

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2022

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 2022, which comprises the interim condensed consolidated statement of financial position as at 31 March 2022, 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:
Wardah Ebrahim
Partner
Registration No.: 1258

13 May 2022

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 2022 (Unaudited)

	Notes	<i>Three months ended 31 March</i>	
		<i>2022 AED millions</i>	<i>2021 AED millions</i>
Continuing operations			
Revenue from contracts with customers	4	418.6	163.5
Cost of revenue		(288.0)	(117.2)
Gross profit		130.6	46.3
Other income		15.3	0.5
Selling and distribution expenses		(81.6)	(38.4)
General and administrative expenses		(57.8)	(28.4)
Share of loss of an associate	6	-	(0.8)
Gain from investments and others		2.0	2.5
Operating profit/(loss)		8.5	(18.3)
Finance income		0.4	0.1
Finance costs		(6.5)	(4.5)
Profit/(loss) before tax for the period from continuing operations		2.4	(22.7)
Income tax and zakat (expense)/credit		(1.3)	0.4
Profit/(loss) for the period from continuing operations		1.1	(22.3)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	7(d)	0.8	(6.9)
PROFIT/(LOSS) FOR THE PERIOD		1.9	(29.2)
Profit/(loss) attributable to:			
Equity holders of the Parent		1.5	(23.9)
Non-controlling interests		0.4	(5.3)
		1.9	(29.2)
Earnings per share:			
Basic and diluted			
Profit/(loss) per share attributable to the equity holders of the Parent (in UAE fils)	16	0.13	(2.1)
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)	16	0.10	(1.8)

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 2022 (unaudited)

	<i>Three months ended 31 March</i>	
	<i>2022 AED millions</i>	<i>2021 AED millions</i>
Profit/(loss) for the period	1.9	(29.2)
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	(14.7)	0.2
Gain on cash flow hedge	9.8	-
Total other comprehensive (loss)/income	(4.9)	0.2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(3.0)	(29.0)
Total comprehensive (loss)/income attributable to:		
Equity holders of the Parent	(3.4)	(23.7)
Non-controlling interests	0.4	(5.3)
	(3.0)	(29.0)

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

Gulf Pharmaceutical Industries P.S.C.

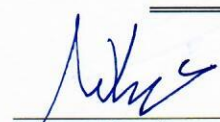
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (unaudited)

	Notes	31 March 2022 AED millions (unaudited)	31 December 2021 AED millions (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	638.8	645.3
Right of use assets		112.6	103.7
Intangible assets		172.4	177.2
Deferred tax asset		0.6	0.5
		<u>924.4</u>	<u>926.7</u>
Current assets			
Inventories	8	642.5	653.9
Financial asset at fair value through profit or loss	9	19.5	19.5
Receivable from a divested subsidiary		46.6	61.2
Trade and other receivables	10	599.8	581.9
Derivative financial instrument		8.3	-
Bank balances and cash	11	146.9	159.3
		<u>1,463.6</u>	<u>1,475.8</u>
Assets held for sale	7	23.7	23.8
		<u>1,487.3</u>	<u>1,499.6</u>
TOTAL ASSETS		<u><u>2,411.7</u></u>	<u><u>2,426.3</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,155.3	1,155.3
Statutory reserve	13	185.5	185.5
Foreign currency translation reserve		(175.4)	(160.7)
Cash flow hedging reserve		8.3	(1.5)
Accumulated losses		(220.4)	(221.9)
Equity attributable to shareholders of the Parent		<u>953.3</u>	<u>956.7</u>
Non-controlling interests	14	7.5	7.1
Total equity		<u>960.8</u>	<u>963.8</u>
Non-current liabilities			
Provision for employees' end of service benefits		77.6	79.8
Bank borrowings	15	665.0	665.0
Deferred tax liability		4.0	4.0
Lease liabilities		73.6	67.8
		<u>820.2</u>	<u>816.6</u>
Current liabilities			
Trade payables and accruals		529.5	550.1
Bank borrowings	15	60.0	54.4
Derivative financial instrument		-	1.5
Lease liabilities		34.1	31.9
		<u>623.6</u>	<u>637.9</u>
Liabilities directly associated with the assets held for sale	7	7.1	8.0
		<u>630.7</u>	<u>645.9</u>
Total liabilities		<u>1,450.9</u>	<u>1,462.5</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,411.7</u></u>	<u><u>2,426.3</u></u>



Sh Saqer Humaid Al Qasimi
Chairman



Dr. Essam Farouk
Chief Executive Officer

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022 (unaudited)

	<i>Attributable to the equity holders of the Parent</i>							
	<i>Share capital AED millions</i>	<i>Statutory reserve AED millions</i>	<i>Foreign currency translation reserve AED millions</i>	<i>Cash flow hedge reserve AED millions</i>	<i>Accumulated losses AED millions</i>	<i>Total AED millions</i>	<i>Non- controlling interest AED millions</i>	<i>Total equity AED millions</i>
As at 1 January 2022 (audited)	1,155.3	185.5	(160.7)	(1.5)	(221.9)	956.7	7.1	963.8
Loss for the period	-	-	-	-	1.5	1.5	0.4	1.9
Other comprehensive income for the period	-	-	(14.7)	9.8	-	(4.9)	-	(4.9)
Total comprehensive loss for the period	-	-	(14.7)	9.8	1.5	(3.4)	0.4	(3.0)
As at 31 March 2022 (unaudited)	1,155.3	185.5	(175.4)	8.3	(220.4)	953.3	7.5	960.8
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

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 2022 (unaudited)

		<i>Three months ended 31 March</i>	
		<i>2022</i>	<i>2021</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		2.4	(22.7)
Profit/(loss) before tax for the period from discontinued operations	7(d)	1.1	(4.8)
		<hr/>	<hr/>
Profit/(loss) before tax for the period		3.5	(27.5)
Adjustments for:			
Depreciation of property, plant and equipment	5	18.4	21.6
Depreciation of right of use asset		8.3	-
Amortisation of intangible assets		4.8	0.8
Share of loss of investment in an associate	6	-	0.8
Provision for stock losses	8(a)	2.6	-
Allowance for expected credit loss on receivables	10(a)	3.5	-
Provision for employees' end of service benefits		2.8	3.2
Finance income		(0.4)	(0.1)
Finance costs		6.5	4.5
		<hr/>	<hr/>
		50.0	3.3
Changes in working capital			
Trade and other receivables		(21.4)	9.5
Inventories		8.8	(6.1)
Trade payables and accruals		(21.6)	(8.9)
		<hr/>	<hr/>
Cash from/(used in) operations		15.8	(2.2)
Employees' end of service benefits paid		(5.0)	(0.8)
Income tax and zakat paid		(0.6)	-
		<hr/>	<hr/>
Net cash flows from/(used in) operating activities		10.2	(3.0)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(12.0)	(6.5)
Proceeds from disposal of property, plant and equipment		0.1	-
Deposits having maturities after three months and less than one year		9.1	-
Received from a divested subsidiary		14.6	-
Finance income received		0.4	0.1
		<hr/>	<hr/>
Net cash flows from/(used in) investing activities		12.2	(6.4)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Proceeds from bank borrowings	15(c)	5.6	35.8
Repayment of bank borrowings	15(c)	-	(7.9)
Repayment of lease liabilities		(10.4)	-
Increase in non-controlling interest	14	-	1.1
Interest paid		(5.3)	(4.5)
		<hr/>	<hr/>
Net cash (used in)/from financing activities		(10.1)	24.5
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		12.3	15.1
Currency translation differences		(15.6)	(7.4)
Cash and cash equivalents at the beginning of the period		143.0	73.7
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 11		139.7	81.4
		<hr/> <hr/>	<hr/> <hr/>

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 2022 (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 three months ended 31 March 2022 was authorised for issue in accordance with the resolution of the Board of Directors on 13 May 2022.

The Company has the following major subsidiaries:

<i>Serial No.</i>	<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of Ownership</i>		<i>Subsidiary activity</i>
			<i>2022</i>	<i>2021</i>	
<i>Direct subsidiaries</i>					
1.	Mena Cool Transportation F.Z.E.	United Arab Emirates	100%	100%	Transportation
2.	Julphar Pharmaceuticals P.L.C. (note (b))	Ethiopia	55%	55%	Manufacturing medicines
3.	Julphar SES L.L.C. (note (a))	Egypt	99.8%	99.8%	General trading
4.	Julphar Diabetes L.L.C. (note (a))	United Arab Emirates	100%	100%	Manufacturing medicines
5.	Julphar Company for Trading and Distribution L.L.C. (note (a))	Egypt	99.8%	99.8%	General trading
6.	Mena Cool Machinery Trading (note (a))	United Arab Emirates	100%	100%	General trading
7.	Julphar Life L.L.C. (note (a))	United Arab Emirates	100%	100%	General trading
8.	Julphar Pakistan Private Limited (note (a) and (d))	Pakistan	100%	100%	Distributor of Julphar’s products in Pakistan
9.	Julphar Tunisie (note (a))	Tunisia	99%	99%	Distributor of Julphar’s products in Tunisia
10.	Julphar Gulf Pharmaceuticals Kenya Limited (note (a))	Kenya	99.99%	99.99%	Distributor of Julphar’s products in Kenya

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

1. ACTIVITIES (continued)

Serial No.	Name of subsidiary	Country of incorporation	Percentage of Ownership		Subsidiary activity
			2022	2021	
Direct subsidiaries (continued)					
12.	Planet Pharmacies L.L.C (note (c))	United Arab Emirates	100%	100%	Distribution, wholesale and retail trading of medicines and cosmetic products.
Indirect subsidiaries					
<i>Subsidiary of Mena Cool Machinery Trading</i>					
1.	Julphar General Trading L.L.C. (note (a) and (d))	United Arab Emirates	100%	100%	General trading
<i>Subsidiary of Julphar Company for Trading and Distribution L.L.C</i>					
1.	Julphar Egypt Company L.L.C. (note (d))	Egypt	100%	100%	Distributors of Julphar's products in Egypt
<i>Subsidiary of Julphar Egypt Company L.L.C.</i>					
1.	Julphar Plus (note (a) and (d))	Egypt	100%	100%	Manufacturing and distribution of medicines
<i>Subsidiaries of Planet Pharmacies L.L.C.</i>					
1.	Julphar Drug Store Sharjah	United Arab Emirates	100%	100%	Trading in medicines and medical equipment
2.	Julphar Drug Store LLC (Abu Dhabi)	United Arab Emirates	100%	100%	Trading in medicines and medical equipment
3.	Awafi Drug Store	United Arab Emirates	100%	100%	Trading in medicines and medical equipment
4.	Julphar Healthy Services	United Arab Emirates	100%	100%	Facilities management services, health treatment undertaking services and hospitals management
5.	Health First Investment LLC	United Arab Emirates	100%	100%	Investment in commercial, industrial, and healthcare enterprises and their management.
6.	Health First Pharmacy LLC (Abu Dhabi)	United Arab Emirates	100%	100%	Trading in medicines and medical equipment

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

1. ACTIVITIES (continued)

Serial No.	Name of subsidiary	Country of incorporation	Percentage of Ownership		Subsidiary activity
			2022	2021	
<i>Indirect subsidiaries (continued)</i>					
<i>Subsidiaries of Planet Pharmacies L.L.C. (continued)</i>					
7.	Kawakeb Al Saydaliyat Company LLC	Kingdom of Saudi Arabia	100%	100%	Trading in medicines and medical equipment
8.	Planet Pharmacies LLC	Sultanate of Oman	100%	100%	Trading in medicines and medical equipment
9.	Future Medical Co. Ltd	Sultanate of Oman	100%	100%	Trading in medicines and medical equipment
<i>Subsidiaries of Julphar Healthy Services</i>					
1.	Scientific Pharmacy LLC	Sultanate of Oman	100%	100%	Trading in medicines and medical equipment
<i>Subsidiaries of Health First Investment LLC</i>					
1.	Masafi Pharmacy	United Arab Emirates	100%	100%	Trading in medicines and medical equipment
<i>Subsidiary of Kawakeb Al Saydaliyat Company LLC</i>					
1.	Zahrat Al Rawdah Pharmacies Limited Liability Company	Kingdom of Saudi Arabia	100%	100%	Retail and wholesale trading in medicines and cosmetics
<i>Subsidiaries of Zahrat Al Rawdah Pharmacies Limited Liability Company</i>					
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
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 2021, the management has classified the subsidiary as disposal group held for sale (note 7(c)). As of the reporting date, the sale of the subsidiary has not been completed and the sale is expected to be completed during the current year.				
c)	During the year 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 interim condensed consolidated financial statements (note 6(a)).				
d)	Certain % of the Group’s ownership stake in these entities is held through beneficial ownership arrangement with the legal owner.				
e)	During the year 2021, the Parent Company sold its shareholding of 100%, 50.5% and 51% in M/s Gulf Inject LLC, M/s Julphar Bangladesh Limited and M/s Alpha Pharma L.L.C respectively.				

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (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 2022 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 2021.

In addition, results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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 derivative financial instruments measured at fair value (note 19).

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

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 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

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

	<i>Three months ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gross sales	435.2	186.0
Less: commissions	(13.1)	(11.4)
Net Sales	422.1	174.6
Less: net sales relating to discontinued operations (note 7(d))	(3.5)	(11.1)
	418.6	163.5

The Group derives its revenue from sale of medicines, drugs and various other types of pharmaceuticals and medical compounds in addition to cosmetic compounds and other retail pharmacy products. 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>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Geographic information		
UAE	151.1	29.1
Other GCC countries	156.4	40.7
Other countries	114.6	104.8
	422.1	174.6
Less: net sales relating to discontinued operations (note 7(d))	(3.5)	(9.7)
	418.6	164.9

4.2 Contract balances

	<i>31 March</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</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)	514.2	477.0
Contract liabilities		
Refund liabilities	46.9	34.5
Rebate and accruals	9.6	23.3
Advances from customers	8.5	8.5
Commissions payable	35.2	39.0
	100.2	105.3

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

5. PROPERTY, PLANT AND EQUIPMENT

- a) Property, plant and equipment additions during the current period amounted to AED 12.0 million (31 March 2021: AED 6.5 million).
- b) Depreciation charges for the current period amounted to AED 18.4 million (31 March 2021: AED 21.6 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 3.7 million (31 December 2021: AED 3.7 million) which are owned by the Government of Ras Al Khaimah.

6. INVESTMENT IN AN ASSOCIATE

- a) On 8 July 2021, the Parent Company purchased the 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 a 100% shareholding and control of Planet. As a result of the 100% acquisition of Planet by Julphar, Planet has become one of the guarantors to the lenders under the AED 1.01 billion Debt Restructuring Facility and is bound by terms of the facility. Planet signed the Guarantor Accession Deed in this respect on 20 October 2021 because of which Planet agrees to perform all obligations expressed to be assumed by a guarantor under the facility (note 15(a)).

Further, the fair value of the net 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, net assets acquired 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).

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

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Balance at the beginning of the period/year	-	270.6
Share of associate’s consolidated (loss)/profit for the period/year	-	(31.4)
Loss on remeasurement of previously existing interest of an associate	-	(7.9)
Investment in an associate derecognized on obtaining control	-	(231.3)
	<hr/>	<hr/>
At the end of the period/year	<u>-</u>	<u>-</u>

7. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Gulf Inject L.L.C.

During the year 2019, the Board of Directors of the Company decided to sell Gulf Inject L.L.C. (“Gulf Inject”), a wholly owned subsidiary.

During the year 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 were fulfilled and the sale of Gulf Inject was completed during the year 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

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

With Gulf Inject being classified as a discontinued operation, the results of Gulf Inject has not been presented in the segment information (note 18).

The net cash flows incurred by Gulf Inject are as follows:

	<i>Three months ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Operating	-	(0.4)
Investing	-	(0.1)
Net cash outflow	-	(0.5)

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 16.

b) Julphar Bangladesh Limited

During the year 2019, the Board of Directors of the Company decided to sell Julphar Bangladesh Limited (“Julphar Bangladesh”).

During the year 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 were fulfilled and the sale of Julphar Bangladesh was completed during the year 2021.

With Julphar Bangladesh being classified as a discontinued operation, the results of Julphar Bangladesh has not been presented in the segment information (note 18).

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

	<i>Three months ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Operating	-	0.1
Investing	-	(0.1)
Net cash outflow	-	-

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 16.

c) Julphar Pharmaceuticals P.L.C.

During the year 2021, the Board of Directors of the Company decided to sell Julphar Pharmaceuticals P.L.C. (“Julphar Ethiopia”). The sale of Julphar Ethiopia is expected to be completed during the current year. Accordingly, Julphar Ethiopia has been classified as a disposal group held for sale and as a discontinued operation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

7. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**c) Julphar Pharmaceuticals P.L.C. (continued)**

With Julphar Ethiopia being classified as a discontinued operation, the results of Julphar Ethiopia has not been presented in the segment information (note 18). 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 Julphar Ethiopia separately from continuing operations in 2022 and 2021.

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

	<i>Three months ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Operating	2.6	1.7
Investing	-	(0.2)
Financing	(0.1)	(0.4)
Net cash inflow	2.5	1.1

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 16.

d) 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 legal formalities relating to the disposal of Alpha Pharma are in process which included amongst other things obtaining the approval from the General Authority for Competition (“GPA”) in the Kingdom of Saudi Arabia (“KSA”) which was received during the current period. The other legal formalities have not yet been fulfilled. The management believed that these legal formalities did not preclude control having been transferred to Cigalah. Therefore, the related carrying values of net assets and non-controlling interests of Alpha Pharma were derecognized during the year 2021.

With Alpha Pharma being classified as a discontinued operation, the results of Alpha Pharma have not been presented in the segment information (note 18). The comparative consolidated statement of comprehensive income of the Group has been reclassified to show the discontinued operation of Alpha Pharma separately from continuing operations during the three months period ended 31 March 2021.

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

	<i>Three months ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Operating	-	(6.2)
Financing	-	4.4
Net cash outflow	-	(1.8)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

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

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

	2022		2021			
	<i>Julphar Pharmaceuticals PLC AED millions (unaudited)</i>	<i>Gulf Inject LLC AED millions (unaudited)</i>	<i>Julphar Bangladesh Limited AED millions (unaudited)</i>	<i>Alpha Pharma LLC AED millions (unaudited)</i>	<i>Julphar Pharmaceuticals PLC AED millions (unaudited)</i>	<i>Total AED millions (unaudited)</i>
Revenue from contracts with customers	3.5	6.0	1.8	1.4	1.9	11.1
Cost of revenue	(2.0)	(3.9)	(1.0)	(6.8)	(1.1)	(12.8)
GROSS PROFIT	1.5	2.1	0.8	(5.4)	0.8	(1.7)
Other income	-	3.0	3.6	0.3	-	6.9
Selling and distribution expenses	(0.4)	(1.2)	(2.0)	(6.4)	(0.2)	(9.8)
OPERATING PROFIT	1.1	3.9	2.4	(11.5)	0.6	(4.6)
Finance costs	-	-	(0.2)	-	-	(0.2)
Income tax expense	(0.3)	-	-	(1.9)	(0.2)	(2.1)
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	0.8	3.9	2.2	(13.4)	0.4	(6.9)
Attributable to:						
Equity holders of the Parent	0.4	3.9	1.1	(7.8)	0.2	(2.6)
Non-controlling interests	0.4	-	1.1	(5.6)	0.2	(4.3)
	0.8	3.9	2.2	(13.4)	0.4	(6.9)

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.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

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

f) The major classes of assets and liabilities of the disposal group classified as held for sale as at 31 March 2022 are as follows:

	<i>31 March 2022</i>	<i>31 December 2021</i>
	<i>Julphar Pharmaceuticals PLC AED millions (unaudited)</i>	<i>Julphar Pharmaceuticals plc AED millions (audited)</i>
ASSETS		
Property, plant and equipment	3.4	3.5
Inventories	5.6	6.8
Trade and other receivables	2.9	3.8
Bank balances and cash	11.8	9.7
Assets held for sale	23.7	23.8
LIABILITIES		
Trade payables and accruals	7.1	8.0
Liabilities directly associated with assets held for sale	7.1	8.0
Net assets directly associated with assets held for sale	16.6	15.8
Less: net assets attributable to non-controlling interest	(7.5)	(7.1)
Group's share of net assets directly associated with disposal group	9.1	8.7

8. INVENTORIES

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Raw materials (note (b))	138.1	146.8
Packing materials	56.6	64.0
Work-in-progress	17.3	16.4
Finished goods	410.6	420.6
Goods in transit	8.2	9.0
Consumables	18.5	18.6
Spare parts	42.1	41.0
	691.4	716.4
Less: provision for stock losses (note (a))	(43.3)	(55.7)
	648.1	660.7
Less: inventories attributable to assets held for sale (note 7(e))	(5.6)	(6.8)
	642.5	653.9

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

8. INVENTORIES (continued)

a) The movement in the Group's provision for stock losses is as follows:

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Balance at the beginning of the period/year	55.7	56.0
Charge during the period/year	2.6	16.4
Written-off during the period/year	(15.0)	(38.4)
Acquired on business combination during the period/year	-	21.7
	<u>43.3</u>	<u>55.7</u>

b) Includes raw materials amounting to AED 3.6 million (31 December 2021: AED 5.8 million) held by a third party.

9. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at fair value through profit or loss is denominated in AED and is held for trading in non-listed equity security and include the following:

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
In UAE markets	<u>19.5</u>	<u>19.5</u>

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

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Balance at the beginning of the period/year	19.5	19.7
Disposals during the period/year	-	(0.2)
	<u>19.5</u>	<u>19.5</u>

Investment in unquoted equity security represents investment in 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 dividend growth model (31 December 2021: 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 19).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

10. TRADE AND OTHER RECEIVABLES

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Trade receivables	690.1	649.4
Less: allowance for expected credit losses (note (a))	(175.9)	(172.4)
	514.2	477.0
Advances to suppliers	42.6	49.5
Prepayments	8.9	9.5
Rebates, commission and discount receivable from suppliers	1.7	2.5
Value added tax receivable	15.4	13.3
Other receivables	19.9	33.9
	602.7	585.7
Less: trade and other receivables attributable to assets held for sale (note 7(e))	(2.9)	(3.8)
	599.8	581.9

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

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Balance at the beginning of the period/year	172.4	417.8
Charge for the period/year	3.5	2.0
Written off during the year	-	(292.2)
Acquired on business combination during the year	-	44.8
Balance at the end of the period/year	175.9	172.4

a) 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 had 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 year 2021, the management of the Parent Company negotiated with the distributor for the settlement of 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

11. CASH AND CASH EQUIVALENTS

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Current accounts	138.6	148.2
Short term bank deposits	17.2	17.4
Cash in hand	2.9	3.4
	158.7	169.0
Less: cash and bank balances attributable to assets held for sale (note 7(e))	(11.8)	(9.7)
Cash and bank balances	146.9	159.3
Less: term deposits having maturities after three months and less than one year	(7.2)	(16.3)
Cash and cash equivalents	139.7	143.0

12. SHARE CAPITAL

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
<i>Authorised, issued and fully paid</i>		
1,155,227,811 ordinary shares (31 December 2021:1,155,227,811 ordinary shares) at par value of AED 1 each	1,155.3	1,155.3

13. STATUTORY RESERVE

In accordance with United Arab Emirates Federal Commercial Companies Law No. 2 of 2015 (as amended), the Parent Company has established a statutory reserve by appropriation of 10% of profit for each year. As the Company had accumulated losses as at 31 March 2022, 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 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Non-controlling interests	7.5	7.1

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

15. BANK BORROWINGS

	<i>Interest rate(%)</i>	<i>Maturity</i>	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Current interest bearing loans and borrowings				
Bank overdraft and trust receipts	3m EIBOR+2%	On demand	60.0	54.4
Non-current interest bearing loans and borrowings				
AED 750 million loan (note (a))	3m EIBOR+2.50%	17 July 2030	665.0	665.0
Total interest bearing loans and borrowings			725.0	719.4

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

During the year 2021, the Parent Company 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.

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 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 6(a))

The Group's syndicated loan agreement is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios and will be applicable for testing from the year ended 31 December 2022.

b) 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.

c) Movement in borrowings is as follows:

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
At the beginning of the period/year	719.4	611.8
Less: loans repaid during the period/year	-	(550.0)
Add: new drawdowns	5.6	665.0
Add: acquired on business combination	-	2.4
Less: derecognised on disposal of subsidiary	-	(9.8)
At the end of the period/year	725.0	719.4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

16. BASIC LOSS PER SHARE (EPS)

- a) Basic EPS is calculated by dividing the profit/(loss) for the year attributable to equity holders of the Parent by the weighted average number of outstanding shares during the period

	<i>Three months ended 31 March</i>	
	<i>2022 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>
Profit/(loss) for the period attributable to the equity shareholders of the Parent:		
Continuing operations	1.1	(21.3)
Discontinued operations (note 7(d))	0.4	(2.6)
Profit/(loss) for the period attributable to the equity holders of the Parent	1.5	(23.9)
Weighted average number of shares	1,155.3	1,155.3

	<i>Three months ended 31 March</i>	
	<i>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Basic profit/(loss) per share attributable to the equity holders of the Parent (in UAE fils)	0.13	(2.1)
Basic profit/(loss) per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	0.10	(1.8)

- 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>2022 (unaudited)</i>	<i>2021 (unaudited)</i>
Profit/(loss) for the period attributable to the equity shareholders of the Parent from discontinued operations (note 7(c)) (in AED millions)	0.4	(2.6)
Basic profit/(loss) per share from discontinued operations attributable to the equity holders of the Parent (in UAE fils)	0.03	(0.2)

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

17. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

17. 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>2022 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>
Sales to associate	-	27.1

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>2022 AED millions (unaudited)</i>	<i>2021 AED millions (unaudited)</i>
Short-term benefits	3.1	2.5
Post employment and other long-term benefits	0.5	-
	3.6	2.5

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.

18. 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

The sales from the manufacturing segment to the Planet segment and inter-company profit elimination effect are excluded from the manufacturing segment.

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 31 March 2022 (unaudited)

18. SEGMENT INFORMATION (continued)

	<i>For the three months ended 31 March 2022 (unaudited)</i>					<i>For the three months ended 31 March 2021 (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>Investments AED millions</i>	<i>Other segments AED millions</i>	<i>Total AED millions</i>	
Segment revenue	160.6	258.0	-	-	418.6	163.5	-	-	163.5	
Segment result	(7.0)	12.2	2.0	(6.1)	1.1	(19.6)	1.7	(4.4)	(22.3)	
Depreciation expense of property, plant and equipment	16.4	2.0	-	-	18.4	21.6	-	-	21.6	
Depreciation expense of right of use assets	-	8.3	-	-	8.3	-	-	-	-	
Amortisation Expense of intangible assets	0.7	4.1	-	-	4.8	0.8	-	-	0.8	
Share of associate's loss	-	-	-	-	-	-	(0.8)	-	(0.8)	
	<i>31 March 2022 (unaudited)</i>					<i>31 December 2021 (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	978.6	1,243.0	19.5	146.9	2,388.0	1,002.1	1,221.6	19.5	159.3	2,402.5
Segment liabilities	334.4	384.4	-	725.0	1,443.8	359.5	375.6	-	719.4	1,454.5

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

18. 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>31 March 2022 (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	638.8	624.4	3.2	11.2	-
Right of use assets	112.6	35.7	9.2	67.3	0.4
Intangible assets	172.4	69.2	9.3	82.7	11.2
	<i>Three months ended 31 March 2022 (unaudited)</i>				
Revenue	418.6	151.1	24.8	122.7	120.0
	<i>31 December 2021 (audited)</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	645.3	632.1	3.1	10.1	-
Right of use assets	103.7	36.5	10.3	56.5	0.4
Intangible assets	177.2	70.4	9.4	85.4	12.0
	<i>Three months ended 31 March 2021 (unaudited)</i>				
Revenue	163.5	29.1	2.4	28.3	103.7

The Group has sales to one customer whose sales individually are more than 10% of the total external sales. Total amount of sales for the three months ended 31 March 2022 to this one customers amounts to AED 47.8 million (31 March 2021: 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.

19. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

19. FAIR VALUE MEASUREMENT (continued)*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 2021.

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>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 2022</i>	<i>31 December 2021</i>			<i>31 March 2022</i>	<i>31 December 2021</i>
	<i>AED millions</i>	<i>AED millions</i>				
Financial assets						
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)	- Cost of equity - Growth rate - Discount for lack of marketability	- Discount rate - Growth rate - Discount for lack of marketability
Derivative financial instrument						
Interest rate cap	9.8	1.5	Level 2	N/A	N/A	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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (unaudited)

20. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2022 AED millions (unaudited)</i>	<i>31 December 2021 AED millions (audited)</i>
Capital commitments	<u>22.9</u>	<u>23.2</u>
Letters of credit	<u>10.6</u>	<u>17.3</u>
Letters of guarantee	<u>41.0</u>	<u>36.3</u>

21. COMPARATIVE INFORMATION

Other than the effect of the discontinued operation disclosed in note 7, there are no other reclassifications during the current period.

22. SUBSEQUENT EVENT

At the Annual General Meeting (AGM) held on 21 April 2022, the shareholders approved the Directors' remuneration amounting to AED 1.95 million for the year ended 31 December 2021.