- Amendments to IFRS 3, Business Combination, improve the definition of a business or group of assets.
- Amendments to references to conceptual framework in IFRSs.
- Amendments to IAS 1, Presentation of Financial Statements and to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors in respect with the Definition of Material.
- Amendments to IFRS 9, Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures (Interest Rate Benchmark Reform).
- Amendments to IFRS 16, Leases, "COVID-19- Related Rent Concessions".

The amendments listed above do not have significant impact on the Group's consolidated financial statements.

b) Standards, amendments, and interpretations issued but are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

- Amendments to IAS 1, Presentation of Financial Statements, clarify how to classify debt and other liabilities as current or non-current.
- Amendments to IFRS 3, Business Combination (Reference to the Conceptual Framework).
- Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Asset (Onerous Contracts- Cost of Fulfilling a Contract).
- Annual improvements to IFRS Standards 2018-2020.
- Amendments to IAS 16, Property, Plant and Equipment (Proceeds before Intended Use).
- IFRS 17, Insurance Contracts, establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts.

3. Significant accounting policies

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs and applicable UAE law. These consolidated financial statements have been prepared in accordance with IFRS 10 that requires an entity (parent) that control one or more entities (subsidiary) to present consolidated financial statements. Control is achieved when the company:

- Has power over the entity;
- Is exposed or has rights to variable returns from its involvement with the entity, and;
- Has the ability to use its power to effect its returns.

b. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis, except for investment property measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c. Functional and presentation currency

These consolidated financial statements have been presented in United Arab Emirates Dirham (AED) which is the group functional and presentation currency.

d. Leases

The Group has adopted and applied IFRS 16. However, the provisions of IFRS 16 do not have a material impact on the consolidated financial statements of the Group. A summary of significant accounting policies adopted by the Group are as under:

3. Significant accounting policies (continued):

d. Leases (continued)

i. Accounting for leases as a lessee

Subsequent to adoption of the standard, the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Each lease term is determined on an individual basis and corresponds to the non-cancellable period of the lease commitment, plus any option periods that are reasonably certain to be applied.

Measurement and recognition of leases as a lessee

At the commencement date, the Group measures the right-of-use asset and the lease liability at the present value of the future lease payments at that date, discounted using the interest rate implicit in the lease contract if that rate is readily available or the Group's incremental borrowing rate.

The Group depreciates the right-of-use assets on a straight-line/systematic basis from the lease commencement date. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Right-of-use assets includes the amount for lease liability, lease payments before/on commencement date less lease incentives received (if any), initial direct cost incurred by the lessee and any estimate of cost for dismantling the leased assets or restoring the site (if applicable) and if there are such obligations.

Lease liability includes all the payments not paid at commencement date discounted to the present value using the implicit interest rate in the lease contract or incremental borrowing rate if not possible.
Lease payments not paid at commencement date included in the measurement of the lease liability, are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantees, payments arising from options reasonably certain to be exercised and payments for penalties for terminating the lease if the Group assumes terminating the lease early.

Subsequently, the right-of-use assets will be reduced for the depreciation/amortization and the lease liability will be reduced for payments made and increased for interest using the constant period interest rate. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3. Significant accounting policies (continued):

d. Leases (continued)

i. Accounting for leases as a lessee (continued)

The Group has elected to account for short-term leases (leases with lease term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line/systematic basis over the lease term.

ii. Accounting for leases as a lessor

The Group's accounting for recognition under IFRS 16 has not changed from the comparative year. As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if transfers substantially all the risks and rewards incidental to the ownership of the underlying asset and classifies the same as an operating lease if it does not.

e. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment in value, if any. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. The estimated useful lives and depreciation rates applied are as follows:

Assets	Useful life
Buildings	20 years
Machinery and equipment	5 - 7 years
Furniture and fixtures	4 - 5 years
Motor vehicles	3 - 5 years

The estimated useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Group through the use of items of property, plant and equipment.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated statement of comprehensive income.

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. It is the management opinion that no such indication exist at the financial position date and accordingly no adjustments or disclosure are required.

As at the date of the consolidated statement of financial position, the Group has no property, plant and equipment on its consolidated financial statements. The disposal of the property, plant and equipment is detailed discussed in note (21) of these consolidated financial statements.

3. Significant accounting policies (continued):

f. Intangible assets

Intangible assets with finite useful life are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets include computer software is capitalized at cost only when future economic benefits are probable. Cost includes purchase price together with any directly attributable expenditure.

When the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount and is reviewed at the end of each reporting period for possible reversal of impairment loss.

Computer software estimated useful life of 5 years.

As at the date of the consolidated statement of financial position, the Group has no intangible assets on its consolidated financial statements. The disposal of the intangible assets is detailed discussed in note (21) of these consolidated financial statements.

g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs

After initial recognition, investment property is carried at fair value. The fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets. Valuations are performed as of the financial position date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Changes in fair values are recognized in the consolidated statement of comprehensive income. Investment properties are derecognized when they have been disposed. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognized in the consolidated statement of comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognized in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognized revaluation surplus, with any remaining decrease charged to income statement. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

The disposal of investment property is detailed discussed in note (7) of these consolidated financial statements.

3. Significant accounting policies (continued):

h. Inventories

Inventories are stated at the lower of cost and net realizable value with due allowance for any obsolete or slow-moving items. Net realizable value is the estimate of selling price in the ordinary course of business, less the selling expenses. Cost is determined on the weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

As at the date of the consolidated statement of financial position, the Group has no inventories on its consolidated financial statements. The disposal of the inventories is detailed discussed in note (21) of these consolidated financial statements.

i. Trade receivables

Trade receivables are measured at fair value and are stated net of amounts estimated to be uncollectible (Expected credit loss - ECL). An estimate is made for doubtful receivables based on a review of the outstanding amounts at the year end. Bad debts are written off, in the year in which they are identified. The Group uses simplified approach to estimating expected credit losses i.e. lifetime ECL. The simplified approach requires expected lifetime losses to be recognized form initial recognition of the trade receivables.

As at the date of the consolidated statement of financial position, the Group has no trade receivables on its consolidated financial statements. The disposal of the trade receivables is detailed discussed in note (21) of these consolidated financial statements.

j. Value added tax (VAT)

Value added tax is imposed on import and supply of goods or services, including deemed supply, at each stage of production and distribution. Tax collected or due on supply of services are credited to output tax account and tax paid on purchases and business expenses and are available for input tax credit are debited to input tax account. At the end of each tax period, value added tax payable / receivable is calculated in accordance with UAE Tax Laws and are carried in the consolidated statement of financial position.

k. Cash and cash equivalents

Cash and cash equivalents for purpose of statement of cash flows comprise cash at bank in current accounts, cash on hand and short-term deposits with a maturity date of three months or less from the date of placement.

l. Financial instruments

Financial assets and financial liabilities are recognized when Group becomes a party to the contractual provisions of the instruments. All financial assets and financial liabilities are initially measured at fair value except for trade receivables which are initially recognized at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group classifies and subsequently measures its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for the relevant applicable category is as follows:

3. Significant accounting policies (continued):

l. Financial instruments (continued)

(i) Amortized cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables from related parties), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortized cost comprise trade receivables, other assets (except prepayments), net VAT receivable and cash and cash equivalents.

(ii) Fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at the date of statement of financial position, the Group does not have any financial assets designated as fair value through other comprehensive income.

(iii) Fair value through profit or loss

Fair value through profit or loss are financial assets that are either designated on this category or not classified as financial assets at amortized cost or fair value through other comprehensive income. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Detail of the Group's financial asset at fair value through profit or loss is discussed in note (8) of these consolidated financial statements.

The Group classifies and subsequently measures its financial liabilities into one of two categories below, depending on the purpose for which the liability was acquired:

(i) Fair value through profit or loss

Financial liabilities are classified under this category through fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedging accounting relationships, are also classified under this category. The Group carries financial liabilities at fair value through profit or loss using the fair values and reports fair value changes in profit or loss. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the statement of changes in equity.

As of the date of consolidated statement of financial position, the Group does not have any financial liabilities at fair value through profit or loss.

3. Significant accounting policies (continued):

l. Financial instruments (continued)

(ii) Other financial liabilities

Interest bearing borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Other financial liabilities, including trade and other payables, provision for employees' benefits and due to related parties, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Subsequent to initial recognition, financial liabilities are not reclassified.

Impairment of financial assets

The Group rrecognizes a loss allowance for expected credit losses (ECL) on financial assets at amortized cost and financial assets at fair value through other comprehensive income. ECLs are based on the difference between the contractual cash flow due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

For credit exposures of financial assets in which there has not been a significant increase in credit risk since initial recognition or that have low credit risk at reporting date, for these assets, 12 months expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross amount of the asset (that is, without deduction of for credit allowances). Financial assets in which there has been a significant increase in credit risk since initial recognition (unless they have a low credit risk at reporting date) but they do not have objective evidence of impairment, for these assets, life time ECL are recognized, however, interest revenue is still calculated on the gross carrying amount of the asset. Financial assets that have objective evidence of impairment at reporting date, for these assets lifetime ECL are recognized and interest revenue is also calculated on the net carrying amount (that is, net of credit allowance).

Management opted to apply the "simplified approach" on trade receivables that do not contain any significant financing component, other than these the management shall apply the former approach i-e "general approach" to all other type of financial assets.

Derecognition of financial assets and financial liabilities

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a related party and either (i) has transferred substantially all the risks and rewards of the asset or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in profit or loss.

3. Significant accounting policies (continued):

l. Financial instruments (continued)

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

m. Provision for employees' end of service indemnity

The Group provides end of service benefits to its employees in accordance with UAE labor law. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

n. Trade payables

Liabilities are recognized for amounts to be paid for goods and services received by the Group, whether billed or not. Trade payables are generally settled as per the credit terms agreed with the vendors.

As at the date of the consolidated statement of financial position, the Group has no trade payables on its consolidated financial statements. The disposal of the trade payables is detailed discussed in note (21) of these consolidated financial statements.

o. Leave salary and air ticket

Vacation and air ticket costs are accrued in the period in which they are due.

p. Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

q. Foreign currencies

For the purpose of the consolidated financial statements, the results and the financial position of the Group are expressed in United Arab Emirates Dirham (AED), which is the functional currency of the Group.

All assets and liabilities of the Group are denominated in functional currency which is AED. However, the revenue stream of the Group is received in multiple currencies. All the amounts received in foreign currencies are translated into AED at standard average rates with the resulting foreign exchange gain or loss being directly recognized in profit or loss for the year.

r. *Revenue*

The Group has adopted IFRS 15, the day it became effective and assessed that the impact of IFRS 15, which was not material on the consolidated financial statements of the Group on adoption and reporting date.

The application of the new standard required the Group to apply the following new accounting policies:

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15:

3. Significant accounting policies (continued):

r. *Revenue (continued)*

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

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

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes. The Group assesses its revenue arrangements against specific criteria to determine if it's acting as a principle or agent. The Group concluded that it's acting a principle on all of its revenue arrangements.

A loss is recognized in the consolidated statement of comprehensive income when the expected contract costs exceed the total anticipated contract revenue.

The Group combines two or more contracts entered into at or near the same time with the same customer and accounts for the contracts as a single contract if one or more of the following criteria are met:

- The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) as a single performance obligation.

If the above criteria is met, the arrangements are combined and accounted for a single arrangement for revenue recognition.

Pre-contract costs of obtaining a contract with a customer is recognized as an asset if those costs are expected to be recovered.

Revenue is recognized in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and the revenue and costs, if applicable, can be measured reliably.

4. Critical accounting judgements and keys sources of estimation uncertainty:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Management is also required to assess the impact of COVID-19 pandemic on main areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the preparation of the Group's consolidated financial statements. Such estimates are necessarily based on assumptions about several factors and actual results may differ from the reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

a. Useful life of property, plant and equipment

Property, plant and equipment are depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear. Management has not considered any residual value as it is deemed immaterial.

b. Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

c. Calculation of loss allowance

When determining the loss allowance on receivables, management estimates expected credit loss. The Group assess the possible economic impact of COVID-19 using unbiased probability weighted amount, time value of money and supportable forward-looking information based on possible economic effect, which is based on assumptions and possible effects for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of loss arising on default. It is based on difference between the contractual cash flow due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement. No provision for expected credit losses is provided for the period as the Group has no trade receivables as at the date of the consolidated statement financial position.

d. Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

e. Revenue recognition

In recognizing revenue from the customers, management makes judgement in respect of nature and timings of the satisfaction of performance obligations, including significant payment terms and related revenue recognition policies. This results in decision on whether revenue is to be recognized over time or at a point in time.

f. Legal proceedings

The Group reviews outstanding legal cases following developments in legal proceedings and at each reporting date, in order to assess the need for provision and disclosures in its consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claims or assessment, legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought. The progress of the case (including progress after the date of consolidated financial statements but before those statements issued), the opinions or views of legal advisors, experience on similar cares and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

5. Property, plant and equipment:

	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Total
	AED	AED	AED	AED	AED
Cost:					
As at January 1, 2019	20,151,552	52,529,703	2,459,932	2,491,758	77,632,945
Additions	-	11,569	43,236	-	54,805
Disposals	-	-	-	(1,005,850)	(1,005,850)
As at December 31, 2019	20,151,552	52,541,272	2,503,168	1,485,908	76,681,900
Disposals	(20,151,552)	(52,541,272)	(2,503,168)	(1,485,908)	(76,681,900)
As at December 31, 2020	-	-	-	-	-
Accumulated depreciation:					
As at January 1, 2019	15,156,484	45,693,302	2,158,560	2,460,967	65,469,313
Charge for the year	453,292	2,045,711	154,864	21,628	2,675,495
Related to disposal	-	-	-	(1,005,850)	(1,005,850)
As at December 31, 2019	15,609,776	47,739,013	2,313,424	1,476,745	67,138,958
Charge for the year	221,637	962,331	50,234	8,423	1,242,625
Related to disposal	(15,831,413)	(48,701,344)	(2,363,658)	(1,485,168)	(68,381,583)
Asa at December 31, 2020	-	-	-	-	-
Net book value:					
As at December 31, 2020	-	-	-	-	-
As at December 31, 2019	4,541,776	4,802,259	189,744	9,163	9,542,942

The disposal of property, plant and equipment amounting to AED 8,300,318 is detailed discussed in note (21) of these consolidated financial statements.

6. Intangible assets:

The movement in the intangible assets is as follows:

	Computer softwares AED
Cost:	
As at January 1, 2019 and December 31, 2019	152,040
Disposal	(152,040)
As at December 31, 2020	-
Accumulated amortization:	
As at January 1, 2019	53,214
Charge for the year	30,533
As at December 31, 2019	83,747
Charge for the year	15,162
Related to disposal	(98,909)
As at December 31, 2020	-
Net book value:	
As at December 31, 2020	-
As at December 31, 2019	68,293

The disposal of intangible assets amounting to AED 53,131 is detailed discussed in note (21) of these consolidated financial statements.

7. Investment property:

The movement in the investment property is as follows:

Cost	2020 AED	2019 AED
As at January 1,	25,196,500	20,163,800
Gain on fair value adjustment	-	5,032,700
Sale of investment property	(25,196,500)	
As at December 31,	-	**25,196,500**

Investment property comprises of the land plot 0148, Ajman registered in the name of M/s. Gulfa General Trading L.L.C. During 2019, the land has been transferred to M/s. Gulfa General Trading L.L.C. and a valuation of the land was done by a professionally qualified external valuer who issued a valuation report dated March 10, 2019 with a fair value of AED 25,196,500.

As per the land sales agreement, the land has been sold for a value of AED 10,000,000 recording a loss of AED 15,196,500 in the consolidated statement of comprehensive income.

8. Investments at fair value through profit or loss:

	December 31, 2020 AED	December 31, 2019 AED
Quoted securities	42,113,040	-
	42,113,040	-

The movement in the investments at fair value through profit or loss during the year is as follows:

	2020 AED	2019 AED
Additions during the year	42,286,830	-
Sale of investments in financial instruments	(11,623,308)	-
Gain on change in fair value	11,449,518	-
As at December 31,	**42,113,040**	-

8. Investments at fair value through profit or loss (continued):

The Group holds investment securities which are classified as investments at fair value through profit or loss in accordance with IFRS 9. During the year, the Group invested in various listed quoted securities, having a fair value of AED 24,543,106 as purchase cost which resulted in a net profit on change in fair value of AED 17,373,812 during the year.

9. Inventories:

	December 31, 2020 AED	December 31, 2019 AED
Raw materials	-	2,230,642
Spare parts	-	2,465,634
Finished products	-	706,552
	-	5,402,828
Less: provision for slow moving inventories	-	(1,292,800)
	-	**4,110,028**

The disposal of net inventory amounting to AED 3,969,518 is detailed discussed in note (21) of these consolidated financial statements.

10. Trade receivables:

	December 31, 2020 AED	December 31, 2019 AED
Trade receivables	-	8,814,254
Less: Provision for expected credit losses	-	(8,221,461)
	-	**592,793**

Below is the movement for expected credit losses:

	2020 AED	2019 AED
As at January 1	8,221,461	7,956,204
Charge for the year	-	448,514
Written back during the year	(8,221,461)	(183,257)
As at December 31,	**-**	**8,221,461**

The disposal of net trade receivables amounting to AED 523,336 is detailed discussed in note (21) of these consolidated financial statements.

11. Other assets:

	December 31, 2020 AED	December 31, 2019 AED
Advances to suppliers	-	31,861
Prepayments	-	385,469
Refundable deposit	-	160,999
Margin on letters of guarantee	-	435,345
Others	-	3,933
	-	**1,017,607**

The disposal of other assets amounting to AED 1,257,547 is detailed discussed in note (21) of these consolidated financial statements.

12. Net value added tax (VAT) receivable:

The movement in the net value added tax (VAT) receivable is as follows:

	December 31, 2020 AED	December 31, 2019 AED
Input	1,067,031	1,177,125
Output	(1,016,430)	(816,826)
	50,601	**360,299**

13. Cash and cash equivalents:

	December 31, 2020 AED	December 31, 2019 AED
Cash in hand	-	145,394
Cash at bank	53,468	56,559
Short term deposits	988	94,403
	54,456	**296,356**

Cash at bank amounting AED 53,468 is in First Abu Dhabi Bank (accounts numbers 1041001000020013 and 1041001000020046) and short term deposits in same bank amounting to AED 988 (accounts numbers 1041201000020059 and 1041221000020064) are still registered under the name of Gulfa Mineral Water and Processing Industries Co. P.L.C.

The transfer of cash related to the sale of the subsidiary- business segment amounted to AED 215,289 is detailed discussed in note (21) of these consolidated financial statements.

14. Share capital:

The Company's authorized share issued, and fully paid-up capital is AED 40 million comprising of 40 million shares with nominal value of AED 1 each as at December 31, 2020. All shares were paid in cash.

15. Statutory reserve:

In accordance with Articles of Association of the Group in line with the provisions of United Arab Emirates Federal Law No. (2) of 2015, the Group is required to contribute 10% of the profit for the year until such time, till it equals to 50% of the share capital of Group. This reserve is not available for distribution.

16. General reserve:

In compliance with the Group's Articles of Association, the Board of Directors determine a percentage of net profit to be transferred to the general reserves. The transfer may be stopped by an ordinary resolution adopted by the Group as recommended by the Board of Directors. There are no restrictions on distributions from the general reserves.

17. Provision for employees' end of service indemnity:

	2020 AED	2019 AED
As at January 1,	1,593,335	2,218,034
Provided during the year	33,436	516,797
Payments made during the year	(13,381)	(1,141,496)
Written off during the year (note 21)	(960,522)	-
As at December 31,	**652,868**	**1,593,335**

18. Bank overdraft:

Bank overdraft represents the overdraft from a foreign bank to buy additional securities under investments at fair value through profit or loss. Bank overdraft bears interest of 3.94% per annum with terms of payment as agreed with the foreign bank.

19. Trade and other payables:

	December 31, 2020 AED	December 31, 2019 AED
Trade payables	-	3,870,484
Accrued expenses	1,092,484	3,065,805
Employee benefits	63,466	475,993
Other payables	-	28,296
	1,155,950	**7,440,578**

The disposal of trade and other payables amounting to AED 5,133,348 is detailed discussed in note (21) of these consolidated financial statements.

20. General and administrative expenses:

	2020 AED	2019 AED
Staff costs	242,825	-
Capital right issue	60,000	-
Professional and legal	95,000	-
Others	902	-
	398,727	**-**

21. Loss on discontinued operations and sale of subsidiary business segment:

As per the annual general meeting held on March 24, 2019 and the non-consideration sale agreement dated March 25, 2019 signed between Gulfa Mineral Water and Processing Industries Co. and Jibal Gulfa, the ownership of the assets of the water plant were transferred to Jibal Gulfa along with the assets of the plant, receivables and payables.

As per the sale and purchase agreement dated July 1, 2020 between the Group and a third party, the Group has sold the full shares of its subsidiary Jibal Gulfa L.L.C. (the **"Business Segment"**) related to it's main activity of producing and selling mineral water and other related activities along with all related assets and liabilities to the third party and resulted in a (loss) amounting to AED 3,225,269.

However, the above agreements are yet to be duly attested by relevant competent authority in UAE.

21. Loss on discontinued operations and sale of subsidiary -business segment (continued):

Detail of the results of the discontinued operations during the year is as follows:

	2020 AED	2019 AED
Net revenue	4,054,148	14,045,708
Net cost of revenue	(4,476,384)	(13,842,369)
Gross (loss) / profit	**(422,236)**	**203,339**
General and administrative expenses	(2,060,324)	(5,281,843)
Selling and distribution expenses	(1,452,289)	(4,634,617)
Gain from fair value adjustment (note 7)	-	5,032,700
Other income	116,936	483,378
(Loss) on discontinued operations	**(3,817,913)**	**(4,197,043)**

Detail of the loss in disposal of subsidiary - business segment is as follows:

	2020 AED
Cash consideration received	5,000,000
Less: net carrying amount of the business segment sold	(8,225,269)
(Loss) on disposal of subsidiary - business segment	**(3,225,269)**

The Management has estimated that the net carrying amount of the subsidiary - business segment approximates its fair value as at the date of disposal. The carrying amounts of assets and liabilities as at the date of disposal is as follows:

	Carrying amount AED
Property, plant and equipment	8,300,318
Intangible assets	53,131
Inventories	3,969,518
Trade receivables	523,336
Other assets	1,257,547
Cash	215,289
Total assets	**14,319,139**
Trade, provisions and other payables	(6,093,870)
Total liabilities	**(6,093,870)**
Net carrying amount of subsidiary - business segment	**8,225,269**

Provision amounted to AED 1,581,990 would have been transferred to the new owner of Jibal Gulfa Mineral Water and Processing By Owner Jasim Alaskary LLC however, as the employees' visas are still in the name of the Group and are not yet transferred, the Group has kept the provision of AED 621,648 in the consolidated statement of financial position.

22. Financial instruments:

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note (3) to the consolidated financial statements.

b) *Fair value*

Financial assets of the Group include trade receivables, other assets (excluding prepayments and advances to suppliers), net value added tax (VAT) receivable and cash and cash equivalents. Financial liabilities include trade and other payables. The management believes that the fair value of the above financial assets and liabilities are not significantly different from their carrying amounts at the consolidated statement of financial position date.

c) *Categories of financial instruments*

	December 31, 2020 AED	December 31, 2019 AED
Financial assets:		
Investments at FVPL	42,113,040	-
Trade receivables	-	592,793
Other assets (excluding prepayments and advances to suppliers)	-	600,277
Net value added tax (VAT) receivable	50,601	360,299
Cash and cash equivalents	54,456	296,356
	42,218,097	**1,849,725**
Financial liabilities:		
Bank overdraft	3,348,673	-
Trade and other payables	1,155,950	6,964,585
	4,504,623	**6,964,585**

The table below shows the maximum exposure to credit risk:

	December 31, 2020 AED	December 31, 2019 AED
Investments at FVPL	42,113,040	-
Trade receivables	-	592,793
Other assets (excluding prepayments and advances to suppliers)	-	600,277
Net value added tax (VAT) receivable	50,601	360,299
	42,163,641	**1,553,369**

23. Financial risk management:

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

- Credit risk
- Liquidity risk
- Exchange rate risk
- Currency risk
- Interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the statement of financial position.

Cash and cash equivalents are placed with reputable banks having international operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with trade payables when they fall due. The Group limits its liquidity risk by taking necessary steps to cover it by ensuring that adequate cash is available to limit its needs and exposure to such risks.

The table below shows the maximum exposure to liquidity risk:

2020	Less than 1 year AED	Total AED
Trade and other payables	1,155,950	1,155,950
	1,155,950	**1,155,950**

2019	Less than 1 year AED	Total AED
Trade and other payables	7,440,578	7,440,578
	7,440,578	**7,440,578**

Exchange rate risk

There are no significant exchange rate risks, substantially all financial assets and financial liabilities are denominated in UAE Dirhams or USD to which the dirham is pegged.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the United Arab Emirates Dirham. The Management closely monitors fluctuations on a daily basis in order to mitigate currency risks.

Interest rate risk

The Group is not exposed to interest rate risk as it has not availed any financing facility whether long term or short term from any scheduled bank.

24. Contingencies and commitments:

	December 31, 2020 AED	December 31, 2019 AED
Letter of guarantee	300,000	300,000
Labor guarantees	-	393,000

25. Litigation

The Group has no filed cases filed cases for or against. There are some cases filed under the previous name of the Company "Gulfa Mineral Water and Processing Industries Co. P.L.C." where no liability is on Gulfa General Investments Company P.L.C. as per the sale of the factory note (21).

26. Significant event:

In December 2019, several cases of pneumonia associated with the Coronavirus were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organization has declared this virus to be a public health emergency on January 31, 2020. While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business. The Group has implemented procedures and protocols during the situation. Remote working plans have been initiated and measures were taken to ensure uninterrupted business. The Group will continue to monitor impact on its operations and will take necessary actions as needed.