United Printing and Publishing LLC

Directors' report and consolidated financial statements for the year ended 31 December 2020

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Director's Report for the year ended 31 December 2020

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2020 of United Printing and Publishing LLC ("the Company") and its subsidiary Tawzea Distribution & Logistics Services (the "Subsidiary" and together with the Company "the Group") for the year ended 31 December 2020.

Principal activities

The Group's principal activities comprise printing, publishing, packaging and distributing newspapers, magazines, books and other printed materials.

Results for the year

The results of the Group for the year are set out on page 7 of the consolidated financial statements.

Directors

The Directors who served during the year and up to the date of this report are:

H.E. Ali Rashid Al Nuaimi
Ahmad Balouma
Rajeev Mehta

Auditors

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who retire and being eligible, offer themselves for reappointment.

On behalf of Board of Directors

....
H.E. Ali Rashid AlNuaimi
Chairman
08th JUNE 2021

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Independent auditor's report to the shareholders of United Printing and Publishing LLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Printing and Publishing L.L.C. ("the Company") and its subsidiary (together the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises the Director's report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report to the shareholders of United Printing and Publishing LLC (continued)

Report on the audit of the consolidated financial statements (continued)

Other information (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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Independent auditor's report to the shareholders of United Printing and Publishing LLC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Director's report is consistent with the books of account of the Group;

(v) as disclosed in Note 1 to the consolidated financial statements, the Group has not purchased or invested in any shares during the year ended 31 December 2020;

(vi) Note 17 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

Independent auditor's report to the shareholders of United Printing and Publishing LLC (continued)

Report on other legal and regulatory requirements (continued)

(vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company's Articles of Association which would materially affect its activities or its financial position as at 31 December 2020.

PricewaterhouseCoopers
20 June 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

United Printing and Publishing LLC

Consolidated statement of financial position

	Notes	As at 31 December 2020 AED'000	2019 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	226,165	246,007
Right-of-use assets	6	11,497	11,360
Intangible asset		186	-
		237,848	257,367
Current assets			
Inventories	7	83,235	90,994
Trade and other receivables	8	90,836	107,245
Due from related parties	17	135,069	85,264
Cash and cash equivalents	9	178.187	148,293
		487.327	431,796
Total assets		725,175	689,163
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	317,560	317,560
Shareholders contribution	12	76,109	34,003
Statutory reserve	11	24,850	22,416
Retained earnings		32,616	10,710
Total equity		451,135	384,689
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	13	22,356	22,138
Lease liabilities	6	8,499	6,670
		30,855	28,808
Current liabilities			
Trade and other payables	16	197,987	175,617
Lease liabilities	6	2,996	5,070
Due to related parties	17	8,369	8,783
Loan from shareholder	15	-	42,106
Deferred revenue	14	33,833	44,090
		243,185	275,666
Total liabilities		274,040	304,474
Total equity and liabilities		725,175	689,163

These consolidated financial statements were approved by the Board of Directors on 08th JUNE 2021 and signed on its behalf by:

....
Ali Saif AlNuaimi
General Manager

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H.E. Ali Rashid AlNuaimi
Chairman

United Printing and Publishing LLC

Consolidated statement of comprehensive income

	Note	Year ended 31 December 2020 AED'000	2019 AED'000
Revenues	18	307,512	368,596
Cost of sales	19	(233,468)	(274,789)
Gross profit		74,044	93,807
General and administrative expenses	20	(57,662)	(49,339)
Selling and marketing expenses	21	(1,018)	(5,496)
Reversal/(charge) of provision for impairment of trade receivables	8	6,224	(8,266)
Other income	26	2,305	4,627
Operating profit		23,893	35,333
Finance costs	23	(421)	(1,797)
Finance income	23	868	2,576
Finance income – net		447	779
Profit for the year		24,340	36,112
Other comprehensive income		-	-
Total comprehensive income for the year		24,340	36,112

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

United Printing and Publishing LLC

Consolidated statement of changes in equity

	Share capital AED '000	Shareholder's contribution AED '000	Statutory reserve AED '000	Retained earnings AED '000	Total AED '000
At 1 January 2019	317,560	34,003	18,805	(21,791)	348,577
Comprehensive income					
Profit for the year	-	-	-	36,112	36,112
Transfer to statutory reserve	-	-	3,611	(3,611)	-
At 31 December 2019	317,560	34,003	22,416	10,710	384,689
Comprehensive income					
Profit for the year	-	-	-	24,340	24,340
Transfer to statutory reserve	-	-	2,434	(2,434)	-
Transaction with owners in their capacity as owners					
Waiver of loan from shareholder (Note 15)	-	42,106	-	-	42,106
At 31 December 2020	317,560	76,109	24,850	32,616	451,135

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

United Printing and Publishing LLC

Consolidated statement of cash flows

	Note	Year ended 31 December 2020 AED'000	2019 AED'000
Operating activities			
Profit for the year		24,340	36,112
Adjustments for:			
Depreciation of property, plant and equipment	5	28,270	27,876
Depreciation of right-of-use assets	6	5,855	4,825
Amortisation of intangible asset		8	-
Gain on disposal of property, plant and equipment		(6)	(35)
Gain on derecognition of lease liabilities and right-of-use of assets		(409)	-
(Reversal of)/provision for impairment of trade receivables	8	(6,224)	8,266
Provision for slow moving and obsolete inventories	7	832	-
Provision for employees' end of service benefits	13	3,708	6,049
Finance income	23	(868)	(2,576)
Finance costs	23	421	1,797
Cash flows from operating activities before changes in working capital and payment of employees end of service benefits		55,927	82,314
Employees end of service benefits paid	13	(3,490)	(851)
Changes in working capital:			
Inventories		6,927	(25,029)
Trade and other receivables		22,633	(8,243)
Due from related parties		(49,805)	(60,913)
Deferred revenue		(10,257)	31,843
Trade and other payables		22,344	(5,676)
Due to related parties		(414)	8,783
		(8,572)	(59,235)
Net cash generated from operating activities		43,865	22,228
Investing activities			
Purchase of property, plant and equipment	5	(8,428)	(10,901)
Purchase of intangible assets		(194)	-
Finance income received		868	2,576
Proceeds from disposal of property, plant and equipment		32	1,601
Net cash used in investing activities		(7,722)	(6,724)
Financing activities			
Principal elements of lease payments	6	(6,249)	(4,854)
Net increase in cash and cash equivalents		29,894	10,650
Cash and cash equivalents, at beginning of the year		148,293	137,643
Cash and cash equivalents, at end of the year	9	178,187	148,293

Non-cash transactions:

Non-cash transactions are disclosed in Note 27.

The notes on pages 10 to 49 are an integral part of these consolidated financial statements.

United Printing and Publishing LLC

Notes to the consolidated financial statements for the year ended 31 December 2020

1 General information

United Printing and Publishing LLC (the "Company") is a limited liability company registered in the Emirate of Abu Dhabi, United Arab Emirates on 15 May 2006 in accordance with the provisions of the UAE Federal Law No. 8 of 1984, (as amended).

The UAE Federal Law No. (2) of 2015, has come into effect on 1 July 2015, replacing the existing UAE Federal Law No. 8 of 1984. Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company 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.

The registered address of the Company is Al Bahyah, Abu Dhabi, United Arab Emirates, PO Box 39955. The Company's principal activities comprise printing, publishing and packaging newspapers, magazines, books and other printed materials.

The Company is 99% owned by Abu Dhabi Media Company PJSC (The "Parent Company") and 1% owned by Live Media Production Services.

During 2019, the Parent Company's ownership was transferred to Abu Dhabi Developmental Holding Company PJSC ("ADQ", or the "Ultimate Parent Company") as per Abu Dhabi Law No. 2 of 2018 and Abu Dhabi Executive Council Resolution No 143 of 2019, issued on 20 June 2019. The Parent Company is ultimately owned by the Government of Abu Dhabi (the "Ultimate Shareholder").

ADQ was formed with a view to reorganize various entities, including certain subsidiaries, controlled indirectly by the Government (the "Subsidiaries"). Accordingly, following its formation, the legal and beneficial ownership of and control over the Subsidiaries was transferred by the Government to ADQ. Consequently, the subsidiaries are effectively and ultimately controlled by the same party both before and after the reorganization.

The Company holds an investment in a fully owned subsidiary, Tawzea Distribution & Logistics Services (the "Subsidiary" and together with the Company "the Group"). The principal activities of the subsidiary are distribution and delivery of parcels and printed materials.

The Group has not purchased or invested in any shares during the year ended 31 December 2020. In addition, no social contributions were made during the year ended 31 December 2020.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared under the historical cost convention except for financial instruments carried at fair value through other comprehensive income (previously available for sale financial assets).

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going concern

On 30 January 2020, the World Health Organisation ("WHO") declared an international health emergency due to the outbreak of coronavirus ("COVID-19"). Since 11 March 2020, the WHO has characterised the spread of the coronavirus as a pandemic. The UAE Government has taken certain measures, in an effort to control the spread, which included a lockdown between April 2020 and June 2020. Furthermore, the UAE's National Media Council ("NMC") announced a temporary suspension of circulation of newspapers, magazines and paper publications from 24 March 2020 until further notice. This is in line with the precautionary measures to prevent the spread of coronavirus. The decision excludes all subscriptions (individuals, major outlets in shopping centers, in addition to educational flyers from health authorities). The impact of the suspension of circulation on the Group cannot be reasonably assessed given the suspension duration cannot be reasonably expected.

The commercial and newspaper printing segments within the Group, have been adversely affected by the impact of the COVID-19 virus and the NMC's suspension which has led to a reduction in sales from 21 March 2020 onwards.

Management assessed the Group's ability to continue as a going concern and therefore prepared a twelve-month cash flow forecast from the date of the audit report. The forecast shows that the Group would have sufficient net cash inflows within the next twelve months from the reporting date to enable it to meet its obligations without significant curtailment. Further, the Ultimate Parent Company confirmed its intention to continue to support the Group to enable it to continue its normal operating activities, for at least twelve months from the date of the audit report. The Ultimate Parent Company also confirmed it has no current plans to cease the Group's operations

Based on the above, and on the history of profitable operations and a ready access to financial resources, management is confident that the Group will be able to continue in business for the foreseeable future, therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

2 Summary of significant accounting policies (continued)

2.2 Change in accounting policies

New and revised IFRS applied in the preparation of the financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) **Definition of Material – amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.

(b) **Definition of a Business – amendments to IFRS 3** - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

(c) **Revised Conceptual Framework for Financial Reporting** - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle , income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

(d) **Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7** - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the condensed interim statement of income. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

2 Summary of significant accounting policies (continued)

2.2 Change in accounting policies (continued)

New and revised IFRS applied in the preparation of the financial statements (continued)

The Group did not have to make retrospective adjustments as a result of adoption of the aforementioned standards.

New and revised IFRS issued and early applied

- Amendments to IFRS 16 'Leases' (effective 1 June 2020) – On 28 May 2020, the IASB issued amendments to IFRS 16, which provide relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. This amendment provide the lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification, in addition it requires the lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient applies only to the rent concession occurring as a direct consequence of the COVID-19 pandemic and only if all the following criteria are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(c) there is no substantive change to other terms and conditions of the lease.

During the year ended 31 December 2020, the Group has early applied the amendments to IFRS 16 'Leases' ("IFRS 16") retrospectively starting on 1 January 2020. In accordance with the transition provisions in IFRS 16 amendments, the new practical expedient was applied to all rent concessions occurring as a direct consequence of the COVID-19 pandemic meeting the criteria without any impact on retained earnings as on 1 January 2020. As a result, comparatives for the year 2019 financial information are not restated and the information presented for 2019 does not reflect the new requirements of the IFRS 16 amendments, therefore, it is not comparable to the information presented for 2019 under IFRS 16' lease excluding the new practical expedient. The impact on the application of the amended standard is disclosed in Note 6.

New and revised IFRS issued but not yet effective and not early adopted

(a) IFRS 17, 'Insurance contracts' (effective 1 January 2023); and
(b) Amendments to IAS 1 and IAS 8 (effective 1 January 2022).

The Group is currently assessing the impact of these standards, and amendments on the future

United Printing and Publishing LLC

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

2.2 Change in accounting policies (continued)

New and revised IFRS issued but not yet effective and not early adopted (continued)

consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss. When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly within profit and loss in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

(a) Subsidiaries

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Profit or loss of each component of other comprehensive income is attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

(c) Changes in ownership interests in subsidiaries without change of control (continued)

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified the consolidated statement of income.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Building	20 - 25 years
Plant and equipment	10 - 25 years
Furniture and fittings	3 years
Motor vehicles	5 years
Tools	2 years

Assets held under right-of-use of assets are depreciated over the shorter of their expected useful lives or the term of the relevant lease.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use (Note 2-6).

2 Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

Capital work-in-progress

Capital work-in-progress is recorded at cost which represents the contractual obligations of the Group for the construction of certain assets. Allocated costs directly attributable to the construction of the asset are capitalised. The capital work-in-progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies.

2.5 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to its intended use. These costs are amortised over their estimated useful lives of 2 to 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense in the consolidated statement of comprehensive income as incurred.

2.6 Financial instruments

(i) Classification

The Group classifies its financial assets as at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows except for financial assets which are considered as equity instrument.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at Fair Value through Profit or Loss ("FVPL"). Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Solely Payments of Principal and Profit ("SPPI"): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent SPPI.

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

(i) Classification (continued)

In making this assessment, the Group considers whether contractual cash flows present a nature consistent with a basic lending arrangement, i.e. profit includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with basic lending arrangement.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Classification of financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group determines the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of the convertible debentures. Market conditions which give rise to market risk include changes in the benchmark interest rate.

The Group holds the following financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

- Cash and bank balances. Cash and bank balances include cash in hand and balances in current accounts.

- Trade receivables, other receivables and due from related parties. Trade receivables are amounts due from customers for goods and services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained for other receivables.

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

(ii) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial assets, including trade receivables, at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Immediately after initial recognition, an Expected Credit Loss (ECL) allowance is recognised for financial assets measured at amortised cost and at Fair Value through Other Comprehensive Income ("FVOCI"), which results in accounting loss being recognised in profit or loss when an asset is newly originated. When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the time of recognition of deferred day one profit or loss is determined individually. It is either amortised over life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(iii) Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Profit income from these financial assets, if any, is included in finance income using the effective profit rate method.

- *Fair value through other comprehensive income (FVOCI)*: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income, if any and foreign exchange gains and losses which are recognised in profit and loss.

2 Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

(iii) Subsequent measurement (continued)

Debt instruments (continued)

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Profit income, if any, from these financial assets is included in finance income using the effective profit rate method.

- *Fair value through profit or loss*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains/ (losses) in the year in which it arises. Profit income, if any, from these financial assets is included in the finance income.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and is computed based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

As trade receivables held by the Group have short credit period, i.e. tenor less than or equal to 12 months and does not comprise significant financing component, the Group applies simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised for receivables.

For all other receivables, at the end of each year the Group applies a three stage impairment approach to measure the expected credit losses (ECL) on all debt instruments carried at amortised cost.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Financial assets (continued)

(iv) Impairment (continued)

The ECL three stage impairment is based on the change in the credit quality of financial assets since initial recognition. If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded. When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and an allowance for credit losses that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to Stage 1, i.e., recognition of 12-month expected credit losses.

When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance for credit losses equal to lifetime expected losses continues to be recorded or the financial asset is written off. The profit income, if any, is calculated on the gross carrying amount for financial assets in Stages 1 and 2 and on the net carrying amount for financial assets in Stage 3.

Significant increase in credit risk

In assessing whether the credit risk on its financial instrument has increased significantly since initial recognition, the Group compares the probability of a default occurring on the financial instrument as at the reporting date with the probability of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Financial assets (continued)

(iv) Impairment (continued)

Definition of default

The definition of default used by the Group to measure ECLs and transfer financial instruments between stages is consistent with the definition of default used for internal credit risk management purposes. The Group considers a financial asset to be credit-impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group considers the customer to be in default if the outstanding balance is 90 days past due.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, and all the efforts for collection of the receivables are exhausted. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

ECLs for all financial instruments are recognised in other expenses in the consolidated statement of comprehensive income. In the case of debt instruments measured at amortised cost, they are presented net of the related allowance for expected credit loss on the consolidated statement of financial position.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Financial assets (continued)

(v) Derecognition

Financial assets (or, where applicable a part of a financial asset) are derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement, and either:
- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial liability not classified as fair value through profit or loss, at its fair value minus transactions costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transactions costs of financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The Group classifies all financial liabilities as subsequently measured at amortised cost, using effective profit rate method, except for those instruments which are carried at fair value through profit or loss.

The Group derecognises financial liabilities when the obligation is discharged, cancelled or expires. Any difference between carrying value of financial liability extinguished and the consideration paid is recognised in consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.5 Financial instruments (continued)

Financial assets (continued)

Offsetting financial instruments

Financial assets and liabilities were offset and the net amount reported in the consolidated statement of financial position when there was a legally enforceable right to offset the recognised amounts and there was an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets measured at fair value

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group recognises lifetime expected credit loss for other receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

2.7 Impairment on non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short term deposits with an original maturity of three months or less and bank overdrafts.

2 Summary of significant accounting policies (continued)

2.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to the existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

2.10 Trade receivables

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss provision. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

A provision for impairment of trade receivables is established based on the expected lifetime losses to be recognised from initial recognition of the receivables.

2.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.12 Trade and other payables

These amounts represent unsettled liabilities for goods and services provided to the Group prior to the end of financial year. These amounts are unsecured and are usually paid within 60 days of the date of recognition. Trade and other payables are presented as current liabilities, except those whose payment is due after 12 months of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Employees' end of service benefits

The liability for employees' end of service benefits is recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the value of plan assets. This cost is included in employee benefit expense in the consolidated statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the accumulated results in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Group has also joined the contributions for eligible UAE national employees are made in accordance with the provisions of Federal Law No. 7 for 1999 relating to Pension and Society Security Law and charged to the consolidated statement of comprehensive income, in accordance with the provisions of Federal Law No. 7 for 1999 relating to Pension and Society Security Law. The Group has no further payment obligation once the contribution has been made.

2.14 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

2.15 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the consolidated statement of income are also recognised in other comprehensive income or consolidated statement of income, respectively).

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.18 Revenue recognition

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15.

Step 1 - Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

2 Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

Step 2 – Identify the performance obligations in the contract

A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 – Determine the transaction price

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives right to a contract liability – advances from customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties.

2 Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

Printing revenue (commercial printing, Newspaper printing and cards printing)

Sales of newspapers, cards and other commercial printing are recognised over a period of time when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Distribution revenue

The Group provides distribution services, revenue is recognised at a point in time based on the actual service provided the customer as the customer receives and uses the benefits simultaneously.

3 Financial risk management objectives and policies

The Group's activities may expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk), credit risk and liquidity risk. The management carries out risk assessment for managing each of these risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's exposure to market risk arises from:

(i) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The table below indicates the extent to which the Group was exposed to currency risk at 31 December on its non-trading monetary assets and liabilities. The analysis is performed for a reasonable possible movement of the currency rate against AED with all other variable held constant on the statement of comprehensive income (due to the changes in fair value of currency sensitive non-trading monetary assets and liabilities).

3 Financial risk management objectives and policies (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The U.S. Dollar is pegged to AED therefore, no effect, resulting from the fluctuations in U.S. Dollar rate, is expected on the consolidated statement of comprehensive income.

	Increase currency rates	Effect on net loss AED'000
31 December 2020		
Currency		
Euro	10%	(421)
GBP	10%	1
31 December 2019		
Currency		
Euro	10%	(353)
GBP	10%	(5)

(ii) Price risk

The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities. The Group has some exposure in respect of the unlisted sukuk investment but this is not considered significant.

(b) Credit risk

(i) Customer and other receivables

Credit risk mainly arises from 'trade and other receivables (excluding non-financial assets)' (Note 11), 'cash and bank balances (excluding cash on hand)' (Note 12) and 'due from related parties' (Note 18). The Group has policies in place to minimise its exposure to credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions except with the Ministry of Education. The maximum exposure to credit risk is represented by the carrying value of financial assets on the consolidated statement of financial position date.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Due from related parties balances mainly relate to the Parent Company. Based on management's assessment, there is no recoverability concern regarding those balances.

3 Financial risk management objectives and policies (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

(i) *Customer and other receivables* (continued)

Impairment of financial assets (continued)

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Credit risk arises from cash and bank balances, deposits with banks (including fixed and margin deposits) and financial institutions, as well as credit exposures to customers, including outstanding receivables. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

Balances due from related parties were not considered past due nor credit impaired and with no history of default. Credit risk in respect of the related parties balances are considered minimal and impairment provision against such balances is immaterial to the Group's consolidated financial statements.

No receivable balances have security or collateral to ensure collectability.

(ii) *Credit risk related to bank balances*

The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

The Group trades only with recognised, creditworthy third parties in addition to establishing credit limits for customers' balances. Receivable balances and credit limits are monitored on an ongoing basis with the result of discontinuing the service for customers exceeding certain limits for a certain period of time. The bank's credit rating as at 31 December 2020 are A1 and Aa3. The Group attempts to control credit risk by limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

With respect to credit risk arising from financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's 6 largest customers account for 33% (2019: 30%) of the trade receivables outstanding as at 31 December.

3 Financial risk management objectives and policies (continued)

3.1 Financial risk factors (continued)

(b) *Credit risk* (continued)

(i) *Customer and other receivables* (continued)

Cash at bank:

Counterparties with external ratings as per Moody's

Rating	2020 AED'000	2019 AED'000
A1	132,802	90,259
Aa3	45,385	58,034
	178,187	148,293

(c) *Liquidity risk*

Liquidity risk is the risk that Group / Company will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 and 2019 based on contractual undiscounted payments:

	Carrying value AED'000	Contractual cash out flows AED'000	1 year or less AED'000	More than 1 year AED'000
At 31 December 2020				
Trade and other payables	46,263	46,263	46,263	-
Lease liabilities	11,495	18,622	9,595	9,027
Due to related parties	8,369	8,369	8,369	-
Total	66,127	73,254	64,227	9,027
At 31 December 2019				
Trade and other payables	59,862	59,862	59,862	-
Loan from shareholder	42,106	43,500	43,500	-
Lease liabilities	11,740	17,348	10,210	7,138
Due to related parties	8,783	8,783	8,783	-
Total	122,491	129,493	122,355	7,138

3 Financial risk management objectives and policies (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio at 31 December 2020 and 2019 are as follows:

	2020 AED'000	2019 AED'000
Loan from shareholder (Note 15)	-	42,106
Lease liabilities	11,495	11,740
Less: cash and cash equivalents (Note 9)	(178,187)	(148,293)
Net debt	(166,692)	(94,447)
Equity	451,135	384,689
Total capital	617,827	479,136
Gearing ratio	1.86%	11%

4 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impairment loss on trade receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

4 Critical accounting estimates and judgements (continued)

Impairment loss on trade receivable (continued)

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates.

At the reporting date, trade receivables were AED 90,836 thousand (2019: AED 107,245 thousand), with provisions for impairment of trade receivables of AED 15,205 thousand (2019: AED 21,818 thousand).

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, inventory was AED 88,556 thousand (2019: AED 95,890 thousand), with provisions for slow moving and obsolete inventories of AED 5,321 thousand (2019: AED 4,896 thousand). Any difference between the amounts actually realised in future periods and the amounts expected to be realized will be recognised in the consolidated statement of comprehensive income.

Useful lives and residual values of property, plant and equipment and intangible assets

Management of the Group determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation in accordance with IAS 16 and IAS 38. Management reviews the residual values and useful lives annually and the future depreciation and amortisation charges would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property, plant and equipment

The Group assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4 Critical accounting estimates and judgements (continued)

Impairment of property, plant and equipment (continued0

Management believes there are no indicators of impairment for the years ended 31 December 2019 and 2020.

Lease extension, termination options and incremental borrowing rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows exceeding the lease term have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year ended 31 December 2020, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term.

Management has determined the IBR based on the rate of interest per territory that the Group would have to pay to borrow over similar borrowing characteristics for the respective Group entity. Accordingly, management has decided to use a discount rate depending the Group entities credit portfolio by making adjustments specific to the lease, (ie, term, country, currency and security) as the IBR for discounting future lease payments.

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

5 Property plant and equipment

	Building AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Tools AED'000	Capital work in progress AED'000	Total AED'000
Cost							
At 1 January 2019	182,662	402,861	21,833	4,967	2,282	1,607	616,212
Additions	-	5,279	2,545	2,154	139	784	10,901
Disposals	-	(1,481)	-	(1,539)	-	-	(3,020)
At 31 December 2019	182,662	406,659	24,378	5,582	2,421	2,391	624,093
Additions	-	1,813	3,408	2,938	86	183	8,428
Disposals	-	-	(28)	-	-	-	(28)
Transfer from capital work in progress	-	264	153	-	-	(417)	-
At 31 December 2020	182,662	408,736	27,911	8,520	2,507	2,157	632,493
Accumulated depreciation							
At 1 January 2019	56,968	268,082	20,103	4,311	2,200	-	351,664
Charge for the year	7,614	18,080	1,513	597	72	-	27,876
Disposals	-	(1,448)	-	(6)	-	-	(1,454)
At 31 December 2019	64,582	284,714	21,616	4,902	2,272	-	378,086
Charge for the year	7,297	17,859	2,114	881	119	-	28,270
Disposals	-	-	(28)	-	-	-	(28)
At 31 December 2020	71,879	302,573	23,702	5,783	2,391	-	406,328
Net book value:							
At 31 December 2020	110,783	106,163	4,209	2,737	116	2,157	226,165
At 31 December 2019	118,080	121,945	2,762	680	149	2,391	246,007

Building has been established on land provided to the Group by the Parent Company, free of cost. The land is reflected as part of the assets of the Parent Company.

5 Property plant and equipment (continued)

Depreciation for the year has been allocated as follows:

	2020 AED'000	2019 AED'000
Cost of sales (Note 19)	25,452	25,701
General and administrative expenses (Note 20)	2,818	2,175
	28,270	27,876

6 Right-of-use asset and lease liabilities

The Group mainly leases motor vehicles for a period of 2 years and warehouses for a period of 2 to 3 years with an option to extend for another similar term.

	Warehouse AED'000	Motor vehicles AED'000	Total AED'000
Cost			
At 1 January 2019	-	-	-
Impact of adoption of new accounting policy	10,270	5,915	16,185
31 December 2019	10,270	5,915	16,185
Additions	12,976	-	12,976
Derecognition of right-of-use of asset	(9,315)	-	(9,315)
31 December 2020	13,931	5,915	19,846
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year	1,868	2,957	4,825
31 December 2019	1,868	2,957	4,825
Charge for the year	2,897	2,958	5,855
Derecognition of right-of-use of asset	(2,331)	-	(2,331)
31 December 2020	2,434	5,915	8,349
Net book amount			
At 31 December 2020	11,497	-	11,497
At 31 December 2019	8,402	2,958	11,360

The derecognition of right-of-use of asset represents the termination of a warehouse lease contract resulting in the gain of AED 409 thousand recorded in the consolidated statement of profit or loss.

6 Right-of-use asset and lease liabilities (continued)

The Group recognised lease liabilities as follows:

	2020 AED'000	2019 AED'000
At 1 January	11,740	16,158
Additions	12,976	-
Finance costs (Note 23)	421	436
Derecognition of lease liabilities	(7,393)	-
Repayment	(6,249)	(4,854)
At 31 December	11,495	11,740
Current portion	2,996	5,070
Non-current portion	8,499	6,670

The total cash outflow for leases during 2020 was AED 6,249 thousand (AED 4,854 thousand in 2019).

Interest expense included under finance costs amounted to AED 421 thousand during 2020 (AED 436 thousand in 2019) recorded under the consolidated statement of comprehensive income.

Depreciation expense amounted to AED 5,855 thousand during 2020 (AED 4,825 thousand in 2019) recorded under the consolidated statement of comprehensive income.

7 Inventories

	2020 AED'000	2019 AED'000
Raw materials	60,231	57,300
Spare parts	13,542	10,415
Finished goods	9,564	-
Work in progress	5,219	28,175
	88,556	95,890
Provision for slow moving and obsolete inventory	(5,321)	(4,896)
	83,235	90,994

Finished goods represent books produced for the Ministry of Education (MoE) delivered subsequently in January 2021.

Related cost of inventories is recorded in the consolidated statement of comprehensive income under cost of sales under Note 19.

7 Inventories (continued)

Movements in the provision for slow-moving and obsolete inventories were as follows:

	2020 AED'000	2019 AED'000
Balance at 1 January	4,896	5,115
Charge for the year (Note 19)	832	-
Amount written off	(407)	(219)
Balance at 31 December	5,321	4,896

8 Trade and other receivables

	2020 AED'000	2019 AED'000
Trade receivables	92,909	119,879
Less: provision for impairment for trade receivables	(15,205)	(21,818)
	77,704	98,061
Margin held against bank guarantees	120	120
Other receivables	2,150	1,987
	79,974	100,168
Advances to suppliers	1,670	26
Prepayments	9,192	7,051
	90,836	107,245

Movements in the provision for impairment of trade receivables were as follows:

	AED'000
At 1 January 2019	13,552
Charge for the year	8,266
At 31 December 2019	21,818
Reversal for the year, net	(6,224)
Adjustment	(389)
At 31 December 2020	15,205

8 Trade and other receivables (continued)

As at 31 December, the ageing of performing trade receivables is as follows:

	Total AED'000	Current AED'000	31 – 60 days AED'000	61-90 days AED'000	91-120 days AED'000	120 days AED'000
Trade receivables	92,909	19,468	5,226	6,987	4,359	56,869
Provision for impairment	(15,205)	(1,768)	(350)	(351)	(753)	(11,983)
At 31 December 2020	77,704	17,700	4,876	6,636	3,606	44,886
Trade receivables	119,879	15,721	6,249	9,979	8,952	78,978
Provision for impairment	(21,818)	(551)	(1,257)	(2,195)	(2,642)	(15,173)
At 31 December 2019	98,061	15,170	4,992	7,784	6,310	63,805

The loss rates are as follows:

	Loss rates		
	Local private sector	Government	Foreign
Not due	12.84%	0.19%	34.98%
1-30 days past due	22.82%	0.06%	38.07%
31-60 days past due	25.59%	0.13%	42.61%
61-90 days past due	31.22%	0.19%	47.56%
91-120 days past due	40.45%	0.26%	51.07%
121-150 days past due	46.93%	0.32%	61.45%
151-180 days past due	57.44%	0.39%	70.01%
181-210 days past due	63.83%	0.45%	73.82%
211-240 days past due	69.80%	0.52%	85.49%
241-270 days past due	78.66%	0.58%	91.75%
271-300 days past due	63.24%	0.64%	86.19%
301-330 days past due	69.12%	0.71%	90.26%
331-360 days past due	100.00%	0.77%	100.00%
Over 360 days past due	100.00%	3.10%	100.00%

9 Cash and cash equivalents

Cash and cash equivalents in the consolidated cash flows statement consist of the following consolidated statement of financial position amounts.

	2020 AED'000	2019 AED'000
Cash in hand	332	662
Bank balances	40,855	57,631
Short term fixed deposits	137,000	90,000
	178,187	148,293

Short term fixed deposits represent amounts deposited with First Abu Dhabi Bank for maturity of less than 3 months bearing interest rate of (2020: 0.10%) per annum (2019: 2.39% per annum).

10 Share capital

	2020 AED'000	2019 AED'000
Authorized, issued and fully paid up capital	317,560	317,560
Number of shares	186,800	186,800

The share capital comprises of fully paid up shares having a face value of AED 1,700 per share.

11 Statutory reserve

As required by the UAE Federal Law No. (2) of 2015 and the Group's Articles of Association, 10% of the profit for the year is transferred to the statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital. The statutory reserve is not available for distribution.

12 Shareholder's contribution

Shareholder's contribution represents the difference between the net present value of an interest-free loan and the interest-free loan received from the Parent Company.

During 2020, the Parent Company issued a resolution waiving the shareholder's loan (Note 15) requesting the conversion of the loan to equity effective 1 January 2020 as shareholder contribution at the carrying amount of AED 42,106 thousand.

13 Employees' end of service benefits

	2020 AED'000	2019 AED'000
At 1 January	22,138	16,940
Charge for the year	3,708	6,049
Payments during the year	(3,490)	(851)
At 31 December	22,356	22,138

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations at 31 December 2020 and 2019, using the projected unit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 2% (2019: 2.5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 1.53% (2019: 2.21%) per annum.

14 Deferred revenue

	2020 AED'000	2019 AED'000
Deferred revenue	33,833	44,090

The movement for deferred revenue is as follows:

	2020 AED'000	2019 AED'000
At 1 January	44,090	42,567
Additions	105,491	100,692
Recognition	(115,748)	(99,169)
At 31 December	33,833	44,090

Deferred revenue represents advances received from customers related to the printing of school books for the Ministry of education project which are expected to be recognised within twelve months from the year end 31 December 2020.

15 Loan from shareholder

During 2009, the Parent Company provided an interest-free loan amounting to AED 145 million to the Company repayable in equal installments over 10 years starting from 2011. The loan had been recognised initially at fair value, which was computed as the present value of all future cash flows discounted using the rate of interest applicable to other similar borrowings of the Group adjusted for the term of loan, repayment terms and other factors.

15 Loan from shareholder (continued)

The difference between the fair value computed and the face value of the loan, at initial recognition, had been recorded as a shareholder's contribution because the difference arises from the Parent Company acting in their capacity as a shareholder. The loan was subsequently measured at amortised cost with interest accrued using the effective interest rate method, taking into account the unwinding of the difference between the funds received and the fair value at initial recognition. During the year, the Parent Company issued a resolution waiving the loan and requesting the formalization of conversion of the loan to equity effective 1 January 2020.

Further details on the loan movement are given below:

	2020 AED'000	2019 AED'000
At 1 January	42,106	40,745
Interest on shareholder's loans (Note 23)	-	1,361
Waiver of loan	(42,106)	-
At 31 December	-	42,106
Current portion	-	42,106
Non-current portion	-	-
	-	42,106

16 Trade and other payables

	2020 AED'000	2019 AED'000
Trade payables	43,515	56,681
Accrued expenses	133,589	101,601
Staff accruals and provisions	11,273	8,037
Advances from customers	6,829	5,720
Other payables	2,781	3,578
	197,987	175,617

Trade and other payables are non-interest bearing and are normally settled on 60-90 days terms.

17 Related party balances and transactions

Related parties represent the Parent Company, the Ultimate Parent Company, the Ultimate Shareholder, key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

17 Related party balances and transactions (continued)

Balances with related parties reflected in the consolidated statement of financial position as of 31 December are as follows:

	2020 AED'000	2019 AED'000
Due from a related party		
Abu Dhabi Media Company PJSC	132,342	85,264
Abu Dhabi Health Services, Company PLSC – SEHA*	2,538	-
Emirates Water and Electricity Company*	66	-
Others	123	-
	135,069	85,264
Loan from shareholder (Note 15)	-	42,106
Due to related parties		
Abu Dhabi Ports Company PJSC*	1,405	1,148
National Health Insurance Company – Daman PJSC*	6,964	7,635
	8,369	8,783

* Entities under common control of the Ultimate Parent Company.

Balances with related parties relate to multiple transactions including sale of goods at prices that would be available to third parties and are repayable within 12 months from the date of sale. These receivables are unsecured, unguaranteed, non-interest bearing, collectible in cash at net amount.

Significant transactions with the related parties during the year include the following:

	2020 AED'000	2019 AED'000
Sales to Parent Company	41,604	86,172

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2020 AED'000	2019 AED'000
Board of directors' remuneration*	536	966
Salaries	2,733	1,611
Other benefits	1,856	961
	5,125	3,538
Number of key management personnel	4	4

17 Related party balances and transactions (continued)

* Movement of Board of director's remuneration during the year was as follows:

	AED'000
At 1 January 2019	2,780
Paid during the year	(2,280)
Charge for the year	966
At 31 December 2019	1,466
Paid during the year	(800)
Charge for the year	536
At 31 December 2020	1,202

18 Revenues

	2020 AED'000	2019 AED'000
Commercial printing	199,547	224,993
Cards printing	58,177	58,269
Distribution revenue	34,102	44,356
Newspaper printing	15,686	40,963
Others	-	15
	307,512	368,596

The business segments are mainly managed in the United Arab Emirates.

19 Cost of sales

	2020 AED'000	2019 AED'000
Raw materials	92,777	132,887
Staff costs (Note 22)	69,989	65,366
Depreciation (Note 5)	25,452	25,701
Repairs and maintenance	7,563	10,306
Outsourcing costs	6,172	10,059
Depreciation on right of use of assets (Note 6)	5,855	4,825
Water and electricity	5,177	6,195
Distribution cost	4,551	6,103
Insurance expense	2,184	1,946
Provision for slow moving and obsolete inventories - net (Note 7)	832	-
Courier and postage	149	155
Others	12,767	11,246
	233,468	274,789

20 General and administrative expenses

	2020 AED'000	2019 AED'000
Staff costs (Note 22)	44,758	36,770
Maintenance	4,710	4,065
Depreciation (Note 5)	2,818	2,175
Professional fees	1,916	1,415
Telephone, fax and internet	1,019	945
Foreign currency exchange loss/(gain), net	354	(13)
Printings and stationery	183	386
Travel and transportations	118	232
Amortisation of intangible asset	12	-
Others	1,774	3,364
	57,662	49,339

21 Selling and marketing expenses

	2020 AED'000	2019 AED'000
Staff costs (Note 22)	4	5,237
Others	1,014	259
	1,018	5,496

22 Staff costs

	2020 AED'000	2019 AED'000
Salaries	89,172	82,298
Other benefits	21,871	19,026
End of service benefits (Note 13)	3,708	6,049
	114,751	107,373
Included under		
Cost of sales (Note 19)	69,989	65,366
General and administrative expenses (Note 20)	44,758	36,770
Selling and marketing expenses (Note 21)	4	5,237
	114,751	107,373

23 Finance costs

Finance costs	2020 AED'000	2019 AED'000
Interest on shareholder's loans (Note 15)	-	1,361
Finance cost on lease liabilities (Note 6)	421	436
	421	1,797
Finance income		
Interest received on fixed deposits	868	2,576
Finance income - net	447	779

24 Contingencies and commitments

	2020 AED'000	2019 AED'000
Letters of guarantees	9,959	519
Letters of credit	35,093	25,021

25 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2020 AED'000	2019 AED'000
Financial assets at amortised cost		
Trade and other receivables	79,974	100,168
Due from a related party	135,069	85,264
Cash and cash equivalents	178,187	148,293
	393,230	333,725
Financial liabilities at amortised cost		
Due to related parties	8,369	8,783
Trade and other payables	191,158	169,897
Lease liabilities	11,495	11,740
Shareholder's loan	-	42,106
	211,022	232,526

For the purpose of the above disclosure, prepayments and advances amounting to AED 10,862 thousand (2019: AED 7,077 thousand) were excluded from trade and other receivables and advance received from customers amounting to AED 6,829 thousand (2019: AED 5,720 thousand) were excluded from trade and other payables.

26 Other income

	2020	2019
	AED'000	AED'000
Sales of waste paper	1,176	2,946
Sales of waste plates	663	1,587
Others	466	94
	2,305	4,627

27 Non-cash transactions

For the year 2020, non-cash transactions represent a waiver of loan from shareholder amounting to AED 42,106 thousands.

28 Impact assessment of COVID-19

The economic fallout of COVID-19 crisis is expected to be significant and is rapidly evolving at the present time. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact.

COVID-19 impact on measurement of ECL:

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes.

The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it

challenging to reliably reflect impacts on the ECL estimates. Notwithstanding this, recognising that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt.

Liquidity management:

Global stress in the markets brought on by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Group has already taken measures to manage its liquidity carefully until the crisis is over. The Group's credit and treasury department has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy statement of financial position during this time and beyond.

28 Impact assessment of COVID-19 (continued)

Business continuity planning:

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the continued safety and security of the Group's staff and an uninterrupted service to the customers. Remote working arrangements have been implemented with for needed situation and the remaining staff are back to the work premises. All on site staff are provided with the appropriate personal protective equipment (masks, gloves and sanitisers), temperature checked daily and given regular safety awareness talks.

Further details about the COVID-19 impact on the Group during the year ended 31 December 2020 are included in Note 2.1.