

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2021

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF PHARMACEUTICAL INDUSTRIES P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Pharmaceutical Industries P.S.C. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 March 2021, which comprises the interim condensed consolidated statement of financial position as at 31 March 2021, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not presented, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:
Thodla Hari Gopal
Partner
Registration number: 689

9 May 2021

Sharjah, United Arab Emirates

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2021 (Unaudited)

		<i>Three months ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
	<i>Notes</i>		
Continuing operations			
Revenue from contracts with customers	4	166.8	104.4
Cost of sales		(125.1)	(90.6)
		41.7	13.8
Gross profit			
Other income		0.8	1.8
Selling and distribution expenses		(45.0)	(49.1)
General and administrative expenses		(28.4)	(27.4)
Share of (loss)/profit of an associate	6	(0.8)	2.8
Gain from investments and others		2.5	0.2
		(29.2)	(57.9)
Operating loss			
Finance income		0.1	0.3
Finance costs		(4.5)	(10.4)
		(33.6)	(68.0)
Loss before tax for the period from continuing operations			
Income tax		(1.7)	-
		(35.3)	(68.0)
Loss for the period from continuing operations			
Discontinued operations			
Profit/(loss) for the period from discontinued operations	7	6.1	(0.9)
		(29.2)	(68.9)
LOSS FOR THE PERIOD			
Loss attributable to:			
Equity holders of the Parent		(23.9)	(62.5)
Non-controlling interests		(5.3)	(6.4)
		(29.2)	(68.9)
Earnings per share:			
Basic and diluted			
Loss per share attributable to the equity holders of the Parent (in UAE fils)	17	(2.1)	(5.4)
Earnings per share for continuing operations:			
Basic and diluted			
Loss per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	17	(2.5)	(5.4)

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

For the three months ended 31 March 2021 (unaudited)

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
Loss for the period	(29.2)	(68.9)
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	0.2	(0.2)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(29.0)	(69.1)
Total comprehensive loss attributable to:		
Equity holders of the Parent	(23.7)	(62.7)
Non-controlling interests	(5.3)	(6.4)
	(29.0)	(69.1)


The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

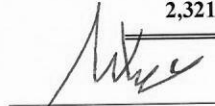
Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (unaudited)

	<i>Notes</i>	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	888.8	901.3
Intangible assets		14.2	15.0
Investment in an associate	6	269.8	270.6
Deferred tax asset		-	1.8
		1,172.8	1,188.7
Current assets			
Inventories	8	300.4	294.3
Financial assets at fair value through profit or loss	9	19.7	19.7
Trade and other receivables	10	638.4	647.7
Bank balances and cash	11	81.4	73.7
		1,039.9	1,035.4
Assets held for sale	7	109.0	103.2
		1,148.9	1,138.6
		2,321.7	2,327.3
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,155.3	1,155.3
Statutory reserve	13	185.5	185.5
Foreign currency translation reserve		(146.3)	(146.5)
Accumulated losses		(317.1)	(293.2)
		877.4	901.1
Equity attributable to shareholders of the Parent			
Non-controlling interests	14	164.6	168.8
		1,042.0	1,069.9
Total equity			
Non-current liabilities			
Provision for employees' end of service benefits		61.9	59.4
Bank borrowings	15	220.9	220.9
Deferred tax liability		3.6	3.7
		286.4	284.0
Current liabilities			
Trade payables and accruals		344.8	338.5
Bank borrowings	15	418.8	390.9
Deferred revenue	16	192.0	207.0
		955.6	936.4
Liabilities directly associated with the assets held for sale	7	37.7	37.0
		993.3	973.4
		1,279.7	1,257.4
Total liabilities			
		2,321.7	2,327.3
TOTAL EQUITY AND LIABILITIES			


Sh. Saqer Humaid Al Qasimi
Chairman


Dr. Essam Farouk
Chief Executive Officer

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021 (unaudited)

	<i>Attributable to the equity holders of the Parent</i>						
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Foreign currency translation reserve</i>	<i>Accumulated losses</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>	<i>millions</i>	<i>millions</i>	<i>millions</i>	<i>millions</i>	<i>millions</i>
As at 1 January 2021 (audited)	1,155.3	185.5	(146.5)	(293.2)	901.1	168.8	1,069.9
Loss for the period	-	-	-	(23.9)	(23.9)	(5.3)	(29.2)
Other comprehensive income for the period	-	-	0.2	-	0.2	-	0.2
Total comprehensive loss for the period	-	-	0.2	(23.9)	(23.7)	(5.3)	(29.0)
Movement in non-controlling interests (note 14)	-	-	-	-	-	1.1	1.1
As at 31 March 2021 (unaudited)	1,155.3	185.5	(146.3)	(317.1)	877.4	164.6	1,042.0
As at 1 January 2020 (audited)	1,158.5	185.5	(142.2)	(503.2)	698.6	179.4	878.0
Loss for the period	-	-	-	(62.5)	(62.5)	(6.4)	(68.9)
Other comprehensive loss for the period	-	-	(0.2)	-	(0.2)	-	(0.2)
Total comprehensive loss for the period	-	-	(0.2)	(62.5)	(62.7)	(6.4)	(69.1)
As at 31 March 2020 (unaudited)	1,158.5	185.5	(142.4)	(565.7)	635.9	173.0	808.9

The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2021 (unaudited)

		<i>Three months ended 31 March</i>	
		<i>2021</i>	<i>2020</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Loss for the period from continuing operations		(33.6)	(68.0)
Profit/(loss) for the period from discontinued operations	7	6.1	(0.9)
		<hr/>	<hr/>
Loss before tax for the period		(27.5)	(68.9)
Adjustments for:			
Depreciation of property, plant and equipment	5	21.6	21.9
Amortisation of intangible assets		0.8	1.2
Share of loss/(profit) of investment in an associate	6	0.8	(2.8)
Loss on revaluation of financial asset at fair value through profit or loss	9	-	1.8
Provision for employees' end of service benefits		3.2	2.1
Finance income		(0.1)	(0.3)
Finance costs		4.5	10.4
		<hr/>	<hr/>
		3.3	(34.6)
Changes in working capital			
Trade and other receivables		9.3	26.4
Inventories		(6.1)	(18.3)
Trade payables, accruals and deferred revenue		(8.7)	(18.2)
		<hr/>	<hr/>
Cash used in operations		(2.2)	(44.7)
Employees' end of service benefits paid		(0.8)	(1.3)
		<hr/>	<hr/>
Net cash flows used in operating activities		(3.0)	(46.0)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(6.5)	(2.9)
Finance income received		0.1	0.3
		<hr/>	<hr/>
Net cash flows used in investing activities		(6.4)	(2.6)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Proceeds from bank borrowings	15(h)	35.8	82.6
Repayment of bank borrowings	15(h)	(7.9)	(38.3)
Increase in non-controlling interest	14	1.1	-
Interest paid		(4.5)	(10.4)
		<hr/>	<hr/>
Net cash from financing activities		24.5	33.9
		<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
		15.1	(14.7)
Currency translation differences		(7.4)	1.7
Cash and cash equivalents at the beginning of the period		73.7	58.8
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CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	81.4	45.8
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The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

1. ACTIVITIES

Gulf Pharmaceutical Industries is a public shareholding company (the “Company” or “Parent Company”) 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 30 March 1980 and the Emiri decree No.9 / 80 on 4 May 1980.

The Company’s registered office address is P.O. Box. 997 Ras Al Khaimah, United Arab Emirates (UAE). The Company commenced its commercial activities effective from November 1984. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

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

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2021 was authorised for issue in accordance with the resolution of the Board of Directors on 9 May 2021.

The Company has the following major subsidiaries:

<i>Serial No.</i>	<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Percentage of Ownership</i>		<i>Subsidiary activity</i>
			<i>2021</i>	<i>2020</i>	
<i>Direct subsidiaries</i>					
1.	Mena Cool Transportation F.Z.E.	Ras Al Khaimah UAE	100%	100%	Transportation
2.	Julphar Pharmaceuticals P.L.C.	Ethiopia	55%	55%	Manufacturing medicines
3.	Gulf Inject L.L.C. (note (b) and (c))	Dubai – UAE	100%	100%	Manufacturing medical supplies
4.	Alpha Pharma L.L.C.	Rabigh – Saudi Arabia	51%	51%	Manufacturing medicines
5.	Julphar SES L.L.C. (note (a))	Cairo – Egypt	99.8%	99.8%	General trading
6.	Julphar Diabetes L.L.C. (note (a))	Ras Al Khaimah – UAE	100%	100%	Manufacturing medicines
7.	Julphar Company for Trading and Distribution L.L.C. (note (a))	Cairo – Egypt	99.8%	99.8%	General Trading
8.	Mena Cool Machinery Trading (note (a))	Ras Al Khaimah – UAE	100%	100%	General Trading
9.	Julphar Life L.L.C. (note (a))	Ras Al Khaimah – UAE	100%	100%	General Trading
10.	Julphar Pakistan Private Limited (note (a) and (e))	Pakistan	100%	100%	Distributor of Julphar’s products in Pakistan
11.	Julphar Tunisie (note (a))	Tunisia	99%	99%	Distributor of Julphar’s products in Tunisia

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

1. ACTIVITIES (continued)*Direct subsidiaries (continued)*

Serial No.	Name of subsidiary	Place of incorporation and operation	Percentage of Ownership		Subsidiary activity
			2020	2019	
12.	Julphar Gulf Pharmaceuticals Kenya Limited (note (a))	Kenya	99.99%	99.99%	Distributor of Julphar's products in Kenya

*Indirect subsidiaries**Subsidiary of Mena Cool Machinery Trading*

1.	Julphar General Trading L.L.C. (note (a) and (e))	Ras Al Khaimah – UAE	100%	100%	General Trading
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Subsidiary of Julphar General Trading L.L.C.

1.	Julphar Bangladesh Limited (note (b))	Dhaka – Bangladesh	50.5%	50.5%	Manufacturing of medicines
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Subsidiary of Julphar Company for Trading and Distribution L.L.C

1.	Julphar Egypt Company L.L.C. (note (e))	Cairo – Egypt	100%	100%	Distributors of Julphar's products in Egypt
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Subsidiary of Julphar Egypt Company L.L.C.

1.	Julphar Plus (note (d) and (e))	Cairo – Egypt	100%	-	Manufacturing and distribution of medicines
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- a) These subsidiaries are not operational, and the financial results are immaterial to the overall interim condensed consolidated financial statements of the Group.
- b) During the year 2019, management has classified these subsidiaries as disposal group held for sale (note 7). The sale of Julphar Bangladesh Limited is expected to be complete during 2021.
- c) As of the reporting date, the sale of the subsidiary has not been completed and subsequent to the three months ended 31 March 2021, an offer letter has been received by the management of the Parent Company. The management of the Parent Company is currently evaluating the offer (note 7(a)).
- d) On 19 November 2020, shareholders of M/s Julphar Plus, through nominee agreement, agreed to transfer the absolute and full ownership to M/s Julphar Egypt Company LLC. This nominee arrangement has been accounted for as an acquisition of assets, as it does not constitute a business under IFRS 3 Business Combinations.
- e) Certain % of the Group's ownership stake in these entities is held through beneficial ownership arrangement with the legal owner.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do 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 as at 31 December 2020.

In addition, results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is also the functional currency of the Company, and all values are rounded to the nearest million except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through profit or loss and a disposal group held for sale measured at fair value less cost to sell (note 7).

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended 31 December 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS**4.1 Disaggregated revenue information**

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gross sales	186.0	120.1
Less: commissions	(11.4)	(5.5)
Net Sales	174.6	114.6
Less: net sales relating to discontinued operations (note 7(c))	(7.8)	(10.2)
	166.8	104.4

The Group derives its revenue from sale of medicines, drugs and various other types of pharmaceuticals and medical compounds in addition to cosmetic compounds. The revenue is recognised on the basis of at “point in time” revenue recognition criteria. The geographical split of gross revenue is as follows:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Geographic information		
UAE	29.1	31.1
Other GCC countries	40.7	6.3
Other countries	104.8	77.2
	174.6	114.6
Less: net sales relating to discontinued operations (note 7(c))	(7.8)	(10.2)
	166.8	104.4

4.2 Contract balances

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Contract assets		
Trade receivables (note 10)	443.5	433.2
Due from a related party (note 10)	159.0	174.2
	602.5	607.4
Contract liabilities		
Refund liabilities	127.1	128.3
Advances from customers	21.5	31.0
Deferred revenue (note 16)	192.0	207.0
Commissions payable	39.9	35.4
	380.5	401.7

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**4.3 Performance obligations**

The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 6 to 12 months from delivery.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Within one year	192.0	207.0

5. PROPERTY, PLANT AND EQUIPMENT

- a) Property, plant and equipment additions during the current period amounted to AED 6.5 million (31 March 2020: AED 2.9 million).
- b) Depreciation charges for the current period amounted to AED 21.6 million (31 March 2020: AED 21.9 million).
- c) Certain property, plant and equipment of the Group are mortgaged against bank facilities (note 15).
- d) The factory and its related buildings of the Parent Company are constructed on plots of land amounting to AED 3.6 million (31 December 2020: AED 3.6 million) which are owned by the Government of Ras Al Khaimah.
- e) The factory of the Group's subsidiary in KSA is built on a piece of land amounting to AED 15.4 million (31 December 2020: AED 15.4 million) which is registered in the name of a minority shareholder.

6. INVESTMENT IN AN ASSOCIATE

- a) The Group has a 40% shareholding in Planet Pharmacies L.L.C. ("Planet") which is the distributor of the Company's products and has a wide distribution of retail and wholesale pharmacies in UAE, KSA and Oman. The Group's shares are currently pledged with a bank to obtain a banking facility (note 15).
- b) Details of the Group's investment in Planet Pharmacies which is accounted for using the equity method is as follows:

<i>Name of associate</i>	<i>Place of incorporation and operation</i>	<i>Percentage of ownership</i>	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Planet Pharmacies L.L.C.	UAE	40%	269.8	270.6

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

6. INVESTMENT IN AN ASSOCIATE (continued)

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

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Balance at the beginning of the period/year	270.6	264.5
Share of associate's consolidated (loss)/profit for the period/year	(0.8)	6.1
At the end of the period/year	<u>269.8</u>	<u>270.6</u>

7. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS**a) Gulf Inject L.L.C.**

During the year ended 31 December 2019, the Board of Directors of the Company decided to sell Gulf Inject L.L.C. ("Gulf Inject"), a wholly owned subsidiary. The sale of Gulf Inject is expected to be completed during the year ending 31 December 2021. Accordingly, Gulf Inject has been classified as a disposal group held for sale and as a discontinued operation. Subsequent to the three months ended 31 March 2021, an offer letter has been received by the management of the Parent Company. The management of the Parent Company is currently evaluating the offer.

With Gulf Inject being classified as a discontinued operation, the results of Gulf Inject has not been presented in the segment information (note 19). There was no write-down of carrying amount immediately before and after the classification of the disposal group as held for sale. The comparative interim condensed consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Gulf Inject separately from continuing operations.

The net cash flows (incurred)/generated by Gulf Inject LLC are as follows:

	<i>Three months ended 31 March</i>	
	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (audited)</i>
Operating	(0.4)	6.1
Investing	(0.1)	-
Net cash (outflow)/inflow	<u>(0.5)</u>	<u>6.1</u>

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 17.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

7. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**b) Julphar Bangladesh Limited**

During the year ended 31 December 2019, the Board of Directors of the Company decided to sell Julphar Bangladesh Limited (“Julphar Bangladesh”). The Company owns 50.5% of Julphar Bangladesh.

During 2020, the Group entered into a Sale & Purchase Agreement. The legal formalities relating to the disposal of Julphar Bangladesh have not yet been fulfilled and the sale of Julphar Bangladesh is expected to be completed during 2021. Accordingly, Julphar Bangladesh has been classified as a disposal group held for sale and as a discontinued operation.

With Julphar Bangladesh being classified as a discontinued operation, the results of Julphar Bangladesh has not been presented in the segment information (note 19). The comparative interim condensed consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Julphar Bangladesh separately from continuing operations.

The net cash flows (incurred)/generated by Julphar Bangladesh are as follows:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Operating	0.1	(0.4)
Investing	(0.1)	-
Financing	-	0.3
	<hr/>	<hr/>
Net cash outflow	-	(0.1)
	<hr/> <hr/>	<hr/> <hr/>

Measurement of fair value

As at 31 March 2021, the non-recurring fair value measurement for the disposal group of AED 27.6 million (31 December 2020: AED 27.6 million) (before costs to sell) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (note 19).

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 17.

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8. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

c) The results of the discontinued operation for the three months ended 31 March are presented below:

	2021			2020		
	<i>Gulf Inject LLC AED millions (unaudited)</i>	<i>RAK Pharmaceuticals Pvt. Ltd. AED millions (unaudited)</i>	<i>Total AED millions (unaudited)</i>	<i>Gulf Inject LLC AED millions (unaudited)</i>	<i>RAK Pharmaceuticals Pvt. Ltd. AED millions (unaudited)</i>	<i>Total AED millions (unaudited)</i>
Revenue from contracts with customers	6.0	1.8	7.8	6.6	3.6	10.2
Cost of sales	(3.9)	(1.0)	(4.9)	(4.5)	(1.7)	(6.2)
GROSS PROFIT	2.1	0.8	2.9	2.1	1.9	4.0
Other income	3.0	3.6	6.6	0.1	0.7	0.8
Selling and distribution expenses	(1.2)	(2.0)	(3.2)	(1.2)	(4.1)	(5.3)
OPERATING PROFIT/(LOSS)	3.9	2.4	6.3	1.0	(1.5)	(0.5)
Finance costs	-	(0.2)	(0.2)	-	(0.4)	(0.4)
PROFIT/ (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	3.9	2.2	6.1	1.0	(1.9)	(0.9)
Attributable to:						
Equity holders of the Parent	3.9	1.1	5.0	1.0	(1.0)	-
Non-controlling interests	-	1.1	1.1	-	(0.9)	(0.9)
	3.9	2.2	6.1	1.0	(1.9)	(0.9)

There was no amount included in the accumulated other comprehensive income and reserves related to the disposal group at the date of the classification as held for sale.

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At 31 March 2021 (unaudited)

7. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

d) The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 March 2021 are as follows:

	31 March 2021 (unaudited)			31 December 2020 (audited)		
	<i>Gulf Inject LLC AED millions</i>	<i>RAK Pharmaceuticals Pvt. Ltd. AED millions</i>	<i>Total AED millions</i>	<i>Gulf Inject LLC AED millions</i>	<i>RAK Pharmaceuticals Pvt. Ltd. AED millions</i>	<i>Total AED millions</i>
ASSETS						
Property, plant and equipment	25.5	35.8	61.3	23.2	33.9	57.1
Intangible assets	-	10.1	10.1	-	8.7	8.7
Inventories	5.1	4.0	9.1	5.9	4.0	9.9
Trade and other receivables	17.0	8.6	25.6	15.6	8.6	24.2
Bank balances and cash	1.9	1.0	2.9	2.4	0.9	3.3
Assets held for sale	49.5	59.5	109.0	47.1	56.1	103.2
LIABILITIES						
Provision for employees' end of service benefits	0.6	2.8	3.4	0.6	2.3	2.9
Bank borrowings	-	22.8	22.8	-	22.8	22.8
Trade payables and accruals	4.0	7.5	11.5	4.6	6.7	11.3
Liabilities directly associated with assets held for sale	4.6	33.1	37.7	5.2	31.8	37.0
Net assets directly associated with assets held for sale	44.9	26.4	71.3	41.9	24.3	66.2
Less: net assets attributable to non-controlling interest	-	(13.1)	(13.1)	-	(12.0)	(12.0)
Group's share of net assets directly associated with disposal group	44.9	13.3	58.2	41.9	12.3	54.2

Write-down of intangible asset

During 2020, an impairment loss of AED 0.5 million was recognised resulting in the disposal group being carried at its carrying amount which is lower than the fair value less cost to sell of AED 27.6 million. Fair value measurement disclosures are provided in note 20.

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At 31 March 2021 (unaudited)

8. INVENTORIES

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Raw materials (note (b))	126.7	127.8
Packing materials	40.1	47.4
Work-in-progress	20.0	18.6
Finished goods	107.4	97.8
Goods in transit	11.3	15.8
Consumables	19.3	18.5
Spare parts	35.8	34.3
	360.6	360.2
Less: allowance for slow moving inventories	(51.1)	(56.0)
	309.5	304.2
Less: inventories attributable to assets held for sale (note 7(d))	(9.1)	(9.9)
	300.4	294.3

a) The movement in the Group's allowance for slow-moving inventories is as follows:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Balance at the beginning of the period/year	56.0	18.0
Charge during the period/year	-	46.4
Written-off during the period/year	(4.9)	(8.4)
Balance at the end of the period/year	51.1	56.0

b) Includes raw materials amounting to AED 9.1 million (31 December 2020: 9.2 million) held by a third party.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Majority of financial assets at fair value through profit or loss are denominated in AED and are held for trading in listed and non-listed equity securities and include the following:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
In UAE markets	19.6	19.6
In other GCC markets	0.1	0.1
	19.7	19.7

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Movements in financial assets at fair value through profit and loss are as follows:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Balance at the beginning of the period/year	19.7	22.1
Disposals during the year	-	(0.1)
Net loss on revaluation	-	(2.3)
	<u>19.7</u>	<u>19.7</u>

As at 31 March 2021, investments of AED 19.7 million (31 December 2020: AED 19.7 million), includes AED 19.5 million in relation to an investment in unquoted equity security of an entity which is engaged in manufacturing of packing materials. The Group has 7.25% equity investment in the entity. Management has performed a valuation and recorded the investment at fair value. Fair value less costs of disposal has been computed using discounted cash flow projections. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (note 20).

10. TRADE AND OTHER RECEIVABLES

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Trade receivables	861.3	851.0
Less: allowance for expected credit losses (note (a))	(417.8)	(417.8)
	<u>443.5</u>	<u>433.2</u>
Due from a related party (note 18(c))	159.0	174.2
Advances to suppliers	26.2	23.4
Value added tax receivable	13.0	17.1
Other receivables	22.3	24.0
	<u>664.0</u>	<u>671.9</u>
Less: trade and other receivables attributable to assets held for sale (note 7(d))	(25.6)	(24.2)
	<u>638.4</u>	<u>647.7</u>

a) Movement in the provision for expected credit losses during the period/year was as follows:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Balance at the beginning of the period/year	417.8	415.9
Charge for the period/year	-	1.9
	<u>417.8</u>	<u>417.8</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

10. TRADE AND OTHER RECEIVABLES (continued)

- b) During 2018, the Saudi Food and Drug Authority (SFDA) had imposed a temporary suspension to export the Parent Company's products to the Kingdom of Saudi Arabia (KSA). The Company deals with an exclusive distributor in KSA and therefore all products sold in KSA are exported to that distributor. As a consequence of this ban, the trading activities between the Parent Company and its Saudi distributor had diminished significantly. Furthermore, the respective receivable ageing has deteriorated and therefore, in 2018 management booked a provision amounting to AED 287.1 million related to receivable balances outstanding from this distributor. The net un-provided amount as at 31 March 2021 is AED 250.4 million (31 December 2020: AED 249.2 million) against which the parent Company has a corresponding liability to the same Saudi distributor in the form of goods amounting to AED 192.0 million (31 December 2020: AED 192.0 million), recorded within deferred revenue and the remaining balance is expected to be recoverable by the management. During the year ended 31 December 2020, the temporary suspension on the Parent Company's products in KSA was lifted. Presently the Parent Company is negotiating with the distributor on a mechanism to settle the outstanding balance and believes that the existing provision should be maintained in the interim condensed consolidated financial statements until a settlement is reached with the distributor.

11. CASH AND CASH EQUIVALENTS

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Bank balances	83.1	75.9
Cash in hand	1.2	1.1
	<u>84.3</u>	<u>77.0</u>
Less: cash and bank balances attributable to assets held for sale (note 7(d))	(2.9)	(3.3)
Cash and bank balances	<u>81.4</u>	<u>73.7</u>

12. SHARE CAPITAL

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
<i>Authorised, issued and fully paid</i>		
1,155,227,811 ordinary shares (31 December 2020: 1,155,227,811 ordinary shares) at par value of AED 1 each	<u>1,155.3</u>	<u>1,155.3</u>

- a) During 2020, the Company's Board of Directors in its meeting held on 16 January 2020, decided to restructure the capital base of the Company by reducing the issued share capital by extinguishing the accumulated losses as at 31 December 2019 of AED 503.2 million. Accordingly, the capital reduction was approved in the Annual General Meeting by the shareholders on 9 April 2020. During the year ended 31 December 2020, the decrease in capital was approved by the relevant authorities and regulators and registered with the relevant authorities and hence the capital reduced to AED 655.3 million, before the increase in capital detailed in note (b) below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

12. SHARE CAPITAL (continued)

- b) During 2020, the Company's Board of Directors in its meeting held on 16 January 2020, after the capital reduction also decided to increase capital of the Company by up to AED 500 million through right issue. Accordingly, the capital increase was also approved in the Annual General Meeting by the shareholders on 9 April 2020. During the year ended 31 December 2020, AED 500 million were raised to increase the share capital through a public right issue offering that happened between 29 June 2020 to 12 July 2020, representing at AED 1 per share. The transaction was completed on 28 July 2020 and the new share capital reached AED 1,155.3 million.

13. STATUTORY RESERVE

In accordance with United Arab Emirates Federal Commercial Companies Law No. 2 of 2015, the Parent Company has established a statutory reserve by appropriation of 10% of profit for each year plus last year. The statutory reserve only includes the parent Company as the other subsidiaries do not require a statutory reserve. As the Company has incurred loss during the period, therefore, no additional appropriation has been made in the statutory reserve. This reserve is not available for distribution except in the circumstances stipulated by the law.

14. NON-CONTROLLING INTERESTS

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Non-controlling interests	164.6	168.8

During the three months ended 31 March 2021, the minority party in one of the Group's subsidiary in KSA has injected capital amounting to AED 1.1 million (31 December 2020: AED 13.6 million).

15. BANK BORROWINGS

	<i>Interest rate(%)</i>	<i>Maturity</i>	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Current interest bearing loans and borrowings				
Bank overdraft	3m EIBOR+3%	On demand	192.6	156.8
<i>Bank & other loans (note (a))</i>				
AED 300 million loan	3m EIBOR+2.75%	31 May 2026	70.8	70.8
AED 150 million loan	1m EIBOR+2.5%	31 December 2021	137.7	137.7
AED 50 million loan	3m EIBOR+1.65%	28 April 2021	7.9	15.8
SAR 10 million loan	SIBOR+2%	16 May 2021	9.8	9.8
Total current interest bearing loans and borrowings			418.8	390.9
Non-current interest bearing loans and borrowings				
<i>Bank & other loans (note (a))</i>				
AED 300 million loan	3m EIBOR+2.75%	31 May 2026	220.9	220.9
Total interest bearing loans and borrowings			639.7	611.8

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

15. BANK BORROWINGS (continued)

a) The bank & other loans comprise of:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Ijara Loans	137.7	137.7
Other Loans	309.4	317.3
	447.1	455.0

b) The principal features of the bank borrowings are as follows:

i) Ijara Loan

The Group has taken Ijara loans for general corporate borrowing purposes. Loans are secured against the assets financed and are repayable in periodic instalments. The Company has pledged assets worth (approximately equivalent to Ijara Loan amount) against the loan.

Significant security terms are as follows:

- Negative pledge over certain assets.
- Assignment of receivables for at least AED 152 million equivalent and undertaking to route them annually through Obligor's collection account with the Bank.
- Assignment of insurance policy over certain assets.

ii) Other loans

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. The loans' balance as of the reporting date amounted to AED 309.4 million (31 December 2020: AED 317.3 million). Interest on these loans is calculated on a monthly/quarterly basis. The loan balances are paid in monthly/quarterly instalments, over periods ranging from one month to five years, until full settlement,

c) The Group has obtained banking facilities against the following securities:

1. Assignment of insurance policies in favor of banks amounting to AED 137.7 million.
2. Pledge of the Group's shares in its associate (note 6).
3. Maintenance of certain financial ratios as agreed with the respective banks.
4. Negative pledge over certain assets

d) Some of the Group's loan agreements are subject to covenant clauses, whereby the Company is required to meet certain key financial ratios.

e) During 2020, the loans with the outstanding balance of AED 447.1 million (31 December 2020: AED 445.0 million) were restructured by the banks to postpone the repayment of principal. These restructurings did not meet the criteria of modifications of financial liabilities, hence no impact taken to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

15. BANK BORROWINGS (continued)

f) The group's bank borrowings are denominated in the following currencies as at 31 March:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
AED	629.9	602.0
SAR	9.8	9.8
	639.7	611.8

g) Bank overdraft

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

h) Movement in borrowings is as follows:

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
At the beginning of the period/year	611.8	902.8
Less: loans repaid during the period/year	(7.9)	(450.5)
Add: new drawdowns	35.8	160.0
Less: exchange gain	-	(0.5)
At the end of the period/year	639.7	611.8

16. DEFERRED REVENUE

The Group provides bonus goods to its distributors as part of its marketing activities. These arrangements can have single or multiple performance obligations under IFRS 15 based on the nature of marketing campaigns run by the Group. Factors affecting the conclusion whether an arrangement has single or multiple performance obligations can include (among other factors) customer's expectations from the contract, distinct nature of the products and services and degree of integration or inter-relation between the various products and services. This assessment requires significant judgement from the Group.

Under IFRS 15, the bonus goods distributions are considered as a separate performance obligation and revenue is deferred to the extent the bonus goods obligation is considered outstanding. The obligation of bonus goods is estimated at the time of sale based on available information and historical experience. As a consequence, the net amount of revenue deferred as at 31 March 2021 was AED 192.0 million (31 December 2020: AED 207.0 million) which will be realised in the income statement upon fulfilment of bonus goods obligations to the customers.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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17. BASIC LOSS PER SHARE (EPS)

- a) Basis EPS is calculated by dividing the loss for the period attributable to ordinary equity holders of the Parent by the weighted average number of outstanding during the period

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
(Loss)/profit for the period attributable to the equity shareholders of the Parent:		
Continuing operations	(28.9)	(62.5)
Discontinued operations (note 7(c))	5.0	-
Loss for the period attributable to the equity holders of the Parent	(23.9)	(62.5)
Weighted average number of shares	1,155.3	1,158.5

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Basic loss per share attributable to the equity holders of the Parent (in UAE fils)	(2.1)	(5.4)
Basic loss per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	(2.5)	(5.4)

- b) To calculate EPS for discontinued operations, the weighted average number of shares is as per the table above. The following table provides the loss amount used:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period attributable to the equity shareholders of the Parent from discontinued operations (note 7(c)) (in AED millions)	5.0	-
Basic profit per share from discontinued operations attributable to the equity holders of the Parent (in UAE fils)	0.4	-

- c) The Group does not have any potential equity shares and accordingly the basic and diluted earnings per share is the same.

18. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Company's majority shareholders, key management personnel, subsidiaries, associates, directors, Government of Ras Al Khaimah 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. Pricing policies and terms of these transactions are approved by the Group's management, or its Board of Directors.

Transactions with related parties under common ownership and management control are eliminated on consolidation.

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18. RELATED PARTY BALANCES AND TRANSACTIONS (continued)*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:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Sales to associate	27.1	26.9
Finance cost payable to a shareholder	-	1.1

b) Compensation of key management personnel of the Group

The remuneration of the key management personnel of the Group is as follows:

	<i>Three months ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Short-term benefits	2.5	1.0

c) Due from a related party

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Planet Pharmacies L.L.C. (Associate) (note 10)	159.0	174.2

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 expected credit losses in respect of the amounts owed by related parties.

19. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

For management purposes, the Group is organised into business units based on their products and services and the following reportable segments:

- a. Manufacturing
- b. Investments
- c. Others

There are no sales between segments during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

19. SEGMENT INFORMATION (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The Board of Directors is also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components (i.e. combination of all products and services) by distribution and by region.

The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors rely mainly on the revenue and net profit information that contains lower level components. Hence, the segment information provided is primarily to the net profit level of the Group.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (unaudited)

19. SEGMENT INFORMATION (continued)

	<i>For the three months ended 31 March 2021 (unaudited)</i>				<i>For the three months ended 31 March 2020 (unaudited)</i>			
	<i>Manufacturing AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>	<i>Manufacturing AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>
Segment revenue	166.8	-	-	166.8	104.4	-	-	104.4
Segment result	(33.4)	2.5	(4.4)	(35.3)	(58.1)	0.2	(10.1)	(68.0)
Depreciation expense	21.6	-	-	21.6	21.9	-	-	21.9
Share of associate's (loss)/profit	-	(0.8)	-	(0.8)	-	2.8	-	2.8
	<i>31 March 2021 (unaudited)</i>				<i>31 December 2020 (audited)</i>			
	<i>Manufacturing AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>	<i>Manufacturing AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>
Segment assets	1,841.8	289.5	81.4	2,212.7	1,860.1	290.3	73.7	2,224.1
Segment liabilities	602.3	-	639.7	1,242.0	608.6	-	611.8	1,220.4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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19. SEGMENT INFORMATION (continued)*Information by geographical region*

In accordance with IFRS 8, non-current assets below are based on the geographical location in which the Group holds assets. In accordance with IFRS 8, the non-current assets reported below exclude financial instruments.

	31 March 2021 (unaudited)				
	Total AED millions	UAE AED millions	Saudi Arabia AED millions	Egypt AED millions	Others AED millions
Non-current assets					
Property, plant and equipment	888.8	629.7	254.7	0.1	4.3
Intangible assets	14.2	0.6	-	13.6	-
	Three months ended 31 March 2021 (unaudited)				
Revenue	166.8	29.1	31.6	26.2	79.9
	31 December 2020 (audited)				
Non-current assets					
Property, plant and equipment	901.3	637.4	258.4	1.0	4.5
Intangible assets	15.0	0.7	-	14.3	-
	Three months ended 31 March 2020 (unaudited)				
Revenue	104.4	31.1	2.7	14.6	56.0

The Group has sales to 4 customers whose sales individually are more than 10% of the total external sales. Total amount of sales for the three month ended 31 March 2021 to these customers amounts to AED 85.7 million (31 March 2020: Top 2 customers AED 39.0 million). These revenues are included under manufacturing segment. There are no other non-current assets or revenue included in "Others" which are more than 10% of the total segment non-current assets or total revenue.

20. FAIR VALUE MEASUREMENTS

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 interim condensed consolidated financial statements approximate their fair values.

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At 31 March 2021 (unaudited)

20. FAIR VALUE MEASUREMENT (continued)

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 statements for the year ended 31 December 2020.

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:

<i>Financial assets</i>	<i>Fair Value as at</i>		<i>Fair Value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>
	<i>31 March 2021</i>	<i>31 December 2020</i>			
	<i>AED Millions (unaudited)</i>	<i>AED millions (audited)</i>			
Unquoted equity investments – FVTPL	19.5	19.5	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)	<ul style="list-style-type: none"> • Discount rate • Growth rate • Discount for lack of marketability
Quoted equity investments – FVTPL	0.2	0.2	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities	None.
	19.7	19.7			

Fair value of a disposal group held for sale are measured at fair value less cost to sale

Disposal group held for sale is measured at fair value at the end of the reporting period. The following table gives information about how the fair value of the disposal group is determined:

<i>Disposal Group</i>	<i>Fair Value as at</i>		<i>Fair Value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>
	<i>31 March 2021</i>	<i>31 December 2020</i>			
	<i>AED millions (unaudited)</i>	<i>AED millions (audited)</i>			
Julphar Bangladesh Limited	27.6	27.6	Level 3	Value based on the binding sales offer	N/A

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).

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21. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Capital commitments	<u>29.3</u>	<u>16.2</u>
Letters of credit	<u>7.9</u>	<u>20.0</u>
Letters of guarantee	<u><u>38.7</u></u>	<u><u>46.1</u></u>

22. SUBSEQUENT EVENTS

- a) Subsequent to the three months ended 31 March 2021, the Board of Directors of the Company decided to divest its holdings in one of its subsidiaries. This is considered as a non-adjusting subsequent event. Accordingly, the interim condensed consolidated financial position and results of operations as of and for the three months ended 31 March 2021 have not been adjusted to reflect the impact.
- b) Subsequent to the three months ended 31 March 2021, the Parent Company on 28 April 2021 has restructured its existing borrowings through a syndicated loan facility amounting to AED 1 billion with a consortium of local banks to bridge its current and future working capital requirements.

Other than the events disclosed above, there were no other subsequent events from the reporting date to the date the interim condensed consolidated financial statements were authorised for issue that would require adjustment of the balances in the interim condensed consolidated financial statements nor require additional disclosures in the notes to the interim condensed consolidated financial statements.