

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE NINE-MONTHS PERIOD ENDED
SEPTEMBER 30, 2018

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM FINANCIAL INFORMATION AND REVIEW REPORT
FOR THE NINE -MONTHS PERIOD ENDED SEPTEMBER 30, 2018

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Report on Review of Condensed Interim Financial Information

To the Board of Directors
Umm Al Qaiwain General Investments Company P.S.C
A Public Shareholding Company,
Umm Al Qaiwain - United Arab Emirates.

We have reviewed the accompanying condensed interim statement of financial position of **Umm Al Qaiwain General Investments Company P.S.C. (the "Company") (Public Shareholding Company)** – Umm Al Qaiwain, United Arab Emirates, as at 30 September 2018 and the related condensed interim statement of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information 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 financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

TALAL ABU-GHAZALEH & CO. INTERNATIONAL

TALAT ZABEN
LICENSED AUDITOR NO. 68

Ras Al Khaimah
November 3, 2018

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UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

EXHIBIT A

ASSETS	Notes	September 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED	September 30, 2017 (Unaudited) AED
Non-current assets				
Land	5	330,925,540	330,925,540	159,932,441
Investments at fair value through other comprehensive income (FVTOCI)	6 (a)	<u>353,165,801</u>	<u>374,436,666</u>	<u>383,787,592</u>
Total non-current assets		<u>684,091,341</u>	<u>705,362,206</u>	<u>543,720,033</u>
Current assets				
Investments at fair value through profit or loss (FVTPL)	6 (b)	37,362,191	76,858,287	72,692,213
Accounts receivable and others	7	979,064	151,972	15,505,469
Cash and cash equivalents	8	<u>27,798,249</u>	<u>20,997,149</u>	<u>1,716,319</u>
Total current assets		<u>66,139,504</u>	<u>98,007,408</u>	<u>89,914,001</u>
Assets held for sale (discontinued operations)		--	--	2,531,286
TOTAL ASSETS		<u>750,230,845</u>	<u>803,369,614</u>	<u>636,165,320</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Capital	9	363,000,000	363,000,000	363,000,000
Legal Reserve	10	33,223,018	33,223,018	31,502,072
Cumulative changes in fair value of investment at FVTOCI	11	(11,178,939)	36,342,998	49,512,369
Land revaluation reserve		297,085,855	297,085,855	126,092,756
Retained earnings		<u>24,101,585</u>	<u>33,788,091</u>	<u>21,054,037</u>
Total shareholders' equity – Exhibit C		<u>706,231,519</u>	<u>763,439,962</u>	<u>591,161,234</u>
Non-current liability				
End of service benefit obligation	12	<u>747,340</u>	716,174	744,617
Current liabilities				
Account payable and other payables	13	41,955,597	37,993,951	42,777,309
Bank overdraft		<u>1,296,389</u>	<u>1,219,527</u>	<u>1,482,160</u>
Total current liabilities		<u>43,251,986</u>	<u>39,213,478</u>	<u>44,259,469</u>
Total liabilities		<u>43,999,326</u>	<u>39,929,652</u>	<u>45,004,086</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>750,230,845</u>	<u>803,369,614</u>	<u>636,165,320</u>

*THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THIS CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)*

MOHAMMED SALEM ABDULLA SALEM AL HOSANI
MANAGING DIRECTOR



UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE -MONTHS PERIOD ENDED SEPTEMBER 30, 2018

EXHIBIT B-1

		<u>For Nine</u>		<u>For Three</u>	
		<u>Months Ended</u>		<u>Months Ended</u>	
		<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
		<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Profit from investment in shares		24,644,044	20,561,625	3,860,310	911
Changes in fair value of investment at FVTPL	6(b)	(5,976,023)	(855,592)	(3,403,320)	789,280
Other income	15	82,243	9,984	39,380	1
Administrative expenses	16	(2,570,279)	(2,622,711)	(787,133)	(861,089)
Loss on foreign exchange		(5,043)	(12,540)	(6,220)	--
Finance costs		(2,630)	(75,856)	(900)	(10,013)
Profit/ (Loss) for the period from continuing operations		<u>16,172,312</u>	<u>17,004,910</u>	<u>(297,883)</u>	<u>(80,910)</u>
Discontinued operations					
Loss from discontinued operations	17	--	(190,765)	--	(27,039)
PROFIT/ (LOSS) FOR THE PERIOD – EXHIBIT B-2		<u>16,172,312</u>	<u>16,814,145</u>	<u>(297,883)</u>	<u>(107,949)</u>
Basic earnings per share	18	<u>0.045</u>	<u>0.046</u>	<u>(0.001)</u>	<u>(0.0003)</u>

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UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE -MONTHS PERIOD ENDED SEPTEMBER 30, 2018

EXHIBIT B-2

	<u>Notes</u>	<u>For Nine</u> <u>Months Ended</u>		<u>For Three</u> <u>Months Ended</u>	
		<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Profit/(Loss) for the period – Exhibit B-1		<u>16,172,312</u>	<u>16,814,145</u>	<u>(297,883)</u>	<u>(107,949)</u>
<u>Other comprehensive income</u>					
Changes in fair value of investments at FVTOCI	6(a)	<u>(47,233,925)</u>	<u>(10,565,116)</u>	<u>(5,095,411)</u>	<u>(8,820,264)</u>
Profit from sale of investments at FVTOCI		<u>663,170</u>	<u>1,798,978</u>	<u>1,449</u>	<u>1,768,728</u>
Total other comprehensive (loss)		<u>(46,570,755)</u>	<u>(8,766,138)</u>	<u>(5,093,962)</u>	<u>(7,051,536)</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD – EXHIBIT C		<u>(30,398,443)</u>	<u>8,048,007</u>	<u>(5,391,845)</u>	<u>(7,159,485)</u>

***THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
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UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY

UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE -MONTHS PERIOD ENDED SEPTEMBER 30, 2018

EXHIBIT C

	<u>Capital</u>	<u>Legal reserve</u>	<u>Cumulative changes in fair value of investment at FVTOCI</u>	<u>Land revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
<i>Nine months period ended September 30, 2017</i>						
Shareholders' equity at December 31, 2016 (Audited)	363,000,000	31,502,072	61,329,952	126,092,756	27,598,447	609,523,227
Profit for the period – Exhibit B – 1	--	--	--	--	16,814,145	16,814,145
Other comprehensive (loss)	--	--	<u>(10,565,116)</u>	--	<u>1,798,978</u>	<u>(8,766,138)</u>
Total comprehensive income for the period – Exhibit B – 2	--	--	<u>(10,565,116)</u>	--	<u>18,613,123</u>	<u>8,048,007</u>
Dividends	--	--	--	--	(25,410,000)	(25,410,000)
Board of Directors' remuneration	--	--	--	--	(1,000,000)	(1,000,000)
Transferred to retained earnings on sale of investment at FVTOCI	--	--	(1,252,467)	--	1,252,467	--
Shareholders' equity at September 30, 2017 (Unaudited) – Exhibit A	<u>363,000,000</u>	<u>31,502,072</u>	<u>49,512,369</u>	<u>126,092,756</u>	<u>21,054,037</u>	<u>591,161,234</u>
<i>Nine months period ended September 30, 2018</i>						
Shareholders' equity at December 31, 2017 (Audited) – Exhibit A	363,000,000	33,223,018	36,342,998	297,085,855	33,788,091	763,439,962
Profit for the period – Exhibit B – 1	--	--	--	--	16,172,312	16,172,312
Other comprehensive (loss)	--	--	<u>(47,233,925)</u>	--	<u>663,170</u>	<u>(46,570,755)</u>
Total comprehensive (loss) for the period – Exhibit B – 2	--	--	<u>(47,233,925)</u>	--	<u>16,835,482</u>	<u>(30,398,443)</u>
Dividends	--	--	--	--	(25,410,000)	(25,410,000)
Board of Directors' remuneration	--	--	--	--	(1,400,000)	(1,400,000)
Transferred to retained earnings on sale of investment at FVTOCI	--	--	(288,012)	--	288,012	--
Shareholders' equity at September 30, 2018 (Unaudited) – Exhibit A	<u>363,000,000</u>	<u>33,223,018</u>	<u>(11,178,939)</u>	<u>297,085,855</u>	<u>24,101,585</u>	<u>706,231,519</u>

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UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2018

EXHIBIT D

	<u>September 30,</u>	<u>September 30,</u>
	<u>2018</u>	<u>2017</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED</u>	<u>AED</u>
Cash Flows from Operating Activities		
Profit for the period – Exhibit B-1	16,172,312	16,814,145
Adjustments for:		
End of service benefit	31,166	(127,007)
Profit from investments in shares	(24,644,044)	(20,561,625)
Changes in fair value of investments at FVTPL	5,976,023	855,592
Loss on foreign exchange	5,043	12,540
Finance costs	2,630	75,856
Operating loss before working capital changes	<u>(2,456,870)</u>	<u>(2,930,499)</u>
(Decrease) / increase in accounts receivable and others	(221,192)	199,921
Increase / (Decrease) in accounts payable and other payables	44,189	(105,900)
Net cash used in operations	<u>(2,633,873)</u>	<u>(2,836,478)</u>
Finance costs paid	(2,630)	(75,856)
Advance payment received from sale of assets held-for-sale (discontinued operations)	--	2,000,000
Net cash used in operating activities	<u>(2,636,503)</u>	<u>(912,334)</u>
Cash Flows from Investing Activities		
Net movement in investments in shares	7,551,970	11,471,492
Profit received from investments in shares	24,701,314	9,429,104
Net cash provided by investing activities	<u>32,253,284</u>	<u>20,900,596</u>
Cash Flows from Financing Activities		
Paid to shareholders	(21,492,543)	(20,950,414)
Board of director's remuneration paid	(1,400,000)	(1,000,000)
Bank overdraft	76,862	160,647
Net cash used in financing activities	<u>(22,815,681)</u>	<u>(21,789,767)</u>
Net increase / (decrease) in cash and cash equivalents	<u>6,801,100</u>	<u>(1,801,505)</u>
Cash and cash equivalents at the beginning of the period	20,997,149	3,517,824
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD – Note 8 & Exhibit A	<u>27,798,249</u>	<u>1,716,319</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THIS CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED)

1. GENERAL INFORMATION:

Umm Al Qaiwain General Investments Company (Formerly Umm Al Qaiwain Cement Industries Company), a Public Shareholding Company (hereinafter referred to as “the Company”), was incorporated in Umm Al Qaiwain by Amiri Decree number 2/82 on February 11, 1982.

The Company has registered with the competent governmental authorities in accordance with the law in the United Arab Emirates for the production and trade of cement and import of raw materials. During the year 2015, the Company had discontinued its operations for production and sale of cement as decided in Ordinary General Assembly Meeting on April 18, 2015. The Company has changed its name and commercial activities by making amendments in memorandum and articles of association and other legal formalities. The commercial activity includes investment in lands, buildings, education, health sector, general investments, etc.

The Company had obtained approval from the Securities and Commodities Authority to change the commercial activities and trade name to become Umm Al Qaiwain General Investments Company P.S.C. and obtained a commercial license from the Department of Economic Development – Umm Al Qaiwain.

The Company is domiciled at Umm Al Qaiwain, United Arab Emirates.

The Company’s lifetime period is one hundred years, and commenced from the registration date with concerned authorities.

2. ADOPTION OF NEW AND REVISED STANDARDS:

a) New and amended standards adopted by the Company that did not have material impact on the financial statements.

The new and revised IFRS effective for annual period’s beginnings on or after January 1, 2018 have been applied in these interim statements. The adoption of the new revised IFRS did not have a material impact on the amounts reported in the current and prior years, which may affect the accounting processes of future transactions or arrangements.

The IFRS 9 (Financial Instruments) has been applied early from January 1, 2017.

IFRS 9 Financial Instruments

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: i) Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; ii) Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized; iii) Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures; and iv) Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The Management expects no impact from the new classification, measurement and derecognition rules on the Company’s financial assets and financial liabilities.

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED) (continued...)

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued...)

a) New and amended standards adopted by the Company that did not have material impact on the financial statements. (Continued...)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: i) Identify the contract with the customer; ii) Identify the performance obligations in the contract; iii) Determine the transaction price; iv) Allocate the transaction price to the performance obligations in the contracts; v) Recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is committed to performance and recognition of revenue if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits of the performance of the company once the company has performed them.
2. The Company's performance or improvement is controlled by the customer as soon as an asset is created or improved, or
3. The Company's performance does not create an asset item with an alternative use of the Company and the entity has a binding right in the performance payments performed so far.

For the performance obligations that do not meet any of the above conditions, revenue is recognized when the obligation to perform is satisfied.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (a change in use is not limited to completed properties). Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

IFRS 22 Foreign Currency Transactions and Advance Consideration

IFRS 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, on-refundable deposit or deferred revenue).

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.

A PUBLIC SHAREHOLDING COMPANY

UMM AL QAIWAIN

UNITED ARAB EMIRATES

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED) (continued...)

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued...)

a) New and amended standards adopted by the Company that did not have material impact on the financial statements. (Continued...)

IFRS 22 Foreign Currency Transactions and Advance Consideration (continued...)

An interpretation determines that the transaction date is the date which the entity initially recognizes non-monetary assets or non-monetary liabilities arising from payment or receipt of prepayment. If there are multiple payments or receipts in advance, the interpretation requires the entity to determine the transaction date for each payment or receipt in advance. The interpretation is effective for annual periods begins on or after 1 January 2018 with early application permitted. An entity may apply the interpretation either retrospectively or prospectively. Specific transition provisions apply

Annual improvements to IFRSs 2014- 2016 Cycle

The Annual Improvements include amendments to a number of IFRSs are summarized below:

IFRS 1- First-time Adoption of International Financial Reporting Standards. The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.

IAS 28 Investments in Associates and joint Ventures

The amendments clarify that the option for a venture capital organization and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture.

In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify that in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments. They also clarify that where tax law or regulation requires that a share-based payment arrangement has a 'net settlement feature', it should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Further, the amendments describe the method of accounting for the modification of a share-based payment that changes the transaction from cash-settled to equity-settled.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED) (continued...)

2. ADOPTION OF NEW AND REVISED STANDARDS: (continued...)

b) New and revised IFRSs in issue but not yet effective

IFRS 16 Leases

Mandatory for annual periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset have a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Amendments to IAS 28 and IFRS 10 Sale or contribution of assets between an investor and its associate or joint venture

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The application date of these amendments has been deferred indefinitely and its application is not expected to result in a material effect on the financial statements of the Company.

The management expects to apply these standards, new interpretations and amendments to the financial statement of the Company upon its date of initial application. These new standards, interpretations and amendments may have a significant impact on the Company's financial statements in the initial application stage. However, it is not possible to obtain a reasonable assessment of the impact of the application of these standards as the Company is in the process of conducting a detailed review.

IFRS 17 Insurance Contracts

On May 18, 2017, the IASB finished its long-term project to develop an accounting standard on insurance contracts and published IFRS 17, "Insurance Contracts". IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts discretionary participation features.

The standard applies to annual periods beginning on or after January 1, 2021, with early application permitted if IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial instruments" are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probabilities-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED) (continued...)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation:

This condensed interim financial information has been prepared in accordance with International Accounting Standard No.34 “Interim Financial Reporting” and in accordance with the requirements of the laws applied in the United Arab Emirates.

These condensed interim financial statements are presented in UAE Dirham’s, the currency in which the Company exercises most of its activity.

The financial statements are prepared under the historical cost convention, except for the lands and investments in financial instruments which are presented at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services, while 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Company for the year ended December 31, 2017.

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. These condensed financial statements should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2017. In addition results for the nine months period ended September 30, 2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2018.

In accordance with the circular issued by the UAE securities and commodities Authority issued in October 2008, the accounting policies for financial assets, cash and cash equivalent, investment in securities and investment properties were disclosed in the financial statements.

Land:

The land is stated at fair value on the basis of valuation performed by external independent evaluator. The increase or decrease in the carrying amount of the revaluation of the land is recognized in other comprehensive income and presented as a revaluation reserve in equity.

As at the date of the preparation of the condensed financial statements, the land is still registered in the name of the Company’s former name (Umm Al Quwain Cement Industries Company).

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED...)

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. 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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, financial assets at fair value through other comprehensive income (FVTOCT) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified at fair value through profit or loss if it is obtained as "held -for-trading".

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED...)

Financial instruments (continued...)

Financial assets (continued...)

In addition to financial reporting purposes, fair value measurements are categorized into three levels based on the possibility of noting the degree of importance of inputs to the fair value measurement process in relation to the entire measurement techniques which can be described as follows:

- *First Level inputs*
First level inputs are quoted prices (unadjusted) in an active market for identical assets or liabilities that the entity can obtain on the measurement date.
- *Second level inputs*
Second level inputs are all inputs other than quoted prices included in first level that are observable for assets or liabilities either directly or indirectly.
- *Third level inputs*
Third level inputs are non-observable inputs for assets and liabilities

• **Financial assets at fair value through other comprehensive income (FVTOCI)**

Investments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated as "Cumulative changes in fair value of investments at fair value through other comprehensive income" under equity. The fair value of these financial assets is its market value.

Where the asset is disposed, the related cumulative gain or loss previously accumulated in the Cumulative changes in fair value of investments at fair value through other comprehensive income is not reclassified to statement of profit or loss, but is reclassified to retained earnings.

Dividends from investment in securities are recognized in statement of profit or loss when the Company's right to receive the dividends is established.

• **Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking;
- Or it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined using the income approach, under which, the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of the investment unless the effect of discounting is immaterial.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial instruments (continued...)

• **Debt instruments carried at amortized cost or at FVTOCI**

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset. For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI the cumulative gain/loss previously recognized in OCI is not subsequently to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Financial instruments (continued...)

Other receivables

The Company's financial assets fall within the category of "Other receivables". Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables, cash and bank balances, and balances due from related parties) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

Other financial liabilities (including borrowings, trade and other payables and balances due to related parties) are subsequently measured at amortized cost using the effective interest method unless when the effect of discounting their future cash flows to their carrying amounts using the effective interest method is immaterial.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Effect of changes in accounting policies as a result of implementing the new standards.

The Company has adopted the IFRS 15 (Revenue from contracts with customers) for the first time effective January 1, 2018 and there is no material impact on the financial statement as a result of application. Other interpretations have been applied for the first time in 2018 but have no impact on the interim condense financial statements of the Company.

Critical accounting judgements and key sources of estimation of uncertainty.

The preparation of 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 condense consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

a) Critical judgements in applying the Company's accounting policies in respect of IFRS 9

- Business model assessment: Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company's determines the business model at a level that reflects how companies of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so prospective change to the classification of those assets.
- Significant increases of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

Critical accounting judgements and key sources of estimation of uncertainty (continued...)

- a) Critical judgements in applying the Company's accounting policies in respect of IFRS 9 (continued...)
- Establishing a group of assets with similar credit risk characteristics: when ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, collateral type, data of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc). The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.
 - Models and assumptions used: the Company uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

4. OTHER INFORMATION:

The Company has no investments and does not own shares in the Abraaj Group Company.

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5. LAND:

- 1) Land amounting to AED 330,925,540 as shown in **Exhibit A** includes land on which assets held-for-sale (discontinued) are situated, in addition to the port land. The lands were evaluated by independent evaluators. The lands have an area of 10,671,317 square feet, the movement over land were as follows:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Balance at 1 January	330,925,540	159,932,441	159,932,441
Land revaluation reserve	--	170,993,099	--
Fair value at end of the period – Exhibit A	330,925,540	330,925,540	159,932,441

- 2) Land registration procedures have not yet been completed on behalf of Umm Al Qaiwain General Investments Company P.S.C as these are still in the former name (Umm Al Qaiwain Cement Industries Co.).

6. INVESTMENTS IN SECURITIES:

- a) **Investments at fair value through other comprehensive income (FVTOCI):**

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u>
Quoted	347,921,999	369,049,428	377,829,159
Unquoted	5,243,802	5,387,238	5,958,433
Fair value at end of the period – Exhibit A	353,165,801	374,436,666	383,787,592

- 1) The investments distributed according to the geographical location are as follows:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u>
Quoted			
In U.A.E	322,780,985	345,759,217	352,013,575
In GCC countries	25,141,014	23,290,211	25,815,584
Total – Note 6 (a) above	347,921,999	369,049,428	377,829,159

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u>
Unquoted			
In U.A.E	--	--	--
In GCC countries	5,243,802	5,387,238	5,958,592
Total – Note 6 (a) above	5,243,802	5,387,238	5,958,592

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6. INVESTMENTS IN SECURITIES (continued...):

**a) Investments at fair value through other comprehensive income (FVTOCI):
(continued...)**

2) The transactions during the period over these investments as follows :

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>September 30,</u> <u>2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Fair value at January 1	374,436,666	391,322,031	391,322,031
Net movement during the period	25,963,060	(6,777,642)	3,030,677
Changes in investment revaluation – Exhibit B - 2	<u>(47,233,925)</u>	<u>(10,107,723)</u>	<u>(10,565,116)</u>
Total	<u>353,165,801</u>	<u>374,436,666</u>	<u>383,787,592</u>

The cumulative changes in fair value of investments at fair value through other comprehensive income (FVTOCI) amounted to AED 11,178,939 (Debit) as at September 30, 2018 (December 31, 2017: AED 36,342,998 (Credit), September 30, 2017: AED 49,512,369 (Credit)) as shown in Shareholders' Equity.

b) Investments at fair value through profit or loss (FVTPL):

1) All investments through profit and loss are quoted and distributed according to the geographical location as follows:

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>September 30,</u> <u>2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
In U.A.E	36,252,901	75,644,705	71,554,479
In GCC countries	<u>1,109,290</u>	<u>1,213,582</u>	<u>1,137,734</u>
Fair value at end of the period – Exhibit A	<u>37,362,191</u>	<u>76,858,287</u>	<u>72,692,213</u>

2) The transactions over these investments during the period as follows :

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>September 30,</u> <u>2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Fair value at January 1	76,858,287	88,062,514	88,062,514
Net movement during the period	<u>(33,520,073)</u>	<u>(9,664,387)</u>	<u>(14,514,709)</u>
Changes in investment revaluation – Exhibit B - 1	<u>(5,976,023)</u>	<u>(1,539,840)</u>	<u>(855,592)</u>
Total	<u>37,362,191</u>	<u>76,858,287</u>	<u>72,692,213</u>

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7. ACCOUNTS RECEIVABLE AND OTHERS:

This item consists of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Receivables on investment in shares	697,637	91,736	15,435,380
Bank guarantees	28,590	28,590	28,590
Due from the staff	109,443	--	10,000
Others	143,394	31,646	31,499
Total – Exhibit A	979,064	151,972	15,505,469

8. CASH AND CASH EQUIVALENTS:

This item consists of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Petty cash	25,526	25,339	40,956
Cash at banks – UAE	24,899,712	19,323,091	27,544
Cash at banks – Kuwait	2,704,306	1,534,056	1,533,156
Cash at bank – Oman	168,705	114,663	114,663
Total – Exhibits A & D	27,798,249	20,997,149	1,716,319

9. CAPITAL:

The Company's Capital as shown in **Exhibit A** amounting to **AED 363,000,000** consists of fully paid-up 363,000,000 shares of one Dirham par value for each share.

10. LEGAL RESERVE:

- 1) In accordance with the Company's Articles of Association, 10% of the profit for the year is to be deducted and retained in legal reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital.

- 2) The movements over legal reserve during the period are as follows:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u>
Balance at January 1	33,223,018	31,502,072	31,502,072
Transferred from profit	--	1,720,946	--
Balance at end of the period – Exhibit A	33,223,018	33,223,018	31,502,072

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11. CUMULATIVE CHANGES IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

Cumulative changes in fair value of investments at fair value through other comprehensive income represent accumulated gains and losses arising from the revaluation of financial assets at fair value through other comprehensive income.

12. END OF SERVICE BENEFITS OBLIGATION:

The movements over this item during the period are as follows:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u>
Balance at January 1	716,174	871,624	871,624
Current service cost	31,166	55,447	55,447
Payments during the period	--	<u>(210,897)</u>	<u>(182,454)</u>
Balance at end of the period – Exhibit A	<u>747,340</u>	<u>716,174</u>	<u>744,617</u>

13. ACCOUNTS PAYABLE AND OTHER PAYABLES:

a) This item comprises of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Unclaimed dividends – Note 13 (b – 1)	40,948,565	37,031,108	37,364,920
Advance payments received from sale of assets held-for-sale	--	--	5,000,000
Account payables	182,248	20,446	228,765
Provision for disposal assets held for sale	510,000	510,000	--
Accrued expenses	64,179	98,979	54,879
Short-term employees benefits	250,605	233,418	128,745
Employees' bonus	--	<u>100,000</u>	--
Total – Exhibit A	<u>41,955,597</u>	<u>37,993,951</u>	<u>42,777,309</u>

b) UNCLAIMED DIVIDENDS:

1) This item consists of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2017</u> <u>(Audited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Unclaimed dividends in arrears	39,390,157	35,472,700	35,806,512
Shareholding creditors resulting from reduction of capital – Note 13 (b – 2)	<u>1,558,408</u>	<u>1,558,408</u>	<u>1,558,408</u>
Total – Note 13 (a)	<u>40,948,565</u>	<u>37,031,108</u>	<u>37,364,920</u>

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13. ACCOUNTS PAYABLE AND OTHER PAYABLES: (CONTINUED...)

b) UNCLAIMED DIVIDENDS:

- 2) The shareholding creditors' balance represents the outstanding balance resulting from reduction of the Company's capital during the year 1987 by 25%, from AED 260,000,000 to AED 195,000,000. These shareholding creditors did not claim for their amounts.

14. RISK MANAGEMENT:

The Company monitors and manages the financial risks relating to its business and operations. These risks include: capital risk, foreign currency risk, market risk, and credit risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. The Company maintains reports related to functions of risk management and manages treats and observes risks and policies implemented to eliminate risk exposures.

(a) Capital risk:

Regularly, the Company reviews its capital structure which includes debt and equity securities and considers the cost of capital and the risks associated with each class of the capital. The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

(b) Foreign currency risk:

Foreign currency risk is defined as a risk resulting from the fluctuation in the value of financial instruments as a result of changes in the foreign currency exchange rate. On the date of the financial statements, the Company maintained recognized financial instruments which are exposed to the foreign currency risk that may cause a change in the related cash flow amounts as a result of the fluctuation of foreign currency exchange rates.

The details of the recognized financial instruments in foreign currencies stated in the attached statement of financial position as of September 30, 2018 are as follows:

<u>Description</u>	<u>Type of foreign currency</u>	<u>Carrying value in UAE Dirham</u>
Financial assets – Kuwait	KD	30,384,816
Cash at bank – Kuwait	KD	2,704,306
Financial assets – Oman	OMR	1,109,290
Cash at bank – Oman	OMR	168,705

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14. RISK MANAGEMENT: (continued...)

(c) Market risk:

Market risk is defined as the risk which causes fluctuation in financial instruments value as a result of change in market prices. International Financial Reporting Standards require disclosure of the financial instruments that are exposed to fluctuation in its value as a result of change in its market prices. The financial instruments that expose the Company to market price fluctuation risk as at September 30, 2018 comprise of investment in financial assets amounting to AED 390,527,992.

(d) Credit risk:

International Financial Reporting Standards require disclosure of information about the Company's exposure to credit risk.

The financial instruments that potentially subject the Company to concentrations of credit risk consist principally of receivables on investments.

15. OTHER INCOME:

This item consists of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Bank interest	26,838	9,984
Sundry income	55,405	--
Total – Exhibit B -1	82,243	9,984

16. ADMINISTRATIVE EXPENSE:

This item consists of the following:

	<u>September 30,</u> <u>2018</u> <u>(Unaudited)</u> <u>AED</u>	<u>September 30,</u> <u>2017</u> <u>(Unaudited)</u> <u>AED</u>
Salaries & wages	1,510,127	1,245,944
End of service benefits	31,166	50,661
Short-term employees' benefits	99,994	87,495
Rent	--	77,083
Electricity & water	150,534	229,857
Professional fees	139,477	160,195
Air tickets	23,905	44,265
Sundry expenses	615,076	727,211
Total – Exhibit B -1	2,570,279	2,622,711

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17. LOSS FROM DISCONTINUED OPERATIONS:

This item consists of the following:

	<u>For Nine Months Ended</u>		<u>For Three Months Ended</u>	
	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>	<u>September 30,</u> <u>2018</u>	<u>September 30,</u> <u>2017</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Sales	--	--	--	--
Cost of sales	--	--	--	--
Gross loss	--	--	--	--
Depreciation	--	--	--	--
Provision for coarse cement	--	--	--	--
Salaries expense	--	(176,878)	--	(27,039)
Electricity and water	--	(11,193)	--	--
Miscellaneous expenses	--	(2,694)	--	--
Loss from discontinued operations – Exhibit B-1	--	(190,765)	--	(27,039)

18. BASIC EARNINGS PER SHARE:

Basic earnings per share are determined by dividing the profit for the period over the average number of shares outstanding of ordinary stock.

<u>Particulars</u>	<u>Profit from</u> <u>continuing</u> <u>operations</u> <u>(Unaudited)</u> <u>AED</u>	<u>(Loss) from</u> <u>discontinued</u> <u>operations</u> <u>(Unaudited)</u> <u>AED</u>	<u>Total</u> <u>(Unaudited)</u> <u>AED</u>
<u>September 30, 2018 :</u>			
Profit for the period	16,172,312	--	16,172,312
Average number of the ordinary shares	<u>363,000,000</u>	--	<u>363,000,000</u>
Basic earnings per share – Exhibit B-1	0.045	--	0.045
<u>September 30, 2017 :</u>			
Profit for the period	17,004,910	(190,765)	16,814,145
Average number of the ordinary shares	<u>363,000,000</u>	<u>363,000,000</u>	<u>363,000,000</u>
Basic earnings per share – Exhibit B-1	0.047	(0.0005)	0.046

19. RELATED PARTY TRANSACTIONS:

There are no transactions with related parties during the period ended September 30, 2018.

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20. SEGMENT INFORMATION:

The primary segment reporting format is determined to be business segment as the Company's risks and rate of return are affected predominantly by activity lines. The operating business are organized and managed separately according to the nature of activities, with each segment representing a strategic business unit that offer different business strategies.

Business segments

The following table demonstrates profit information and certain assets and liabilities regarding business segments:

<u>Description</u>	<u>September 30, 2018 (Unaudited)</u>		<u>December 31, 2017 (Audited)</u>		<u>September 30, 2017 (Unaudited)</u>		<u>TOTAL</u>		
	<u>Manufacturing (discontinued operations)</u>	<u>Investment</u>	<u>Manufacturing (discontinued operations)</u>	<u>Investment</u>	<u>Manufacturing (discontinued operations)</u>	<u>Investment</u>	<u>September 30, 2018 (Unaudited)</u>	<u>December 31, 2017 (Audited)</u>	<u>September 30, 2017 (Unaudited)</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Profit from investments	--	18,662,978	--	19,019,929	--	19,693,493	18,662,978	19,019,929	19,693,493
Allocated expenses (Net)	--	--	(190,764)	--	(190,765)	--	--	(190,764)	(190,765)
Net segment results	<u>--</u>	<u>18,662,978</u>	<u>(190,764)</u>	<u>19,019,929</u>	<u>(190,765)</u>	<u>19,693,493</u>	<u>18,662,978</u>	<u>18,829,165</u>	<u>19,502,728</u>
Profit from assets held for sale (discontinued operations)							--	2,125,141	--
Unallocated expenses							(2,490,666)	(3,744,844)	(2,688,583)
Profit for the period							<u>16,172,312</u>	<u>17,209,462</u>	<u>16,814,145</u>
Segment assets	<u>--</u>	<u>750,230,845</u>	<u>--</u>	<u>803,369,614</u>	<u>2,531,286</u>	<u>633,634,034</u>	<u>750,230,845</u>	<u>803,369,614</u>	<u>636,165,320</u>
Segment liabilities	<u>--</u>	<u>43,999,326</u>	<u>--</u>	<u>39,929,652</u>	<u>--</u>	<u>45,004,086</u>	<u>43,999,326</u>	<u>39,929,652</u>	<u>45,004,086</u>
<u>Other segment information</u>									
Land revaluation reserve	--	297,085,855	--	297,085,855	--	126,092,756	297,085,855	297,085,855	126,092,756
Loss from investments at FVTOCI	--	(47,233,925)	--	(10,107,723)	--	(10,565,116)	(47,233,925)	(10,107,723)	(10,565,116)

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20. SEGMENT INFORMATION: (continued...)

Geographical segments:

The Company's geographical segments are based on the location of the Company's assets. The two geographical segments in which the Company operates comprise of UAE and GCC.

a) Assets distribution:

The following table shows the distribution of the Company's segment assets by geographical market:

	GCC			UAE			Total		
	September 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED	September 30, 2017 (Unaudited) AED	September 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED	September 30, 2017 (Unaudited) AED	September 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED	September 30, 2017 (Unaudited) AED
Assets	35,064,754	31,631,487	34,651,305	715,166,091	771,738,127	598,982,729	750,230,845	803,369,614	633,634,034
Assets held for sale (discontinued operation)	--	--	--	--	--	2,531,286	--	--	2,531,286
Total Assets	35,064,754	31,631,487	34,651,305	715,166,091	771,738,127	601,514,015	750,230,845	803,369,614	636,165,320

b) Financial assets at fair value distribution:

The following table demonstrates financial assets information, the geographical allocation and the nature of activities in which invested:

	September 30, 2018 (Unaudited)		December 31, 2017 (Audited)		September 30, 2017 (Unaudited)		TOTAL		
	GCC AED	UAE AED	GCC AED	UAE AED	GCC AED	UAE AED	September 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED	September 30, 2017 (Unaudited) AED
1) Investments at FVTOCI									
Banking sector	3,240,304	262,049,171	672,784	296,716,621	719,183	320,368,323	265,289,475	297,389,405	321,087,506
Finance and investment sector	7,604,417	3,725,600	7,690,727	5,027,000	8,634,007	4,883,100	11,330,017	12,717,727	13,517,107
Real estate sector	5,868,972	22,209,646	6,367,905	23,583,841	6,732,973	6,606,662	28,078,618	29,951,746	13,339,635
Industrial sector	5,841,088	3,108,033	5,684,337	3,554,905	5,790,684	3,246,715	8,949,121	9,239,242	9,037,399
Services sector	7,528,158	14,668,290	7,953,110	16,876,850	9,531,562	16,908,776	22,196,448	24,829,960	26,440,338
Telecommunications sector	--	17,020,245	--	--	--	--	17,020,245	--	--
Technology sector	301,877	--	308,586	--	365,607	--	301,877	308,586	365,607
Total	30,384,816	322,780,985	28,677,449	345,759,217	31,774,016	352,013,576	353,165,801	374,436,666	383,787,592
2) Investments at FVTPL									
Banking sector	1,109,290	5,916,683	1,213,582	38,854,725	1,137,733	33,730,488	7,025,973	40,068,307	34,868,221
Finance and investment sector	--	1,963,500	--	2,530,500	--	2,436,000	1,963,500	2,530,500	2,436,000
Real estate sector	--	9,809,044	--	13,743,041	--	15,499,869	9,809,044	13,743,041	15,499,869
Industrial sector	--	13,823,674	--	15,536,439	--	15,308,123	13,823,674	15,536,439	15,308,123
Services sector	--	4,740,000	--	4,980,000	--	4,580,000	4,740,000	4,980,000	4,580,000
Total	1,109,290	36,252,901	1,213,582	75,644,705	1,137,733	71,554,480	37,362,191	76,858,287	72,692,213
Total financial assets	31,494,106	359,033,886	29,891,031	421,403,922	32,911,749	423,568,056	390,527,992	451,294,953	456,479,805

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21. FAIR VALUE MEASUREMENT :

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 Company is going concern without any attention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of the Company's financial assets that are measured at fair value on recurring basis

The Company'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:

<u>Financial assets</u>	<u>Fair value as at</u>			<u>Fair value hierarchy</u>	<u>Valuation techniques and Key inputs</u>	<u>Significant Unobservable Input</u>	<u>Relationship of Unobservable inputs to fair value</u>
	<u>September 30, 2018 AED</u>	<u>December 31, 2017 AED</u>	<u>September 30, 2017 AED</u>				
Quoted equity investments - FVTOCI	347,921,999	369,049,428	377,829,159	Level 1	Quoted bid prices in an active market	None	NA
Unquoted equity investments - FVTOCI	5,243,802	5,387,238	5,958,433	Level 2	Unpublished prices in the active market (parallel market)	None	NA
Quoted equity instruments - FVTPL	37,362,191	76,858,287	72,692,213	Level 1	Quoted bid prices in an active market	None	NA

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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21. FAIR VALUE MEASUREMENT: (continued...)

<u>As at September 30, 2018</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
<u>Description</u>				
Investments carried at fair value through profit or loss (FVTPL)	37,362,191	--	--	37,362,191
Investments carried at fair value through other comprehensive income (FVTOCI) - (Quoted equities)	347,921,999	--	--	347,921,999
Investments carried at fair value through other comprehensive income (FVTOCI) - (Unquoted equities)	--	5,243,802	--	5,243,802
Total	385,284,190	5,243,802	--	390,527,992
<u>As at December 31, 2017</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
<u>Description</u>				
Investments carried at fair value through profit or loss (FVTPL)	76,858,287	--	--	76,858,287
Investments carried at fair value through other comprehensive income (FVTOCI) - (Quoted equities)	369,049,428	--	--	369,049,428
Investments carried at fair value through other comprehensive income (FVTOCI) - (Unquoted equities)	--	5,387,238	--	5,387,238
Total	445,907,715	5,387,238	--	451,294,953
<u>As at September 30, 2017</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
<u>Description</u>				
Investments carried at fair value through profit or loss (FVTPL)	72,692,213	--	--	72,692,213
Investments carried at fair value through other comprehensive income (FVTOCI) - (Quoted equities)	377,829,159	--	--	377,829,159
Investments carried at fair value through other comprehensive income (FVTOCI) - (Unquoted equities)	--	5,958,433	--	5,958,433
Total	450,521,372	5,958,433	--	456,479,805

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

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22. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION:

This condensed interim financial information (unaudited) has been approved by the Company's board of directors for issue on November 3, 2018

23. GENERAL:

- a) Prior period/year's figures have been reclassified wherever necessary for the purpose of comparison.
- b) The figures in this condensed interim financial information (unaudited) are rounded to the nearest Dirham of United Arab Emirates.