GULFA GENERAL INVESTMENTS COMPANY
(FORMERLY GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO. P.L.C.)

REVIEW REPORT
AND
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2021

Gulfa General Investments Company (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Review report and interim condensed consolidated financial statements
For the three months period ended March 31, 2021

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULFA GENERAL INVESTMENTS COMPANY (FORMERLY GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. P.L.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulfa General Investments Company and its subsidiaries (the **"Group"**) as at March 31, 2021 which comprise the interim condensed consolidated statement of financial position as at March 31, 2021, and the related 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 period then ended 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 Standard IAS 34 as issued by International Accounting Standard Board (IASB). Our responsibility is to express a conclusion of these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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 prepared, in all material respects, in accordance with IAS 34.

For:
MAZARS
Chartered Accountants LLC (Abu Dhabi Br.1)

MAZARS مـــزارز
محاسبـــون قانونيـــون ذ م م
CHARTERED ACCOUNTANTS LLC
Abu Dhabi br. فرع أبو ظبي

By: Jaffer A. Rupawala
Registered Auditor Number: 852
Abu Dhabi,
May 15, 2021

Gulfa General Investments Company (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Interim condensed consolidated statement of financial position
As at March 31, 2021

ASSETS	Note	(Reviewed) March 31, 2021 AED	(Audited) December 31, 2020 AED
Current assets			
Investments at fair value through profit or loss	*5*	47,726,148	42,113,040
Other assets	*6*	65,649	-
Net value added tax (VAT) receivable	*7*	50,721	50,601
Cash and cash equivalents	*8*	34,356	54,456
		47,876,874	**42,218,097**
Total assets		**47,876,874**	**42,218,097**
EQUITY AND LIABILITIES			
Equity			
Share capital	*9*	40,000,000	40,000,000
Statutory reserve	*10*	6,395,679	5,887,566
General reserve	*11*	234,067	234,067
Accumulated (losses)		(4,488,015)	(9,061,027)
		42,141,731	**37,060,606**
Non-current liability			
Provision for employees' end of service indemnity	*12*	657,953	652,868
		657,953	**652,868**
Current liabilities			
Bank overdraft	*13*	3,707,660	3,348,673
Other payables	*14*	1,369,530	1,155,950
		5,077,190	**4,504,623**
Total liabilities		**5,735,143**	**5,157,491**
Total equity and liabilities		**47,876,874**	**42,218,097**

We approve these interim condensed consolidated financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for the audit.

These interim condensed consolidated financial statements were approved by the Board of Directors on May 15, 2021 and signed on its behalf by;

Mr. Khalifa Al Hammadi
Chairman

Mr. Fadi Radieddine
Finance Manager

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Gulfa General Investments Company (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Interim condensed consolidated statement of comprehensive income
For the three months period ended March 31, 2021

	Note	(Reviewed) 2021 AED	(Reviewed) 2020 AED
Continuing operations			
General and administrative expenses	*15*	(172,996)	-
Gain on financial instruments at FVPL	*5*	3,281,017	-
Gain on sale of financial instruments	*5*	2,006,979	-
Finance cost		(33,875)	-
Profit from continuing operations for the period		**5,081,125**	**-**
Discontinued operations			
(Loss) on discontinued operations	*16*	-	(2,027,286)
(Loss) on discontinued operations		**-**	**(2,027,286)**
Total comprehensive income / (loss) for the period		**5,081,125**	**(2,027,286)**
Basic earnings / (losses) per share		**0.127**	**(0.068)**

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Gulfa General Investments Company (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Interim condensed consolidated statement of changes in equity
For the three months period ended March 31, 2021

	Share capital AED	Statutory reserve AED	General reserve AED	Accumulated (losses) AED	Total AED
As at January 1, 2020 (audited)	30,000,000	5,887,566	234,067	(3,970,728)	32,150,905
Total comprehensive (loss) for the period	-	-	-	(2,027,286)	(2,027,286)
As at March 31, 2020 (reviewed)	**30,000,000**	**5,887,566**	**234,067**	**(5,998,014)**	**30,123,619**
As at January 1, 2021 (audited)	40,000,000	5,887,566	234,067	(9,061,027)	37,060,606
Total comprehensive income for the period	-	-	-	5,081,125	5,071,125
Transfer to statutory reserve	-	507,113	-	(508,113)	-
As at March 31, 2021 (reviewed)	**40,000,000**	**6,395,679**	**234,067**	**(4,488,015)**	**42,131,731**

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

Gulfa General Investments Company (Formerly Gulfa Mineral Water and Processing Industries Co. P.L.C.)
Interim condensed consolidated statement of cash flows
For the three months period ended March 31, 2021

	Note	(Reviewed) 2021 AED	(Reviewed) 2020 AED
Cash flows from operating activities			
Profit/(loss) for the period		5,081,125	(2,027,286)
Adjustments for:			
Depreciation on property, plant and equipment		-	605,219
Amortization of intangible assets		-	7,581
Finance cost		33,875	-
Provision for employees' end of service indemnity	*12*	5,085	45,236
(Gain) on financial instruments at FVPL	*5*	(3,281,017)	-
(Gain) on sale of financial instruments	*5*	(2,006,979)	-
(Gain) on disposal of property, plant and equipment		-	(8,000)
		(167,911)	**(1,377,250)**
Movements in working capital			
Decrease in inventories		-	216,298
Decrease in trade receivables		-	42,588
(Increase) / decrease in other assets		(65,649)	96,855
(Increase) / decrease in net value added tax (VAT) receivable		(120)	276,033
Increase / (decrease) in other payables		213,580	(1,046,486)
Increase in contract liability		-	2,000,000
Cash generated (used in) / generated from operating activities		**(20,100)**	**208,038**
Employees' end of service indemnity payment	*12*	-	(73,373)
Net cash (used in) / generated from operating activities		**(20,100)**	**134,665**
Cash flows from investing activities			
Additions on investments at FVTPL	*5*	(26,584,814)	-
Proceeds from the disposal of investments at FVTPL		26,259,702	-
Proceeds from the disposal of property, plant and equipment		-	8,000
Net cash (used in) / generated from investing activities		**(325,112)**	**8,000**
Cash flows from financing activities			
Finance cost paid		(33,875)	-
Bank overdraft		358,987	-
Net cash generated from financing activities		**325,112**	**-**
Net (decrease) / increase in cash and cash equivalents		**(20,100)**	**142,665**
Cash and cash equivalents at beginning of the year		54,456	296,356
Cash and cash equivalents at end of the period	*13*	**34,356**	**439,021**

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

1. Legal status and principal activities:

Gulfa General Investments Company (the "**Company**") was established in Ajman by an Emiri decree number 13 issued by His Highness the Ruler of Ajman on 28 March 1977 located on Gulfa Street, P.O. Box 929, Ajman, United Arab Emirates. The Company started its operations on May 24, 1977. The Company is a publicly listed company on the Dubai Financial Market since April 17, 2007.

In December 2020, the general assembly approved the changing of the Group's name to "Gulfa General Investment Company" and approved the new activities to its Article of Association -Article (5). On June 18, 2021, the Company has changed their name from Gulfa Mineral Water and Processing Industries Co. P.L.C. to Gulfa General Investment Company. On September 21, 2021, the Company announced the approval of Emirates Securities and Commodities Authority on the name change.

The principal activities of the Group are as follows:

- Commercial enterprises investment, institution and management
- Industrial enterprises investment, institution and management
- Agricultural enterprises investment, institution and management
- Sport enterprises investment, institution and management
- Education services enterprises investment, institution and management
- Investment in retail trade enterprises and management
- Investment in water enterprises and development
- General trading

The interim condensed consolidated financial information includes the performance and financial position as of December 31, 2021 of the Company and its subsidiaries (the **"Group**").

Subsidiaries	**Activity**	**Ownership**	**Nationality**
Gulfa General Trading L.L.C.	• General trading	100%	UAE
Gulfa Investment L.L.C.	• Investment in commercial enterprises & management • Investment in water enterprises & development • Investment in industrial enterprises & management • Investment in retail trade enterprises & management	100%	UAE

As of March 31, 2020, the trade licenses of the subsidiaries are not yet renewed as the requirements for amending the Articles/Memorandum of Association is not yet fulfilled.

Federal Decree-Law No. (26) of 2020 which amends certain provisions of UAE Federal Law No. (2) of 2015 on Commercial Companies was issued September 27, 2020 and the amendments came into effect on January 2, 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

2. Application of new and revised International Financial Reporting Standards, amendments and interpretation:

There are no new standards issued however these are number of amendments to standards which are effective from January 1, 2021 and have been explained in Group's annual consolidated financial statements as at year ended December 31, 2020. These amendments do not have any material impact in the on Groups interim condensed consolidated financial statements.

3. Significant accounting policies:

a. Statement of compliance

The interim condensed consolidated financial statements for the three months period ended March 31, 2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and in compliance with applicable provisions of UAE Federal Law No. (2) of 2015.

The accounting policies, critical judgement and estimates used in preparing the interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements of the Group for the year ended December 31, 2020. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020, which has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These interim condensed consolidated financial statements have been prepared in accordance with IFRS 10 that requires an entity (Parent) that control one or more entities (Subsidiaries) to present interim condensed consolidated financial statements. Control is achieved when the Company:

- Has power over the entity;
- Is exposed or has rights to variable returns from its involvement with the entity, and;
- Has the ability to use its power to effect its returns.

b. Basis of preparation

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investment in financial instruments that is measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c. Functional and presentation currency

These interim condensed consolidated financial statements have been presented in United Arab Emirates Dirham (AED) which is the group functional and presentation currency.

d. Leases

The Group has adopted and applied IFRS 16. However, the provisions of IFRS 16 do not have a material impact on the interim condensed consolidated financial statements of the Group. A summary of significant accounting policies adopted by the Group are as under:

i. Accounting for leases as a lessee

Subsequent to adoption of the standard, the Group considers whether a contract is or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration’. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

3. Significant accounting policies (continued):

d. Leases (continued)

i. Accounting for leases as a lessee (continued)

- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Each lease term is determined on an individual basis and corresponds to the non-cancellable period of the lease commitment, plus any option periods that are reasonably certain to be applied.

Measurement and recognition of leases as a lessee

At the commencement date, the Group measures the right-of-use asset and the lease liability at the present value of the future lease payments at that date, discounted using the interest rate implicit in the lease contract if that rate is readily available or the Group's incremental borrowing rate.

The Group depreciates the right-of-use assets on a straight-line/systematic basis from the lease commencement date. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Right-of-use assets includes the amount for lease liability, lease payments before/on commencement date less lease incentives received (if any), initial direct cost incurred by the lessee and any estimate of cost for dismantling the leased assets or restoring the site (if applicable) and if there are such obligations.

Lease liability includes all the payments not paid at commencement date discounted to the present value using the implicit interest rate in the lease contract or incremental borrowing rate if not possible.

Lease payments not paid at commencement date included in the measurement of the lease liability, are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantees, payments arising from options reasonably certain to be exercised and payments for penalties for terminating the lease if the Group assumes terminating the lease early.

Subsequently, the right-of-use assets will be reduced for the depreciation/amortization and the lease liability will be reduced for payments made and increased for interest using the constant period interest rate. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases (leases with lease term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line/systematic basis over the lease term.

ii. Accounting for leases as a lessor

The Group's accounting for recognition under IFRS 16 has not changed from the comparative year. As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if transfers substantially all the risks and rewards incidental to the ownership of the underlying asset and classifies the same as an operating lease if it does not.

3. Significant accounting policies (continued):

e. Value added tax (VAT)

Value added tax is imposed on import and supply of goods or services, including deemed supply, at each stage of production and distribution. Tax collected or due on supply of services are credited to output tax account and tax paid on purchases and business expenses and are available for input tax credit are debited to input tax account. At the end of each tax period, value added tax payable / receivable is calculated in accordance with UAE Tax Laws and are carried in the interim condensed consolidated statement of financial position.

f. Cash and cash equivalents

Cash and cash equivalents for purpose of statement of cash flows comprise cash at bank in current accounts and call accounts.

g. Financial instruments

Financial assets and financial liabilities are recognized when Group becomes a party to the contractual provisions of the instruments. All financial assets and financial liabilities are initially measured at fair value except for trade receivables which are initially recognized at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group classifies and subsequently measures its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for the relevant applicable category is as follows:

(i) Amortized cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables from related parties), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortized cost comprise net VAT receivable and cash and cash equivalents.

(ii) Fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at the date of statement of financial position, the Group does not have any financial assets designated as fair value through other comprehensive income.

3. <u>Significant accounting policies (continued):</u>

g. Financial instruments (continued)

Financial assets (continued)

(iii) Fair value through profit or loss

Fair value through profit or loss are financial assets that are either designated on this category or not classified as financial assets at amortized cost or fair value through other comprehensive income. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Detail of the Group's financial asset at fair value through profit or loss is discussed in note (5) of these interim condensed consolidated financial statements.

Financial liabilities

The Group classifies and subsequently measures its financial liabilities into one of two categories below, depending on the purpose for which the liability was acquired:

a. Fair value through profit or loss

Financial liabilities are classified under this category through fair value option. Derivative instruments (including embedded derivatives) with negative fair values, except those covered by hedging accounting relationships, are also classified under this category. The Group carries financial liabilities at fair value through profit or loss using the fair values and reports fair value changes in profit or loss. Fair value changes from derivatives accounted for as part of an effective accounting hedge are recognized in other comprehensive income and presented in the statement of changes in equity.

As of the date of interim condensed consolidated statement of financial position, the Group does not have any financial liabilities at fair value through profit or loss.

b. Other financial liabilities

Interest bearing borrowings are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the interim condensed consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Other financial liabilities, including other payables, provision for employees' benefits, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Subsequent to initial recognition, financial liabilities are not reclassified.

Impairment of financial assets

The Group rrecognizes a loss allowance for expected credit losses (ECL) on financial assets at amortized cost and financial assets at fair value through other comprehensive income. ECLs are based on the difference between the contractual cash flow due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate.

For credit exposures of financial assets in which there has not been a significant increase in credit risk since initial recognition or that have low credit risk at reporting date, for these assets, 12 months expected credit losses ('ECL') are recognized and interest revenue is calculated on the gross amount of the asset (that is, without deduction of for credit allowances). Financial assets in which there has been a significant increase in credit risk since initial recognition (unless they have a low credit risk at reporting date) but they do not have objective evidence of impairment, for these assets, life time ECL are recognized, however, interest revenue is still calculated on the gross carrying amount of the asset. Financial assets that have objective evidence of impairment at reporting date, for these assets lifetime ECL are recognized and interest revenue is also calculated on the net carrying amount (that is, net of credit allowance).

3. Significant accounting policies (continued):

g. Financial instruments (continued)

Impairment of financial assets (continued)

Management opted to apply the "simplified approach" on trade receivables that do not contain any significant financing component, other than these the management shall apply the former approach i-e "general approach" to all other type of financial assets.

Derecognition of financial assets and financial liabilities

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognized when:

- the rights to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a related party and either (i) has transferred substantially all the risks and rewards of the asset or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially difference terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported on a net basis in the accompanying statement of financial position when a legally enforceable right to set-off such amounts exists and when the Group intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

h. Provision for employees' end of service indemnity

The Group provides end of service benefits to its employees in accordance with UAE labor law. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

i. Leave salary and air ticket

Vacation and air ticket costs are accrued in the period in which they are due.

j. Provisions

Provisions are established when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3. Significant accounting policies (continued):

k. Foreign currencies

For the purpose of the interim condensed consolidated financial statements, the results and the financial position of the Group are expressed in United Arab Emirates Dirham (AED), which is the functional currency of the Group.

All assets and liabilities of the Group are denominated in functional currency which is AED. However, the revenue stream of the Group is received in multiple currencies. All the amounts received in foreign currencies are translated into AED at standard average rates with the resulting foreign exchange gain or loss being directly recognized in profit or loss for the year.

4. Critical accounting judgements and keys sources of estimation uncertainty:

The preparation of interim condensed consolidated financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Management is also required to assess the impact of COVID-19 pandemic on main areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant for the preparation of the Group's interim condensed consolidated financial statements. Such estimates are necessarily based on assumptions about several factors and actual results may differ from the reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

a. Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimate at the end of each reporting period.

b. Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

c. Revenue recognition

In recognizing revenue from the customers, management makes judgement in respect of nature and timings of the satisfaction of performance obligations, including significant payment terms and related revenue recognition policies. This results in decision on whether revenue is to be recognized over time or at a point in time.

d. Legal proceedings

The Group reviews outstanding legal cases following developments in legal proceedings and at each reporting date, in order to assess the need for provision and disclosures in its interim condensed consolidated financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claims or assessment, legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought. The progress of the case (including progress after the date of interim condensed consolidated financial statements but before those statements issued), the opinions or views of legal advisors, experience on similar cares and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

5. Investments at fair value through profit or loss:

	March 31, 2021 AED	December 31, 2020 AED
Quoted securities	47,726,148	42,113,040
	47,726,148	**42,113,040**

The movement in the investments at fair value through profit or loss during the year is as follows:

	2021 AED	2020 AED
As at January 1,	42,113,040	-
Additions during the period/year	26,584,814	42,286,830
Sale of investments in financial instruments	(24,252,723)	(11,623,308)
Gain on change in fair value	3,281,017	11,449,518
	47,726,148	**42,113,040**

The Group holds investment securities which are classified as investments at fair value through profit or loss in accordance with IFRS 9. During the period, the Group has sold various listed quoted securities having a fair value of AED 24,252,723 as purchase cost which resulted in a gain on sale of AED 2,006,979 during the period.

6. Other assets:

	March 31, 2021 AED	December 31, 2020 AED
Prepaid expenses	65,649	-
	65,649	**-**

7. Net value added tax (VAT) receivable:

The movement in the net value added tax (VAT) receivable is as follows:

	March 31, 2021 AED	December 31, 2020 AED
Input	1,067,151	1,067,031
Output	(1,016,430)	(1,016,430)
	50,721	**50,601**

8. Cash and cash equivalents:

	March 31, 2021 AED	December 31, 2020 AED
Cash at bank	33,368	53,468
Short term deposits	988	988
	34,356	**54,456**

9. Share capital:

The Company's authorized share issued, and fully paid-up capital is AED 40 million comprising of 40 million shares with nominal value of AED 1 each as at March 31, 2021. All shares were paid in cash.

10. Statutory reserve:

In accordance with Articles of Association of the Group in line with the provisions of United Arab Emirates Federal Law No. (2) of 2015, the Group is required to contribute 10% of the profit for the year until such time, till it equals to 50% of the share capital of Group. This reserve is not available for distribution.

11. General reserve:

In compliance with the Group's Articles of Association, the Board of Directors determine a percentage of net profit to be transferred to the general reserves. The transfer may be stopped by an ordinary resolution adopted by the Group as recommended by the Board of Directors. There are no restrictions on distributions from the general reserves.

12. Provision for employees' end of service indemnity:

	March 31, 2021 AED	December 31, 2020 AED
As at January 1,	652,868	1,593,335
Provided during the period/year	5,085	33,436
Payments made during the year	-	(13,381)
Written off during the year	-	(960,522)
As at December 31,	**657,953**	**652,868**

13. Bank overdraft:

Bank overdraft represents the overdraft from a foreign bank to buy additional securities under investments at fair value through profit or loss. Bank overdraft bears interest of 3.94% per annum with terms of payment as agreed with the foreign bank.

14. Other payables:

	March 31, 2021 AED	December 31, 2020 AED
Accrued expenses	1,051,802	1,092,484
Employee benefits	317,728	63,466
	1,369,530	**1,155,950**

15. General and administrative expenses:

	2021 AED	2020 AED
Salaries and related benefits	119,347	-
Government and visa	21,049	-
Professional and legal	12,500	-
Others	20,100	-
	172,996	**-**

16. Loss on discontinued operations and sale of subsidiary business segment:

As per the annual general meeting held on March 24, 2020 and the non-consideration sale agreement dated March 25, 2020 signed between Gulfa Mineral Water and Processing Industries Co. and Jibal Gulfa, the ownership of the assets of the water plant were transferred to Jibal Gulfa along with the assets of the plant, receivables and payables.

As per the sale and purchase agreement dated July 1, 2021 between the Group and a third party, the Group has sold the full shares of its subsidiary Jibal Gulfa L.L.C. (the **"Business Segment"**) related to its main activity of producing and selling mineral water and other related activities along with all related assets and liabilities to the third party.

Detail of the results of the discontinued operations as of March 31, 2020 is as follows:

	2020
	AED
Net revenue	1,938,161
Net cost of revenue	(2,401,397)
Gross (loss)	**(463,236)**
General and administrative expenses	(699,632)
Selling and distribution expenses	(887,687)
Other income	23,269
(Loss) on discontinued operations	**(2,027,286)**

17. Contingencies and commitments:

	March 31, 2021	**December 31, 2020**
	AED	**AED**
Letter of guarantee	-	300,000

18. Litigation

The Group has no filed cases filed cases for or against. There are some cases filed under the previous name of the Company "Gulfa Mineral Water and Processing Industries Co. P.L.C." where no liability is on Gulfa General Investments Company as per the sale of the factory agreement note.

19. Significant event:

In December 2019, several cases of pneumonia associated with the Coronavirus were reported in Wuhan, China. The spread of the virus has caused business disruption beginning in January 2020 and the World Health Organization has declared this virus to be a public health emergency on January 31, 2020. While the business disruption is currently expected to be temporary, there is uncertainty around the duration of these disruptions or the possibility of other effects on the business as of the date of this report. The Group has implemented procedures and protocols during the situation. Remote working plans have been initiated and measures were taken to ensure uninterrupted business. The Group will continue to monitor impact on its operations and will take necessary actions as needed.