

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2023

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 2023, which comprises the interim condensed consolidated statement of financial position as at 31 March 2023, and the related interim condensed consolidated statement of profit or loss, 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 number: 1258

11 May 2023

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 2023 (Unaudited)

	<i>Notes</i>	<i>Three months ended 31 March</i>	
		<i>2023</i> <i>AED</i> <i>millions</i>	<i>2022</i> <i>AED</i> <i>millions</i>
Continuing operations			
Revenue from contracts with customers	4	454.1	418.6
Cost of revenue		(315.8)	(288.0)
Gross profit		138.3	130.6
Other income		15.5	15.3
Selling and distribution expenses		(91.9)	(81.6)
General and administrative expenses		(52.9)	(57.8)
Gain from investments and others		2.5	2.0
Operating profit		11.5	8.5
Finance income		1.3	0.4
Finance costs		(13.2)	(6.5)
(Loss)/ profit before tax for the period from continuing operations		(0.4)	2.4
Income tax and zakat expense		(1.3)	(1.3)
(Loss)/ profit for the period from continuing operations		(1.7)	1.1
Discontinued operations			
Profit for the period from discontinued operations	6(b)	0.9	0.8
Hyperinflation adjustment on net monetary position	21	(3.1)	-
(LOSS)/ PROFIT FOR THE PERIOD		(3.9)	1.9
(Loss)/ profit attributable to:			
Equity holders of the Parent		(2.9)	1.5
Non-controlling interests		(1.0)	0.4
		(3.9)	1.9
Earnings per share:			
Basic and diluted			
(Loss)/ profit per share attributable to the equity holders of the Parent (in UAE fils)	15	(0.3)	0.1
Earnings per share for continuing operations:			
Basic and diluted			
(Loss)/ profit per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	15	(0.1)	0.1

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

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023 (unaudited)

	<i>Three months ended 31 March</i>	
	<i>2023</i> <i>AED</i> <i>millions</i>	<i>2022</i> <i>AED</i> <i>millions</i>
(Loss)/ profit for the period	(3.9)	1.9
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Currency translation differences	(17.5)	(14.7)
Hyperinflation adjustment relating to discontinued operations	3.5	-
(Loss)/ gain on cash flow hedge	(0.7)	9.8
Reclassification adjustment to statement of profit or loss	(0.6)	-
Total other comprehensive loss	(15.3)	(4.9)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(19.2)	(3.0)
Total comprehensive (loss)/ income attributable to:		
Equity holders of the Parent	(19.6)	(3.4)
Non-controlling interests	0.4	0.4
	(19.2)	(3.0)

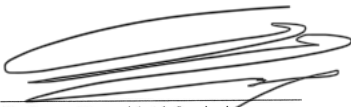
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Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 (unaudited)

	Notes	31 March 2023 AED millions (unaudited)	31 December 2022 AED millions (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	616.9	632.4
Right of use assets		114.5	119.9
Intangible assets		153.1	158.3
Deferred tax asset		0.7	0.6
Financial asset at fair value through other comprehensive income	9	0.3	0.3
Derivative financial instrument		24.1	25.2
		<u>909.6</u>	<u>936.7</u>
Current assets			
Inventories	7	654.4	672.8
Financial assets at fair value through profit or loss	8	19.5	19.5
Trade and other receivables	10	735.9	643.8
Bank balances and cash	11	116.2	92.3
		<u>1,526.0</u>	<u>1,428.4</u>
Assets held for sale	6(c)	34.8	34.3
		<u>1,560.8</u>	<u>1,462.7</u>
TOTAL ASSETS		<u><u>2,470.4</u></u>	<u><u>2,399.4</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		(208.1)	(192.7)
Cash flow hedging reserve		25.4	26.7
Fair value reserve		(7.0)	(7.0)
Accumulated losses		(254.2)	(251.3)
		<u>896.9</u>	<u>916.5</u>
Equity attributable to shareholders of the Parent		<u>896.9</u>	<u>916.5</u>
Non-controlling interests		12.1	11.7
		<u>909.0</u>	<u>928.2</u>
Total equity		<u>909.0</u>	<u>928.2</u>
Non-current liabilities			
Provision for employees' end of service benefits		82.9	80.9
Bank borrowings	14	700.1	712.5
Deferred tax liability		3.1	3.3
Lease liabilities		73.3	76.0
		<u>859.4</u>	<u>872.7</u>
Current liabilities			
Trade payables and accruals		519.5	487.0
Income tax and zakat payable		7.4	5.9
Bank borrowings	14	131.8	58.0
Lease liabilities		35.4	39.2
		<u>694.1</u>	<u>590.1</u>
Liabilities directly associated with the assets held for sale	6(c)	7.9	8.4
		<u>702.0</u>	<u>598.5</u>
Total liabilities		<u>1,561.4</u>	<u>1,471.2</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,470.4</u></u>	<u><u>2,399.4</u></u>


Sh Saqer Humaid Al Qasim
Chairman


Mr. Basel Nimer Abu Ziyadeh
Chief Executive Officer

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

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023 (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>Fair value 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 2023 (audited)	1,155.3	185.5	(192.7)	26.7	(7.0)	(251.3)	916.5	11.7	928.2
Loss for the period	-	-	-	-	-	(2.9)	(2.9)	(1.0)	(3.9)
Other comprehensive (loss)/ income for the period	-	-	(15.4)	(1.3)	-	-	(16.7)	1.4	(15.3)
Total comprehensive (loss)/ income for the period	-	-	(15.4)	(1.3)	-	(2.9)	(19.6)	0.4	(19.2)
As at 31 March 2023 (unaudited)	1,155.3	185.5	(208.1)	25.4	(7.0)	(254.2)	896.9	12.1	909.0
As at 1 January 2022 (audited)	1,155.3	185.5	(160.7)	(1.5)	-	(221.9)	956.7	7.1	963.8
Profit for the period	-	-	-	-	-	1.5	1.5	0.4	1.9
Other comprehensive (loss)/ income for the period	-	-	(14.7)	9.8	-	-	(4.9)	-	(4.9)
Total comprehensive (loss)/ income 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

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 2023 (unaudited)

		<i>Three months ended 31 March</i>	
		<i>2023</i>	<i>2022</i>
		<i>AED</i>	<i>AED</i>
		<i>millions</i>	<i>millions</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
(Loss)/ profit before tax for the period from continuing operations		(0.4)	2.4
(Loss)/ profit before tax for the period from discontinued operations	6(b)	(1.9)	1.1
		<hr/>	<hr/>
(Loss)/ profit before tax for the period		(2.3)	3.5
Adjustments for:			
Depreciation of property, plant and equipment	5	19.7	18.4
Depreciation of right of use asset		9.6	8.3
Amortisation of intangible assets		4.5	4.8
Provision for stock losses	7(a)	5.6	2.6
Allowance for expected credit loss on receivables	10(a)	0.3	3.5
Provision for employees' end of service benefits		3.1	2.8
Hyperinflation adjustment		3.1	-
Finance income		(1.3)	(0.4)
Finance costs		13.2	6.5
		<hr/>	<hr/>
		55.5	50.0
Changes in working capital			
Trade and other receivables		(92.4)	(21.4)
Inventories		12.8	8.8
Trade payables and accruals		32.5	(21.6)
		<hr/>	<hr/>
Cash from operations		8.4	15.8
Employees' end of service benefits paid		(1.1)	(5.0)
Income tax and zakat paid		(0.1)	(0.6)
		<hr/>	<hr/>
Net cash flows from operating activities		7.2	10.2
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(4.2)	(12.0)
Proceeds from disposal of property, plant and equipment		-	0.1
Deposits having maturities after three months and less than one year		(0.3)	9.1
Purchase of intangible assets		(0.5)	-
Received from a divested subsidiary		-	14.6
Finance income received		1.3	0.4
		<hr/>	<hr/>
Net cash flows (used in)/ from investing activities		(3.7)	12.2
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Proceeds from bank borrowings	14(c)	61.4	5.6
Repayment of lease liabilities		(12.0)	(10.4)
Interest paid		(11.9)	(5.3)
		<hr/>	<hr/>
Net cash flows from/ (used in) financing activities		37.5	(10.1)
		<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		41.0	12.3
Currency translation differences		(17.4)	(15.6)
Cash and cash equivalents at the beginning of the period		86.4	143.0
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	110.0	139.7
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The attached notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (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 2023 was authorised for issue in accordance with the resolution of the Board of Directors on 11 May 2023.

The Company has the following 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>2023</i>	<i>2022</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 Tunisie (note (a))	Tunisia	99%	99%	Distributor of Julphar’s products in Tunisia
9.	Julphar Gulf Pharmaceuticals Kenya Limited (note (a))	Kenya	100%	100%	Distributor of Julphar's products in Kenya
10.	Planet Pharmacies L.L.C	United Arab Emirates	100%	100%	Distribution, wholesale and retail trading of medicines and cosmetic products.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (unaudited)

1. ACTIVITIES (continued)

Serial No.	Name of subsidiary	Country of Incorporation	Percentage of Ownership		Subsidiary activity
			2023	2022	
Indirect subsidiaries					
<i>Subsidiary of Mena Cool Machinery Trading</i>					
1.	Julphar General Trading L.L.C. (note (a) and (c))	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 (c))	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 (c))	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
7.	Kawakeb Al Saydaliyat Company LLC	Kingdom of Saudi Arabia	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 2023 (unaudited)

1. ACTIVITIES (continued)

Serial No.	Name of subsidiary	Country of Incorporation	Percentage of Ownership		Subsidiary activity
			2023	2022/202	
<i>Indirect subsidiaries (continued)</i>					
<i>Subsidiaries of Planet Pharmacies L.L.C. (continued)</i>					
8.	Planet Pharmacies LLC	Sultanate of Oman	100%	100%	Trading in medicines and medical equipment
9.	Future Medical Co. Ltd	Kingdome of Saudi Arabia	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>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

- a) These subsidiaries are not operational, and the financial results are immaterial to the overall consolidated financial statements of the Group.
- b) During the year ended 31 December 2022, the Board of Directors of the Group has renewed its intention to sell this subsidiary and thus as of 31 March 2023, management has classified the subsidiary as a disposal group held for sale (note 6). 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) Certain % of the Group's ownership stake in these entities is held through beneficial ownership arrangement with the legal owner.
- d) In 2022, 5 indirect subsidiaries of Planet Pharmacies L.L.C. were closed.

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 2023 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 2022.

In addition, results for the three months ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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, financial assets measured at fair value through other comprehensive income and derivative financial instruments measured at fair value (note 18).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (unaudited)

2. BASIS OF PREPARATION AND CHANGES TO THE ACCOUNTING POLICIES (continued)

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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- IFRS 7 Insurance Contracts
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

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 2022.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

	<i>Three months ended 31 March</i>	
	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Gross sales	472.7	435.2
Less: commissions	(15.5)	(13.1)
Net sales	457.2	422.1
Less: net sales relating to discontinued operations (note 6(b))	(3.1)	(3.5)
	454.1	418.6

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 “point in time” revenue recognition criteria. The geographical split of gross revenue is as follows:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (unaudited)

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

	<i>Three months ended 31 March</i>	
	<i>2023 AED millions (unaudited)</i>	<i>2022 AED millions (unaudited)</i>
Geographic information		
UAE	150.8	151.1
Other GCC countries	184.7	156.4
Other countries	121.7	114.6
	457.2	422.1
Less: net sales relating to discontinued operations (note 6(b))	(3.1)	(3.5)
	454.1	418.6

4.2 Contract balances

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Contract assets		
Trade receivables (note 10)	651.8	553.3
Contract liabilities		
Refund liabilities	55.9	51.2
Rebate and accruals	17.4	18.7
Advances from customers	1.5	1.5
Commissions payable	28.9	30.6
	103.7	102.0

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 (31 March 2022: 6 to 12 months from delivery).

5. PROPERTY, PLANT AND EQUIPMENT

- Property, plant and equipment additions during the current period amounted to AED 4.2 million (31 March 2022: AED 12.0 million).
- Depreciation charges for the current period amounted to AED 19.7 million (31 March 2022: AED 18.4 million).
- Certain property, plant and equipment of the Group are mortgaged against bank facilities (note 14).
- The factory and its related buildings of the Parent Company are constructed on plots of land amounting to AED 3.7 million (31 December 2022: AED 3.7 million) which are owned by the Government of Ras Al Khaimah.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023 (unaudited)

6. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS**a) Julphar Pharmaceuticals P.L.C.**

During the year ended 31 December 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 within a year from the reporting date. As at 31 December 2022, the Board of Directors has renewed its intention to sell Julphar Ethiopia. Accordingly, Julphar Ethiopia has been classified as a disposal group held for sale and as a discontinued operation as at 31 March 2023.

With Julphar Ethiopia being classified as a discontinued operation, the results of Julphar Ethiopia has not been presented in the segment information (note 17). 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 2023 and 2022.

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

	<i>Three months ended 31 March</i>	
	2023 <i>AED</i> <i>millions</i> <i>(unaudited)</i>	2022 <i>AED</i> <i>millions</i> <i>(audited)</i>
Operating	0.3	2.6
Financing	-	(0.1)
Net cash inflow	0.3	2.5

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 15.

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

	2023 <i>AED</i> <i>millions</i> <i>(unaudited)</i>	2022 <i>AED</i> <i>millions</i> <i>(unaudited)</i>
Revenue from contracts with customers	3.1	3.5
Cost of revenue	(1.7)	(2.0)
GROSS PROFIT	1.4	1.5
Selling, distribution and administrative expenses	(0.2)	(0.4)
OPERATING PROFIT	1.2	1.1
Hyperinflation adjustment	(3.1)	-
Income tax expense	(0.3)	(0.3)
(LOSS)/ PROFIT FOR THE PERIOD	(2.2)	0.8
Other comprehensive income		
Hyperinflation adjustment	3.5	-
Currency translation differences	(0.4)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	0.9	0.8
Total comprehensive income attributable to:		
Equity holders of the Parent	0.5	0.4
Non-controlling interests	0.4	0.4
	0.9	0.8

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

c) The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
ASSETS		
Property, plant and equipment	9.9	9.6
Inventories	5.0	4.8
Trade and other receivables	2.7	2.9
Bank balances and cash	17.2	17.0
Assets held for sale	34.8	34.3
LIABILITIES		
Trade payables and accruals	7.6	6.8
Income tax and zakat payable	0.3	1.6
Liabilities directly associated with assets held for sale	7.9	8.4
Net assets directly associated with assets held for sale	26.9	25.9
Less: net assets attributable to non-controlling interest	(12.1)	(11.7)
Group's share of net assets directly associated with disposal group	14.8	14.2

7. INVENTORIES

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Raw materials (note (b))	143.6	134.2
Packing materials	59.4	60.4
Work-in-progress	11.6	14.5
Finished goods	420.6	439.9
Goods in transit	0.5	1.3
Consumables	29.8	32.0
Spare parts	43.4	42.0
	708.9	724.3
Less: provision for stock losses (note (a))	(49.5)	(46.7)
	659.4	677.6
Less: inventories attributable to assets held for sale (note 6 (c))	(5.0)	(4.8)
	654.4	672.8

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At 31 March 2023 (unaudited)

7. INVENTORIES (continued)

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

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Balance at the beginning of the period/year	46.7	55.7
Charge during the period/year	5.6	24.0
Written-off during the period/year	(2.8)	(33.0)
Balance at the end of the period/year	<u>49.5</u>	<u>46.7</u>

b) Includes raw materials amounting to AED nil (31 December 2022: AED 0.22 million) held by a third party.

8. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial asset at fair value through profit or loss is denominated in AED and is held for trading in the UAE market amounting to AED 19.5 million (31 December 2022: AED 19.5 million).

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

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Balance at the beginning and end of the period/year	<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 2022: dividend growth model). 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 18).

9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Fair value of financial assets at FVTOCI	<u>0.3</u>	<u>0.3</u>

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9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (continued)

Movements in fair value of financial asset at FVTOCI during the period/ year are as follows:

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Fair value at the beginning of the period/ year	0.3	-
Additions during the period/ year	-	7.3
Unrealized loss on revaluation for the period/ year	-	(7.0)
	0.3	0.3

During the period ended 31 March 2023, the Group recognized a negative fair value reserve of AED 7.0 million (31 December 2022: AED 7.0 million).

Investment in quoted equity security represents investment in an entity which is engaged in development of innovative medicines to combat cardiovascular diseases. The Group holds non-controlling interests of 2.2% in the entity. The investment was irrevocably designated at fair value through OCI as the Group considers the investment to be strategic in nature. They are classified as level 1 fair values in the fair value hierarchy (note 18).

10. TRADE AND OTHER RECEIVABLES

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Trade receivables	829.1	731.9
Less: allowance for expected credit losses (note (a))	(177.3)	(178.6)
	651.8	553.3
Advances to suppliers	36.5	42.4
Prepayments	9.2	16.2
Rebates, commission and discount receivable from suppliers	0.4	2.1
Value added tax receivable	23.8	21.1
Other receivables	16.9	11.6
	738.6	646.7
Less: trade and other receivables attributable to assets held for sale (note 6(c))	(2.7)	(2.9)
	735.9	643.8

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At 31 March 2023 (unaudited)

10. TRADE AND OTHER RECEIVABLES (continued)

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

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Balance at the beginning of the period/year	178.6	172.4
Charge for the period/year	0.3	7.0
Written off during the period/year	(1.6)	(0.8)
Balance at the end of the period/year	177.3	178.6

11. CASH AND CASH EQUIVALENTS

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Current accounts	123.3	99.0
Short term bank deposits	7.3	7.0
Cash in hand	2.8	3.3
	133.4	109.3
Less: cash and bank balances attributable to assets held for sale (note 6 (c))	(17.2)	(17.0)
Cash and bank balances	116.2	92.3
Less: term deposits having maturities after three months and less than one year	(6.2)	(5.9)
Cash and cash equivalents	110.0	86.4

12. SHARE CAPITAL

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
<i>Authorised, issued and fully paid</i>		
1,155,227,811 ordinary shares (31 December 2022:1,155,227,811 ordinary shares) at par value of AED 1 each	1,155.3	1,155.3

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13. STATUTORY RESERVE

In accordance with United Arab Emirates Federal Commercial Companies Law No. 32 of 2021, 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 2023, 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. BANK BORROWINGS

	<i>Interest rate(%)</i>	<i>Maturity</i>	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Current interest bearing loans and borrowings				
Bank overdraft and trust receipts	3m EIBOR+2%	On demand	81.9	20.5
Term loans – current portion	3m EIBOR+2.5%	Within 1 year	49.9	37.5
			131.8	58.0
Non-current interest bearing loans and borrowings				
Term loan	3m EIBOR+2.5%	28 April 2030	700.1	712.5
Total interest-bearing bank borrowings			831.9	770.5

- 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 150 million. The drawdown term loan of AED 750 million (AED 150 million from Ijarah Facility and AED 600 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 up to 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

The Group's syndicated loan agreement is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Group is in compliance with such covenants at 31 December 2022.

- b) Bank overdraft and trust receipts are repayable on demand/agreed payment dates. In general, such banking facilities are renewable on a regular basis. Both of these facilities were obtained as part of the AED 1.01 billion facility. Interest on overdrafts are computed and added to the account on a monthly basis.

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14. BANK BORROWINGS (continued)

c) Movement in borrowings is as follows:

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
At the beginning of the period/year	770.5	719.4
Less: loans repaid during the period/year	-	(33.9)
Add: new drawdowns	61.4	85.0
At the end of the period/year	<u>831.9</u>	<u>770.5</u>

15. BASIC LOSS PER SHARE (EPS)

a) Basic EPS is calculated by dividing the profit/(loss) for the period 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>2023 AED millions (unaudited)</i>	<i>2022 AED millions (unaudited)</i>
(Loss)/ profit for the period attributable to the equity shareholders of the Parent:		
Continuing operations	(1.7)	1.1
Discontinued operations (note 6 (b))	(1.2)	0.4
(Loss)/ profit for the period attributable to the equity holders of the Parent	<u>(2.9)</u>	<u>1.5</u>
Weighted average number of shares	<u>1,155.3</u>	<u>1,155.3</u>
	<i>Three months ended 31 March</i>	
	<i>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Basic (loss)/ profit per share attributable to the equity holders of the Parent (in UAE fils)	<u>(0.3)</u>	<u>0.11</u>
Basic (loss)/ profit per share from continuing operations attributable to the equity holders of the Parent (in UAE fils)	<u>(0.2)</u>	<u>0.10</u>

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>2023 (unaudited)</i>	<i>2022 (unaudited)</i>
Profit/(loss) for the period attributable to the equity shareholders of the Parent from discontinued operations (note 6(b)) (in AED millions)	<u>(1.2)</u>	<u>0.4</u>
Basic profit/(loss) per share from discontinued operations attributable to the equity holders of the Parent (in UAE fils)	<u>(0.1)</u>	<u>0.03</u>

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

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16. 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) 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>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
	<i>millions</i>	<i>millions</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Short-term benefits	2.8	3.1
Post employment and other long-term benefits	0.4	0.5
	3.2	3.6

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.

17. 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.

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17. SEGMENT INFORMATION (continued)

	<i>For the three months ended 31 March 2023 (unaudited)</i>					<i>For the three months ended 31 March 2022 (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	185.4	268.7			454.1	160.6	258.0	-	-	418.6
Segment result	(1.8)	7.3	2.5	(11.9)	(3.9)	(7.0)	12.2	2.0	(6.1)	1.1
Depreciation expense of property, plant and equipment	16.8	2.9	-	-	19.7	16.4	2.0	-	-	18.4
Depreciation expense of right of use assets	-	9.6	-	-	9.6	-	8.3	-	-	8.3
Amortisation Expense	0.4	4.1	-	-	4.5	0.7	4.1	-	-	4.8
	<i>31 March 2023 (unaudited)</i>					<i>31 December 2022 (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>Other segments AED millions</i>	<i>segments AED millions</i>	<i>Total AED millions</i>
Segment assets	989.6	1,310.0	19.8	116.2	2,435.6	961.4	1,291.6	19.8	92.3	2,365.1
Segment liabilities	317.0	404.6	-	831.9	1,553.5	298.8	393.5	-	770.5	1,462.8

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17. 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 2023 (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	616.9	589.0	3.0	24.8	0.1
Right of use assets	114.5	26.5	8.9	79.0	0.1
Intangible assets	153.1	68.2	9.1	71.4	4.4
	<i>Three months ended 31 March 2023 (unaudited)</i>				
Revenue	454.1	150.8	35.1	135.1	133.1
	<i>31 December 2022 (audited)</i>				
Non-current assets					
Property, plant and equipment	632.4	603.9	3.1	25.3	0.1
Right of use assets	119.9	28.5	10.3	80.9	0.2
Intangible assets	158.3	69.0	9.2	74.1	6.0
	<i>Three months ended 31 March 2022 (unaudited)</i>				
Revenue	418.6	151.1	24.8	122.7	120.0

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 2023 to this one customer amounts to AED 54.9 million (31 March 2022: Top 1 customer AED 47.8 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.

18. 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.

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18. 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 2022.

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 2023</i> <i>AED millions</i>	<i>31 December 2022</i> <i>AED millions</i>			<i>31 March 2023</i>	<i>31 December 2022</i>
Financial assets						
Unquoted equity investments						
– FVTPL	<u>19.5</u>	<u>19.5</u>	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
Quoted equity investments						
– FVOCI	<u>0.3</u>	<u>0.3</u>	Level 1	Quoted prices (unadjusted in active markets for identical assets or liabilities)	- None	- None
	<u>19.8</u>	<u>19.8</u>				
Derivative financial instrument						
Interest rate cap	<u>24.1</u>	<u>25.2</u>	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).

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19. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2023 AED millions (unaudited)</i>	<i>31 December 2022 AED millions (audited)</i>
Capital commitments	<u>15.6</u>	<u>18.4</u>
Letters of credit	<u>18.4</u>	<u>27.7</u>
Letters of guarantee	<u>30.4</u>	<u>26.5</u>

20. CORPORATE INCOME TAX IN THE UAE

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 (and a rate of 0% on qualifying income of free zone entities).

As certain other cabinet decisions are pending as on the date of these interim condensed financial statements, the Company continues to assess the impact of these pending cabinet decisions on the deferred taxes as and when finalized and published.

21. IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES ('IAS 29')

Ethiopia has been determined to be a hyperinflationary economy under IAS 29 with the three-year accumulated inflation exceeding 100 percent. IAS 29 requires non-monetary assets and liabilities of the Group's Ethiopian subsidiary, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of the reporting unit before translation to the Group's functional currency.

As at 31 March 2023, the three-year cumulative inflation rate has been 118.5% based on the Ethiopian consumer price index ('CPI'). The consumer price index at the beginning of the reporting period was 328.9 points and closed at 358.88 points resulting in an increase of 9.1%. Qualitative indicators, such as the deteriorating economic condition, support the conclusion that Ethiopia is a hyperinflationary economy for accounting purposes for period ended 31 March 2023.

Therefore, entities whose functional currency is the Ethiopian Birr, should restate their financial statements to reflect the effects of inflation in conformity with IAS 29. Such restatement shall be made as if the Ethiopian economy have always been hyperinflationary; using a general price index that reflects the changes in the currency's purchasing power.

As of 31 March 2023, all conditions have been met for the Julphar Pharmaceuticals P.L.C ("Julphar Ethiopia"), a subsidiary operating in Ethiopia, on such date to incorporate the inflation adjustment provided under IAS 29 "Financial Reporting in Hyperinflationary Economies" in their year-end financial statements. IFRS requires that financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period

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21. IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES ('IAS 29') (continued)

- Net non-monetary position (excluding equity) have been indexed by applying the difference in CPI from 31 December 2022 to 31 March 2023 resulting in a loss of AED 3.1 million in the consolidated statement of profit or loss to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the consolidated statement of comprehensive income, amounting to AED 3.5 million with an equal corresponding credit to other comprehensive income (OCI).
- Current period consolidated statement of comprehensive income is indexed using the respective period index movement for the three months period ended 31 March 2023.
- The Group has recognised a gain in OCI an amount of AED 3.5 million which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 March 2023 to the extent determined to be recoverable.

During the three months period ended 31 March 2023, the loss for the Group was AED 3.9 million. Overall, the hyperinflation adjustment results in a loss of AED 3.1 million.

IAS 29 became applicable during Q4 2022 and was first applied for the year ended 31 December 2022. Thus, there will be no profit or loss impact for the three months period ended 31 March 2022. The Q1 2022 interim condensed consolidated statement of profit or loss and other comprehensive income has not been restated and presented as reported in Q1 2022 as the Group is not required to restate the comparatives as a result of application of IAS 29.

22. SUBSEQUENT EVENTS

At the Annual General Meeting (AGM) held on 21 April 2023, the shareholders approved the Directors' remuneration amounting to AED 2.0 million for the year ended 31 December 2022.