

Palms Sports PJSC

INTERIM CONDENSED FINANCIAL STATEMENTS

NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021



Ernst & Young Middle East
(Abu Dhabi Branch)
P.O. Box 136
27th Floor, Nation Tower 2
Abu Dhabi Corniche
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF PALMS SPORTS PJSC**

Introduction

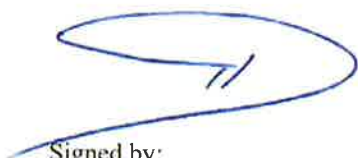
We have reviewed the accompanying interim condensed financial statements of Palms Sports PJSC (the “Company”) as at 30 September 2021, comprising of the interim condensed statement of financial position as at 30 September 2021, and the related interim condensed statement of comprehensive income for the three and nine months period then ended and the interim condensed statements 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 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 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 financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.



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


14 October 2021
Abu Dhabi

Palms Sports PJSC

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		<i>(Unaudited)</i> 30 September	<i>(Audited)</i> 31 December
	<i>Notes</i>	2021	2020
		AED	AED
ASSETS			
Non-current assets			
Property and equipment	4	423,926	629,701
Intangible assets		1,381	12,789
Right-of-use asset		604,349	660,715
Investment carried at fair value through other comprehensive income	5	<u>16,667,057</u>	<u>-</u>
		<u>17,696,713</u>	<u>1,303,205</u>
Current assets			
Inventories		829,652	920,440
Trade and other receivables	6	150,163,052	139,644,162
Due from related parties	10.1	20,000,000	20,009,000
Cash and bank balances	7	<u>149,728,615</u>	<u>119,814,724</u>
		<u>320,721,319</u>	<u>280,388,326</u>
TOTAL ASSETS		<u>338,418,032</u>	<u>281,691,531</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	150,000,000	150,000,000
Legal reserve	9	8,453,407	8,453,407
Retained earnings		<u>127,984,829</u>	<u>76,840,952</u>
Total equity		<u>286,438,236</u>	<u>235,294,359</u>
Non-current liabilities			
Provision for employees' end of service benefits		27,676,873	25,960,225
Lease liability		<u>538,930</u>	<u>538,930</u>
		<u>28,215,803</u>	<u>26,499,155</u>
Current liabilities			
Trade and other payables		23,600,134	19,789,911
Due to related parties	10.1	74,310	49,905
Lease liability		<u>89,549</u>	<u>58,201</u>
		<u>23,763,993</u>	<u>19,898,017</u>
Total liabilities		<u>51,979,796</u>	<u>46,397,172</u>
TOTAL EQUITY AND LIABILITIES		<u>338,418,032</u>	<u>281,691,531</u>


Chief Executive Officer


Director

The attached notes 1 to 16 form part of these interim condensed financial statements.

Palms Sports PJSC

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months period ended 30 September 2021

	Notes	<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</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Revenue from contracts with customers	12	65,468,882	68,096,662	201,633,175	206,274,256
Cost of sales	13	(43,135,963)	(45,760,486)	(137,370,658)	(133,073,833)
Gross profit		22,332,919	22,336,176	64,262,517	73,200,423
General and administrative expenses		(5,611,733)	(7,312,995)	(12,507,714)	(22,416,817)
Finance Income		62,414	599,357	188,052	2,250,956
Finance costs		(218,732)	(245,027)	(798,978)	(746,350)
Other income		-	811,041	-	839,612
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>16,564,868</u>	<u>16,188,552</u>	<u>51,143,877</u>	<u>53,127,824</u>
Basic earnings per share	14	<u>0.11</u>	<u>0.11</u>	<u>0.34</u>	<u>0.35</u>

The attached notes 1 to 16 form part of these interim condensed financial statements.

Palms Sports PJSC

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2021

	<i>Share capital AED</i>	<i>Legal reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance at 1 January 2020 (audited)	300,000	150,000	235,987,697	236,437,697
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>53,127,824</u>	<u>53,127,824</u>
Balance at 30 September 2020 (unaudited)	<u>300,000</u>	<u>150,000</u>	<u>289,115,521</u>	<u>289,565,521</u>
Balance at 1 January 2021 (audited)	150,000,000	8,453,407	76,840,952	235,294,359
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>51,143,877</u>	<u>51,143,877</u>
Balance at 30 September 2021 (unaudited)	<u>150,000,000</u>	<u>8,453,407</u>	<u>127,984,829</u>	<u>286,438,236</u>

The attached notes 1 to 16 form part of these interim condensed financial statements.

Palms Sports PJSC

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 30 September 2021

	Notes	<i>Nine months ended</i>	
		2021	2020
		AED	AED
OPERATING ACTIVITIES			
Profit for the period		51,143,877	53,127,824
Adjustments for:			
Depreciation of property and equipment	4	221,913	186,606
Amortisation of intangible assets		11,408	11,408
Depreciation of right-of-use asset		56,366	56,364
Gain on disposal of property and equipment	4	-	(28,571)
Provision for employees' end of service benefits		4,331,935	4,353,117
Allowance for expected credit losses on trade receivables		1,578,097	1,746,427
Reversal of allowance for expected credit losses on due from related parties		-	(811,042)
Impairment loss allowance of cash & cash equivalent		2,794	-
Finance costs		<u>798,978</u>	<u>746,350</u>
		58,145,368	59,388,483
Working capital changes:			
Decrease (increase) in inventories		90,788	(30,271)
Increase in trade and other receivables		(12,096,988)	(56,336,522)
Decrease (increase) in due from related parties		9,000	(11,889,584)
Increase (decrease) in due to related parties		24,405	(621,720)
Increase (decrease) in trade and other payables		<u>3,810,224</u>	<u>(22,251,728)</u>
Cash generated from (used in) operations		49,982,797	(31,741,342)
Employees' end of service benefits paid		(2,615,287)	(670,634)
Finance cost paid		<u>(767,630)</u>	<u>(712,145)</u>
Net cash generated from (used in) operating activities		<u>46,599,880</u>	<u>(33,124,121)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(16,138)	(303,282)
Proceeds from sale of property and equipment		-	28,571
Purchase of investment carried at fair value through other comprehensive income	5	(16,667,057)	-
(Increase) decrease in fixed deposits		<u>(60,893,716)</u>	<u>17,921,491</u>
Net cash (used in) generated from investing activities		<u>(77,576,911)</u>	<u>17,646,780</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD			
		(30,977,031)	(15,477,341)
Cash and cash equivalents at beginning of the period		<u>66,133,749</u>	<u>26,035,640</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	<u>35,156,718</u>	<u>10,558,299</u>

The attached notes 1 to 16 form part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

1 GENERAL INFORMATION

Palms Sports PJSC (the “Company”) is a private joint stock company incorporated in Abu Dhabi under the UAE Federal Law No. (2) of 2015. The address of its registered office is at P.O. Box 39877, Abu Dhabi, United Arab Emirates. International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

The Company’s principal activities are providing sport enterprises investment, institution and management.

The interim condensed financial statements were approved by the Board of Directors and authorised for issue on 14 October 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting issued by International Accounting Standards Board (“IASB”).

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

These interim condensed financial statements have been prepared on the historical cost basis.

The interim condensed financial statements are presented in United Arab Emirates Dirhams (“AED”) except when otherwise indicated, being the functional currency of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those applied by the Company in the preparation of the 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 Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no significant impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Significant accounting estimates and judgements

The preparation of the interim condensed 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 financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the 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. 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 Company 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 Company are the slight delays in customers collections due to Covid-19 but management is closely monitoring the situation and has kept adequate provision for expected credit losses. However, these factors have not significantly impacted the results of the Company for the nine months period ended 30 September 2021, due to specific nature of business of the Company. The management does not anticipate a future material impact of this outbreak on the Company's financial statements at this stage.

4 PROPERTY AND EQUIPMENT

During the period, additions to property and equipment amounted to AED 16,138 (period ended 30 September 2020: AED 303,282). Depreciation charge for the nine months period ended 30 September 2021 amounted to AED 221,913 (period ended 30 September 2020: AED 186,606). No disposals were made during the nine months period ended 30 September 2021 (period ended 30 September 2020, assets with a net book value of nil were disposed, resulting in a net gain on disposal of AED 28,571).

5 INVESTMENT CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Unquoted - inside United Arab Emirates	<u>16,667,057</u>	<u>-</u>

On 21 September 2021, the Company invested USD 4,535,254 (AED 16,667,057) in a fund created by a related party (note 10), as a capital contribution, against a total commitment of USD 5,000,000 (AED 18,362,500). This investment in equity instrument is not held for trading. Instead, it is held for long-term strategic purpose. Accordingly, management of the Company has elected to designate the investment as equity instrument at FVTOCI, as they believe that recognising short-term fluctuations would not be consistent with the Company's strategy of holding the investment for long-term purposes and realising the performance potential in the long run.

As per management, there was no significant change in fair value of the investment, from the date of purchase.

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

6 TRADE AND OTHER RECEIVABLES

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Trade receivables	156,977,570	143,773,484
Less: allowance for expected credit losses	<u>(8,155,868)</u>	<u>(6,577,771)</u>
	148,821,702	137,195,713
Prepayments and deposits	1,119,470	1,190,382
Advances to suppliers	57,037	131,413
Other receivables	<u>164,843</u>	<u>1,126,654</u>
	<u>150,163,052</u>	<u>139,644,162</u>

As at 30 September 2021, trade receivables of AED 8,155,868 (2020: AED 6,577,771) were impaired. Movements in the allowance for expected credit losses were as follows:

	<i>(Unaudited)</i> 2021 AED	<i>(Audited)</i> 2020 AED
At 1 January	6,577,771	4,949,050
Charge for the period / year	<u>1,578,097</u>	<u>1,628,721</u>
At 30 September / 31 December	<u>8,155,868</u>	<u>6,577,771</u>

7 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Cash on hand	225,100	225,100
Cash at bank - current account	<u>34,931,618</u>	<u>65,908,649</u>
Cash and cash equivalents	35,156,718	66,133,749
Fixed deposits with an original maturity of more than three months	<u>114,607,045</u>	<u>53,713,329</u>
	149,763,763	119,847,078
Less: allowance for expected credit losses	<u>(35,148)</u>	<u>(32,354)</u>
Cash and bank balances	<u>149,728,615</u>	<u>119,814,724</u>

Fixed deposits comprise short term deposits placed with commercial banks bearing interest rates ranging from 0.2% per annum to 2.70% per annum (2020: 0.50% per annum to 2.70% per annum).

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

8 SHARE CAPITAL

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

9 LEGAL RESERVE

In accordance with the UAE Federal Law No. (2) of 2015, and the Company's Articles of Association, 10% of the profit for the year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the share capital of the Company.

10 RELATED PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard (IAS) 24 Related Party Disclosures.

Related parties represent the associated companies, shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Terms and conditions of transactions with related parties

The Company enters into transactions with related parties in the ordinary course of business at mutually agreed rates. Outstanding balances at the period-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the period ended 30 September 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 December 2020: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

10.1 Balances

Balances with related parties included in the interim statement of financial position are as follows:

		<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Right-of-use asset	Entity under common control	<u>604,349</u>	<u>660,715</u>
Due from related parties:			
International Holding Company PJSC	Parent Company	20,000,000	20,000,000
Al Jaraf Travel and Tourism	Entity under common control	<u>-</u>	<u>9,000</u>
		<u>20,000,000</u>	<u>20,009,000</u>
Investment carried at fair value through other comprehensive income	Entity under common control	<u>16,667,057</u>	<u>-</u>

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

10 RELATED PARTY TRANSACTIONS AND BALANCES continued

10.1 Balances continued

Balances with a financial institution	Other related party	<u>145,845,514</u>	<u>71,402,729</u>
<i>Due to related parties:</i>			
Al Jaraf Travel and Tourism	Entity under common control	21,940	-
Multi Service Typing LLC	Entity under common control	5,463	21,000
Zee Stores PJSC	Entity under common control	5,478	5,459
Royal Group Procurement RSC LTD	Entity under common control	5,834	3,100
Tafawuq Facilities Management Co LLC	Entity under common control	6,300	-
Response Plus Holding PJSC	Other related party	29,295	-
International Holding Company PJSC	Parent Company	-	20,346
		<u>74,310</u>	<u>49,905</u>
Lease liability	Entity under common control	<u>628,479</u>	<u>597,131</u>

10.2 Transactions

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

	<i>(Unaudited)</i> <i>Three months ended</i> <i>30 September</i>		<i>(Unaudited)</i> <i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Transactions with International Holding Company PJSC</i>				
Interest income	-	557,111	-	1,661,421
Funds transferred - net	-	-	-	20,000,000
<i>Transactions with other related parties</i>				
Revenue	577,819	577,855	2,484,442	1,720,479
Purchases of goods and services	258,739	151,859	1,218,733	964,994
Interest income on bank deposits	56,028	19,314	148,006	170,934
Finance costs	187,357	210,824	767,603	712,145

10.3 Transactions with key management personnel

	<i>(Unaudited)</i> <i>Three months ended</i> <i>30 September</i>		<i>(Unaudited)</i> <i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Salaries and short-term benefits	479,109	368,376	1,399,409	1,103,480
End of service benefits	19,660	14,277	147,950	38,760
Management remuneration	-	3,083,534	-	10,119,585
Director's remuneration	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>	<u>-</u>
	<u>1,898,769</u>	<u>3,466,187</u>	<u>2,947,359</u>	<u>11,261,825</u>

Transactions with related parties were entered into on terms agreed with management.

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

11 COMMITMENTS AND CONTINGENCIES

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Bank guarantees	<u>76,094,490</u>	<u>95,108,385</u>
Capital commitment	<u>1,836,250</u>	<u>-</u>

The above bank guarantees have been issued from a local bank in the ordinary course of business on which the bank charges a fee of 1% per annum.

12 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	<i>(Unaudited)</i> Three months ended 30 September		<i>(Unaudited)</i> Nine months ended 30 September	
	2021 AED	2020 AED	2021 AED	2020 AED
Types of goods or service				
Coaching and training services	65,456,732	67,250,584	201,250,307	204,614,394
Sale of material	<u>12,150</u>	<u>846,078</u>	<u>382,868</u>	<u>1,659,862</u>
	<u>65,468,882</u>	<u>68,096,662</u>	<u>201,633,175</u>	<u>206,274,256</u>
Geographical markets				
United Arab Emirates	<u>65,468,882</u>	<u>68,096,662</u>	<u>201,633,175</u>	<u>206,274,256</u>
Timing of revenue recognition				
Revenue over time	65,456,732	67,250,584	201,250,307	204,614,394
Revenue at a point in time	<u>12,150</u>	<u>846,078</u>	<u>382,868</u>	<u>1,659,862</u>
	<u>65,468,882</u>	<u>68,096,662</u>	<u>201,633,175</u>	<u>206,274,256</u>

13 COST OF SALES

	<i>(Unaudited)</i> Three months ended 30 September		<i>(Unaudited)</i> Nine months ended 30 September	
	2021 AED	2020 AED	2021 AED	2020 AED
Staff costs	40,144,099	41,238,999	125,895,512	124,407,041
Material cost and others	<u>2,991,864</u>	<u>4,521,487</u>	<u>11,475,146</u>	<u>8,666,792</u>
	<u>43,135,963</u>	<u>45,760,486</u>	<u>137,370,658</u>	<u>133,073,833</u>

Palms Sports PJSC

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

14 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the total comprehensive income for the period of the Company by the weighted average number of shares in issue throughout the period as follows:

	<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</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Profit attributable to the owners of the Company (AED)	<u>16,564,868</u>	<u>16,188,552</u>	<u>51,143,877</u>	<u>53,127,824</u>
Weighted average number of shares (shares)	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Basic earnings per share for the period (AED)	<u>0.11</u>	<u>0.11</u>	<u>0.34</u>	<u>0.35</u>

*The weighted average number of shares takes into account the weighted average effect of increase in number of shares during the 2020.

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company measures financial instruments at fair value at each interim condensed financial statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

15 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

The following table shows the analysis of asset measured and disclosed at fair value by level of the fair value hierarchy for the period ended 30 September 2021:

	<i>Date of valuation</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>	<i>Total AED</i>
Assets measured at fair value					
Investments carried at fair value through other comprehensive income	30 September 2021	<u> -</u>	<u> -</u>	<u>16,667,057</u>	<u>16,667,057</u>

The fair values of the Company's financial assets and liabilities as at 30 September 2021 are not materially different from their carrying values at the same date.

16 SEASONALITY OF RESULTS

The nature of Company's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.