Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim financial information for the six month period ended 30 June 2016

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Review report on condensed consolidated interim financial information to the board of directors of Gulf Pharmaceuticals Industries P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Gulf Pharmaceutical Industries (the "Company"), and its subsidiaries (the "Group") as at 30 June 2016, and the related condensed consolidated interim statements of income, comprehensive income, for the three month and six month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board (IASB). 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 International Standard on Review Engagements 2410. "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers
7 August 2016

Douglas O'Mahony
Registered Auditor Number 834
Ras Al Khaimah, United Arab Emirates

Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim statement of financial position

	Note	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Assets			
Non-current assets			
Property, plant and equipment	5	1,168,720	1,163,375
Intangible assets		77,984	72,298
Investment in an associate	6	250,502	241,573
Available-for-sale-financial assets	7	63,889	73,362
Total non-current assets		1,561,095	1,550,608
Current assets			
Inventories		434,053	491,542
Financial assets at fair value through profit and loss	8	25,922	22,351
Trade and other receivables	9	1,467,016	1,239,812
Cash and bank balances	10	127,336	151,521
		2,054,327	1,905,226
Total assets		3,615,422	3,455,834
Equity & liabilities			
Share capital	11	1,092,000	1,050,000
Statutory reserve	12	546,000	531,954
Voluntary reserve	13	184,819	184,819
Foreign currency translation reserve		(2,794)	(3,290)
Fair value reserve		7,188	16,603
Retained earnings		383,332	421,497
Capital and reserves attributable to shareholders of the company		2,210,545	2,201,583
Non-controlling interest		103,126	91,206
Total equity		2,313,671	2,292,789
Non-current liabilities			
Provision for employees' end of service indemnity		44,985	42,400
Bank borrowings	14	355,513	307,149
		400,498	349,549
Current liabilities			
Bank borrowings	14	552,820	503,314
Trade payables and other accruals		348,433	310,182
		901,253	813,496
Total liabilities		1,301,751	1,163,045
Total equity and liabilities		3,615,422	3,455,834

This condensed consolidated interim financial information has been approved on 4 August 2016 and signed by:

Faisal Bin Saqr Al Qasimi
Chairman

The notes on pages 7 to 27 form an integral part of these condensed consolidated interim financial information.

Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim income statement

	Note	For the six month period ended 30 June		For the three month period ended 30 June	
		2016 **AED'000** (Unaudited)	**2015** **AED'000** (Unaudited)	**2016** **AED'000** (Unaudited)	**2015** **AED'000** (Unaudited)
Sales		759,694	822,681	389,694	373,763
Cost of sales		(293,990)	(301,603)	(139,962)	(119,595)
Gross Profit		465,704	521,078	249,732	254,168
General and administrative expenses		(56,490)	(53,853)	(32,819)	(31,811)
Selling and distribution expenses		(283,843)	(318,047)	(157,949)	(171,512)
Other income		3,175	1,237	847	(2,316)
Gain/ (loss) from investments and others		6,173	(1,109)	(1,085)	6,243
Share of profit from investment accounted for using the equity method	6	8,929	10,772	2,467	4,066
Operating profit		143,648	160,078	61,193	58,838
Finance income		1,813	1,207	108	973
Finance costs		(11,614)	(12,104)	(6,500)	(5,507)
Finance costs – net		(9,801)	(10,897)	(6,392)	(4,534)
Profit for the period		133,847	149,181	54,801	54,304
Profit attributable to:					
- Owners of the parent		133,381	149,285	54,806	54,184
- Non-controlling interest		466	(104)	(5)	120
		133,847	149,181	54,801	54,304
Basic and diluted earnings per share (in UAE Fils)	15	12.45	13.94	5.12	5.06

The notes on pages 7 to 27 form an integral part of these condensed consolidated interim financial information.

Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim statement of comprehensive income

	For the six month period ended 30 June		For the three month period ended 30 June	
	2016 AED'000	**2015 AED'000**	**2016 AED'000**	**2015 AED'000**
Profit for the period	133,847	149,181	54,801	54,304
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Change in the fair value of available for sale investments	(9,415)	10,017	(296)	6,018
Reclassification adjustment on disposal of available for sale investments	-	1,375	86	(136)
Currency translation differences	496	(1,963)	(1,496)	(1,046)
Total other comprehensive (loss)/income for the period	(8,919)	9,429	(1,706)	4,836
Total comprehensive income for the period	124,928	158,610	53,095	59,140
Attributable to:				
- Owners of the parent	124,462	158,714	53,100	58,203
- Non-controlling interest	466	(104)	(5)	937
Total comprehensive income for the period	124,928	158,610	53,095	59,140

The notes on pages 7 to 27 form an integral part of these condensed consolidated interim financial information.

Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim statement of changes in equity

	Share Capital	Statutory Reserve	Voluntary Reserve	Foreign currency translation reserve	Cumulative changes on revaluation of investments	Retained earnings	Equity attributable to shareholders of the Company	Non-Controlling Interest	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance at 1 January 2015	1,000,000	531,954	184,819	(793)	(8,308)	468,573	2,176,245	29,860	2,206,105
Profit for the six month period ended 30 June 2015 (as previously stated)	-	-	-	-	-	128,241	128,241	(104)	128,137
Correction of error (Note 21.1)	-	-	-	-	-	21,044	21,044	-	21,044
Profit for the six month period ended 30 June 2015 (as previously stated)	-	-	-	-	-	149,285	149,285	(104)	149,181
Other comprehensive income for the period	-	-	-	(1,963)	11,392	-	9,429	-	9,429
Total comprehensive income for the period	-	-	-	(1,963)	11,392	149,285	158,714	(104)	158,610
Issuance of bonus shares	50,000	-	-	-	-	(50,000)	-	-	-
Approved cash dividends	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Movement in non-controlling interest	-	-	-	-	-	-	-	3,503	3,503
Balance at 30 June 2015 (Unaudited)	1,050,000	531,954	184,819	(2,756)	3,084	417,858	2,184,959	33,259	2,218,218
At 1 January 2016	1,050,000	531,954	184,819	(3,290)	16,603	421,497	2,201,583	91,206	2,292,789
Profit for the six month period ended 30 June 2016	-	-	-	-	-	133,381	133,381	466	133,847
Other comprehensive loss for the period	-	-	-	496	(9,415)	-	(8,919)	-	(8,919)
Total comprehensive income for the period	-	-	-	496	(9,415)	133,381	124,462	466	124,928
Issuance of bonus shares	42,000	-	-	-	-	(42,000)	-	-	-
Approved cash dividends	-	-	-	-	-	(115,500)	(115,500)	-	(115,500)
Movement in non-controlling interest	-	-	-	-	-	-	-	11,454	11,454
Transfer to statutory reserve	-	14,046	-	-	-	(14,046)	-	-	-
Balance at 30 June 2016 (Unaudited)	1,092,000	546,000	184,819	(2,794)	7,188	383,332	2,210,545	103,126	2,313,671

The notes on pages 7 to 27 form an integral part of these condensed consolidated interim financial information.

Gulf Pharmaceutical Industries P.S.C.

Condensed consolidated interim statement of cash flows (Unaudited)

	Note	Six month ended 30 June 2016 AED 000's (Unaudited)	2015 AED (Restated) 000's (Unaudited)
Cash flows from operating activities:			
Profit for the period		133,847	149,181
Adjustments for:			
Depreciation of property, plant and equipment	5	44,906	44,228
Amortisation for intangible assets		1,903	-
(Gain)/loss on revaluation of financial asset at FVTPL	8	(3,578)	(2,850)
Loss on sale of available-for-sale investments		40	-
Profit from investment accounted for using the equity method	6	(8,929)	(10,772)
Allowance for slow-moving inventories		-	3,000
Allowance for doubtful debts	9	7,000	4,000
Loss on sale of property, plant and equipment		253	-
Bad debts written off	9	(157)	-
Recycled gain on available-for-sale investments		(86)	-
Provision for employees' end of service indemnity		5,196	4,842
Finance costs		11,614	12,104
Operating cash flow before changes in working capital and payment of EOSB		192,009	203,733
Employees' end of service benefits paid		(2,611)	(800)
Changes in working capital:			
Trade and other receivables		(234,047)	49,761
Inventories		57,489	(99,849)
Trade payables and accruals		38,251	(161,040)
Net cash flows generated from/(used in) operating activities		51,091	(8,195)
Cash flows from investing activities:			
Advance paid for acquisition of subsidiaries		-	(58,245)
Additions to property, plant and equipment	5	(50,504)	(5,407)
Additions to intangible assets		(7,589)	-
Dividend received from investments		-	2,183
Sales proceeds from disposal of available-for-sale financial assets		111	35,627
Increase in non-controlling interest		11,454	3,295
Net cash used in investing activities		(46,528)	(22,547)
Cash flows from financing activities:			
Repayment of loans		97,870	183,995
Advance received		-	(143,294)
Dividends paid		(115,500)	-
Interest paid		(11,614)	(12,104)
Net cash (used in)/generated from financing activities		(29,244)	28,597
Net (decrease)/increase in cash and cash equivalents		(24,681)	(2,145)
Currency translation differences		496	(1,963)
Cash and cash equivalents at the beginning of the period		151,521	120,925
Cash and cash equivalents at the end of the period	10	127,336	116,817

The notes on pages 7 to 27 form an integral part of these condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016

1 General information

Gulf Pharmaceutical Industries is a Public Shareholding Company ("the Company" or "Julphar") domiciled in Digdaga - Ras Al Khaimah. It was incorporated by the Emiri decree No.5/80 issued by H.H. The Ruler of the Emirate of Ras Al Khaimah and its dependencies on March 30, 1980 and the Emiri decree No.9/80 on May 4, 1980. The Company's registered office address is P.O. Box. 997 Ras Al Khaimah, United Arab Emirates. The Company commenced its commercial activities effective from November 1984. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The main activities of the Company and its subsidiaries ("the Group") are the manufacturing and selling of medicines, drugs and various other types of pharmaceutical and medical compounds in addition to cosmetic compounds.

The condensed consolidated interim financial information of the Group for the six month period ended 30 June 2016 was authorised for issue in accordance with the resolution of the Board of Directors on 4 August 2016.

The condensed consolidated interim financial information is reviewed, not audited.

The Company has the following major subsidiaries:

			Percentage of ownership		
	Name of subsidiary	**Place of incorporation and operation**	**30 June 2016**	**31 December 2015**	**Principle activity**
1.	Mena Cool F.Z.E	Ras Al Khaimah UAE	100%	100%	Transportation.
2.	Julphar Pharmaceuticals P.L.C	Ethiopia	55%	55%	Manufacturing of medicines, wrapping and packing materials
3.	Julphar Pharma GMBH	Germany	100%	100%	Manufacturing of medical supplies – Discontinued
4.	Gulf Inject L.L.C.	Dubai – UAE	51%	51%	Manufacturing of medical supplies
5.	RAK Pharmaceuticals Pvt. Ltd.	Dhaka – Bangladesh	50.5%	50.5%	Manufacturing of medicines

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Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

1 General information (continued)

	Name of subsidiary	Place of incorporation and operation	Percentage of ownership 30 June 2016	31 December 2015	Principle activity
5.	RAK Pharmaceuticals Pvt. Ltd.	Dhaka – Bangladesh	50.5%	50.5%	Manufacturing of medicines
6.	Julphar Saudi Arabia L.L.C.	Rabigh – Saudi Arabia	51%	51%	Manufacturing of medicines
7.	Julphar Egypt Company L.L.C.	Cairo – Egypt	100%	100%	Distributors of Julphar's products in Egypt
8.	Julphar Diabetes L.L.C.	Ras Al Khaimah – U.A.E.	100%	100%	Manufacturer of insulin products.
9.	Julphar General Trading L.L.C.	Ras Al Khaimah – U.A.E.	100%	100%	General Trading
10.	Mena Cool Machinery Trading	Ras Al Khaimah – U.A.E.	100%	100%	General Trading

2 Summary of significant accounting policies

2.1 Statement of compliance

The Group prepares its financial statements in accordance, and comply with, International Financial Reporting Standards ("IFRSs") and IFRS's Interpretations Committee ("IFRICs"). This condensed consolidated interim financial information for the three month period ended 31 March 2016 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The condensed consolidated interim financial information has been prepared under the historical cost convention, except for investments carried at fair value through profit or loss and available for sale investments, that have been measured at fair value.

2 Summary of significant accounting policies (continued)

2.2 Accounting policies

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 which have been prepared in accordance with IFRSs and IFRICs. In addition, results for the six month period ended 30 June 2016, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

There are no new standards, amendments or interpretations which are effective for the financial period commencing 1 January 2016, which have a material impact on the Group's condensed consolidated interim financial information.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to property, plant and equipment, investment in associate and investments in securities have been disclosed in the condensed consolidated interim financial information.

2.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Land is stated at cost less impairment loss, if any.

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

Depreciation is provided on the straight-line method based on the anticipated useful lives, as follows:

Assets	*Life (years)*
Buildings	10-50
Plant and machinery	3-17
Installations	4-25
Motor vehicles	3-10
Furniture and fixtures	4-10
Tools and equipments	3-10
Land improvements	10-25

2.4 Intangible assets

(a) Currently marketed products

Currently marketed products represent the composite value of acquired intellectual property, patents and distribution rights and product trade names.

These are amortised over the useful life ranging from 15 to 20 years.

(b) Licenses, registrations and permits

Licenses, registrations and permits comprise of rights to distribute Julphar's products in certain countries that have been acquired as part of a business combination. The amount is arrived at by calculating the present value of the expected future economic benefits to arise from these licenses and permits. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 5 to 20 years.

2.5 Investments accounted for using the equity method

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in condensed consolidated other comprehensive income is reclassified to condensed consolidated income statement where appropriate.

2 Summary of significant accounting policies (continued)

2.5 Investments accounted for using the equity method (continued)

The Group's share of post-acquisition profit or loss is recognised in the condensed consolidated statement of income, and its share of post-acquisition movements in other comprehensive income is recognised in condensed consolidated statement of other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each statement of financial position date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) from equity accounted associates in the condensed consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's condensed consolidated financial information only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the condensed consolidated income statement.

The balance sheet dates of the associates and the Group are identical and their accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

2.6 Available-for-sale financial asset

Available-for-sale financial asset are non-derivatives that are either designated in this category or are not classified in any other categories.

Investments designated as available-for-sale investments are initially recorded at fair value including transaction costs and subsequently measured at fair value, unless this cannot be reliably measured. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, reversals of impairment of a debt instrument, interest calculated using the effective interest method and foreign exchange differences on monetary financial assets, which are recognised directly in the condensed consolidated income statement. Any loss upon impairment, or gain or loss upon derecognition, previously reported as "cumulative changes in fair value" within other comprehensive income is included in the condensed consolidated income statement for the period. Subsequent increases in the fair value of equity investments that have already been impaired are recognised directly in other comprehensive income. Foreign exchange gains and losses on non-monetary equity investments are taken to equity and recycled to the profit or loss on disposal or impairment.

2 Summary of significant accounting policies (continued)

2.7 Financial assets at fair value through profit and loss

The Group's investments in equity and mutual fund investments are classified as investments carried at fair value through profit or loss. These financial assets are designated by the Group as investments carried at fair value through profit or loss at inception.

Investments carried at fair value through profit or loss are financial instruments whose performance evaluated on a fair value basis in accordance with the Group's documented investment strategy.

Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. Those not expected to be realised within 12 months of the balance sheet date are classified as non-current.

2.8 Basis of consolidation

The condensed consolidated interim financial information as at, and for the six-month period ended 30 June 2016, comprises results of the Group. The condensed interim financial information of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

3 Critical accounting estimates and judgments

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were consistent with the financial statements as at 31 December 2015.

3.1 Useful lives of property, plant and equipment

Management reviews the residual values and estimated useful lives of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16. Management determined that current year expectations do not differ from previous estimates based on its review.

3.2 Valuation of unquoted AFS equity investments

Valuation of unquoted AFS equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, these investments are carried at cost less recognised impairment losses, if any.

3 Critical accounting estimates and judgments (continued)

3.2 Valuation of unquoted AFS equity investments (continued)

Management believes that the carrying values of these unquoted equity investments are not materially different from their fair values.

3.3 Impairment of investment accounted for using the equity method

Management regularly reviews its investment in an associate for indicators of impairment. This determination of whether investment in an associate is impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. Management is satisfied that no impairment provision is necessary on its investment in an associate.

3.4 Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with legal department and review of current economic environment. Management is satisfied that no additional impairment is required on its trade and other receivables in excess of amount already provided.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

These condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2015. There have been no changes in the risk management department or in any risk management policies since the year end 31 December 2015.

4.2 Liquidity risk

Compared to year end 31 December 2015, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5 Property, plant and equipment

- Property, plant and equipment additions during the current period amounted to AED 50,504,000 (Six month period ended 30 June 2015: AED 5,407,000).

- Depreciation charge for the current period amounted to AED 44,906,000 (Six month period ended 30 June 2015: AED 44,228,000).

- Certain property, plant and equipment are mortgaged against bank facilities (Note 14).

6 Investment in an associate

The Company has 40% shareholding in Planet Pharmacies, which is the distributor of the company's products and has a wide distribution of retail and wholesale pharmacies in UAE and Oman.

Details of the Company's investment in Planet Pharmacies which is accounted for using the equity method is as follows:

Name of associate	Place of incorporation	Ownership	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Planet Pharmacies L.L.C.	U.A.E	40%	250,502	241,573

Movements in the account of net investment in an associate during the period/year were as follows:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Balance at the beginning of the period/year	241,573	277,822
Share of the associates profit	8,929	7,751
Less: Dividends received	-	(44,000)
Balance at the end of the period/year	250,502	241,573

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

7 Available-for-sale-investments

Movements on available-for-sale-investments were as follows:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Balance at the beginning of the period/year	73,362	60,610
Disposals during the period/year	(9,331)	(12,159)
Net gain transferred to equity	(142)	24,911
Balance at the end of the period/year	63,889	73,362

Available-for-sale investments comprise investments in equity shares as follows:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Investments within United Arab Emirates		
Quoted U.A.E. equity securities	25,610	25,026
Mutual funds - quoted	4,853	4,695
Unquoted U.A.E. equity securities	7,104	7,104
	37,567	36,825
Investments outside United Arab Emirates		
Quoted equity investments	26,322	36,537
	63,889	73,362

8 Financial assets at fair value through profit and loss

Movements of investments held for trading were as follows:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
At 1 January	22,351	35,937
Disposals	(7)	(5,140)
Net gains/(loss) on revaluation	3,578	(8,446)
	25,922	22,351

8 Financial assets at fair value through profit and loss (continued)

Financial assets at fair value through profit and loss which are denominated in AED, are all held for trading in equity securities and include the following:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
In U.A.E. markets	25,784	27,351
In other G.C.C. markets	138	138
	25,922	27,489

9 Trade and other receivables

Trade and other receivables comprise the following:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Trade receivable	1,243,437	1,046,454
Less: provision for impairment of trade receivables	(40,949)	(34,106)
	1,202,488	1,012,348
Due from related parties (Note 18(b))	239,202	179,367
Staff receivable	2,120	2,449
Prepaid expenses	132	1,167
Advances to suppliers	17,702	14,095
Other receivables	5,372	30,386
	1,467,016	1,239,812

Movement in the allowance for doubtful receivables during the period/year was as follows:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
At 1 January	34,106	13,555
Provision for receivables impairment	7,000	20,551
Allowance for doubtful debts written off	(157)	-
Balance at the end of the period/year	40,949	34,106

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

10 Cash and bank balances

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Bank balances		
Current accounts	121,958	146,772
Short term bank deposits	285	1,706
	122,243	148,478
Cash in hand	5,093	3,043
Cash and bank balances	127,336	151,521
By geographical area:		
In the U.A.E.	94,593	140,865
In other countries	32,743	10,656
	127,336	151,521

For the purpose of condensed statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Bank balances:		
Current accounts	121,958	146,772
Short term bank deposits	285	1,706
	122,243	148,478
Cash in hand	5,093	3,043
Cash and cash equivalents	127,336	151,521

The margin deposits maturity dates range from one to three month from the placement dates.

11 Share capital

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Issued and fully paid up 1,092,000,000 ordinary shares (31 December 2015: 1,050,000,000 ordinary shares) at par value of AED 1 each	1,092,000	1,050,000

11 Share capital (continued)

Share capital includes 42,000,000 bonus shares (2015: 50,000,000) at par value of AED 1 each issued during the period.

12 Statutory reserve

In accordance with United Arab Emirates Federal Commercial Companies Law No. 8 of 1984, the Company has established a statutory reserve by appropriation of 10% of profit for each year. This appropriation shall be suspended once its balance reaches 50% of the share capital.

This reserve is not available for distribution except in the circumstances stipulated by the law.

13 Voluntary reserve

Appropriations to the voluntary reserve account represents appropriations of 10% of the yearly profit for each year. Appropriations to the voluntary reserve may be stopped as proposed by the Board of Directors and approved by the Shareholders general assembly, or once its balance reaches 20% of the share capital. This reserve is distributable based on a recommendation by the Board of Directors and approval of the Shareholders general assembly.

The Company adjusts the legal and voluntary reserve at the year end.

14 Bank borrowings

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Overdraft	154,772	138,960
Loans	753,561	671,503
	908,333	810,463
Bank borrowings shall be repaid as follows:		
Current		
On demand or within one year	552,820	503,314
Non current		
In the second year	168,858	164,410
In third to fifth year	186,655	143,009
	355,513	307,149
	908,333	810,463

14 Bank borrowings (continued)

The principal features of the bank borrowings are as follows:

Bank overdraft:

- Bank overdraft is repayable on demand. In general, such banking facilities are renewable on regular basis.
- Interest on overdraft accounts is computed and added to the account on a monthly basis.

Loans:

During the period, the Group obtained new loan facilities of AED 309 million to finance its working capital requirement, and capital expenditures. Interest rates on these loans ranged from 1.65% to 3.75%, plus EIBOR.

During prior years, the Group has obtained long and short term loans from local banks to finance the purchase of the factory's machinery and equipment and to secure working capital requirements. Interest on these loans is calculated on monthly basis and paid separately or added to loan balances. The loan balances are being repaid in monthly instalment, over periods ranging from one month to seventy two months, until full settlement. The Group has obtained these banking facilities against mortgage of existing machinery amounting to AED 210 million, and maintainance of certain financial ratios as agreed with the respective banks.

Interest rates on these bank borrowings during 2016 ranged from EIBOR plus 1.5% to 3.5% above one month EIBOR (2015: 1.5% to 3.5% above one month EIBOR).

15 Basic and diluted earnings per share

Basic and diluted earnings per share of AED 12.45 fils is calculated by dividing the profit for the six month period ended attributable to the shareholders of the Parent company of AED 133.3 million (2015: AED 149.2 million) by the weighted average number of shares outstanding during the year of 1,071,000 thousand (2015: 1,071,000 thousand (restated)). The Company does not have any potential equity shares and accordingly the basic and diluted earnings per share is the same.

The basic and diluted earnings per share of AED 5.06 fils as reported for the three month period ended 30 June 2015 (previously reported as AED 6.80 fils for the three month period ended 30 June 2015) has been adjusted for the effect of the shares issued in 2016 as a result of the bonus shares dividend approved by shareholders as per Note 16.

16 Dividends

At the Annual General Meeting held on 28 April 2016, a dividend was proposed of AED 4 fils per share to be distributed as bonus share dividends at 4% of share capital, and the distribution of cash dividends at AED 11 fils per share, or 11% cash dividends, totalling AED 115,500,000.

16 Dividends (continued)

At the Annual General Meeting held on 30 April 2016, the shareholders approved bonus share dividends of AED 5 fils per share to be distributed as bonus share dividends at 5% of share capital, and distribution of cash dividends at AED 15 fils per share, or 15% cash dividends, totalling AED 150,000,000.

17 Segment information

The Group is operating under two main segments, manufacturing and financial investments, as disclosed in the condensed consolidated financial information. The manufacturing segment includes the ground transportation operations by Mena Cool F.Z.E., a fully owned subsidiary (Note 1).

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

17 Segment information (continued)

	For the six month period ended 30 June 2016			For the six month period ended 30 June 2015		
	Manufacturing AED'000 (Unaudited)	Investments AED'000 (Unaudited)	Total AED'000 (Unaudited)	Manufacturing AED'000 (Unaudited) (Restated)	Investments AED'000 (Unaudited) (Restated)	Total AED'000 (Unaudited) (Restated)
Segment revenue	759,694	-	759,694	822,681	-	822,681
Segment results	118,745	6,173	124,918	139,518	(1,109)	138,409
Unallocated expenses			9,801*			12,014*
Depreciation expense	44,906	-	44,906	44,228	-	44,228
Share of associate's profit	-	8,929	8,929	-	10,772	10,772

	31 March 2016			31 December 2015		
	Manufacturing AED'000 (Unaudited)	Investments AED'000 (Unaudited)	Total AED'000 (Unaudited)	Manufacturing AED'000 (Audited)	Investments AED'000 (Audited)	Total AED'000 (Audited)
Segment assets	3,147,773	340,313	3,488,086	2,967,027	337,286	3,304,313
Unallocated assets			127,336*			151,521*
Total assets			3,615,422			3,455,834
Segment liabilities	393,418	-	393,418	352,582	-	352,582
Unallocated liabilities			908,333*			810,463*
			1,301,751			1,163,045

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Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (continued)

17 Segment information (continued)

* Unallocated assets, liabilities and expenses represents corporate function of the Group.

18 Related party balances and transactions

Related parties comprise the company's majority shareholders, key management personnel, subsidiaries, associates, directors and other businesses, which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates"). In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either Group management, or its Board of Directors.

(a) Related party transactions

During the period, the Group entered into the following significant transactions with related parties in the ordinary course of business as per mutually agreed terms:

	Six month period ended		Three month period ended	
	30 June 2016 (Unaudited) AED'000	30 June 2015 (Unaudited) AED'000	30 June 2016 (Unaudited) AED'000	30 June 2015 (Unaudited) AED'000
Sales to associates	148,512	111,460	96,735	72,662
Purchases from affiliates	17,848	16,279	12,708	13,554

Transactions with related parties are entered into on terms agreed with management.

Compensation of board of directors/key management personnel:

	Six month period ended		Three month period ended	
	30 June 2016 (Unaudited) AED'000	30 June 2015 (Unaudited) AED'000	30 June 2016 (Unaudited) AED'000	30 June 2015 (Unaudited) AED'000
Short term benefits	8,107	8,112	2,523	1,275
Long term benefits	164	189	93	13,554

18 Related party balances and transactions

(b) Due from a related party

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Planet Pharmacies L.L.C. (Associate)	239,202	179,367

(c) Due to a related party

Majan Printing and Packaging Company L.L.C. (Affiliate)	15,891	8,771

No bank guarantees are received from/ provided to related parties against balances due from/to them.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial information approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial information for the year ended 31 December 2015.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

19 Fair value measurement (continued)

Fair value of the Group's financial assets that are measured at fair value on recurring basis (continued)

Financial assets	**Fair Value as at**		**Fair Value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	30 June 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)				
Quoted equity investments – AFS	51,932	61,563	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities	None.	NA
Mutual funds - AFS	4,853	4,695	Level 3	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted equity investments – FVTPL	25,922	22,351	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities	None.	NA

19 Fair value measurement (continued)

Fair value measurement

Fair value hierarchy

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

30 June 2016 (Unaudited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets				
Financial assets at fair value through profit and loss	25,922	-	-	25,922
Trade and other receivables	-	-	1,449,182	1,449,182
Bank balances and cash	-	-	127,336	127,336
Available-for-sale financial assets				
Quoted equities	51,932	-	-	51,932
Mutual funds	-	4,853	-	4,853
Unquoted equities	-	-	7,104	7,104
	77,854	4,853	1,583,622	1,666,329
Financial liabilities				
Bank borrowings	-	-	908,333	908,333
Trade payables and accruals	-	-	290,720	290,720
	-	-	1,199,053	1,199,053

19 Fair value measurement (continued)

31 December 2015 (audited)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets				
Financial assets at fair value through profit and loss	22,351	-	-	22,351
Trade and other receivables	-	-	1,224,550	1,224,550
Bank balances and cash	-	-	151,521	151,521
Available-for-sale financial assets				
Quoted equities	61,563	-	-	61,563
Mutual funds	-	4,695	-	4,695
Unquoted equities	-	-	7,104	7,104
	83,914	4,695	1,383,175	1,471,784
Financial liabilities				
Bank borrowings	-	-	810,463	810,463
Trade payables and accruals	-	-	254,319	254,319
	-	-	1,064,782	1,064,782

20 Commitments and contingent liabilities

	30 June 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Capital commitments	138,446	207,946
Letters of credit	5,541	61,019
Letters of guarantee	72,013	77,149

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Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2015 (continued)

21 Reclassification

21.1 Restatement

During the year ended 31 December 2015, management undertook a detailed review of the distribution agreements with its main customers and identified that certain articles of the contracts related to the transfer of title and risk of loss had been misinterpreted. As a consequence, revenue had been previously incorrectly recognized. This error has been corrected by restating each of the affected financial statement line items for the prior periods presented as follows:

	As at 30 June 2015 (as previously stated) AED '000 (Unaudited)	Restatement AED '000	As at 30 June 2015 (Restated) AED '000 (Unaudited)
Statement of comprehensive income			
Sales	799,485	23,196	822,681
Cost of sales	(301,722)	119	(301,603)
Selling and distribution expenses	(315,776)	(2,271)	(318,047)
	181,987	21,044	203,031

The impact of restatement on periods earlier than 30 June 2015 was adjusted on 31 December 2015 audited financial statements.

21.2 Reclassifications

Certain corresponding figures have been reclassified to conform to the current year presentation, so that it more appropriately reflects the nature of underlying transactions and balances. This reclassification, did not have any impact on profit, comprehensive or equity of the prior period, except as disclosed on Note 21.1.