

**ESG Emirates Stallions Group PJSC**  
*(Formerly “Emirates Stallions Properties LLC”)*

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2021

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF ESG EMIRATES STALLIONS GROUP PJSC (FORMERLY  
"EMIRATES STALLIONS PROPERTIES LLC")**

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC") (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2021, comprising of the interim consolidated statement of financial position as at 30 September 2021, and the related interim consolidated statement of profit or loss and other comprehensive income for the three months and nine months period then ended and the related interim consolidated statement of changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*


We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, "*Interim Financial Reporting*".

*Other matter*

Interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine month and three month periods ended 30 September 2020 and explanatory notes, were not reviewed by an auditor and are presented for comparison purposes only.



Signed by:  
Raed Ahmad  
Partner  
Ernst & Young  
Registration No 811

14 October 2021  
Abu Dhabi

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		<i>(Unaudited)</i> 30 September 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	4,777	1,621
Investment properties		958	1,296
Intangible assets		36	-
Investment in associate and joint ventures	6	8,702	6,300
Financial assets at fair value through other comprehensive income	7.1	64,047	55,791
Trade and other receivables	8	30,075	-
Due from related parties	9	<u>950</u>	<u>-</u>
		<b><u>109,545</u></b>	<b><u>65,008</u></b>
<b>Current assets</b>			
Inventories		861	755
Biological assets – plants		491	1,164
Financial assets at fair value through profit or loss	7.2	19,226	-
Due from related parties	9	112,567	110,449
Advance to a related party	9	-	12,000
Trade and other receivables	8	84,916	49,613
Cash and bank balances	10	<u>186,753</u>	<u>155,304</u>
		<b><u>404,814</u></b>	<b><u>329,285</u></b>
<b>TOTAL ASSETS</b>		<b><u>514,359</u></b>	<b><u>394,293</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	250,000	150
Statutory reserve	13	2,575	2,575
Merger reserve	11	36,302	-
Currency translation reserve		41	-
Cumulative change in fair value		29,910	21,654
Retained earnings		<u>45,092</u>	<u>272,174</u>
<b>Equity attributable to the equity holders of the parent</b>		<b>363,920</b>	<b>296,553</b>
Non-controlling interests		<u>787</u>	<u>1,184</u>
<b>Total equity</b>		<b><u>364,707</u></b>	<b><u>297,737</u></b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		15,193	12,149
Trade and other payables		3,218	-
Due to related parties	9	<u>3,132</u>	<u>-</u>
		<b><u>21,543</u></b>	<b><u>12,149</u></b>
<b>Current liabilities</b>			
Trade and other payables		120,700	82,261
Due to related parties	9	<u>7,409</u>	<u>2,146</u>
		<b>128,109</b>	<b>84,407</b>
<b>Total liabilities</b>		<b><u>149,652</u></b>	<b><u>96,556</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>514,359</u></b>	<b><u>394,293</u></b>

  
Chairman

  
Chief Executive Officer

  
Group Finance Director

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021 AED '000	2020 AED '000	2021 AED '000	2020 AED '000
Revenue	14	46,296	31,236	132,601	78,926
Direct costs		(34,909)	(28,419)	(98,510)	(68,892)
<b>GROSS PROFIT</b>		<b>11,387</b>	<b>2,817</b>	<b>34,091</b>	<b>10,034</b>
General and administrative expenses		(8,239)	(3,203)	(21,250)	(11,537)
Share of profit from investment in associate and joint ventures	6	382	791	3,575	3,662
Other income		9,403	1,353	18,615	8,778
Finance charges		(147)	(173)	(456)	(520)
<b>PROFIT FOR THE PERIOD</b>		<b>12,786</b>	<b>1,585</b>	<b>34,575</b>	<b>10,417</b>
Attributable to :					
Equity holders of the parent		12,898	1,515	34,571	10,101
Non-controlling interests		(112)	70	4	316
		<b>12,786</b>	<b>1,585</b>	<b>34,575</b>	<b>10,417</b>
Basic earnings per share (AED)	15	<b>0.05</b>	<b>0.01</b>	<b>0.14</b>	<b>0.04</b>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the period ended 30 September 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
<b>Profit for the period</b>	<b>12,786</b>	1,585	<b>34,575</b>	10,417
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange difference on translation of foreign operations	(40)	-	41	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of financial assets carried at fair value through other comprehensive income	<u>4,427</u>	<u>(372)</u>	<u>8,256</u>	<u>203</u>
	<u>4,387</u>	<u>(372)</u>	<u>8,297</u>	<u>203</u>
	<u>17,173</u>	<u>1,213</u>	<u>42,872</u>	<u>10,620</u>
<b>Attributable to:</b>				
Equity holders of the parent	17,285	1,143	42,868	10,304
Non-controlling interests	<u>(112)</u>	<u>70</u>	<u>4</u>	<u>316</u>
	<u>17,173</u>	<u>1,213</u>	<u>42,872</u>	<u>10,620</u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	Share capital AED '000	Statutory reserve AED '000	Merger reserve AED '000	Currency translation reserve AED '000	Cumulative changes in fair value reserve AED '000	Retained earnings AED '000	Equity attributable to the equity holders of the parent AED '000	Non- controlling interests AED '000	Total AED '000
Balance at 1 January 2020 (audited)	150	2,575	-	-	8,440	502,384	513,549	682	514,231
Profit for the period	-	-	-	-	-	10,101	10,101	316	10,417
Other comprehensive income for the period	-	-	-	-	203	-	203	-	203
Total comprehensive income for the period	-	-	-	-	203	10,101	10,304	316	10,620
Balance at 30 September 2020 (unaudited)	<u>150</u>	<u>2,575</u>	<u>-</u>	<u>-</u>	<u>8,643</u>	<u>512,485</u>	<u>523,853</u>	<u>998</u>	<u>524,851</u>
Balance at 1 January 2021 (audited)	150	2,575	-	-	21,654	272,174	296,553	1,184	297,737
Profit for the period	-	-	-	-	-	34,571	34,571	4	34,575
Other comprehensive income for the period	-	-	-	41	8,256	-	8,297	-	8,297
Total comprehensive income for the period	-	-	-	41	8,256	34,571	42,868	4	42,872
Acquisition of non-controlling interest	-	-	-	-	-	197	197	(197)	-
Dividends (note 12.1)	-	-	-	-	-	(12,000)	(12,000)	(204)	(12,204)
Business combination of entities under common control (note 11)	-	-	36,302	-	-	-	36,302	-	36,302
Increase in share capital (note 12)	<u>249,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 September 2021 (unaudited)	<u>250,000</u>	<u>2,575</u>	<u>36,302</u>	<u>41</u>	<u>29,910</u>	<u>45,092</u>	<u>363,920</u>	<u>787</u>	<u>364,707</u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2021

	<i>Notes</i>	<i>30 September 2021 AED'000</i>	<i>30 September 2020 AED'000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		34,575	10,417
Adjustments for:			
Depreciation of property and equipment	5	567	582
Depreciation on investment properties		338	311
Amortisation on intangible assets		17	-
Share of profit from associate and joint ventures	6	(3,575)	(3,662)
Gain on change in fair value of biological assets		(298)	(161)
Gain on change in fair value of financial assets carried at fair value through profit or loss	7.2	(13,226)	-
Gain on sale of property and equipment		(48)	-
Provision for employees' end of service benefits		2,056	1,295
Allowance for expected credit losses		4,197	-
Finance costs		<u>456</u>	<u>520</u>
		<u>25,059</u>	9,302
Working capital adjustments:			
Inventories		(106)	48
Trade and other receivables		50,024	23,817
Due from related parties		32,040	(254,939)
Biological assets - plants		971	212
Trade and other payables		(52,456)	4,537
Due to related parties		<u>(43,831)</u>	<u>7,811</u>
Cash from / (used in) operations		11,701	(209,212)
Employees' end of service benefits paid		(1,238)	(1,565)
Finance costs paid		<u>(456)</u>	<u>(520)</u>
Net cash from / (used in) operating activities		<u>10,007</u>	<u>(211,297)</u>
<b>INVESTING ACTIVITIES</b>			
Business combination of entities under common control	11	26,731	-
Purchase of property and equipment	5	(619)	(1,330)
Purchase of intangible assets		(16)	-
Purchase of financial assets carried at fair value through profit or loss	7.2	(6,000)	-
Proceeds from sale of property and equipment		138	-
Dividends received from associate and joint ventures	6	1,173	4,445
Movement in fixed deposits with original maturity more than three months		<u>(81,620)</u>	<u>(66,984)</u>
Net cash used in investing activities		<u>(60,213)</u>	<u>(63,869)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		129,825	308,810
Effect of foreign exchange rate changes		<u>35</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	10	<u>79,654</u>	<u>33,644</u>
<i>Non-cash transactions:</i>			
Dividends adjusted against advance to a related party (note 12.1)		<u>12,000</u>	<u>-</u>
Dividends declared to non-controlling interests (note 12.1)		<u>204</u>	<u>-</u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

# ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended 30 September 2021

### 1 GENERAL INFORMATION

ESG Emirates Stallions Group PJSC ("the Company") is a private joint stock company incorporated under the UAE Federal Law No. (2) of 2015. The registered office address of the Company is P.O. Box 32619, Abu Dhabi, United Arab Emirates.

On 8 April 2021, the shareholders resolved to change the legal form of the Company from a limited liability company to a private joint stock company and to increase the share capital of the Company to AED 250,000,000 (refer to note 12). On 31 May 2021, the Company listed its ordinary shares on the secondary market of the Abu Dhabi Securities Exchange ("ADX").

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries, associate and joint ventures (together referred to as the "Group"). The main activities of the Group are buying, selling and dividing plots and real estates, management and leasing of real estate and developing real estate, performing technical, commercial and contracting services, specifically marine works, general contracting and other associated business and landscaping designing and execution, irrigation works, agricultural materials trading and land and sites levelling works, architectural engineering consultancy, construction projects management consultancy and real estate development construction.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issuance on \_\_\_\_\_.

### 2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. In addition, results for the period ended 30 September 2021 are not necessarily indicative of the results for the year ending 31 December 2021.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and biological assets that have been measured at fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the presentation currency of the Group and the functional currency of the Company. All the values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

### 2.2 BASIS FOR CONSOLIDATION

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.



## ESG Emirates Stallions Group PJSC (formerly “Emirates Stallions Properties LLC”)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended 30 September 2021

#### 2.2 BASIS FOR CONSOLIDATION continued

The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of the Company’s subsidiaries are as follows:

<i>Name of subsidiaries</i>	<i>Ownership percentage</i>		<i>Place of incorporation</i>	<i>Principal activities</i>
	<i>2021</i>	<i>2020</i>		
Abu Dhabi Land General Contracting LLC	100%	100%	UAE	Landscaping designing and execution, irrigation works and agricultural trading materials.
Royal Architect Project Management LLC (i)	100%	-	UAE	Architectural engineering consultancy, construction projects management consultancy.
Royal Development Company LLC (i)	100%	-	UAE	Real estate development construction.

## ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended 30 September 2021

#### 2.2 BASIS FOR CONSOLIDATION continued

The Company controls the following entities through its subsidiaries:

<i>Name of subsidiaries</i>	<i>Ownership percentage</i>		<i>Place of incorporation</i>	<i>Principal activities</i>
	<i>2021</i>	<i>2020</i>		
Gulf Dunes Landscaping and Agricultural Services Company LLC	100%	100%	UAE	Landscaping designing and execution, irrigation works and agricultural trading materials.
Century Real Estate Investment LLC	87%	82%	UAE	Real estate management.
Royal Development Company d.o.o Beograd-Vracar (i)	100%	-	Serbia	Hotel accommodation.

(i) Subsidiaries acquired during the period (note 11).

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

This amendment had no impact on the interim condensed consolidated financial statements of the Group.

#### 4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2020.

##### *Impact of COVID-19*

The outbreak of novel coronavirus (COVID-19) continues to progress and evolve, causing disruption to business and economic activity. During the period, there has been macro economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The Group is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward.

The currently known impacts of COVID-19 on the Group is that there is a slight delay in customers collections due to COVID-19 but management is closely monitoring the situation and has kept adequate allowance for expected credit losses.

## ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the period ended 30 September 2021

#### 5 PROPERTY AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 619 thousand (nine months period ended 30 September 2020: AED 1,330 thousand), excluding property, plant and equipment acquired through business combinations and depreciation and impairment charge for the nine months period ended 30 September 2021 amounted to AED 567 thousand (nine months period ended 30 September 2020: AED 582 thousand). Property, plant and equipment acquired through business combinations amounted to AED 3,194 thousand (note 11).

#### 6 INVESTMENT IN ASSOCIATE AND JOINT VENTURES

Details of the Group's associate and joint ventures are as follows:

Name of entity	Principal activities	Place of incorporation and operation	Ownership percentage	
			30 September 2021	31 December 2020
<b>Associate</b>				
Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	UAE	57%	47%
<b>Joint ventures</b>				
Lazio Real Estate Investment LLC	Real estate enterprise investment, development, institution and management	UAE	65%	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	UAE	70%	65%

In 2018, the Directors of Lazio Real Estate Investment LLC have elected to liquidate the Company. As of 30 September 2021, the liquidation process is still on going.

Movement in investment in associate and joint ventures was as follows:

	(Unaudited) 30 September 2021 AED'000	(Audited) 31 December 2020 AED'000
Balance at the beginning of the period / year	6,300	7,331
Group's share of profit for the period / year	3,575	4,354
Dividend received during the period / year	<u>(1,173)</u>	<u>(5,385)</u>
At the end of the period / year	<u>8,702</u>	<u>6,300</u>

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the period ended 30 September 2021

7 INVESTMENT IN FINANCIAL ASSETS

		<i>(Unaudited)</i> <b>30 September</b> <b>2021</b> <b>AED'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2020</b> <b>AED'000</b>
	<i>Notes</i>		
Investments carried at fair value through other comprehensive income	7.1	<b>64,047</b>	55,791
Investments carried at fair value through profit or loss	7.2	<b><u>19,226</u></b>	<u>-</u>
		<b><u>83,273</u></b>	<u>55,791</u>

7.1 Financial assets at fair value through other comprehensive income

	<i>(Unaudited)</i> <b>30 September</b> <b>2021</b> <b>AED'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2020</b> <b>AED'000</b>
Quoted	<b><u>64,047</u></b>	<u>55,791</u>
	<b><u>64,047</u></b>	<u>55,791</u>

Financial assets through other comprehensive income (FVTOCI) represent investments in two quoted UAE Companies. The fair value measurement has been categorised as a level 1 fair value.

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Movement in investments at FVTOCI are as follows:

	<i>(Unaudited)</i> <b>30 September</b> <b>2021</b> <b>AED'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2020</b> <b>AED'000</b>
Balance at the beginning of the period / year	<b>55,791</b>	42,577
Change in fair value	<b><u>8,256</u></b>	<u>13,214</u>
	<b><u>64,047</u></b>	<u>55,791</u>

ESG Emirates Stallions Group PJSC (formerly "Emirates Stallions Properties LLC")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the period ended 30 September 2021

**7.2 Financial assets at fair value through profit or loss**

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Quoted	<u>19,226</u>	-
	<u>19,226</u>	-

These investments in equity instruments are held for trading with an intention of recognising short-term fluctuations in these investments. Fair values of the quoted investments are determined by reference to published price quotations in an active market.

Movement in investment in financial assets carried at fair value through profit or loss is as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	-	-
Acquired during the period / year	6,000	-
Changes in fair value	<u>13,226</u>	-
At the end of the period / year	<u>19,226</u>	-

**8 TRADE AND OTHER RECEIVABLES**

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Trade receivables	72,721	21,840
Less: allowance for expected credit losses	<u>(31,765)</u>	<u>(9,761)</u>
	40,956	12,079
Retention receivables	33,145	6,155
Contract assets from customers, net	27,287	24,052
Prepaid expenses, advances to suppliers and other receivables	<u>13,603</u>	<u>7,327</u>
	<u>114,991</u>	49,613
Less: non-current portion of retention receivables	<u>(30,075)</u>	-
	<u>84,916</u>	<u>49,613</u>

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**8 TRADE AND OTHER RECEIVABLES** continued

Movement in allowance for expected credit losses against trade receivables during the period / year was as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	9,761	11,034
Acquired in business combinations	18,153	-
Charge for the period / year	4,197	109
Transfer to loss allowance on related parties (note 9)	<u>(346)</u>	<u>(1,382)</u>
At the end of the period / year	<u>31,765</u>	<u>9,761</u>

Details of contract assets are as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Contract assets	34,428	31,430
Less: allowance for expected credit losses	<u>(7,141)</u>	<u>(7,378)</u>
	<u>27,287</u>	<u>24,052</u>

Movement in allowance for expected credit losses against contract assets during the period / year was as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	7,378	7,378
Acquired in business combinations	11	-
Charge for the period / year	<u>(248)</u>	<u>-</u>
At the end of the period / year	<u>7,141</u>	<u>7,378</u>

**9 RELATED PARTIES**

Related parties represent associated companies, shareholders, and 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.

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9 RELATED PARTIES continued

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
<i>Due from related parties :</i>		
International Holding Company PJSC (IHC)	39,981	39,981
Pal Technology Services LLC	36,540	33,806
Tamouh Investments Company LLC	7,116	3,022
Tamouh Healthcare LLC	7,075	-
RG Procurement RSC LTD	6,302	6,911
Royal Group Companies Management LLC	6,158	-
Mauqah Technology L.L.C.	5,950	4,944
AFKAR Financial & Property Investment LLC	3,702	3,702
The Private Affairs Department of Sheikha Fatima	1,889	3,292
Tafawuq Facilities Management Co LLC	1,885	3,623
PAL Danat Cooling LLC	1,855	2,823
Office of H.H. Sheikh Tahnoon Bin Zayed Al Nahya	1,500	-
H.H. Sheikh Mansoor Bin Zayed Al Nahyan Eng. Office	1,358	2,453
Bunya Enterprises LLC	1,347	1,618
Paragon Mall LLC	1,335	2,897
Crown Prince Court	895	596
Pivot Asset Holding Rsc Ltd.	822	-
Sinyar Property Management LLC	741	586
Royal Group Holdings LLC	694	758
Fabulous Abu Dhabi Hotel Management- L L C	569	200
Office of H.H. Sheikh Hazza Bin Zayed Al Nahyan	542	536
Office of H.H. Sheikh Tahnoon - CMIS	436	-
Abu Dhabi Mountain Gate Property Investment LLC	251	10
Apex Alwataniah Catering Service LLC	121	-
Falcon Tower Development Llc	90	-
Anse La Mouche Property Development LLC	87	-
Pavilion Property Development Llc	67	-
Takamaka Property Development Llc	66	-
800TEK Facilities Management LLC	21	-
Toshiba Elevator Middle East LLC	20	40
Reem Abu Dhabi Green Buildings Llc	16	-
Alliance Food Company LLC	11	14
National Projects and Construction LLC	4	-
Royal Architect Project Management LLC	-	41
Royal Development Company LLC	-	60
	<u>129,446</u>	111,913
Less: allowance for expected credit losses	<u>(15,929)</u>	(1,464)
	113,517	110,449
Less: non-current portion	<u>(950)</u>	-
	<u>112,567</u>	<u>110,449</u>

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9 RELATED PARTIES continued

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> <b>31 December</b> 2020 <i>AED'000</i>
<i>Advance to a related party</i>		
International Holding Company PJSC	<u>-</u>	<u>12,000</u>

Movement in allowance for expected credit losses against amounts due from related parties during the period / year was as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2021 <i>AED'000</i>	<i>(Audited)</i> <b>31 December</b> 2020 <i>AED'000</i>
At the beginning of the period / year	1,464	82
Acquired in business combinations	14,119	-
Transfer from loss allowance on trade receivables (note 8)	<u>346</u>	<u>1,382</u>
At the end of the period / year	<u>15,929</u>	<u>1,464</u>
<i>Due to related parties</i>		
Royal Group Holdings LLC	5,154	453
Apex Alwataniah Catering Service LLC	1,236	839
H2O Interior Design LLC	614	-
Royal Legal Consultancy LLC	570	-
Reem Building Materials	486	-
Al Jaraf Travel & Tourism	480	7
Office of H.H. Sheikh Tahnoon - CMIS	451	-
Multi Serve Typing & Transactions Follow Up LLC	238	-
Royal Advance Electromechanical Works	235	-
Workforce Connexion LLC	221	54
Reem Ready Mix LLC	204	12
Royal Technology Solutions LLC (RTS)	190	-
ThreeSixty Communities Estate LLC (UAE)	186	-
Zee Stores LLC	151	-
Corporate Solutions Consultants LLC	76	-
Fabulous Abu Dhabi Hotel Management- L L C	27	9
2XL Furniture	7	-
RG Procurement RSC LTD	7	-
Bunya Enterprises LLC	4	7
Dar Al Ummah Printing, Publishing and Distribution and Advertising	2	6
Abu Dhabi Mountain Gate Property Investment LLC	1	-
International Holding Company PJSC (IHC)	1	-
National Projects And Construction LLC	<u>-</u>	<u>759</u>
	10,541	2,146
Less: non-current portion	<u>(3,132)</u>	<u>-</u>
	<u>7,409</u>	<u>2,146</u>



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**9 RELATED PARTIES** continued

During the period, the Group entered into the following transactions with the related parties:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>(Unaudited) 2021</i>	<i>(Unaudited) 2020</i>	<i>(Unaudited) 2021</i>	<i>(Unaudited) 2020</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue	<u>26,542</u>	<u>30,582</u>	<u>80,479</u>	<u>57,918</u>
Cost of revenue	<u>1,254</u>	<u>694</u>	<u>4,538</u>	<u>1,013</u>
Dividends declared to Parent Company	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>-</u>
Expenses	<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Compensation of key management personnel**

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>(Unaudited) 2021</i>	<i>(Unaudited) 2020</i>	<i>(Unaudited) 2021</i>	<i>(Unaudited) 2020</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Salaries and employee benefits	<u>635</u>	<u>664</u>	<u>1,933</u>	<u>1,308</u>

**10 CASH AND BANK BALANCES**

	<i>(Unaudited) 30 September 2021 AED '000</i>	<i>(Audited) 31 December 2020 AED '000</i>
Cash on hand	151	90
Bank balances	31,399	14,752
Term deposits	<u>155,231</u>	<u>140,509</u>
	186,781	155,351
Less: allowance for expected credit losses	<u>(28)</u>	<u>(47)</u>
	186,753	155,304
Less: term deposits with original maturity of more than three months	<u>(107,099)</u>	<u>(25,479)</u>
Cash and cash equivalents	<u>79,654</u>	<u>129,825</u>

Cash and cash equivalents as at 30 September 2020 (unaudited) amounted to AED 33,644 thousand.

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**11 BUSINESS COMBINATIONS UNDER COMMON CONTROL**

During the period, the Group acquired the following entities under common control. These acquisitions are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as they are business combinations of entities under common control, given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the interim condensed consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

**Royal Architect Project Management LLC ("RAPM")**

During the period, the Group acquired 100% shares in Royal Architect Project Management LLC ("RAPM") for AED nil consideration. RAPM is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in the provision of project management and architectural design consultancy services. From the date of acquisition, RAPM contributed revenue and profit to the Group amounting to AED 22,183 thousand and AED 5,050 thousand, respectively.

**Royal Development Company LLC ("RDC")**

During the period, the Group acquired 100% shares in Royal Development Company LLC ("RDC") and its subsidiary for AED nil consideration. RDC is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in the development of real estate and all activities that are a part of complementary, collateral, incidental, connected with or relating to such activity. From the date of acquisition, RDC contributed revenue and loss to the Group amounting to AED 19,922 thousand and AED 4,808 thousand, respectively.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	<i>RAPM</i> <i>AED '000</i>	<i>RDC</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
<b>Assets</b>			
Property and equipment	103	3,091	3,194
Intangible assets	36	1	37
Due from related parties	11,847	23,261	35,108
Trade and other receivables	12,266	107,332	119,598
Cash and bank balances	<u>14,678</u>	<u>12,053</u>	<u>26,731</u>
	<b><u>38,930</u></b>	<b><u>145,738</u></b>	<b><u>184,668</u></b>
<b>Liabilities</b>			
Employees' end of service benefits	1,664	562	2,226
Trade and other payables	8,985	85,128	94,113
Due to related parties	<u>262</u>	<u>51,765</u>	<u>52,027</u>
	<b><u>10,911</u></b>	<b><u>137,455</u></b>	<b><u>148,366</u></b>
<b>Total identifiable net assets</b>	28,019	8,283	36,302
Consideration paid	<u>-</u>	<u>-</u>	<u>-</u>
<b>Merger reserve</b>	<b><u>28,019</u></b>	<b><u>8,283</u></b>	<b><u>36,302</u></b>

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12 SHARE CAPITAL

	<i>(Unaudited)</i> 30 September 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
<b>Authorised, issued and fully paid shares</b>		
250,000,000 ordinary shares (31 December 2020: 150 shares) of AED 1 each (31 December 2020: AED 1,000 each)	<b>250,000</b>	<b>150</b>
	<b><u>250,000</u></b>	<b><u>150</u></b>

On 8 April 2021, the shareholders approved to increase the share capital of the Company from AED 150 thousand to AED 250,000 thousand, with a reduction of the par value per share from AED 1,000 to AED 1 and the issuance of 249,999,850 new shares.

12.1 Dividends

During the period, the Group declared dividends amounting to AED 12,000 thousand to the Parent Company which was adjusted against the advance given to the Parent Company (30 September 2020: AED nil). Furthermore, the Group declared dividends amounting to AED 204 thousand to non-controlling interest (30 September 2020: AED nil).

13 STATUTORY RESERVE

In accordance with UAE Commercial Companies Law No. (2) of 2015 and the Company's articles of association, 10% of the profit for the year is to be transferred to a statutory reserve until such reserve balance equals 50% of the Company's share capital. This reserve is not available for distribution except as stipulated by the Law.

14 REVENUE

	<i>Three months period ended</i> 30 September		<i>Nine months period ended</i> 30 September	
	<i>(Unaudited)</i> 2021 AED'000	<i>(Unaudited)</i> 2020 AED'000	<i>(Unaudited)</i> 2021 AED'000	<i>(Unaudited)</i> 2020 AED'000
Construction contracts revenue	25,009	11,845	76,334	20,231
Landscaping, agriculture and maintenance revenue	17,745	15,223	42,940	46,260
Labour camp management and other related revenue	<u>3,542</u>	<u>4,168</u>	<u>13,327</u>	<u>12,435</u>
	<b><u>46,296</u></b>	<b><u>31,236</u></b>	<b><u>132,601</u></b>	<b><u>78,926</u></b>
<i>Timing of revenue recognition</i>				
Services transferred over the period of time	45,496	30,420	129,473	74,733
Services transferred at point of time	<u>800</u>	<u>816</u>	<u>3,128</u>	<u>4,193</u>
	<b><u>46,296</u></b>	<b><u>31,236</u></b>	<b><u>132,601</u></b>	<b><u>78,926</u></b>

*Geographical markets*

All revenues are generated in the United Arab Emirates.

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**15 BASIC EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the parent by the weighted average number of shares in issue throughout the period as follows:

	<i>Three months period ended 30 September</i>		<i>Nine months period ended 30 September</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit for the period (AED’000)	<u>12,898</u>	<u>1,515</u>	<u>34,571</u>	<u>10,101</u>
Weighted average number of shares*	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Basic earnings per share for the period (AED)	<u>0.05</u>	<u>0.01</u>	<u>0.14</u>	<u>0.04</u>

\*The weighted average number of shares takes into account the weighted average effect of increase in number of shares during the period.

**16 CONTINGENT LIABILITIES AND COMMITMENTS**

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED’000</i>	<i>AED’000</i>
Letters of guarantee	<u>47,823</u>	<u>56,946</u>
Letters of credit	<u>-</u>	<u>70</u>

Bank guarantees and letter of credit are issued in the normal course of business.

**17 FAIR VALUES**

**Fair value of the Group’s assets that are measured at fair value on recurring basis**

Some of the Group’s financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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17 FAIR VALUES continued

The Group held the following financial instrument measured at fair value:

	<i>Level 1</i> <i>AED '000</i>	<i>Level 2</i> <i>AED '000</i>	<i>Level 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
<b>30 September 2021</b>				
Financial assets at fair value through other comprehensive income	64,047	-	-	64,047
Financial assets at fair value through profit or loss	<u>19,226</u>	<u>-</u>	<u>-</u>	<u>19,226</u>
	<u>83,273</u>	<u>-</u>	<u>-</u>	<u>83,273</u>
<b>31 December 2020</b>				
Financial assets at fair value through other comprehensive income	55,791	-	-	55,791

There were no transfers between each of levels during the period.

\* As at 30 September 2021 and 31 December 2020, biological assets include plants are carried at fair value, which is determined based on current market prices of similar type of assets.

**Fair value of the Group’s assets that are measured at historical cost**

The following table shows the analysis of the fair value of assets measured and disclosed at historical cost:

	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>30 September 2021 (unaudited) AED '000</i>	<i>31 December 2020 (audited) AED '000</i>				
Investment properties	15,400	15,400	Level 3	Discounted cash flow method.	Rental values	Higher rental income assumed, higher the fair value.

The fair value of investment properties at reporting date is based on the valuation of 31 December 2020, as management believes that it did not materially change during the nine months period ended 30 September 2021.

18 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the six months period ended 30 September 2021 and 30 September 2020.