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

Condensed consolidated interim financial information (unaudited)

For the three months period ended 31 March 2023

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

Condensed consolidated interim financial information (unaudited)

For the three months period ended 31 March 2023

Contents *Page*

Review report of the independent auditor	1
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim income statement	5
Condensed consolidated interim statement of comprehensive income	6
Condensed consolidated interim statement of changes in equity	7
Condensed consolidated interim statement of cash flows	8
Notes to the condensed consolidated interim financial information	9

Grant Thornton Audit and Accounting Limited (Dubai Branch)

The Offices 5
Level 3
Office 302, 303
One Central, DWTC
Dubai, UAE

P.O. Box 1620
T +971 4 388 9925
F +971 4 388 9915
www.grantthornton.ae

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf General Investments Co. (P.S.C) (the "Company") and its subsidiaries (together the "Group") as at 31 March 2023, the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three months period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Basis of Adverse Conclusion

- The Group's subsidiary "Al-Sagr National Insurance Co. (P.S.C)", which underwrites Insurance policies. Management has not adopted International Financial Reporting Standard 17 Insurance Contracts (IFRS 17) for the preparation of condensed interim financial information for the period ended 31 March 2023 and has continued to apply IFRS 4. This is not in accordance with the requirements of IFRS and is a material departure. Had the Group applied IFRS 17, many elements of the financial information (including comparative information) would have been materially impacted. The effects of the departure from IFRSs are pervasive to the condensed consolidated interim financial information of the Group for the period ended 31 March 2023.

- As disclosed in note 17 to the condensed consolidated interim financial information, the Group has ceased recording interest on its borrowings since 1 January 2020 and the effects on this condensed consolidated interim financial information have not been determined. In addition to this, the Group is currently renegotiating the amount repayable to its borrowers and as at the period end date, we were not able to independently verify the total amount of borrowing and its effects on this condensed consolidated interim financial information. Had this interest been recognised and renegotiated amount confirmed for the period ended 31 March 2023, many elements in the accompanying condensed consolidated interim financial information would have been materially affected.

- During the previous years, the Group settled its borrowing by disposing its investments in shares and property which was pledged to the bank. However, we were unable to obtain sufficient appropriate audit evidence to confirm that the borrowings had been reduced by the aforementioned amount. Consequently, we were unable to determine whether any adjustments to the borrowing were necessary.

© 2023 Grant Thornton UAE - All rights reserved. Grant Thornton UAE represents all legal licenses under which Grant Thornton Audit and Accounting Limited Corporation, A British Virgin Islands ("BVI") registered Branch, operate in the UAE. These licenses include the Abu D habi, Dubai and Sharjah based branches – Grant Thornton Audit and Accounting Limited – registered with the Abu Dhabi Global Market – Grant Thornton Audit and Accounting Limited Corporation BVI – registered with the Dubai Financial Services Authority.
"Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Grant Thornton

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

Basis of Adverse Conclusion (continued)

- We draw attention to note 21 of the condensed consolidated interim financial information, which indicates that the Group has several ongoing litigations initiated by creditors. No provision has been recorded against these litigations as the matter is sub judice. We were unable to obtain sufficient appropriate audit evidence to determine the impact of these litigations and if any adjustments were necessary in relation to the borrowings.
- We draw attention to note 2 of the condensed consolidated interim financial information, which indicates that the Group's current liabilities exceeded its current assets by AED 2,723 million as at 31 March 2023 (31 December 2022: AED 2,720 million). Furthermore, the Group has defaulted on its payment obligations to creditors and several creditors have initiated legal proceedings against the Group. These events and conditions indicate that a material uncertainty exists that cast significant doubt on the Group's ability to continue as a going concern.
- We draw attention to note 7 to the condensed consolidated interim financial information, which indicates that interim financial information was not available for certain associates with a carrying amount of AED 66 million as of 31 March 2023 (31 December 2022: AED 66 million). Due to the unavailability of the required information, management was unable to determine whether any adjustment to this amount was necessary.

Adverse Conclusion

Our review indicates, because of the significance of the matters described in the Basis of Adverse Conclusion section of our report, this accompanying condensed consolidated interim financial information is not prepared in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter

We draw attention to note 6 to the condensed consolidated interim financial information which discloses information on assets that are held by a related party for the beneficial interest of the Company. Our review report is not modified in respect of this matter.

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

GRANT THORNTON

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

11 May 2023

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

Condensed consolidated interim statement of financial position (unaudited)
As at 31 March 2023

	Notes	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Assets			
Non-current assets			
Property, plant, and equipment		**387,174**	389,838
Investment properties	6	**2,220,466**	2,220,466
Goodwill		**4,000**	4,000
Investments in associates	7	**165,909**	165,974
Investments in securities	8	**63,933**	71,103
Trade and other receivables	11	**2,711**	3,948
		2,844,193	2,855,329
Current assets			
Properties held for development and sale	9	**192,264**	184,855
Inventories	10	**19,944**	19,766
Due from related parties	16	**3,117**	5,844
Trade and other receivables	11	**481,794**	420,238
Reinsurance contract assets	12	**266,475**	246,344
Investments in securities	8	**90,774**	100,510
Cash in hand and at bank	13	**349,310**	307,125
		1,403,678	1,284,682
Total assets		**4,247,871**	4,140,011

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

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

Condensed consolidated interim statement of financial position (continued) (unaudited)
As at 31 March 2023

	Notes	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Equity and liabilities			
Equity			
Share capital	15	**1,791,333**	1,791,333
Legal reserve		**49,645**	49,645
Additional reserve		**7,068**	7,068
Land revaluation reserve		**76,315**	76,315
Cumulative change in fair value of investments measured at fair value through other comprehensive income		**(9,886)**	(2,716)
Accumulated losses		**(1,978,737)**	(1,969,934)
Equity attributable to owners of the Company		**(64,262)**	(48,289)
Non-controlling interests		**172,842**	170,234
Total equity		**108,580**	121,945
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits		**12,902**	13,155
Current liabilities			
Due to related parties	16	**362,275**	354,390
Insurance contract liabilities	12	**657,676**	573,184
Borrowings	17	**2,122,079**	2,048,405
Trade and other payables		**983,372**	1,027,459
Lease liabilities		**987**	1,473
		4,126,389	4,004,911
Total liabilities		**4,139,291**	4,018,066
Total equity and liabilities		**4,247,871**	4,140,011

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on 11 May 2023.

Abdalla Juma Majid Al Sari
Chairman

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

Condensed consolidated interim income statement (unaudited)
For the three month period ended 31 March 2023

	Notes	Three month period ended 31 March 2023 AED '000 (Unaudited)	2022 AED '000 (Unaudited)
Revenue		**128,284**	119,618
Cost of revenue		**(92,980)**	(119,366)
Gross profit		**35,304**	252
Administrative and general expenses		**(30,004)**	(26,996)
Selling and distribution expenses		**(368)**	(358)
Other (expense)/income		**(488)**	1,517
Share of loss in associates		**(65)**	(2,672)
Change in fair value of investments in securities – net		**(780)**	2,169
Finance cost		**(11,398)**	(8,521)
Finance income		**1,604**	563
Loss for the period		**(6,195)**	(34,046)
Loss/(profit) attributable to:			
Owners of the Company		**(8,803)**	(20,111)
Non-controlling interests		**2,608**	(13,935)
		(6,195)	(34,046)
Losses per share - Basic and diluted (AED fils per share)	20	**(0.49)**	(1.12)

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

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

Condensed consolidated interim statement of comprehensive income (unaudited)
For the three month period ended 31 March 2023

	Note	Three month period ended 31 March 2023 AED '000 (Unaudited)	2022 AED '000 (Unaudited)
Loss for the period		**(6,195)**	(34,046)
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Change in fair value of investments in securities - net (FVOCI)		**(7,170)**	(4,841)
Other comprehensive loss income for the period		**(7,170)**	(4,841)
Total comprehensive loss for the period		**(13,365)**	(38,887)
Total comprehensive loss attributable to:			
Owners of the Company		**(15,973)**	(24,952)
Non-controlling interests		**2,608**	(13,935)
Total comprehensive loss for the period		**(13,365)**	(38,887)

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

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

Condensed consolidated interim statement of changes in equity (unaudited)

For the three month period ended 31 March 2023

	Attributable to owners of the Company								
	Share capital AED '000	Legal reserve AED '000	Additional reserve AED '000	Asset revaluation surplus AED '000	Cumulative change in fair value of investments measured at fair value through other comprehensive income AED '000	Accumulated losses AED '000	Total AED '000	Non-controlling interests AED '000	Total AED '000
As at 1 January 2022 (audited)	1,791,333	49,645	7,068	120,337	577	(1,787,975)	180,985	200,427	381,412
Total comprehensive income for the period (unaudited):									
Loss for the period	-	-	-	-	-	(20,111)	(20,111)	(13,935)	(34,046)
Other comprehensive loss	-	-	-	-	(4,841)	-	(4,841)	-	(4,841)
Total comprehensive loss	-	-	-	-	(4,841)	(20,111)	(24,952)	(13,935)	(38,887)
At 31 March 2022 (unaudited)	1,791,333	49,645	7,068	120,337	(4,264)	(1,808,086)	156,033	186,492	342,525
As at 1 January 2023 (audited)	**1,791,333**	**49,645**	**7,068**	**76,315**	**(2,716)**	**(1,969,934)**	**(48,289)**	**170,234**	**121,945**
Total comprehensive income for the period (unaudited):									
Loss /(profit) for the period	-	-	-	-	-	**(8,803)**	**(8,803)**	**2,608**	**(6,195)**
Other comprehensive loss	-	-	-	-	**(7,170)**	-	**(7,170)**	-	**(7,170)**
Total comprehensive (loss)/profit	-	-	-	-	**(7,170)**	**(8,803)**	**(15,973)**	**2,608**	**(13,365)**
At 31 March 2023 (unaudited)	**1,791,333**	**49,645**	**7,068**	**76,315**	**(9,886)**	**(1,978,737)**	**(64,262)**	**172,842**	**108,580**

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

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

Condensed consolidated interim statement of cash flows (unaudited)

For the three month period ended 31 March 2023

	Notes	Three month period ended 31 March 2023 AED '000 (Unaudited)	2022 AED '000 (Unaudited)
Cash flows from operating activities			
Loss for the period		**(6,195)**	(34,046)
Adjustments for:			
Depreciation	18	**1,102**	1,296
Share of loss from associates and joint ventures		**65**	2,672
Change in fair value of investments measured at fair value through profit or loss		**780**	(2,169)
Provision of employees' end of service benefits		**548**	121
Finance income		**(1,604)**	(563)
Interest on lease liability		**35**	16
Finance costs		**11,398**	8,521
Operating profit/(loss) before working capital changes		**6,129**	(24,152)
Changes in reinsurance contract assets		**(20,131)**	8,850
Changes in insurance contract liabilities		**84,492**	(9,155)
Changes in related parties		**10,612**	(11,538)
Changes in properties held for development and sale		**(7,409)**	(50)
Changes in inventories		**(178)**	1,523
Changes in trade and other receivables		**(60,319)**	(26,778)
Changes in trade and other payables		**(44,087)**	76,330
Additions to investment properties		**-**	(90)
Proceeds from sale of investments in securities		**10,739**	(239)
		(20,152)	14,701
Employees' end of service benefits paid		**(801)**	-
Net cash (used in)/generated from operating activities		**(20,953)**	14,701
Cash flows from investing activities			
Purchase of property, plant, and equipment		**-**	(1,102)
Finance income		**1,604**	563
Net cash generated from / (used in) investing activities		**1,604**	(539)
Cash flows from financing activities			
Net movement in bank borrowings		**(1,875)**	816
Payment of lease liability		**(521)**	(110)
Finance costs		**(11,363)**	(8,521)
Net cash used in financing activities		**(13,759)**	(7,815)
Net change in cash and cash equivalents		**(33,108)**	6,347
Cash and cash equivalents at the beginning of the period		**148,080**	155,482
Cash and cash equivalents at the end of the period	14	**114,972**	161,829

The accompanying notes 1 to 23 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 three month period ended 31 March 2023 (the "current period") comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates.

This condensed consolidated interim financial information has been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021.

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").

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax Regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 March 2023, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes. The Group is currently in the process of assessing the possible impact on its condensed consolidated interim financial information, both from current and deferred tax perspective, once the Law becomes substantively enacted.

2 Basis of preparation

Going Concern

This condensed consolidated interim financial information has been prepared on a going concern basis notwithstanding the fact that the Group has incurred a net loss of AED 6 million (three month period ended 31 March 2022: AED 34 million), current liabilities exceeding current assets by AED 2,723 million (31 December 2022: AED 2,720 million) and accumulated losses of AED 1,979 million (31 December 2022: AED 1,970 million) as at that date. The continuation of the Group's operations is dependent upon future profitable operations and the ability of the Group to generate sufficient cash flows from operations and sale of investments and properties to meet its future obligations. Also refer to note 5.

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2023 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 the information required for a complete set of International Financial Reporting Standards ("IFRSs") financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

3 Significant accounting policies

The accounting policies applied are same as those applied in the annual financial statements as at and for the year ended 31 December 2022, except for application of new standards effective as of 1 January 2023 and several amendments and interpretations apply for the first time in 2023.

New and revised IFRSs applied with material effect on the condensed consolidated interim financial information.

The following accounting standard is applicable however has not yet been adopted by the Group:

IFRS 17 Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group's condensed consolidated interim financial information in respect of its insurance contracts.

However, the management is still in process of transition to the new standard and due to non-availability of figures as per IFRS 17, the Group consolidation is based on the previous standard i.e., IFRS 4.

New and revised IFRSs not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

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 statement, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

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 3,800 million as at 31 March 2023 (31 December 2022: AED 3,685 million) of which AED 3,787 million (31 December 2022: AED 3,672 million) is payable within one year from the reporting date.

These third party commitments include loans and borrowings of AED 2,701 million (31 December 2022: AED 2,684 million) which is payable within one year from the reporting date.

The Board of Directors expect that the Group will meet its funding requirements through future income generated from operations, sale of investments and properties, existing cash and bank balance and restructuring of its certain existing loan facilities.

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

6 Investment properties

	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Opening balance	**2,220,466**	2,525,081
Additions during the period/ year	**-**	318
Disposals during the period/ year	**-**	(368,705)
Change in fair value	**-**	63,772
Closing balance	**2,220,466**	2,220,466

(i) During the three month period ended 31 March 2023, the Directors' of the Group have reviewed the carrying value of investment properties and are of the opinion that there is no significant change in fair value of investment properties as compared to the previous valuation carried out as at 31 December 2022.

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.

(iii) Investment properties amounting to AED 234 million as at 31 March 2023 (31 December 2022: AED 234 million) are registered in the name of related parties in trust and for the beneficial interest of the Group.

7 Investments in associates

The Group's share of loss in associates for the three month period ended 31 March 2023 amounted to AED 65 thousand (31 March 2022: share of loss of AED 2.6 million).

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

Name of the associates	Place of Incorporation	Ownership (%)	
		31 March 2023	31 December 2022
Arab Real Estate Development P.S.C (Arab Corp)	Jordan	**30.8**	30.8
Ghadah General Trading and Contracting Co. L.L.C (Khalid Mustafa Karam Sons & Partners)	Kuwait	**38.0**	38.0
Al Sagr Corperative Insurance Company (PSC)	Saudi Arabia	**20.0**	20.0

The investment in associates as at 31 March 2023 includes AED 66 million (31 December 2022: AED 66 million) representing Ghadah General Trading and Contracting Co. LLC amounting to AED 40 million (31 December 2022: AED 40 million) and Arab Real Estate Development P.S.C. (Arab Corp) amounting to AED 26 million (31 December 2022: AED 26 million). The latest interim financial information of these associates are not available to the Group therefore the Group has not recorded any income or loss during the period related to these associates.

8 Investments in securities

	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Investments measured at fair value through other comprehensive income ("FVOCI")		
Opening balance	**71,103**	74,682
Disposal during the period/ year	**-**	(277)
Change in fair value during the period/ year	**(7,170)**	(3,302)
Closing balance	**63,933**	71,103
Investments measured at fair value through profit or loss ("FVTPL")		
Opening balance	**100,510**	101,868
Change in fair value during the period/ year	**181**	967
Additions during the period/year	**-**	2,750
Disposal during the period/ year	**(9,917)**	(5,075)
Closing balance	**90,774**	100,510

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

9 Properties held for development and sale

During the three month period ended 31 March 2023, the Group's Directors have reviewed the carrying value of properties held for development and sale and are of the opinion that there is no significant change in recoverable amount of properties held for development and sale as compared to the previous valuation carried out as at 31 December 2022. Certain properties held for development and sale are mortgaged to banks towards credit facilities granted to the Group.

10 Inventories

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

11 Trade and other receivables

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

12 Reinsurance contract assets and insurance contract liabilities

	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Gross		
Reserve for outstanding claims	**155,272**	166,687
Unallocated loss adjustment expense reserve	**3,679**	3,752
Unexpired risk reserve	**5,550**	4,688
Mathematical reserve	**252**	252
Reserve for incurred but not reported claims (IBNR)	**76,626**	73,360
Reserve for outstanding claims (including IBNR)	**241,379**	248,739
Unearned premium reserve	**416,297**	324,445
Total insurance contract liabilities (gross)	**657,676**	573,184

	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Less: recoverable from reinsurers		
Reinsurance share of outstanding claims	**(120,147)**	(128,000)
Reinsurance share of mathematical reserve	**(251)**	(251)
Reinsurance share of incurred but not reported claims (IBNR)	**(25,184)**	(21,610)
Reinsurance share of outstanding claims (including IBNR)	**(145,582)**	(149,861)
Unamortised reinsurance premium reserve	**(120,893)**	(96,483)
Total reinsurance contract assets	**(266,475)**	(246,344)
Net insurance contract liabilities	**391,201**	326,840

13 Cash in hand and at bank

	31 March 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Cash in hand	**2,173**	1,731
Bank balances:		
- Current accounts	**99,420**	108,019
- Deposit accounts	**247,751**	197,409
Less: expected credit losses	**(34)**	(34)
	349,310	307,125

Deposits include fixed deposits of AED 235 million (31 December 2022: AED 168 million) held under lien (also refer to note 14) against facilities granted to the Group and also include a deposit amounting to AED 10.3 million (31 December 2022: AED 10.3 million) deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law No. (6) of 2007 relating to the Central Bank of UAE.

14 Cash and cash equivalents

	Three month period ended 31 March 2023 AED '000 (Unaudited)	2022 AED '000 (Unaudited)
Cash in hand	**2,173**	1,858
Bank balances:		
- Current accounts	**99,420**	143,055
- Deposit accounts	**247,751**	172,572
Expected credit losses	**(34)**	(34)
	349,310	317,451
Less: Fixed deposits under lien/ deposits with maturity over three months	**-**	(256)
Less: bank overdrafts	**(234,338)**	(155,366)
	114,972	161,829

15 Share capital

	31 March 2023 AED '000 (Unaudited)	31 December 2022 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

16 Related party transactions and balances

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

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

	Three month period ended 31 March	
	2023	2022
	AED '000	AED '000
	(Unaudited)	(Unaudited)
Commission paid on rented properties	**(170)**	(144)
Interest cost	**(6,487)**	(8,521)
Gross premium	**1,019**	1,210
Claims paid	**(81)**	(124)
Compensation to key management personnel:		
Salaries and benefits	**727**	727

Balances from related parties

Due from related parties

	31 March 2023	31 December 2022
	AED '000	AED '000
	(Unaudited)	(Audited)
Other related parties	**3,117**	5,844
	3,117	5,844

Due to related parties

	31 March 2023	31 December 2022
	AED '000	AED '000
	(Unaudited)	(Audited)
Other related parties	**362,275**	354,390
	362,275	354,390

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

17 Borrowings

	31 March 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Term loans (refer note below)	**1,887,741**	1,889,616
Bank overdrafts	**234,338**	158,789
	2,122,079	2,048,405

The below table provides movement of interest bearing borrowings:

	31 March 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At 1 January	**2,048,405**	2,295,240
Cash flow items		
Repayment of borrowings during the period/ year	**(1,875)**	(251,074)
Other non-cash items		
Net movement in trust receipts	**-**	4,239
Net movement in bank overdrafts	**75,549**	-
At 31 March/ 31 December	**2,122,079**	2,048,405

On 2 July 2012, the Group 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.

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

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

The Group was in default in making repayment of loan which was due and payable as at 31 March 2023. The Group's Directors have reviewed the facts and circumstances of this default and accordingly classified the entire loan amount as current liability.

17 Borrowings (continued)

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

Furthermore, the Group is in the process of negotiation with a financial institution to restructure a credit facility amounting to AED 257 million included in trade and other payables (31 December 2022: AED 257 million) and interest of AED 39 million (31 December 2022: AED 39 million)

18 Administrative and general expenses

	Three month period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Staff costs	**16,261**	15,336
Legal and professional fee	**2,830**	2,329
Depreciation	**1,102**	1,296
Rent	**1,485**	1,246
Repairs and maintenance	**1,543**	1,432
Telephone, postal and office supplies	**263**	326

19 Financial instruments/ fair value hierarchy

(i) Financial instruments

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

	Designated as fair value through profit or loss AED '000	Designated as fair value through other comprehensive income AED '000	Others at amortised cost AED '000	Carrying amount AED '000	Fair value AED '000
31 March 2023 (Unaudited)					
Financial assets					
Investments in securities	**90,774**	**63,933**	**-**	**154,707**	**154,707**
Due from related parties	**-**	**-**	**3,117**	**3,117**	**3,117**
Re-insurance contract assets	**-**	**-**	**266,475**	**266,475**	**266,475**
Trade and other receivables	**-**	**-**	**467,376**	**467,376**	**467,376**
Cash at bank	**-**	**-**	**347,137**	**347,137**	**347,137**
	90,774	**63,933**	**1,084,105**	**1,238,812**	**1,238,812**
Financial liabilities					
Borrowings	**-**	**-**	**2,122,079**	**2,122,079**	**2,122,079**
Due to related parties	**-**	**-**	**362,275**	**362,275**	**362,275**
Insurance contract liabilities	**-**	**-**	**657,676**	**657,676**	**657,676**
Trade and other payables	**-**	**-**	**983,372**	**983,372**	**983,372**
	-	**-**	**4,125,402**	**4,125,402**	**4,125,402**
31 December 2022 (Audited)					
Financial assets					
Investments in securities	100,510	71,103	-	171,613	171,613
Due from related parties	-	-	5,844	5,844	5,844
Reinsurance contract assets	-	-	246,344	246,344	246,344
Trade and other receivables	-	-	416,021	416,021	416,021
Cash at bank	-	-	305,394	305,394	305,394
	100,510	71,103	973,603	1,145,216	1,145,216
Financial liabilities					
Borrowings	-	-	2,048,405	2,048,405	2,048,405
Due to related parties	-	-	354,390	354,390	354,390
Insurance contract liabilities	-	-	573,184	573,184	573,184
Trade and other payables	-	-	1,027,459	1,027,459	1,027,459
	-	-	4,003,438	4,003,438	4,003,438

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000
31 March 2023 *(Unaudited)*			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	**60,579**	-	-
Unquoted equity investments	-	-	**3,354**
	60,579	-	**3,354**
Investments measured at fair value through profit or loss:			
Quoted equity investments	**19,933**	-	-
Unquoted equity investments	-	-	**70,841**
	19,933	-	**70,841**
31 December 2022 *(Audited)*			
Financial assets			
Investments measured at fair value through other comprehensive income:			
Quoted equity investments	67,758	-	-
Unquoted equity investments	-	-	3,345
	67,758	-	3,345
Investments measured at fair value through profit or loss:			
Quoted equity investments	30,369	-	-
Unquoted equity investments	-	-	70,141
	30,369	-	70,141

19 Financial instruments/ fair value hierarchy (continued)

(ii) Fair value hierarchy (continued)

During the three month period ended 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements (31 December 2022: Nil).

The fair value of unquoted equity investments was determined by an external, qualified, and independent valuer as of 31 December 2022 who has experience in equity investments valuations. The Group's Directors are of the opinion that there is no significant change in fair value of unquoted equity investments as compared to the previous valuation carried out as at 31 December 2022.

20 Losses per share

	Three month period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Net loss attributable to owners of the company (AED '000)	**(8,803)**	(20,111)
Number of shares ('000)	**1,791,333**	1,791,333
Basic losses per share (AED fils per share)	**(0.49)**	(1.12)

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

21 Contingent liabilities and commitments

Guarantees

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

Litigations

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

21 Contingent liabilities and commitments (continued)

Litigations (continued)

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

22 Segment reporting

The internal management reports which are prepared under IFRSs 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.
Insurance 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		Insurance services and others		Unallocated		Total	
	31-Mar 2023 AED '000 (Unaudited)	31-Dec 2022 AED '000 (Audited)	**31-Mar 2023 AED '000 (Unaudited)**	31-Dec 2022 AED '000 (Audited)	**31-Mar 2023 AED '000 (Unaudited)**	31-Dec 2022 AED '000 (Audited)	**31-Mar 2023 AED '000 (Unaudited)**	31-Dec 2022 AED '000 (Audited)	**31-Mar 2023 AED '000 (Unaudited)**	31-Dec 2022 AED '000 (Audited)
Segment assets	**13,224**	13,511	**3,067,091**	3,079,489	**815,126**	734,041	**352,430**	312,970	**4,247,871**	4,140,011
Segment liabilities	**3,011**	3,409	**2,719,932**	2,727,080	**1,074,399**	953,514	**341,949**	334,063	**4,139,291**	4,018,066

	31-Mar 2023 AED '000	31-Mar 2022 AED '000	**31-Mar 2023 AED '000**	31-Mar 2022 AED '000	**31-Mar 2023 AED '000**	31-Mar 2022 AED '000	**31-Mar 2023 AED '000**	31-Mar 2022 AED '000	**31-Mar 2023 AED '000**	31-Mar 2022 AED '000
					(Unaudited)					
Revenue	**4,359**	4,506	**4,455**	4,116	**119,470**	110,996	**-**	-	**128,284**	119,618
Segment result from operations	**(692)**	(376)	**(1,705)**	1,819	**7,599**	(26,967)	**-**	-	**5,202**	(25,524)
Finance income	**-**	-	**-**	-	**1,604**	563	**-**	-	**1,604**	563
Finance cost	**(3)**	(3)	**(9,801)**	(7,717)	**(1,594)**	(801)	**-**	-	**(11,398)**	(8,521)
(Loss)/income for the period	**(694)**	(379)	**(11,506)**	(5,899)	**6,005**	(27,768)	**-**	-	**(6,195)**	(34,046)

23 Post reporting date event

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