

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 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 30 September 2021, which comprises the interim condensed consolidated statement of financial position as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three months and nine months then ended, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the nine 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 No. 689

10 November 2021

Sharjah, United Arab Emirates

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2021 (Unaudited)

	Notes	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
		<i>2021 AED millions</i>	<i>2020 AED millions (note 9(c))</i>	<i>2021 AED millions</i>	<i>2020 AED millions (note 9(c))</i>
Continuing operations					
Revenue from contracts with customers	4	752.4	461.0	365.7	186.9
Cost of sales		(509.5)	(293.3)	(276.1)	(108.9)
Gross profit		242.9	167.7	89.6	78.0
Other income	5	84.2	2.9	14.9	0.7
Selling and distribution expenses		(173.3)	(153.3)	(75.9)	(53.0)
General and administrative expenses		(98.9)	(69.2)	(56.9)	(27.3)
Share of (loss)/profit of an associate	8(c)	(31.4)	1.9	-	1.3
Gain/(loss) from investments and others		3.4	(1.0)	0.9	(1.6)
Loss on remeasurement of previously existing interest of an associate	8(d)	(7.9)	-	(7.9)	-
Gain on bargain purchase	9(a)	76.4	-	76.4	-
Operating profit/(loss)		95.4	(51.0)	41.1	(1.9)
Finance income		1.5	2.0	1.4	1.5
Finance costs		(17.0)	(29.4)	(7.8)	(8.1)
Profit/(loss) before tax for the period from continuing operations		79.9	(78.4)	34.7	(8.5)
Income tax		(1.2)	(0.3)	(1.4)	(0.3)
Profit/(loss) for the period from continuing operations		78.7	(78.7)	33.3	(8.8)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	10(d)	(8.7)	(37.6)	1.5	(13.0)
Gain on disposal of subsidiaries	10	28.0	-	19.0	-
		19.3	(37.6)	20.5	(13.0)
PROFIT/(LOSS) FOR THE PERIOD		98.0	(116.3)	53.8	(21.8)
Profit/(loss) attributable to:					
Equity holders of the Parent		103.2	(98.8)	53.3	(15.6)
Non-controlling interests		(5.2)	(17.5)	0.5	(6.2)
		98.0	(116.3)	53.8	(21.8)
Earnings per share:					
Basic and diluted					
Profit/(loss) per share attributable to the equity holders of the Parent (in UAE fils)	20	8.9	(9.6)	4.6	(1.6)
Earnings per share for continuing operations:					
Basic and diluted					
Profit/(loss) per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	20	6.8	(8.0)	2.8	(1.0)

The attached notes 1 to 25 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 nine months ended 30 September 2021 (Unaudited)

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED millions</i>	<i>2020 AED millions (note 9(c))</i>	<i>2021 AED millions</i>	<i>2020 AED millions (note 9(c))</i>
Profit/(loss) for the period	98.0	(116.3)	53.8	(21.8)
Other comprehensive income				
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Currency translation differences	(7.3)	(2.4)	(7.3)	0.1
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	90.7	(118.7)	46.5	(21.7)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent	95.9	(101.2)	46.0	(15.5)
Non-controlling interests	(5.2)	(17.5)	0.5	(6.2)
	90.7	(118.7)	46.5	(21.7)

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 (Unaudited)

	Notes	30 September 2021 AED millions (unaudited)	31 December 2020 AED millions (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	643.9	901.3
Right of use assets		105.5	-
Intangible assets	7	205.1	15.0
Investment in an associate	8	-	270.6
Deferred tax asset		0.5	1.8
		<u>955.0</u>	<u>1,188.7</u>
Current assets			
Inventories	11	629.7	294.3
Financial assets at fair value through profit or loss	12	19.5	19.7
Receivable from a divested subsidiary	10(c)	66.7	-
Trade and other receivables	13	630.3	647.7
Bank balances and cash	14	160.1	73.7
		<u>1,506.3</u>	<u>1,035.4</u>
Assets held for sale	10(e)	-	103.2
		<u>1,506.3</u>	<u>1,138.6</u>
TOTAL ASSETS		<u>2,461.3</u>	<u>2,327.3</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,155.3	1,155.3
Statutory reserve	16	185.5	185.5
Foreign currency translation reserve		(160.7)	(146.5)
Accumulated losses		(183.1)	(293.2)
		<u>997.0</u>	<u>901.1</u>
Equity attributable to shareholders of the Parent		<u>997.0</u>	<u>901.1</u>
Non-controlling interests	17	8.9	168.8
		<u>1,005.9</u>	<u>1,069.9</u>
Non-current liabilities			
Provision for employees' end of service benefits		80.5	59.4
Bank and other borrowings	18	665.0	220.9
Deferred tax liability		5.2	3.7
Lease liabilities		62.2	-
		<u>812.9</u>	<u>284.0</u>
Current liabilities			
Trade payables and accruals		556.5	338.5
Bank and other borrowings	18	49.7	390.9
Deferred revenue	19	-	207.0
Lease liabilities		36.3	-
		<u>642.5</u>	<u>936.4</u>
Liabilities directly associated with the assets held for sale	10(e)	-	37.0
		<u>642.5</u>	<u>973.4</u>
Total liabilities		<u>1,455.4</u>	<u>1,257.4</u>
TOTAL EQUITY AND LIABILITIES		<u>2,461.3</u>	<u>2,327.3</u>

Sh. Saqer Humaid Al Qasimi
Chairman

Dr. Essam Farouk
Chief Executive Officer

The attached notes 1 to 25 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 nine months ended 30 September 2021 (Unaudited)

Attributable to the equity holders of the Parent

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Foreign currency translation reserve</i>	<i>Accumulated losses</i>	<i>Total</i>	<i>Non-controlling interests</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
Profit/(loss) for the period	-	-	-	103.2	103.2	(5.2)	98.0
Other comprehensive income for the period	-	-	(7.3)	-	(7.3)	-	(7.3)
Total comprehensive profit/(loss) for the period	-	-	(7.3)	103.2	95.9	(5.2)	90.7
Movement in non-controlling interests (note 17)	-	-	-	-	-	1.1	1.1
Non-controlling interests derecognised on disposal of subsidiaries (note 17)	-	-	-	-	-	(136.5)	(136.5)
Transfer of foreign currency reserve to accumulated losses on disposal of a subsidiary	-	-	(6.9)	6.9	-	-	-
Other movement in non-controlling interest	-	-	-	-	-	(19.3)	(19.3)
As at 30 September 2021 (unaudited)	1,155.3	185.5	(160.7)	(183.1)	997.0	8.9	1,005.9
As at 1 January 2020 (audited)	1,158.5	185.5	(142.2)	(503.2)	698.6	179.4	878.0
Share capital reduction (note 15)	(503.2)	-	-	503.2	-	-	-
Share capital issued against right shares (note 15)	500.0	-	-	-	500.0	-	500.0
Loss for the period	-	-	-	(98.8)	(98.8)	(17.5)	(116.3)
Other comprehensive loss for the period	-	-	(2.4)	-	(2.4)	-	(2.4)
Total comprehensive loss for the period	-	-	(2.4)	(98.8)	(101.2)	(17.5)	(118.7)
Movement in non-controlling interests (note 17)	-	-	-	-	-	7.8	7.8
As at 30 September 2020 (unaudited)	1,155.3	185.5	(144.6)	(98.8)	1,097.4	169.7	1,267.1

The attached notes 1 to 25 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 nine months ended 31 September 2021 (Unaudited)

		<i>Nine months ended 30 September</i>	
		<i>2021</i>	<i>2020</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit/(loss) before tax for the period from continuing operations		79.9	(78.4)
Profit/(loss) for the period from discontinued operations		19.3	(37.6)
		99.2	(116.0)
Profit/(loss) for the period			
Adjustments for:			
Depreciation of property, plant and equipment	6	52.4	69.6
Depreciation of right of use assets		6.8	-
Amortisation of intangible assets		0.4	3.5
Impairment of subsidiary		-	0.5
Allowance for expected credit losses on trade receivable	13(a)	0.8	0.3
Share of loss/(profit) of investment in an associate	8(c)	31.4	(1.9)
Loss on revaluation of financial asset at fair value through profit or loss	12	-	1.4
Allowance for slow-moving inventories	11(a)	12.1	2.6
Gain on bargain purchase	9(a)	(76.4)	-
Loss on remeasurement of previously existing interest of an associate	8(d)	7.9	-
Other income on accrued liabilities	5	(65.9)	-
Gain on disposal of subsidiaries	10	(28.0)	-
Provision for employees' end of service benefits		7.3	5.9
Finance income		(1.5)	(2.0)
Finance costs		17.0	29.4
		63.5	(6.7)
Changes in working capital			
Trade and other receivables		243.3	5.4
Inventories		(43.8)	(31.2)
Trade payables, accruals and deferred revenue		(254.7)	(102.9)
Cash generated from/(used in) operations		8.3	(135.4)
Employees' end of service benefits paid		(6.0)	(4.2)
Net cash flows from/(used in) operating activities		2.3	(139.6)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(15.0)	(10.0)
Proceeds from divestment of subsidiaries		93.8	-
Received from a divested subsidiary		45.5	-
Consideration paid for acquisition of interest in a subsidiary - net	9(c)	(126.5)	-
Finance income received		1.5	2.0
Net cash flows used in investing activities		(0.7)	(8.0)

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

For the nine months ended 31 September 2020 (Unaudited)

		<i>Nine months ended 30 September</i>	
		<i>2021</i>	<i>2020</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
	<i>Notes</i>		
FINANCING ACTIVITIES			
Proceeds from bank and other borrowings	18(e)	665.0	160.0
Repayment of bank borrowings	18(e)	(554.7)	(473.2)
Increase in non-controlling interests	17	1.1	7.8
Proceeds from increase in share capital	15(b)	-	500.0
Repayment of lease liabilities		(17.3)	-
Interest paid		(17.0)	(29.4)
		<hr/>	<hr/>
Net cash from financing activities		77.1	165.2
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Currency translation differences		7.7	(3.5)
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	14	160.1	72.9
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The attached notes 1 to 25 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 30 September 2021 (Unaudited)

1. ACTIVITIES

Gulf Pharmaceutical Industries P.S.C 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 nine months ended 30 September 2021 was authorised for issue in accordance with the resolution of the Board of Directors on 11 November 2021.

The Company has the following major subsidiaries:

<i>Serial</i>	<i>Place of incorporation</i>	<i>Percentage of Ownership</i>		<i>Subsidiary activity</i>	
		<i>30</i>	<i>31</i>		
<i>No.</i>	<i>Name of subsidiary</i>	<i>and operation</i>	<i>September 2021</i>	<i>December 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))	Dubai – UAE	-	100%	Manufacturing medical supplies
4.	Alpha Pharma L.L.C. (note (d))	Rabigh – Saudi Arabia	-	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 (f))	Pakistan	100%	100%	Distributor of Julphar’s products in Pakistan

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

1. ACTIVITIES (continued)

Direct subsidiaries (continued)

Serial No.	Name of subsidiary	Place of incorporation and operation	Percentage of Ownership		Subsidiary activity
			2021	2020	
11.	Julphar Tunisie (note (a))	Tunisia	99%	99%	Distributor of Julphar's products in Tunisia
12.	Julphar Gulf Pharmaceuticals Kenya Limited (note (a))	Kenya	99.99%	99.99%	Distributor of Julphar's products in Kenya
13.	Planet Pharmacies L.L.C (note (e))	Dubai – UAE	100%	40%	Distribution, wholesale and retail trading of medicines and cosmetic products.

Indirect subsidiaries

Subsidiary of Mena Cool Machinery Trading

1.	Julphar General Trading L.L.C. (note (a) and (f))	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%	Manufacturing medicines
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Subsidiary of Julphar Company for Trading and Distribution L.L.C

1.	Julphar Egypt Company L.L.C. (note (f))	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 (c) and (f))	Cairo – Egypt	100%	-	Manufacturing and distribution of medicines
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Subsidiaries of Planet Pharmacies L.L.C.

1.	Julphar Drug Store Sharjah	Sharjah - UAE	100%	100%	Trading in medicines and medical Equipment
2.	Julphar Drug Store LLC (Abu Dhabi)	Abu Dhabi - UAE	100%	100%	Trading in medicines and medical Equipment
3.	Awafi Drug Store	UAE	100%	100%	Trading in medicines and medical Equipment

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

1. ACTIVITIES (continued)

Indirect subsidiaries (continued)

Subsidiaries of Planet Pharmacies L.L.C.(continued)

<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>	
4.	Julphar Healthy Services	UAE	100%	100%	Facilities management services, health treatment undertaking services and hospitals management
5.	Health First Investment LLC	UAE	100%	100%	Investment in commercial, industrial, and healthcare enterprises and their management.
6.	Health First Pharmacy LLC (Abu Dhabi)	UAE	100%	100%	Trading in medicines and medical Equipment
8.	Kawakeb Al Saydaliyat Company LLC	Kingdom of Saudi Arabia	100%	100%	Trading in medicines and medical Equipment
9.	Planet Pharmacies LLC	Sultanate of Oman Oman	100%	100%	Trading in medicines and medical Equipment
10.	Future Medical Co. Ltd	Sultanate of Oman	100%	100%	Trading in medicines and medical Equipment

Subsidiaries of Julphar Healthy Services

1.	Scientific Pharmacy LLC	Sultanate of Oman	100%	100%	Investment in commercial, industrial, and healthcare enterprises and their management.
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Subsidiaries of Health First Investment LLC

1.	Masafi Pharmacy	UAE	100%	100%	Trading in medicines and medical Equipment
2.	Aleilmia Pharmacy	UAE	100%	100%	Trading in medicines and medical Equipment
9.	Al Shurook Pharmacy	Oman	-	100%	Trading in medicines and medical Equipment

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

1. ACTIVITIES (continued)

Indirect subsidiaries (continued)

Subsidiaries of Health First Investment LLC

Serial No.	Name of subsidiary	Place of incorporation and operation	Percentage of Ownership		Subsidiary activity
			2021	2020	
1.	Zahrat Al Rawdah Pharmacies Limited Liability Company	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics

Subsidiaries of Subsidiaries of Zahrat Al Rawdah Pharmacies Limited Liability Company

1.	Rawdah Jeddah Medical Establishment	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics
2.	Shahaad Zahrat Al Rawdah	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics

Subsidiaries of Subsidiaries of Future Medical Co. Ltd

1.	Rukan Zahrat Al Rawdah Pharmacy Establishment	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics
2.	Rukan Zahrat Al Rawdah Pharmacy Establishment	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics

- 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. The sale of Julphar Bangladesh Limited and Gulf Inject L.L.C was completed during the nine months ended 30 September 2021 (note 10(a) and note 10(b)).
- c) 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.
- d) On 9 May 2021, a Sale and Purchase Agreement (“SPA”) with M/s Cigalah Healthcare Company Limited (“Cigalah”) was entered, whereby the Parent Company agreed to sell its 51% shareholding in Alpha Pharma L.L.C to Cigalah. For the nine months ended 30 September 2021, the results of Alpha Pharma L.L.C. has been presented as discontinued operations (note 10(c)).
- e) On 8 July 2021, the Parent Company purchased remaining 60% shareholding in Planet Pharmacies L.L.C (“Planet”) from M/s Pharma SPV Ltd and accordingly with effect from 1 July 2021 the results of Planet are consolidated in these interim condensed consolidated financial statements (note 8 and note 9).
- f) Certain % of the Group’s ownership stake in these entities is held through beneficial ownership arrangement with the legal owner.

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 nine months ended 30 September 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 nine months ended 30 September 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 prepared in United Arab Emirates Dirhams (AED), which is the Group’s functional and presentation currency, 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 (note 11) and a disposal group held for sale measured at fair value less cost to sell (note 9).

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

Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the Covid-19 pandemic.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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.

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

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>
Gross sales	803.1	522.0	381.6	211.0
Less: commission	(35.6)	(28.8)	(14.1)	(13.2)
Net sales	767.5	493.2	367.5	197.8
Less: net sales relating to discontinued operations (note 10(d))	(15.1)	(32.2)	(1.8)	(10.9)
	752.4	461.0	365.7	186.9

The Group derives its revenue from sale of medicines, drugs and various other types of pharmaceuticals and medical compounds in addition to cosmetic compounds. Further, the Group is also engaged in the retail trading and wholesale of medicines and cosmetics products. The revenue is recognised on the basis of "point in time" revenue recognition criteria. The geographical split of gross revenue is as follows:

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>
Geographic information				
UAE	269.2	117.1	165.5	38.3
Other GCC countries	104.3	29.6	88.8	10.3
Other countries	394.0	346.5	113.2	149.2
	767.5	493.2	367.5	197.8
Less: net sales relating to discontinued operations (note 10(d))	(15.1)	(32.2)	(1.8)	(10.9)
	752.4	461.0	365.7	186.9

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

4.2 Contract balances

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Contract assets		
Trade receivables (note 13)	520.1	433.2
Due from a related party (note 13)	-	174.2
	<u>520.1</u>	<u>607.4</u>
Contract liabilities		
Refund liabilities	13.0	128.3
Advances from customers	12.5	31.0
Deferred revenue (note 19)	-	207.0
Commissions payable	36.8	35.4
	<u>62.3</u>	<u>401.7</u>

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 30 September are, as follows:

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Within one year (note 19)	-	207.0

5. OTHER INCOME

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>	<i>2020 AED millions (unaudited)</i>
Liabilities written back (note below and note 13(b))	65.9	-	-	-
Miscellaneous income	25.3	5.1	17.1	1.7
	<u>91.2</u>	<u>5.1</u>	<u>17.1</u>	<u>1.7</u>
Less: other income relating to discontinued operations (note 10(d))	(7.0)	(2.2)	(2.2)	(1.0)
	<u>84.2</u>	<u>2.9</u>	<u>14.9</u>	<u>0.7</u>

5. OTHER INCOME (continued)

During the first half of 2021, the associate of the Parent Company has waived its rights in relation to the bonus goods and other compensations. As a result, the Group released accruals in the amount of AED 32.8 million on the write back of liabilities. In addition, the Parent Company recorded its 40% share of loss of the associate company which resulted in nil impact in the consolidated financial statements of the Group.

6. PROPERTY PLANT AND EQUIPMENT

- a) During the nine months ended 30 September 2021 additions to property, plant and equipment amounted to AED 15.0 million (30 September 2020: AED 10.0 million).
- b) During the nine months ended 30 September 2021 depreciation amounted to AED 52.4 million (30 September 2020: AED 69.6 million).
- c) Certain property, plant and equipment of the Group are mortgaged against bank facilities (note 18).
- 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) During the nine months ended 30 September 2021, AED 21.0 million was acquired on business combination (note 9).

7. INTANGIBLE ASSETS

Intangible assets include intangible assets acquired during the year through business combinations (note 9(b)(i)). The acquired intangible assets are provisionally valued at AED 190.5 million.

8. INVESTMENT IN AN ASSOCIATE

- a) On 8 July 2021, the Parent Company purchased remaining 60% shareholding in Planet Pharmacies L.L.C (“Planet”), which is engaged in the distribution, wholesale and retail trading of medicines and cosmetic products in UAE, KSA and Oman, thereby obtaining 100% shareholding and control in Planet (note 9). As a result of 100% acquisition of Planet by Julphar, Planet has become a guarantor to the lenders under the AED 1.01billion Debt Restructuring Facility and is bound by terms of the facility. Planet signed the Guarantor Accession Deed in this respect on 20 Oct 2021 because of which Planet agrees to perform all obligations expressed to be assumed by a guarantor under the facility (note 18(b)(i)).
- b) Before obtaining control, the Group had a 40% shareholding in Planet which was accounted for using the equity method as follows:

<i>Name of associate</i>	<i>Place of incorporation and operation</i>	<i>Percentage of ownership Before 8 July 2021</i>	<i>30 September 2021 AED million (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Planet Pharmacies L.L.C.	UAE	40%	-	270.6

8. INVESTMENT IN AN ASSOCIATE (continued)

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

	<i>30 September 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	(31.4)	6.1
Loss on remeasurement of previously existing interest of an associate (note 8(d))	(7.9)	-
Investment in an associate derecognized on obtaining control	(231.3)	-
	<hr/>	<hr/>
At the end of the period/year	-	270.6
	<hr/> <hr/>	<hr/> <hr/>

d) The Parent Company's investment in Planet was revalued at AED 231.3 million as at 1 July 2021 resulting in an impairment loss of AED 7.9 million as compared to its carrying value of AED 239.2 as of that date. Thereafter the investment in an associate was derecognized and it was consolidated in these interim condensed consolidated financial statements with effect from 1 July 2021 (note 9(a)).

9. BUSINESS COMBINATION

a) *Acquisition of additional shareholding Planet Pharmacies L.L.C*

On 8 July 2021, the Parent Company purchased remaining 60% shareholding in Planet Pharmacies L.L.C ("Planet") at a consideration of AED 286 million, thereby obtaining 100% shareholding and control in Planet.

This further acquisition of 60% shareholding was made as part of strategic efforts to further increase shareholder value by extending Julphar's existing manufacturing and marketing capabilities into the distribution and retail segments across UAE, KSA and Oman. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Planet for the three months period from the acquisition date (i.e. 1 July 2021).

The purchase of remaining 60% shareholding in Planet resulted in the gain on bargain purchase of AED 76.4 million as follows:

	<i>AED millions</i>
Acquisition-date fair values of identifiable net assets acquired (note 9(b))	593.7
Purchase consideration transferred (note 9(c))	(286.0)
Acquisition-date fair value of initial 40% interest (note 8(d))	(231.3)
	<hr/>
Gain on bargain purchase	76.4
	<hr/> <hr/>

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

9. BUSINESS COMBINATION (continued)

b) *Assets acquired and liabilities assumed*

i) The fair values of the identifiable assets and liabilities of Planet as at the date of acquisition were:

	<i>Fair value recognized on acquisition AED millions</i>
Assets	
Property, plant and equipment	21.0
Right of use assets	109.1
Intangible assets (note (ii) below) (provisional)	190.5
Deferred tax asset	0.5
Inventories	309.2
Trade and other receivables	403.8
Cash and cash equivalents	159.5
	<hr/> 1,193.6 <hr/>
Liabilities	
Provision for employees' end of service benefits	20.4
Deferred tax liability	1.6
Lease liabilities	112.6
Trade payables and accruals	462.9
Bank borrowings (note 18(e))	2.4
	<hr/> 599.9 <hr/>
Total identifiable net assets at fair value	<hr/> 593.7 <hr/>

ii) The fair value of the intangible assets acquired has not been completed by the date these interim condensed consolidated financial statements were approved for issue by the Board of Directors. Thus, intangible assets may need to be subsequently adjusted, with a corresponding adjustment to the gain on bargain purchase prior to 8 July 2022 (one year after the transaction).

iii) From the date of acquisition, Planet contributed AED 211.8 million of revenue and AED 9.0 million to profit before tax from continuing operations of the Group. .

c) *Analysis of cashflows on acquisition*

	<i>AED millions</i>
Net cash acquired with the subsidiary	159.5
Consideration paid for acquisition of additional interest	(286.0)
	<hr/>
Net cash flow on acquisition	(126.5) <hr/>

10. 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.

During the nine months ended 30 September 2021, the Group entered into a Sale & Purchase Agreement with respect to its investment in Gulf Inject. The legal formalities relating to the disposal of Gulf Inject have been fulfilled and the sale of Gulf Inject was completed during the nine months ended 30 September 2021. Accordingly, a gain of AED 19.0 million was recognized by the Group on the derecognition.

With Gulf Inject being classified as a discontinued operation, the results of Gulf Inject has not been presented in the segment information (note 22).

The net cash flows generated by Gulf Inject LLC are as follows:

	<i>Nine months ended 30 September</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>
Operating	10.3	5.7
Investing	(9.1)	(0.4)
Financing	(0.1)	(0.1)
Net cash inflow	1.1	5.2

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 20.

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 Group owns 50.5% of Julphar Bangladesh.

During the year ended 31 December 2020, the Group entered into a Sale & Purchase Agreement with respect to its investment in Julphar Bangladesh. The legal formalities relating to the disposal of Julphar Bangladesh have been fulfilled and the sale of Julphar Bangladesh was completed during the nine months ended 30 September 2021. Accordingly, a gain of AED 0.5 million was recognized by the Group on the derecognition.

With Julphar Bangladesh being classified as a discontinued operation, the results of Julphar Bangladesh has not been presented in the segment information (note 22).

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

The net cash flows generated by Julphar Bangladesh are as follows:

	<i>Nine months ended 30 September</i>	
	<i>2021*</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>	<i>2020</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>
Operating	0.1	1.4
Investing	(0.1)	(0.5)
Financing	-	(0.5)
	<hr/>	<hr/>
Net cash inflow	-	0.4
	<hr/> <hr/>	<hr/> <hr/>

* Represents three months of activity prior to the sale on 31 March 2021

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 20.

c) Alpha Pharma L.L.C

On 9 May 2021, a Sale and Purchase Agreement (“SPA”) was entered into, whereby the Group agreed to sell its 51% shareholding in Alpha Pharma L.L.C to Cigalah. The results from the discontinued operations was a loss of AED 7.4 million.

The legal formalities relating to the disposal of Alpha Pharma have not yet been fulfilled which requires an approval from the General Authority for Competition (“GPA”) in the Kingdom of Saudi Arabia (“KSA”). The management believes that the approval from GPA is highly probable and will be soon obtained and this would not preclude control having been transferred to Cigalah. Therefore, the related carrying values of net assets and non-controlling interests of Alpha Pharma have been derecognized during the nine months ended 30 September 2021. Accordingly, a gain of AED 8.5 million was recognized by the Group on the derecognition.

With Alpha Pharma being classified as a discontinued operation, the results of Alpha Pharma have not been presented in the segment information (note 22). The comparative interim condensed consolidated statement of comprehensive income of the Group has been reclassified to show the discontinued operation of Alpha Pharma separately from continuing operations in 2021 and 2020.

The net cash flows (incurred)/generated by Alpha Pharma are as follows:

	<i>Nine months ended 30 September</i>	
	<i>2021</i> <i>AED</i> <i>millions</i> <i>(unaudited)*</i>	<i>2020</i> <i>AED</i> <i>millions</i> <i>(unaudited)</i>
Operating	(7.0)	(27.2)
Investing	-	(1.6)
Financing	15.4	29.7
	<hr/>	<hr/>
Net cash outflow generated	8.4	0.9
	<hr/> <hr/>	<hr/> <hr/>

*Represents four months of activity prior to the sale on 9 May 2021.

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 20.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

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

d) The results of the discontinued operation are presented below:

	<i>Nine months ended 30 September 2021</i>				<i>Nine months ended 30 September 2020</i>			
	<i>Gulf Inject LLC***</i>	<i>Julphar Bangladesh Limited**</i>	<i>Alpha Pharma LLC*</i>	<i>Total</i>	<i>Gulf Inject LLC</i>	<i>Julphar Bangladesh Limited</i>	<i>Alpha Pharma LLC</i>	<i>Total</i>
	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue from contracts with customers	12.0	1.8	1.3	15.1	22.7	9.5	-	32.2
Cost of sales	(8.8)	(1.0)	(6.1)	(15.9)	(13.7)	(5.0)	-	(18.7)
GROSS PROFIT/(LOSS)	3.2	0.8	(4.8)	(0.8)	9.0	4.5	-	13.5
Other income	3.1	3.6	0.3	7.0	0.4	1.8	-	2.2
Selling and distribution expenses	(1.1)	(2.0)	(0.2)	(3.3)	(4.6)	(10.8)	(9.0)	(24.4)
General and administrative expenses	(0.2)	-	(9.2)	(9.4)	-	-	(27.2)	(27.2)
OPERATING PROFIT/(LOSS)	5.0	2.4	(13.9)	(6.5)	4.8	(4.5)	(36.2)	(35.9)
Finance income	0.1	-	-	0.1	0.1	-	-	0.1
Finance costs	(0.1)	(0.2)	(0.1)	(0.4)	(0.1)	(1.2)	-	(1.3)
Impairment loss recognized on the remeasurement to fair value less cost to sell	-	-	-	-	-	(0.5)	-	(0.5)
PROFIT/(LOSS) BEFORE TAX FOR THE PERIOD FROM DISCONTINUED OPERATIONS	5.0	2.2	(14.0)	(6.8)	4.8	(6.2)	(36.2)	(37.6)
Income tax	-	-	(1.9)	(1.9)	-	-	-	-
PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	5.0	2.2	(15.9)	(8.7)	4.8	(6.2)	(36.2)	(37.6)
Profit/(loss) attributable to:								
Equity holders of the Parent	5.0	1.1	(9.0)	(2.9)	4.8	(3.2)	(18.5)	(16.9)
Non-controlling interests	-	1.1	(6.9)	(5.8)	-	(3.0)	(17.7)	(20.7)
	5.0	2.2	(15.9)	(8.7)	4.8	(6.2)	(36.2)	(37.6)

*Represents four months of activity prior to the sale on 9 May 2021.

**Represents three months of activity prior to the sale on 31 March 2021.

***Represents eight months of activity prior to the sale on 1 September 2021.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

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

d) The results of the discontinued operation are presented below (continued):

	<i>Three months ended 30 September 2021</i>				<i>Three months ended 30 September 2020</i>			
	<i>Gulf Inject LLC*</i>	<i>Julphar Bangladesh Limited</i>	<i>Alpha Pharma LLC</i>	<i>Total</i>	<i>Gulf Inject LLC</i>	<i>Julphar Bangladesh Limited</i>	<i>Alpha Pharma LLC</i>	<i>Total</i>
	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>	<i>AED millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue from contracts with customers	1.8	-	-	1.8	7.4	3.5	-	10.9
Cost of sales	(1.4)	-	-	(1.4)	(4.6)	(1.7)	-	(6.3)
GROSS PROFIT	0.4	-	-	0.4	2.8	1.8	-	4.6
Other income	2.2	-	-	2.2	0.3	0.7	-	1.0
Selling and distribution expenses	(0.2)	-	-	(0.2)	(1.7)	(2.4)	(2.4)	(6.5)
General and administrative expenses	(0.8)	-	-	(0.8)	-	-	(10.8)	(10.8)
OPERATING PROFIT/(LOSS)	1.6	-	-	1.6	1.4	0.1	(13.2)	(11.7)
Finance costs	(0.1)	-	-	(0.1)	(0.1)	(1.2)	-	(1.3)
PROFIT/ (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	1.5	-	-	1.5	1.3	(1.1)	(13.2)	(13.0)
Profit/(loss) attributable to:								
Equity holders of the Parent	1.5	-	-	1.5	1.3	(0.6)	(6.7)	(6.0)
Non-controlling interests	-	-	-	-	-	(0.5)	(6.5)	(7.0)
	1.5	-	-	1.5	1.3	(1.1)	(13.2)	(13.0)

*Represents two months of activity prior to the sale on 1 September 2021.

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.

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

- e) The major classes of assets and liabilities of the disposal group classified as held for sale as at 30 September 2020 are as follows:

	<i>30 September 2021 (unaudited)</i>			<i>31 December 2020 (audited)</i>		
	<i>Gulf Inject LLC AED millions</i>	<i>Julphar Bangladesh Limited AED millions</i>	<i>Total AED millions</i>	<i>Gulf Inject LLC AED millions</i>	<i>Julphar Bangladesh Limited AED millions</i>	<i>Total AED millions</i>
ASSETS						
Property, plant and equipment	-	-	-	23.2	33.9	57.1
Intangible assets	-	-	-	-	8.7	8.7
Inventories	-	-	-	5.9	4.0	9.9
Trade and other receivables	-	-	-	15.6	8.6	24.2
Bank balances and cash	-	-	-	2.4	0.9	3.3
Assets held for sale	-	-	-	47.1	56.1	103.2
LIABILITIES						
Provision for employees' end of service benefits	-	-	-	0.6	2.3	2.9
Bank borrowings	-	-	-	-	22.8	22.8
Trade payables and accruals	-	-	-	4.6	6.7	11.3
Liabilities directly associated with assets held for sale	-	-	-	5.2	31.8	37.0
Net assets directly associated with assets held for sale	-	-	-	41.9	24.3	66.2
Less: net assets attributable to non-controlling interest	-	-	-	-	(12.0)	(12.0)
Group's share of net assets directly associated with disposal group	-	-	-	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 23.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

11. INVENTORIES

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Raw materials (note (b))	135.9	127.8
Packing materials (note (b))	60.0	47.4
Work-in-progress	19.3	18.6
Finished goods	395.5	97.8
Goods in transit	11.9	15.8
Consumables	18.9	18.5
Spare parts	36.9	34.3
	678.4	360.2
Less: allowance for slow moving inventories (note (a))	(55.7)	(56.0)
	629.7	304.2
Less: inventories attributable to assets held for sale (note 10(e))	-	(9.9)
	629.7	294.3

During the nine months ended 30 September 2021, AED 309.2 million was acquired on business combination (note 9(b)(i)).

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

	<i>30 September 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	12.1	46.4
Written-off during the period/year	(29.0)	(8.4)
Acquired on business combination during the period	16.6	-
Balance at the end of the period/year	55.7	56.0

b) Includes raw materials and packing materials amounting to AED 7.9 million (31 December 2020: AED 9.2 million) held by a third party.

12. 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>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
In UAE markets	19.5	19.6
In other GCC markets	-	0.1
	<u>19.5</u>	<u>19.7</u>

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

	<i>30 September 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 period/year	(0.2)	(0.1)
Loss on revaluation during the period/year	-	(2.3)
	<u>19.5</u>	<u>19.7</u>

As at 30 September 2021, the investments amounting to AED 19.5 million (31 December 2020: AED 19.7 million), AED 19.5 million (31 December 2020: AED 19.5 million) relates 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 23).

13. TRADE AND OTHER RECEIVABLES

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Trade receivables	696.5	851.0
Less: allowance for expected credit losses (note below)	(176.4)	(417.8)
	<u>520.1</u>	<u>433.2</u>
Due from a related party	-	174.2
Advances to suppliers	56.9	23.4
Value added tax receivable	11.9	17.1
Other receivables	41.4	24.0
	<u>630.3</u>	<u>671.9</u>
Less: trade and other receivables attributable to assets held for sale (note 10(e))	-	(24.2)
	<u>630.3</u>	<u>647.7</u>

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

13. TRADE AND OTHER RECEIVABLES (continued)

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

	<i>30 September 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
Provided during the period/year	0.8	1.9
Written off during the period/year	(287.1)	-
Acquired on business combination during the period	44.9	-
	<u>176.4</u>	<u>417.8</u>

b) During the nine months ended 30 September 2021, AED 403.8 million was acquired on business combination (note 9(b)(i)).

c) 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.

During the nine months ended 30 September 2021, the management of the Parent Company negotiated with the distributor for the settlement of outstanding balances and agreed to settle at a consideration of AED 15.4 million. Accordingly, a gain of AED 33.1 million was recognised during the nine months ended 30 September 2021 and recorded under 'other income' in the interim condensed consolidated statement of profit or loss on the settlement of all outstanding balances.

On settlement with the Saudi distributor, the management of the Parent Company has netted off all trade receivables and liabilities balances upto 31 May 2021 and has written back the related provisions in the interim condensed consolidated financial statements.

14. CASH AND CASH EQUIVALENTS

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Bank balances	139.2	75.9
Short-term deposits	17.5	-
Cash in hand	3.4	1.1
	<u>160.1</u>	<u>77.0</u>
Less: cash and bank balances attributable to assets held for sale (note 10(e))	-	(3.3)
Cash and bank balances	<u>160.1</u>	<u>73.7</u>

15. SHARE CAPITAL

	<i>30 September 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	1,155.3	1,155.3

- 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.
- 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.

16. 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. As the Company had accumulated losses as at 30 September 2021, 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.

17. NON-CONTROLLING INTERESTS

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Non-controlling interests	8.9	168.8

During the nine months ended 30 September 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).

Further, during the nine months ended 30 September 2021, the non-controlling interests of the Group's subsidiaries, Julphar Bangladesh and Alpha Pharma amounting to AED 136.5 million, has been derecognized on account of disposal of subsidiaries.

Furthermore, no non-controlling interests arose from the acquisition of Planet Pharmacies LLC.

18. BANK AND OTHER BORROWINGS

	<i>Interest rate(%)</i>	<i>Maturity</i>	30 September 2021 AED millions (unaudited)	31 December 2020 AED millions (audited)
Current interest bearing bank borrowings				
Bank overdraft	3m EIBOR+3%	On demand	-	156.8
Bank overdraft	3m EIBOR+2%	On demand	49.7	-
Bank & other loans (note (a))				
AED 300 million loan	3m EIBOR+2.75%	31 May 2026	-	70.8
AED 150 million loan	1m EIBOR+2.5%	31 December 2021	-	137.7
AED 50 million loan	3m EIBOR+1.65%	28 April 2021	-	15.8
SAR 10 million loan	SIBOR+2%	16 May 2021	-	9.8
Total current interest bearing loans and borrowings			49.7	390.9
Non-current interest bearing bank borrowings				
Bank & other loans (note (a))				
AED 750 million loan	3m EIBOR+2.50%	17 July 2030	665.0	-
AED 300 million loan	3m EIBOR+2.75%	31 May 2026	-	220.9
Total interest bearing bank borrowings			714.7	611.8

a) The bank loans comprise of:

	30 September 2021 AED millions (unaudited)	31 December 2020 AED millions (audited)
Syndicated Loan	665.0	-
Ijara Loans	-	137.7
Other Loans	-	317.3
	665.0	455.0

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

i) Syndicated Loan

During the nine months ended 30 September 2021, the Parent Company has entered into a syndicated loan arrangement with a consortium of local banks. The total syndicated facility comprises of Ijarah Term Loan Facility of AED 150 million, Conventional Working Capital Finance Facility of AED 260 million and Conventional Facility of AED 600 million with total facility size of AED 1.01 billion. As of the reporting date, the Company had an undrawn facility of AED 295.3 million. The drawdown term loan of AED 665 million (AED 150 million from Ijarah Facility and AED 515 million from Conventional Facility) as of the reporting date is payable in quarterly instalments starting from 30 July 2023.

As per the terms of the agreement, the Parent Company is obliged to pay all the existing liabilities. Accordingly, the Parent Company had repaid the existing loan from the proceeds of the drawdown value. This loan restructurings did not meet the criteria of modifications of financial liabilities, hence no impact taken to the interim condensed consolidated financial statements.

18. BANK AND OTHER BORROWINGS (continued)

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

i) Syndicated Loan (continued)

The Group has obtained AED 1.01 billion banking facilities against the following securities:

- Negative pledge over all assets except or otherwise specified as permitted assets.
- Assignment of insurance policy over to its business and assets (including Secured Assets and the assets that represent Ijara Assets from time to time).
- Assignment of receivables of key customers upto 75% and undertaking to route them annually through Obligor's collection account with the Bank.
- General Mortgage over Property, Plant & Equipment and Inventory.
- Corporate guarantee of a subsidiary (note 8(a))

The Group's syndicated loan agreement is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios.

ii) Ijara Loan

The Group had taken Ijara loans for general corporate borrowing purposes. Loans were secured against the assets financed and were repayable in periodic instalments. The Group had pledged certain assets (approximately equivalent to Ijara Loan amount) against the loan. During the nine months period ended 30 September 2021, the liability was repaid in full by the Group.

The Group had obtained banking facilities against the following securities:

- 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.

iii) Other loans

The Group had 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 were calculated on a monthly/quarterly basis. During the nine months period ended 30 September 2021, the liability was repaid in full by the Group.

c) 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.

d) The group's bank borrowings are denominated in the following currencies as at 30 September:

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
AED	714.7	602.0
SAR	-	9.8
	<u>714.7</u>	<u>611.8</u>

18. BANK AND OTHER BORROWINGS (continued)

e) Movement in borrowings is as follows:

	<i>30 September 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	(554.7)	(450.5)
Add: new drawdowns	665.0	160.0
Add: acquired on business combination (note 9(b)(i))	2.4	-
Less: exchange gain	-	(0.5)
Less: derecognised on disposal of subsidiary	(9.8)	-
	<hr/>	<hr/>
At the end of the period/year	714.7	611.8
	<hr/> <hr/>	<hr/> <hr/>

19. 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.

During the nine months ended 30 September 2021 the bonus goods obligation has completely been settled. The net amount of deferred revenue as at 30 September 2021 was AED nil (31 December 2020: AED 207.0 million).

20. BASIC EARNINGS PER SHARE

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>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>
Profit/(loss) for the period attributable to the equity shareholders of the Parent:				
Continuing operations	78.1	(81.9)	32.8	(9.6)
Discontinued operations	25.1	(16.9)	20.5	(6.0)
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the period attributable to the equity holders of the Parent	103.2	(98.8)	53.3	(15.6)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of shares	1,155.3	1,025.0	1,155.3	1,006.9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Basic profit/(loss) per share attributable to the equity holders of the Parent (in UAE fils)	8.9	(9.6)	4.6	(1.6)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20. BASIC EARNINGS PER SHARE (continued)

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>
Basic profit/(loss) per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	6.8	(8.0)	2.8	(1.0)

- 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>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>
Profit/(loss) for the period attributable to the equity shareholders of the Parent from discontinued operations (in AED millions)	25.1	(16.9)	20.5	(6.0)
Basic loss per share from discontinued operations attributable to the equity holders of the Parent (in UAE fils)	2.2	(1.7)	1.8	(0.6)

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

21. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Company's major 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. 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.

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>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>
Sales to previously held associate	56.4	89.1	-	18.6
Repayment of shareholder loan (note 18)	-	308.0	-	308.0
Other income	32.8	-	32.8	-

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)*b) Compensation of key management personnel of the Group*

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

	<i>Nine months ended 30 September</i>		<i>Three months ended 30 September</i>	
	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>	<i>2021 AED million (unaudited)</i>	<i>2020 AED million (unaudited)</i>
Short term benefits	9.1	5.0	4.2	2.3

c) Due from a related party

	<i>30 September 2021 AED millions (unaudited)</i>	<i>31 December 2020 AED millions (audited)</i>
Planet Pharmacies L.L.C. (Associate) (note 13)	-	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.

21. SEGMENT INFORMATION

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

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

There are no sales between segments during the period.

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.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021 (Unaudited)

22. SEGMENT INFORMATION (continued)

	<i>For the nine months ended 30 September 2021 (unaudited)</i>					<i>For the nine months ended 30 September 2020 (unaudited)</i>				
	<i>Manufacturing AED millions</i>	<i>Planet 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>Planet AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>
Segment revenue	<u>540.6</u>	<u>211.8</u>	<u>-</u>	<u>-</u>	<u>752.4</u>	<u>461.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>461.0</u>
Segment result	<u>114.3</u>	<u>7.9</u>	<u>(28.0)</u>	<u>(15.5)</u>	<u>78.7</u>	<u>(52.2)</u>	<u>-</u>	<u>0.9</u>	<u>(27.4)</u>	<u>(78.7)</u>
Depreciation expense	<u>50.9</u>	<u>1.5</u>	<u>-</u>	<u>-</u>	<u>52.4</u>	<u>69.6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69.6</u>
Share of associate's (loss)/profit	<u>-</u>	<u>-</u>	<u>(31.4)</u>	<u>-</u>	<u>(31.4)</u>	<u>-</u>	<u>-</u>	<u>1.9</u>	<u>-</u>	<u>1.9</u>
	<i>30 September 2021 (unaudited)</i>					<i>31 December 2020 (audited)</i>				
	<i>Manufacturing AED millions</i>	<i>Planet 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>Planet AED millions</i>	<i>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>
Segment assets	<u>1,610.8</u>	<u>670.9</u>	<u>19.5</u>	<u>160.1</u>	<u>2,461.3</u>	<u>1,860.1</u>	<u>-</u>	<u>290.3</u>	<u>73.7</u>	<u>2,224.1</u>
Segment liabilities	<u>353.6</u>	<u>387.1</u>	<u>-</u>	<u>714.7</u>	<u>1,455.4</u>	<u>608.6</u>	<u>-</u>	<u>-</u>	<u>611.8</u>	<u>1,220.4</u>

22. 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.

	<i>30 September 2021 (unaudited)</i>				
	<i>Total AED millions</i>	<i>UAE AED millions</i>	<i>Oman AED millions</i>	<i>Saudi Arabia AED millions</i>	<i>Others AED millions</i>
Non-current assets					
Property, plant and equipment	643.9	627.7	3.2	9.0	4.0
Intangible assets	205.1	104.1	10.5	78.1	12.4

	<i>Nine months ended 30 September 2021 (unaudited)</i>				
	<i>Total AED millions</i>	<i>UAE AED millions</i>	<i>Egypt AED millions</i>	<i>Saudi Arabia AED millions</i>	<i>Others AED millions</i>
Revenue	752.4	274.3	42.1	141.2	294.8

	<i>31 December 2020 (audited)</i>				
	<i>Total AED millions</i>	<i>UAE AED millions</i>	<i>Saudi Arabia AED millions</i>	<i>Egypt AED millions</i>	<i>Others AED millions</i>
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	-

	<i>Nine months ended 30 September 2020 (unaudited)</i>				
	<i>Total AED millions</i>	<i>UAE AED millions</i>	<i>Egypt AED millions</i>	<i>Others AED millions</i>	
Revenue		461.0	117.1	72.4	271.5

The Group has sales to 3 customers whose sales individually are more than 10% of the total external sales. Total amount of sales for the nine months ended 30 September 2021 to these customers amounts to AED 279.9 million (30 September 2020: Top 4 customers AED 254.0 million). These revenues are included under manufacturing segment.

Further, revenue under “Others” amounting to AED 352.8 million (30 September 2020:AED 271.5 million) includes the major countries Iraq, Lebanon, Oman and Algeria. 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.

23. 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.

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.

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited 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:

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>30 September 2021</i>	<i>31 December 2020</i>			
	<i>AED million (unaudited)</i>	<i>AED million (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	Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities	None
	19.5	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:

23. FAIR VALUE MEASUREMENTS (continued)

<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>30 September 2021</i>	<i>31 December 2020</i>			
	<i>AED millions (unaudited)</i>	<i>AED millions (audited)</i>			
Julphar Bangladesh	-	27.6	Level 3	Value based on the binding sales offer	None

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).

24. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2021</i>	<i>31 December 2020</i>
	<i>AED millions (unaudited)</i>	<i>AED millions (audited)</i>
Capital commitments	23.2	16.2
Letters of credit	8.3	41.3
Letters of guarantee	40.7	46.1

25. COMPARATIVE INFORMATION

Other than the effect of the discontinued operation disclosed in note 9, there are no other reclassifications during the current period.