

MANAZEL PJSC
(Formerly known as Manazel Real Estate PJSC)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

JUNE 30 2023 (UNAUDITED)

Table of Contents

	Page
Independent Auditors' Review Report	1-2
Interim Consolidated Statement of Comprehensive Income	3
Interim Consolidated Statement of Financial Position	4
Interim Consolidated Statement of Changes in Equity	5
Interim Consolidated Statement of Cash Flows	6
Notes to the Interim Consolidated Financial Statements	7-16

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF MANAZEL PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Manazel PJSC** (the "Company") and its subsidiaries (together, the "Group") as of June 30 2023, comprising of the interim consolidated statement of financial position as of June 30 2023, the related interim statement of comprehensive income, changes in equity, cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and 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.

Emphasis of matters

- We draw attention to Note 16 to the consolidated financial statements; Group is carrying an amount of AED 378 Million as receivable from Government related entities in respect of infrastructure costs incurred by the Group on various developments amounting to AED 585 million during the period from 2007 to 2022. As per the management, they are in discussion with the authorities and have submitted all the relevant documents to substantiate their claim. But the outcome of the discussions and the timing of reimbursement is currently uncertain. Our opinion is not modified in this regard.
- We draw attention to Note 8 to the consolidated financial statements; one project with an estimated cost of AED 622 million under development has been on hold for the past three years. The management has restructured the development plan and appointed a main contractor to resume the construction activities. According to the management, there is no impairment as of June 30 2023, and all the costs incurred are recoverable. Our opinion is not modified in respect of this matter.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF MANAZEL PJSC

Emphasis of matters (continued)

- We refer to Note 17 to the financial statements; The company recognizes the significance of the ongoing financial restructuring and its potential impact on the financial statements. As such, the notes to the financial statements provide information about the restructuring initiatives, their objectives, and anticipated outcomes.



Dubai
August 12, 2023

Ref: HAMT/SUG/2022/6980

For HLB HAMT Chartered Accountants
Signed by Vijay Anand
Partner
[Reg. No. 654]

MANAZEL PJSC**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
Six months period ended June 30 2023 (unaudited)

	<i>Notes</i>	Six months ended June 30	
		2023	2022
		AED '000	AED '000
Revenue	5	49,329	45,340
Cost of revenue	5	<u>(25,961)</u>	<u>(30,434)</u>
GROSS PROFIT		23,368	14,906
Changes in fair value of investment properties, net			-
Loss on sale of investment properties			-
Finance costs	6	(60,133)	(42,016)
Selling and marketing expenses		(1,224)	(10)
General and administrative expenses	7	(22,342)	(22,903)
Other income		<u>242</u>	<u>7,342</u>
LOSS FOR THE PERIOD		<u>(60,089)</u>	<u>(42,681)</u>
Attributable to:			
Ordinary equity holders of the Parent		(60,089)	(42,681)
Non-controlling interest		<u>-</u>	<u>-</u>
		<u>(60,089)</u>	<u>(42,681)</u>
Other comprehensive income:			
<i>Items not to be reclassified subsequently to profit or loss:</i>			
Loss on revaluation of property, plant and equipment		-	-
<i>Items to be reclassified subsequently to profit or loss:</i>			
Profit/(loss) on hedging transactions		<u>-</u>	<u>-</u>
Other comprehensive income/(loss) for the period		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(60,089)</u>	<u>(42,681)</u>
Attributable to:			
Ordinary equity holders of the Parent		(60,089)	(42,681)
Non-controlling interest		<u>-</u>	<u>-</u>
		<u>(60,089)</u>	<u>(42,681)</u>
(Loss)/Earnings per share			
Basic and diluted	4	<u>(0.02)</u>	<u>(0.02)</u>

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

MANAZEL PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At June 30 2023

	<i>Notes</i>	<i>(Unaudited)</i> <i>June 30,</i> <i>2023</i> <i>AED '000</i>	<i>(Audited)</i> <i>December 31,</i> <i>2022</i> <i>AED '000</i>
ASSETS			
Bank balances and cash	10	11,419	15,519
Trade and other receivables		1,356,881	1,328,074
Net investment in finance lease		41,538	45,106
Right of use asset		4,080	5,570
Development work-in-progress	8	178,107	181,710
Recoverable infrastructure costs, net		378,350	378,350
Investment properties	9	2,427,096	2,427,096
Property, plant and equipment		<u>1,080,022</u>	<u>1,083,243</u>
TOTAL ASSETS		<u>5,477,493</u>	<u>5,464,668</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company			
Share capital	14	2,600,000	2,600,000
Retained earnings		111,103	171,192
Reserves		<u>354,559</u>	<u>354,559</u>
		3,065,662	3,125,751
Non - controlling interest		<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>3,065,662</u>	<u>3,125,751</u>
LIABILITIES			
Trade and other payables		871,980	766,101
Lease liabilities		45,725	50,795
Bank borrowings	11	1,471,148	1,499,928
Advances from customers		15,728	15,171
Employees' end of service benefits		<u>7,250</u>	<u>6,922</u>
TOTAL LIABILITIES		<u>2,411,831</u>	<u>2,338,917</u>
TOTAL EQUITY AND LIABILITIES		<u>5,477,493</u>	<u>5,464,668</u>

CHAIRMAN

CHIEF EXECUTIVE OFFICER

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

MANAZEL PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six months period ended June 30 2023 (unaudited)

Attributable to the owners of the Company

	-----Reserves-----							Total reserves	Total	Non-controlling interest	Total
	Share capital	Statutory reserve	Cumulative changes in fair value of investment	Valuation reserve for property, plant and equipment	Excess of cash consideration over net assets relating to acquisition of non-controlling interest	Retained earnings	Cumulative changes in fair value of hedging instruments				
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at December 31 2021 (audited)	2,600,000	290,491	(75,958)	293,369	(153,343)	324,029	(12,225)	342,334	3,266,363	-	3,266,363
Loss for the period	-	-	-	-	-	(152,837)	-	-	(152,837)	-	(152,837)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Movement in fair value of hedging instruments	-	-	-	-	-	-	12,225	12,225	12,225	-	12,225
Balance as at December 31 2022	2,600,000	290,491	(75,958)	293,369	(153,343)	171,192	-	354,559	3,125,751	-	3,125,751
Loss for the period	-	-	-	-	-	(60,089)	-	-	(60,089)	-	(60,089)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30 2023	<u>2,600,000</u>	<u>290,491</u>	<u>(75,958)</u>	<u>293,369</u>	<u>(153,343)</u>	<u>111,103</u>	<u>-</u>	<u>354,559</u>	<u>3,065,662</u>	<u>-</u>	<u>3,065,662</u>

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

MANAZEL PJSC**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**
Six months period ended June 30 2023 (unaudited)

	<i>Notes</i>	<i>Six months ended June 30</i>	
		<i>2023</i>	<i>2022</i>
		<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
Loss for the period		(60,089)	(42,681)
Adjustments for:			
Depreciation		4,020	4,133
Provision for employees' end-of-service indemnity (net)		687	646
Changes in fair value of investment properties		-	-
Gain/loss on disposal of investment properties		-	(5,661)
Finance cost	6	<u>60,133</u>	<u>42,016</u>
		4,751	(1,547)
Working capital changes:			
Development work-in-progress	8	3,603	(702)
Trade and other receivables		(28,806)	(23,232)
Infrastructure cost recovered			-
Trade and other payables		105,868	51,744
Advance from customers		<u>557</u>	<u>(4)</u>
Cash generated from/(used in) operating activities		85,973	26,259
Employees' end-of-service benefits paid		<u>(358)</u>	<u>(259)</u>
Net cash generated from/(used in) operating activities		<u>85,615</u>	<u>26,000</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(802)	(6,382)
Proceeds from disposal of property, plant and equipment		-	21,000
Net investment in finance lease		-	(49,450)
Right of use asset		-	(8,727)
Additions of Investment properties	9	<u>-</u>	<u>(13,750)</u>
Net cash generated from/(used in) investing activities		<u>(802)</u>	<u>29,600</u>
FINANCING ACTIVITIES			
Bank borrowings (Net)	11	(28,779)	(2,206)
Lease liability			58,208
Finance cost paid (Net)	6	<u>(60,133)</u>	<u>(42,016)</u>
Net cash generated from/(used in) financing activities		<u>(88,912)</u>	<u>13,986</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,100)	(17,323)
Cash and cash equivalents at the beginning of the period		<u>15,519</u>	<u>56,481</u>
CASH AND CASH EQUIVALENTS AT JUNE 30	10	<u>11,419</u>	<u>39,158</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**June 30 2023 (unaudited)****1. CORPORATE INFORMATION**

Manazel PJSC (the "Company" or the "Parent") was established on April 12 2006, as a private joint stock company in Abu Dhabi, United Arab Emirates. The Company's shares are listed on Abu Dhabi Stock Exchange. The subsidiaries of the Company are listed below:

Company	Country of incorporation
Manazel International Capital – Jordan L.L.C.	<i>Jordan</i>
Manazel International Capital – Saudi Arabia Ltd	<i>K.S.A</i>
Tatweer Capital Co. L.L.C.	<i>U.A.E</i>
Dunes Village L.L.C.	<i>U.A.E</i>
Manazel Specialists Real Estate L.L.C.	<i>U.A.E</i>
Census International General Maintenance L.L.C.	<i>U.A.E</i>
Al Reef Cooling L.L.C.	<i>U.A.E</i>
Capital Cooling L.L.C.	<i>U.A.E</i>
The Outlet Capital Mall L.L.C.	<i>U.A.E</i>
Al Reef Capital Real Estate L.L.C.	<i>U.A.E</i>
Merzab Community Development Real Estate L.L.C.	<i>U.A.E</i>
The Guard Public Security Services L.L.C.	<i>U.A.E</i>
Tools Man General Maintenance L.L.C.	<i>U.A.E</i>
The Portel Parcel Services L.L.C.*	<i>U.A.E</i>

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the Shari'a compliant real estate business including development, sales, investment, construction, management and associated services.

*The subsidiary company has no operations during the year 2023.

The interim condensed consolidated financial statements of the Group for the period ended June 30 2023 were authorized for issuance by the Board of Directors on August 12, 2023.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**2.1. BASIS OF PREPARATION**

The interim condensed financial statements have been prepared on a going concern basis and in accordance with and comply with I.A.S. 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of the laws of the U.A.E.

The interim condensed financial statements do not include all the statements and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2022.

The same accounting policies, presentation and methods of computation have been followed in this interim condensed financial information as were applied in preparing and presenting the Annual financial statements for the year ended December 31, 2022. Specific disclosure notes/numbers have been reclassified and rearranged from the prior period condensed interim financial information to conform to the current period's presentation.

In addition, the results for the six months period ended June 30, 2023, are not necessarily indicative of the results that may be expressed for the financial year ending December 31, 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31 2022, except for the adoption of new standards and amendments to standards effective for the annual periods beginning on or after January 1 2023.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparation of these condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis in preparing these condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied in the Group consolidated financial statements as at and for the year ended December 2022, except for the effects of the adoption of new standards and interpretations effective from January 01, 2023.

4. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	(Unaudited) June 30 2023	(Unaudited) June 30 2022
	AED '000	AED '000
Profit/(Loss) for the period attributable to equity holders	(62,134)	(42,681)
Weighted average number of ordinary shares at January 1 in issue	2,600,000	2,600,000
Weighted average number of ordinary shares at June 30 in issue	<u>2,600,000</u>	<u>2,600,000</u>
Basic and diluted earnings/(loss) per share	<u>(0.02)</u>	<u>(0.02)</u>

The Group does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

5. REVENUE AND COST OF REVENUE

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Unaudited)</i> <i>June 30 2022</i> <i>AED '000</i>
Revenue		
Property management fees	6,049	6,590
Rental income	18,700	13,236
Revenue from district cooling services	9,923	10,488
Facility management services and others	<u>14,657</u>	<u>15,026</u>
	<u>49,329</u>	<u>45,340</u>
Cost of revenue		
Operating cost of rental properties	11,227	10,160
Cost of property management	5,227	4,457
Cost of district cooling services	4,583	6,015
Cost of facility management services and others	<u>4,924</u>	<u>9,802</u>
	<u>25,961</u>	<u>30,434</u>

6. FINANCE COSTS

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Unaudited)</i> <i>June 30 2022</i> <i>AED '000</i>
Finance costs incurred during the year	<u>60,133</u>	<u>42,016</u>

The management has estimated no change in the present value of the receivables and payables as we expect a restructuring in the payment and collection plan in this year.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Unaudited)</i> <i>June 30 2022</i> <i>AED '000</i>
Payroll and employee-related expenses	11,575	11,029
Depreciation	2,097	1,755
Rent expense	924	740
Legal and professional charges	5,149	5,523
Transportation expense	186	229
Other expenses	<u>2,411</u>	<u>3,627</u>
	<u>22,342</u>	<u>22,903</u>

8. DEVELOPMENT WORK-IN-PROGRESS

Development work-in-progress represents development and construction costs incurred on properties being constructed, and the movement during the period/year is as follows:

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Audited)</i> <i>December 31</i> <i>2022</i> <i>AED '000</i>
Balance at January 1	181,710	181,710
Additions during the year	158	3,264
Transfer from investment property	-	10,075
Cost of properties/plots sold during the period	<u>(3,761)</u>	<u>(13,339)</u>
Balance at June 30/ December 31	<u>178,107</u>	<u>181,710</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

8. DEVELOPMENT WORK-IN-PROGRESS (continued)

One of the projects Merzab Community is currently on hold, and the management is in the process of appointing the contractor for resuming the construction activities.

9. INVESTMENT PROPERTIES

The movement during the period/year is as follows:

	(Unaudited)	<i>(Audited)</i>
	June 30	<i>December 31</i>
	2023	<i>2022</i>
	AED '000	<i>AED '000</i>
Residential properties	33,250	<i>33,250</i>
Commercial properties	<u>2,393,846</u>	<i><u>2,393,846</u></i>
	<u>2,427,096</u>	<i><u>2,427,096</u></i>

The fair valuation of the investment properties was performed for the financial year ending December 31, 2022, and there is no material change in the value of the properties as on June 30, 2022. The management is performing the fair valuation for the year ending December 31, 2023.

Movement in investment properties during the period/year is as follows:

	(Unaudited)	<i>(Audited)</i>
	30, June	<i>December 31</i>
	2023	<i>2022</i>
	AED '000	<i>AED '000</i>
Balance at January 1	2,427,096	<i>2,384,271</i>
Additions during the period	-	<i>47,625</i>
Transfer to development work in progress	-	<i>(10,075)</i>
Disposal	-	<i>(6,900)</i>
Changes in fair value during the year net	-	<i>12,175</i>
Balance at June 30/ December 31	<u>2,427,096</u>	<i><u>2,427,096</u></i>

10. CASH AND CASH EQUIVALENTS

	(Unaudited)	<i>(Audited)</i>	<i>(Unaudited)</i>
	June 30 2023	<i>December 31 2022</i>	<i>June 30 2022</i>
	AED '000	<i>AED '000</i>	<i>AED '000</i>
Cash and bank balances	11,419	<i>14,494</i>	<i>39,158</i>
Restricted deposits	<u>1,025</u>	<i><u>1,025</u></i>	<i><u>1,025</u></i>
	12,444	<i>15,519</i>	<i>40,183</i>
Restricted deposits	<u>(1,025)</u>	<i><u>(1,025)</u></i>	<i><u>(1,025)</u></i>
	<u>11,419</u>	<i><u>14,494</u></i>	<i><u>39,158</u></i>

Also included in bank balances and cash is bank deposits of AED 1,025 thousand (December 31, 2022: AED 1,025 thousand) held with an Islamic bank in Abu Dhabi. These deposits can only be utilized for certain specific activities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)
11. BANK BORROWINGS

The following facilities represent financing from banks:

	<i>Expected profit</i>	<i>Maturity</i>	June 30 2023	<i>December 31 2022</i>
			AED '000	<i>AED '000</i>
Term financing arrangement 1**	Variable rate	2013 to 2025	90,943	115,000
Term financing arrangement 3	Variable rate	2016 to 2027	200,000	200,000
Term financing arrangement 4	Variable rate	2016 to 2023	440,000	440,000
Term financing arrangement 5	Variable rate	2016 to 2023	327,000	327,000
Term financing arrangement 6	Variable rate	2018 to 2028	47,553	51,278
Term financing arrangement 7	Variable rate	2019 to 2029	177,762	177,762
Term financing arrangement 8	Variable rate	2019 to 2025	37,890	38,888
Term financing arrangement 9*	Variable rate	2021 to 2031	150,000	150,000
			<u>1,471,148</u>	<u>1,499,928</u>

Movements in bank borrowings during the period are as follows:

	(Unaudited) June 30 2023	<i>(Audited) December 31 2022</i>
	AED '000	<i>AED '000</i>
As at January 1	1,499,928	1,507,860
Repayment of bank borrowings	<u>(28,780)</u>	<u>(7,932)</u>
Closing balance	<u>1,471,148</u>	<u>1,499,928</u>

*The original borrowing is AED 150 million, out of which the bank deducts AED 43 million as of June 30, 2023, based on the conditions as per the loan agreement.

**This was under litigation and as per the court verdict the same has to be fully settled in 24 instalments.

The management is in the process of restructuring of bank financing amounting AED 1,094 million and no principal repayments have been made on those financing during the period.

Bank borrowings are secured by several security documents, including registered mortgages over various properties in Abu Dhabi and assignment of rental proceeds.

12. RELATED PARTIES TRANSACTIONS AND BALANCES

These represent transactions with related parties, i.e. associated companies, major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The management approves pricing policies and terms of these transactions.

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

	(Unaudited) June 30 2023	<i>(Audited) June 30 2022</i>
	AED '000	<i>AED '000</i>
<i>Due from related parties:</i>		
Receivable from directors and key management personnel at the handover of units	2,602	3,826
Receivable for concept and detailed design fee	-	338,000
<i>Due to related parties:</i>		
Directors		
Entities with common key management personnel	<u>368,449</u>	<u>615,714</u>
<i>Transaction with other related parties – Entity with common key management/directors</i>		
Rent income	<u>1,668</u>	<u>1,598</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

12. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Significant transactions in the income statement with related parties during the period were as follows:

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Audited)</i> <i>June 30 2022</i> <i>AED '000</i>
Key management remuneration	5,095	4,937
Short-term employment benefits	279	259
Number of key management personnel	<u>9</u>	<u>8</u>

13. CONTINGENCIES AND COMMITMENTS

Commitments

Development expenditure and investments contracted for at the end of the reporting period but not provided for are as follows:

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Audited)</i> <i>December 31</i> <i>2022</i> <i>AED '000</i>
Development work-in-progress, investment properties under construction and capital work in progress	<u>4,281</u>	<u>324,105</u>

Contingent liabilities

There are certain claims under litigation against the Group. Although it is not possible to predict the outcome of these claims, management does not expect these claims to have a material adverse effect on the Group's financial position.

14. SHARE CAPITAL

	<i>(Unaudited)</i> June 30 2023 <i>AED '000</i>	<i>(Audited),</i> <i>December 31</i> <i>2022</i> <i>AED '000</i>
Authorized, issued and fully paid-up capital of AED 1/- each	<u>2,600,000</u>	<u>2,600,000</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

15. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the management of the Group to allocate resources to the segment and assess its performance. Information is reported to the chief operating decision-makers for resource allocation, and performance assessment is based on the following strategic business units offering products and services to the different markets. Segment performance is evaluated based on gross profit and changes in fair values of investment properties, and reversal of impairments.

The Group is operating in the United Arab Emirates only.

The following table represents the revenue and profit information for the Group's operating segments for the six months ended June 30 2023 and June 30 2022.

Six months ended June 30 2023 (unaudited)

	<u>Property development and sales</u>	<u>Development management</u>	<u>Investment properties portfolio</u>	<u>Property management fee and related activities</u>	<u>District cooling services</u>	<u>Facility management and others</u>	<u>Group AED</u>
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Sales	-	-	18,700	6,049	9,923	14,657	49,329
Cost of revenue	-	-	<u>(11,227)</u>	<u>(5,227)</u>	<u>(4,583)</u>	<u>(4,924)</u>	<u>(25,961)</u>
Segment profit/(loss)	-	-	7,473	822	5,340	9,733	23,368
Selling and marketing expenses							(1,224)
General and administrative expenses							(22,342)
Finance costs							(60,133)
Other income							<u>242</u>
Loss for the period							<u>(60,089)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

15. SEGMENT INFORMATION (continued)

Six months ended June 30 2022 (unaudited)

	<u>Property development and sales</u>	<u>Development management</u>	<u>Investment properties portfolio</u>	<u>Property management fee and related activities</u>	<u>District cooling services</u>	<u>Facility management and others</u>	<u>Group AED</u>
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Sales	-	-	13,236	6,590	10,488	15,026	45,340
Cost of revenue	-	-	(10,160)	(4,457)	(6,015)	(9,802)	(30,434)
Loss on disposal of investment properties	-	-	-	-	-	-	-
Changes in the fair value of investment properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment profit/(loss)	-	-	3,076	2,133	4,473	5,224	14,906
Selling and marketing expenses							(10)
General and administrative expenses							(22,903)
Finance costs							(42,016)
Other income							<u>7,342</u>
Loss for the period							<u>(42,681)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

15. SEGMENT INFORMATION (continued)

The following table represents the a-assets and liabilities for the Group's operating segments as at June 30 2023 and June 30 2022.

	<u>Property development and sales</u>	<u>Investment properties portfolio</u>	<u>Property management fee and related activities</u>	<u>District cooling services</u>	<u>Facility management and others</u>	<u>Total segments</u>	<u>Unallocated</u>	<u>Consolidated</u>
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
<i>As at June 30 2023 (unaudited)</i>								
Assets	2,378,478	50,053	2,503,024	233,393	6,618	5,171,566	305,926	5,477,492
Liabilities	(1,495,993)	(20,266)	(237,936)	(8,915)	(14,327)	(1,777,436)	(634,397)	(2,411,833)
<i>As at June 30 2022 (audited)</i>								
Assets	2,845,486	40,641	2,484,133	249,781	8,234	5,628,274	322,713	5,950,987
Liabilities	(1,834,741)	(9,637)	(213,729)	(8,629)	(10,730)	(2,077,466)	(637,615)	(2,715,081)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30 2023 (unaudited)

16. Recoverable infrastructure cost

In arriving at the cost of properties sold, the Group has considered that the Government entities will reimburse the infrastructure costs incurred by the Group on various developments amounting to AED 585 million. The management supported by the Board of Directors is in discussions with Abu Dhabi Water and Electricity Authority and other government-related entities relating to recovering infrastructure costs. The Group received an amount of AED 171 million up till the year-end of December 31 2022. The remaining AED 414 million (discounted to AED 378 million) has been claimed and is in process.

17. Going concern

These financial statements have been prepared under the going concern concept despite the fact that has no major development in the projects and non-recovery of receivables from a strategic client. The board of directors are considering the plans to restructure the bank facilities, repurpose some of its assets and to enter settlement terms with major customers to generate cash flows and to continue its operations in the foreseeable future. It is important to note that the ongoing financial restructuring involves forward-looking statements and assumptions, as the outcomes of certain actions are subject to market conditions, negotiations, and counterparty approvals.

16. DIVIDEND

No dividends were declared and paid during the six-month period ended June 30 2023.