Multiply Group LLC

(Formerly "Multiply Marketing Consultancy LLC")

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2021

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MULITPLY GROUP LLC

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Multiply Group LLC (formerly "Multiply Marketing Consultancy 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 statements of comprehensive income, 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
The accompanying interim condensed consolidated financial statements represent the first interim condensed consolidated financial statements prepared by the Company. Accordingly, the interim consolidated statements of comprehensive income, changes in equity and cash flows for the nine months period ended 30 September 2020 and explanatory notes, were not reviewed by an auditor and are presented for comparison purposes only.

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 1 March 2021.

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

2 November 2021
Abu Dhabi

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2021

	Notes	*(Unaudited)* *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,182,816**	3,065
Investment properties		**132,966**	-
Intangible assets and goodwill		**228,362**	16
Right-of-use assets	5	**59,377**	-
Investment in associate		-	32,915
Investments carried at fair value through other comprehensive income	6	**67,519**	29,400
Trade receivables	8	**4,243**	-
		1,675,283	65,396
Current assets			
Inventories		**8,244**	-
Investments carried at fair value through profit or loss	7	**3,817,551**	-
Trade and other receivables	8	**214,918**	14,135
Due from related parties	12	**14,082**	8,473
Cash and bank balances	9	**2,426,161**	10,330
		6,480,956	32,938
TOTAL ASSETS		**8,156,239**	98,334
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**2,100,000**	300
Share premium	11	**4,295,610**	-
Statutory reserve		**150**	150
Capital contribution		-	33,147
Merger reserve		**303,083**	-
Retained earnings		**157,126**	56,330
Equity attributable to owners of the Company		**6,855,969**	89,927
Non-controlling interests		**398,777**	-
Total equity		**7,254,746**	89,927
Non-current liabilities			
Employees' end of service benefit		**21,975**	2,626
Borrowings	16	**291,687**	-
Lease liabilities	5	**52,901**	-
Other payables	13	**107,519**	-
		474,082	2,626
Current liabilities			
Loan from a related party	12	**50,000**	-
Borrowings	16	**135,546**	-
Lease liabilities	5	**8,019**	-
Due to related parties	12	**17,912**	1,570
Trade and other payable	13	**215,934**	4,211
		427,411	5,781
Total liabilities		**901,493**	8,407
TOTAL EQUITY AND LIABILITIES		**8,156,239**	98,334

MANAGING DIRECTOR

FINANCE MANAGER

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the nine months period ended 30 September 2021

	Notes	*(Unaudited)* 2021 AED'000	*(Unaudited)* 2020 AED'000
Revenue	14	**170,613**	10,427
Cost of revenue		**(71,092)**	(7,231)
GROSS PROFIT		**99,521**	3,196
Investment and other income	15	**55,862**	-
Rental income, net		**160**	-
Share of (loss) profit from investment in associate		**(903)**	141
General and administrative expenses		**(28,438)**	(3,671)
Finance cost		**(2,542)**	-
PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**123,660**	(334)
Attributable to:			
Owners of the Company		**100,796**	(334)
Non-controlling interests		**22,864**	-
		123,660	(334)
Basic earnings (loss) per share (AED)	17	**0.32**	(1.11)

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 September 2021

	Attributable to equity holders of the Company								
	Share capital AED'000	*Share premium AED'000*	*Statutory reserve AED'000*	*Capital contribution AED'000*	*Merger reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling-interests AED'000*	*Total equity AED'000*
Balance at 1 January 2020 (audited)	300	-	150	3,147	-	34,048	37,645	-	37,645
Total comprehensive loss for the period	-	-	-	-	-	(334)	(334)	-	(334)
Additional capital contributed	-	-	-	30,000	-	-	30,000	-	30,000
Dividends declared and paid	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)
Balance at 30 September 2020 (unaudited)	300	-	150	33,147	-	31,714	65,311	-	65,311
Balance at 1 January 2021 (audited)	300	-	150	33,147	-	56,330	89,927	-	89,927
Total comprehensive income for the period	-	-	-	-	-	100,796	100,796	22,864	123,660
Business combination of entities under common control (note 10.1)	-	-	-	-	1,075,721	-	1,075,721	375,913	1,451,634
Additional capital contributed	-	-	-	69,825	-	-	69,825	-	69,825
Increase in share capital (note 11)	2,099,700	4,295,610	-	(102,972)	(772,638)	-	5,519,700	-	5,519,700
Balance at 30 September 2021 (unaudited)	**2,100,000**	**4,295,610**	**150**	**-**	**303,083**	**157,126**	**6,855,969**	**398,777**	**7,254,746**

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine months period ended 30 September 2021

	Notes	*(Unaudited)* 2021 AED'000	*(Unaudited)* 2020 AED'000
OPERATING ACTIVITIES			
Profit (loss) for the period		**123,660**	(334)
Adjustments for:			
Depreciation of property, plant and equipment	4	**11,098**	254
Depreciation of right-of-use assets	5	**1,033**	-
Depreciation of investment properties		**1,284**	-
Amortisation of intangible assets		**2,123**	-
Share of loss (profit) from investment in associate		**903**	(141)
Change in fair value of investments carried at fair value through profit or loss	7	**(13,133)**	-
Gain on revaluation of previously held equity interest	10.2 & 15	**(40,988)**	-
Gain on disposal of property, plant and equipment	15	**(439)**	-
Provision for employees' end of service benefit		**1,333**	159
Finance costs		**2,542**	-
Allowance for expected credit losses	8	**1,041**	-
Operating cash flows before working capital changes		**90,457**	(62)
Working capital changes:			
Inventories		**278**	-
Due from related parties		**18,329**	4,126
Trade and other receivables		**62,086**	837
Due to related parties		**(3,538)**	(33)
Trade and other payables		**(48,025)**	(3,178)
Cash generated from operations		**119,587**	1,690
Employees' end of service benefit paid		**(894)**	(7)
Net cash generated from operating activities		**118,693**	1,683
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(35,724)**	(244)
Proceeds from sale of property, plant and equipment		**441**	-
Dividends received from associate		**-**	5,249
Purchase of investments carried at fair value through profit or loss		**(81,408)**	(29,400)
Proceeds from disposal of investments carried at fair value through profit or loss		**946**	-
Business combination of entities under common control	10.1	**376,216**	-
Cash acquired on from acquisition of a subsidiary	10.2	**48,392**	-
Net cash generated from (used in) investing activities		**308,863**	(24,395)
FINANCING ACTIVITIES			
Cash injection on increase of share capital		**1,834,100**	-
Additional capital contributed		**69,825**	30,000
Net proceeds from borrowings		**36,881**	-
Repayment of lease liabilities	5	**(780)**	-
Finance cost paid		**(1,751)**	-
Dividend paid		**-**	(2,000)
Net cash from financing activities		**1,938,275**	28,000
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**2,365,831**	5,288
Cash and cash equivalents at beginning of the period		**10,330**	4,158
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9	**2,376,161**	9,446

Significant non-cash transaction excluded from the interim consolidated statement of cash flows is as follows:

	Notes	2021	2020
Investments carried at fair value through profit or loss contributed by a shareholder	7	**3,685,600**	-

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

1 GENERAL INFORMATION

Multiply Group LLC (Formerly “Multiply Marketing Consultancy LLC”) (the “Company”) was originally a partnership registered in Abu Dhabi. On 26 April 2007 the partnership converted into a limited liability company under UAE Federal Law, and has since been operating under a trade license issued by the Department of Economic Development, Government of Abu Dhabi. The address of the Company’s registered office is P.O Box 34491, Abu Dhabi, United Arab Emirates.

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

During the period, the shareholders approved to change the name of the Company from “Multiply Marketing Consultancy LLC” to “Multiply Group LLC,”. The memorandum of association were amended on 1 April 2021.

These interim condensed consolidation financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The main activities of the Group is to provide advertisement designing and production, economical feasibility consultancy and studies, exhibition organisation and management, public relationship consultancy, organisation and event management and newspaper advertisement, management and development of motor vehicles driving training and to manage investment properties, installation of district cooling and air conditioning, repair of district cooling and investment in infrastructure projects.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 2 November 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The interim condensed 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 for the year ended 31 December 2020. In addition, results for the period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are stated 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.

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

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.

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.

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Details of the Company's subsidiaries as at 30 September 2021 and 31 December 2020 were as follows:

Name of subsidiary	*Place of incorporation*	*Principal activities*	*Proportion of ownership interest and voting power held* 2021	2020
Emirates Driving Company PJSC*	United Arab Emirates	Driving training and road safety education	**48.01%**	-
Bedashing Holding Company LLC	United Arab Emirates	Beauty centre including its related services	**100%**	-
Viola Communications LLC	United Arab Emirates	Communication, marketing, media and events	**100%**	-
Pal Cooling Holding LLC	United Arab Emirates	District cooling and air conditioning	**100%**	-
Norm Commercial Investment – Sole Proprietorship LLC	United Arab Emirates	Investments holding company	**100%**	-
Multiply Companies Management Sole proprietorship LLC	United Arab Emirates	Management services of companies and private institutions	**100%**	-
MG Communications LLC	United Arab Emirates	Establishing, investing and managing technology projects.	**100%**	-
MG Wellness Holding LLC	United Arab Emirates	Investment, institute and management of health services enterprises.	**100%**	-
MG Digital Holding LLC	United Arab Emirates	Establishing, investing and managing technology projects.	**100%**	-
MG Utilities Holding LLC	United Arab Emirates	Establishing, investing and managing infrastructure projects.	**100%**	-
MG Ventures Holding LLC	United Arab Emirates	Establishing, investing and managing commercial projects.	**100%**	-
Spranza Commercial Investments SP LLC	United Arab Emirates	Establishing, investing and managing commercial projects.	**100%**	-

* Emirates Driving Company is a subsidiary by virtue of the Group being the single largest shareholder at 48.01% with the remaining 51.99% being dispersed amongst 455 shareholders, of which one holds 12.81% and the remaining hold no more than 5% of the voting rights.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standards 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 - 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 impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

In addition to the accounting policies applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020, the Group has adopted the following accounting policies in preparation of the interim condensed consolidated financial statements due to acquisition of new subsidiaries during the period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Business combinations and goodwill continued
Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in statement of comprehensive income 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 (including goodwill), 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.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

Disposals of interest in a subsidiary to an equity accounted investee
Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee is eliminated to the extent of the retained indirect interest in that disposed entity by the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Acquisition of entities under common control
Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any premeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the assets, as follows:

Office space	3 - 4 years
Salon shops	2 - 5 years
Land	32 years
Motor vehicles	3 - 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'property, plant and equipment' policy.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'other expenses' in the consolidated statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Leases continued
Lease liabilities continued
As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of Property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

When the use of investment property changes such that it is reclassified from, or to, property, plant and equipment, inventory or development work-in-progress, it's carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

Depreciation on investment properties is calculated using the straight-line method over their estimated useful life being 30 years.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and comprises invoiced cost, duties, freight charges and other related expenses that have been incurred in bringing the inventory to their present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The costs of sale include directly attributable marketing and distribution costs.

3.2 Significant accounting estimates and judgements

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Significant accounting estimates and judgements continued

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, , except for the following significant estimates and judgements, which management has applied due to acquisition of new subsidiaries during the period.

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impact of novel coronavirus (COVID-19)
The outbreak of 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 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 are 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. The management does not anticipate a future material impact of this outbreak on the Group's consolidated financial statements at this stage.

4 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 35,724 thousand (30 September 2020: AED 244 thousand), excluding those acquired through business combinations, depreciation charge of AED 11,098 thousand (30 September 2020: AED 254 thousand) and disposals of AED 2 thousand (30 September 2020: nil). Property, plant and equipment acquired through business combinations amounted to AED 1,155,127 thousand (note 10) (30 September 2020: nil).

5 RIGHT OF USE ASSETS AND LEASE LIABILITIES

	(Unaudited) 30 September 2021	
	Right-of-use assets AED'000	***Lease Liabilities AED'000***
Acquired through business combination (note 10)	**60,410**	**60,909**
Depreciation expense	**(1,033)**	**-**
Interest expense	**-**	**791**
Payments	**-**	**(780)**
	59,377	**60,920**

Lease liabilities is analysed in the consolidated statement of financial position as follows:

	(Unaudited) 30 September 2021 AED'000
Current	**8,019**
Non-current	**52,901**
	60,920

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	(Unaudited) 30 September 2021 AED'000	*(Audited) 31 December 2020 AED'000*
Quoted	**38,119**	-
Unquoted	**29,400**	29,400
	67,519	29,400

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME continued

The geographical distribution of investments is as follows:

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
Inside the UAE	**38,119**	-
Outside the UAE	**29,400**	29,400
	67,519	29,400

The investments are recorded at fair value using the valuation techniques as disclosed in note 19. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
At the beginning of the period/year	**29,400**	-
Acquired through business combination (note 10)	**38,119**	-
Additions during the period / year	**-**	29,400
	67,519	29,400

7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
Quoted	**3,735,734**	-
Unquoted	**81,817**	-
	3,817,551	-

The geographical distribution of investments is as follows:

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
Inside the UAE	**3,735,734**	-
Outside the UAE	**81,817**	-
	3,817,551	-

7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The investments are recorded at fair value using the valuation techniques as disclosed in note 19. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
At the beginning of the period / year	-	-
Acquired through business combination (note 10)	**38,356**	-
Additions during the period / year *	**3,767,008**	-
Change in fair value during the period / year (note 15)	**13,133**	-
Disposal during the period / year	**(946)**	-
	3,817,551	-

* Included in additions during the period is an investment of AED 3,685,600 thousand contributed to the Group by a new shareholder (note 11).

8 TRADE AND OTHER RECEIVABLES

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
Trade receivables	**189,217**	5,613
Less: allowance for expected credit losses	**(24,597)**	(1,757)
	164,620	3,856
Advances to suppliers	**23,008**	-
Unbilled receivables	**16,826**	-
Prepayments	**9,406**	1,289
Dividends receivable	-	8,990
Other receivables	**5,301**	-
	219,161	14,135
Less: non-current portion of trade receivables*	**(4,243)**	-
	214,918	14,135

* Receivable from a Government entity, which is recoverable over a period of six years.

8 TRADE AND OTHER RECEIVABLES continued

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

	(Unaudited) ***30 September 2021 AED'000***	*(Audited) 31 December 2020 AED'000*
At the beginning of the period / year	**1,757**	1,520
Acquired in business combinations	**21,799**	-
Charge for the period / year	**1,041**	237
At the end of the period / year	**24,597**	1,757

9 CASH AND BANK BALANCES

	(Unaudited) ***30 September 2021 AED'000***	*(Audited) 31 December 2020 AED'000*
Cash on hand	**2,751**	15
Cash at banks	**2,372,355**	10,317
Term deposits	**51,057**	-
Less: allowance for expected credit loss	**(2)**	(2)
Cash and bank balances	**2,426,161**	10,330
Less: term deposits with an original maturity more than three months	**(50,000)**	-
Cash and cash equivalents	**2,376,161**	10,330

10 BUSINESS COMBINATIONS

10.1 Business combination 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 it is business combination 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.

Emirates Driving Company P.J.S.C. ("DRIVE")
Effective 30 June 2021, the Group acquired a 48.01% share in Emirates Driving Company PJSC ("DRIVE") for nil consideration, by acquiring 100% of the shares in Spranza Commercial Investment – Sole Properties LLC, an entity which held the shares in DRIVE. DRIVE is a Public Joint Stock Company incorporated in the United Arab Emirates and is involved in the management and development of motor vehicles driving training and to manage investment properties. From the date of acquisition, DRIVE contributed revenue and profit to the Group amounting to AED 65,793 thousand and AED 45,259 thousand respectively. If the acquisition had taken place at the beginning of the year, DRIVE would have contributed revenue and profit to the Group amounting to AED 189,025 thousand and AED 130,770 thousand, respectively.

10 BUSINESS COMBINATIONS continued

10.1 Business combination under common control continued

PAL Cooling Holding LLC ("PAL")
Effective 1 July 2021, the Group acquired 100% of the shares in PAL Cooling Holding LLC ("PAL") and its subsidiaries for nil consideration. PAL is a Limited Liability Company incorporated in the United Arab Emirates and is involved in the installation of district cooling and air conditioning, repair of district cooling and investment in infrastructure projects. From the date of acquisition, PAL contributed revenue and profit to the Group amounting to AED 78,109 thousand and AED 31,034 thousand, respectively. If the acquisition had taken place at the beginning of the year, PAL would have contributed revenue and profit to the Group amounting to AED 294,716 thousand and AED 98,475 thousand respectively.

Bedashing Holding Company LLC ("BEDASHING")
Effective 28 September 2021, the Group acquired 100% of the shares in Bedashing Holding Company LLC ("BEDASHING") for nil consideration. BEDASHING is a Limited Liability Company incorporated in the United Arab Emirates and is involved in wholesale cosmetics and make-up trading, women personal care and other grooming related services. If the acquisition had taken place at the beginning of the year, BEDASHING would have contributed revenue and profit to the Group amounting to AED 48,734 thousand and AED 7,137 thousand respectively.

	DRIVE AED'000	*PAL AED'000*	*BEDASHING AED'000*	*Total AED'000*
Assets				
Property, plant and equipment	200,385	934,841	18,916	1,154,142
Goodwill	-	-	35,900	35,900
Intangible assets	3,634	74,955	33,897	112,486
Right-of-use assets	40,193	-	13,695	53,888
Investment properties	134,250	-	-	134,250
Investments carried at fair value through other comprehensive income	38,119	-	-	38,119
Investments carried at fair value through profit or loss	38,356	-	-	38,356
Inventories	3,170	-	4,290	7,460
Trade and other receivables	57,332	156,266	5,574	219,172
Due from related parties	300	23,267	-	23,567
Cash and bank balances	289,510	70,080	16,626	376,216
	805,249	**1,259,409**	**128,898**	**2,193,556**
Liabilities				
Employees' end of service benefit	5,222	4,310	1,058	10,590
Loan from a related party	-	50,000	-	50,000
Borrowings	-	390,352	-	390,352
Lease liabilities	41,134	-	13,352	54,486
Due to related parties	-	17,450	75	17,525
Trade and other payables	35,544	175,581	7,844	218,969
	81,900	**637,693**	**22,329**	**741,922**
Net assets	**723,349**	**621,716**	**106,569**	**1,451,634**
Less: non-controlling interest	(375,913)	-	-	(375,913)
Proportionate share of identifiable net assets acquired	347,436	621,716	106,569	1,075,721
Consideration paid	-	-	-	-
Merger reserve	**347,436**	**621,716**	**106,569**	**1,075,721**

10 BUSINESS COMBINATIONS continued

10.2 Acquisition under IFRS 3 Business Combination

During the period, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combination:

Viola Communications LLC ("Viola")
Effective 1 July 2021, the Group, acquired the remaining 50% of equity interest in Viola Communications LLC ("Viola"), for consideration of AED 73,000 thousand. As a result, the Group increased its ownership in Viola to 100% and obtained control. The investment in Viola was previously accounted for as an associate. Viola is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in the business of advertisement, designing and production and other commercial publication printing. From the date of acquisition, Viola contributed revenue and profit to the Group amounting to AED 17,220 thousand and AED 62 thousand respectively. If the acquisition had taken place at the beginning of the year, Viola would have contributed revenue and incurred a loss to the Group amounting to AED 45,712 thousand and AED 1,776 thousand respectively.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition was as follows:

	AED'000
Assets	
Property, plant and equipment	985
Intangible assets	65,943
Right-of-use assets	6,522
Inventories	1,062
Due from related parties	371
Trade and other receivables	48,981
Cash and bank balances	48,392
Total assets	**172,256**
Liabilities	
Employees' end of service benefit	8,320
Lease liabilities	6,423
Due to related parties	2,355
Trade and other payables	25,298
Total liabilities	**42,396**
Total identifiable net assets at fair value	**129,860**
Goodwill arising on acquisition	16,140
Total purchase consideration	**146,000**

Purchase consideration consists of the following:

Consideration payable	73,000
Fair value of previously held equity interest (i)	73,000
	146,000
(i) Carrying value of previously held equity interest	32,012
Fair value gain (note15)	40,988
Fair value of previously held equity interest	**73,000**

10 BUSINESS COMBINATIONS continued

10.2 Acquisition under IFRS 3 Business Combination continued

The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalise the purchase price allocation before the end of 2021. Intangible assets represent customer contracts, customer relationships and brand name.

Analysis of cashflows on acquisition is as follows:

	AED'000
Purchase consideration:	
Cash paid for the acquisition	-
Consideration payable (note 13)	73,000
Total purchase consideration	73,000
Analysis of cashflow on acquisition:	
Cash paid for the acquisition	-
Net cash acquired on business combination	(48,392)
Acquisition of operating business – net of cash used (acquired) (included in cash flows from investing activities)	(48,392)
Transaction costs of the acquisition (included in cash flows from operating activities)	60
Net cash acquired on acquisition	(48,332)

Acquisition related costs amounting to AED 60 thousand were expensed during the period and are included in general and administrative expenses.

11 SHARE CAPITAL

	(Unaudited) 30 September 2021 AED'000	*(Audited) 31 December 2020 AED'000*
Authorised issued and fully paid		
2,100,000,000 shares of AED 1 each (31 December 2020: 300 shares of AED 1,000 each)	2,100,000	300

On 1 April 2021, the shareholders approved to increase the share capital of the Group from AED 300 thousand to AED 100,000 thousand, with a reduction of the par value per share from AED 1,000 to AED 1 and the issuance of 99,999,700 new shares.

11 SHARE CAPITAL continued

On 30 September 2021, the Company's share capital was increased from AED 100,000 thousand to AED 2,100,000 thousand through the issuance of 2,000,000 thousand new shares, out of which 1,224,090 thousand shares were issued to a new shareholder for AED 5,519,700 thousand resulting in a share premium of AED 4,295,610 thousand. The new shareholder contributed cash of AED 1,834,100 thousand and investments of AED 3,685,600 thousand (note 7).

The details of shareholding of the Company as at the reporting date, were as follows:

	Shareholding percentage		*Number of shares ('000)*	
Shareholders	***30 September 2021***	*31 December 2020*	***30 September 2021***	*31 December 2020*
IHC Digital Holding LLC	**41.71%**	99.67%	**875,910**	299
IHC Companies Management LLC	-	0.33%	-	1
Infinity Wave Holding LLC	**58.29%**	-	**1,224,090**	-
	100%	100%	**2,100,000**	300

12 RELATED PARTY BALANCES AND TRANSACTIONS

The Group 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 include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant influence in financial and operating decisions making as well as key management personnel.

12 RELATED PARTY BALANCES AND TRANSACTIONS continued

12.1 Balances

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

Name	*Nature of relationship*	***(Unaudited) 30 September 2021 AED'000***	*(Audited) 31 December 2020 AED'000*
Due from related parties:			
Chimera Investments LLC	Entity under common control	**3,880**	-
PAL Group of Companies LLC	Entity under common control	**3,308**	-
Paragon Malls – LLC	Entity under common control	**1,844**	761
Pal Technology Services LLC	Entity under common control	**897**	-
TSL Properties LLC	Entity under common control	**774**	-
Bunya Enterprises LLC	Other related party	**732**	33
First Abu Dhabi Bank	Other related party	**517**	-
Trojan General contracting LLC	Entity under common control	**515**	1,047
Hydra Properties LLC	Entity under common control	**418**	418
International Holding Company PJSC	Parent Company	**424**	1,055
Three60 Estates Management LLC	Other related party	**297**	297
Al Tamouh Investments Company LLC	Entity under common control	**235**	524
Eltizam Asset Management Estate LLC	Other related party	**212**	42
2XL Furniture	Entity under common control	**131**	-
Alliance Food Company LLC	Entity under common control	**101**	-
National Petroleum Construction Company (NPCC)	Entity under common control	**49**	-
Diqa Tech	Entity under common control	**43**	-
Hydra Development LLC	Entity under common control	**41**	-
Wadi Adventures LLC	Entity under common control	**33**	33
Apex Holding Company LLC	Entity under common control	**29**	-
Zee stores LLC	Entity under common control	**20**	-
Barari Natural Resources LLC	Entity under common control	**8**	309
Alpha Dhabi Holding PJSC	Entity under common control	**7**	-
RG Procurement RSC LTD	Entity under common control	**-**	3,675
Royal Group – Mina Office	Entity under common control	**-**	330
H H Sheikh Tahnoon Bin Zayed Al Nahyan	Other related party	**-**	193
Al Ajban Poultry LLC	Entity under common control	**-**	136
Bedashing Beauty Lounge LLC	Entity under common control	**-**	55
		14,515	8,908
Less: allowance for expected credit loss		**(433)**	(435)
		14,082	8,473
Due to related parties:			
Tamouh Investments Company LLC	Entity under common control	**11,037**	-
RG Procurement RSC LTD	Entity under common control	**2,782**	-
Abu Dhabi Land General Contracting LLC	Entity under common control	**1,855**	-
ThreeSixty Eergy LLC	Entity under common control	**1,006**	-
PAL Technology Services LLC	Entity under common control	**271**	271
Royal Technology Solutions LLC	Entity under common control	**200**	-
Royal Legal Consultancy LLC	Entity under common control	**181**	179
Al Jaraf Travel & Tourism LLC	Entity under common control	**177**	166
Cine Royal Cinema LLC	Entity under common control	**142**	142
PAL Computers LLC	Entity under common control	**101**	101
Deco Vision Company LLC	Entity under common control	**86**	5
Zee Stores LLC	Entity under common control	**43**	6
Dar Al Ummah Printing Publishing and Distribution LLC	Entity under common control	**15**	-
Bunya Enterprises LLC	Other related party	**11**	-
H20 Interior Design LLC	Entity under common control	**-**	82
International Holding Company PJSC	Parent Company	**5**	-
Viola Communications LLC	Associate	**-**	264
Royal Group Holding LLC	Ultimate Parent Company	**-**	354
		17,912	1,570

12 RELATED PARTY BALANCES AND TRANSACTIONS continued

12.1 Balances continued

Loan from a related party:
Loan obtained from the Parent Company amounting to AED 50,000 thousand. The balance is repayable in one bullet payment on 28 February 2022 and is interest free

12.2 Transactions

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

	Nine months ended 30 September	
	(Unaudited)	*(Unaudited)*
	2021	*2020*
	AED'000	*AED'000*
Revenue *(entities under common control)*	**14,407**	-
Cost of revenue *(entities under common control)*	**31,318**	-
General and administrative expenses *(entities under common control)*	**2,286**	-

12.3 Key management remuneration

	Nine months ended 30 September	
	(Unaudited)	*(Unaudited)*
	2021	*2020*
	AED'000	*AED'000*
Salaries and employee benefits	**1,043**	556
Employees end of service benefits	**75**	65
	1,118	621

13 TRADE AND OTHER PAYABLES

	(Unaudited) *30 September* *2021* *AED'000*	*(Audited)* *31 December* *2020* *AED'000*
Trade payable	**25,454**	1,041
Consideration payable from an acquisition of a subsidiary (note 10.2)	**73,000**	-
Advance from customer	**71,590**	117
Deferred revenue	**64,647**	-
Accruals and other payables	**55,640**	3,054
Security deposits	**24,709**	-
VAT payable, net	**1,406**	-
Retention payable	**7,007**	-
	323,453	4,212
Less: non-current portion	**(107,519)**	-
	215,934	4,212

Non-current portion consists of the following:

Deferred revenue	**49,727**	-
Advances from customers	**33,083**	-
Security deposits	**24,709**	-
	107,519	-

14 REVENUE

	(Unaudited) *30 September* *2021* *AED'000*	*(Unaudited)* *30 September* *2020* *AED'000*
Type of goods or services		
Revenue from media and marketing services	**26,711**	6,724
Revenue from capacity and consumption charges	**78,109**	-
Revenue from consultancy, training and coaching services	**65,793**	3,703
	170,613	10,427
Timing of revenue recognition		
Revenue at a point in time	**59,936**	6,724
Revenue over time	**110,677**	3,703
	170,613	10,427
Geographical markets		
UAE	**170,613**	10,427

15 INVESTMENT AND OTHER INCOME

	(Unaudited) 30 September 2021 AED'000	*(Unaudited) 30 September 2020 AED'000*
Gain on revaluation of previously held equity interest (note 10.2)	**40,988**	-
Change in fair value of investments carried at fair value through profit or loss (note 7)	**13,133**	-
Gain on disposal of property, plant and equipment	**439**	-
Interest income	**209**	-
Others	**1,093**	-
	55,862	-

16 BORROWINGS

Borrowings:	***Security***	***Interest rates***	***Maturity***	***(Unaudited) 2021 AED'000***	*(Audited) 2020 AED'000*
Term loan 1	Secured	EIBOR + 1.85%	December 2027	**32,945**	-
Term loan 2	Secured	EIBOR + 1.85%	December 2024	**176,436**	-
Term loan 3	Secured	EIBOR + 1.85%	June 2029	**34,534**	-
Term loan 4	Secured	EIBOR + 1.85%	December 2027	**133,861**	-
Term loan 5	Secured	5%	December 2026	**42,562**	-
Term loan 6	Unsecured	Interest free	April 2023	**6,895**	-
				427,233	-

(i) Term loan 1 was obtained to finance 50% of the total cost of a District Cooling Plant project in Abu Dhabi. The loan is repayable in 12 annual instalments, starting from 31 December 2015 till 31 December 2027. The loan is secured by the notarized mortgage over the Musataha rights granted to the subsidiary in respect of district cooling plot, pledge over the equipment that has been installed at capital center - Phase 4 District Cooling Project and subordination of a loan from a related party.

(ii) Term loan 2 was obtained to finance the construction of district cooling plants. In 2016, the loan was restructured, whereby the restructured term loan is repayable in 8 annual instalments with a bullet payment of the residual amount to be paid on 31 December 2024. The restructured loan is secured through personal guarantee of a related party and mortgage of the property constructed.

(iii) Term loan 3 was obtained to finance a District Cooling Plant. The loan was repayable in 7 semi annual instalments of AED 4.75 million each starting from 30 June 2017 till 30 June 2020 and a bullet payment of the residual amount in December 2020. During 2020, the subsidiary renewed the facility with a total limit of AED 120 million to finance the 2nd phase of the District Cooling Plant, which is repayable in 32 quarterly instalments with the final maturity on 30 June 2029. The loan is secured against the mortgage of plant and machineries of District Cooling Plant and an irrevocable corporate guarantee of a related party covering the overall facility.

(iv) Term loan 4 loan was obtained to finance a District Cooling Plant. The loan is repayable in 22 quarterly instalments starting from 22 June 2022 till 22 September 2027 and a bullet payment of the residual amount on 22 December 2027. The loan is secured against mortgage of plant and machineries of the District Cooling Plant and an irrevocable corporate guarantee.

16 BORROWINGS continued

(v) Term loan 5 was obtained from a related party, under common control, to finance 20% of the total cost of a District Cooling Plant project in Abu Dhabi. Principal portion of the loan is repayable in 4 equal annual installments starting from 31 December 2023 and the interest portion is repayable in 12 annual installments starting 31 December 2018. The loan is secured by the notarised mortgage over the Musataha rights granted to the subsidiary in respect of district cooling plot, pledge over the equipment that has been installed at capital center - Phase 4 District Cooling Project (refer term loan 1).

(vi) Other Loan 6 was obtained by a related party from Aldar Properties PJSC in July 2013 and was novated to one of Pal Cooling subsidiaries, without any changes to the terms and conditions of the original loan agreement. The loan does not carry any interest and is repayable in 8 yearly instalments commencing on 1 April 2016 and ending on 1 April 2023.

Disclosed in the interim consolidated statement of financial position as follows:

	***(Unaudited)* 2021 AED'000**	*(Audited)* 2020 AED'000
Non-current portion	**291,687**	-
Current portion	**135,546**	-
	427,233	-

17 BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are calculated by dividing the profit (loss) for the period attributed to the owners of the Company by the weighted average number of shares in issue throughout the period as follows:

	Nine months ended 30 September	
	***(Unaudited)* 2021**	*(Unaudited)* 2020
Profit (loss) attributable to the owners of the Company (AED '000)	**100,796**	(334)
Weighted average number of shares (shares in '000)	**312,029**	300
Basic earnings (loss) per share for the period (AED)	**0.32**	(1.11)

18 CONTINGENT LIABILITIES AND COMMITMENTS

	***(Unaudited)* 30 September 2021 AED'000**	*(Audited)* 31 December 2020 AED'000
Letters of guarantee	**10,685**	970

The above bank guarantees were issued in the normal course of business

19 FAIR VALUE MEASUREMENT s

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

Financial assets	*Fair value as at* *30 September 2021 (unaudited) AED'000*	*31 December 2020 (audited) AED'000*	*Fair value hierarchy*	*Valuation techniques and key inputs*	*Significant unobservable input*	*Relationship of unobservable inputs to fair value*
Quoted equity investments – investment in financial assets	**3,773,853**	-	Level 1	Quoted bid prices in an active market.	None	Not applicable
Unquoted equity investments – investment in financial assets	**111,217**	29,400	Level 3	Latest transaction price	N/A	N/A

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

20 SEGMENT REPORTING

For operating purposes, the Group is organised into business segments as follows:

Communications includes advertisement designing, production and commercial publication printing services.

Utilities includes the installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.

Driving training includes management and development of motor vehicles driving training.

Wellness includes health, wholesale cosmetics and make-up trading, women personal care and other grooming related services.

20 SEGMENTAL ANALYSIS continued

	Communications		*Utilities*		*Driving training*		*Wellness*		*Total*	
	30 September 2021 AED'000	*30 September 2020 AED'000*	***30 September 2021 AED'000***	*30 September 2020 AED'000*	***30 September 2021 AED'000***	*30 September 2020 AED'000*	***30 September 2021 AED'000***	*30 September 2020 AED'000*	***30 September 2021 AED'000***	*30 September 2020 AED'000*
Revenue	**26,711**	10,427	**78,109**	-	**65,793**	-	**-**	-	**170,613**	10,427
Cost of revenue	**(19,639)**	(7,231)	**(39,916)**	-	**(11,537)**	-	**-**	-	**(71,092)**	(7,231)
Gross profit	**7,072**	3,196	**38,193**	-	**54,256**	-	**-**	-	**99,521**	3,196
Investment and other income	**52,980**	-	**-**	-	**2,882**	-	**-**	-	**55,862**	-
Rental income, net	**-**	-	**-**	-	**160**	-	**-**	-	**160**	-
Share of (loss) profit from investment in associate	**(903)**	141	**-**	-	**-**	-	**-**	-	**(903)**	141
Finance costs	**(60)**	-	**(1,734)**	-	**(748)**	-	**-**	-	**(2,542)**	-
General and administrative expenses	**(10,270)**	(3,671)	**(5,425)**	-	**(12,743)**	-	**-**	-	**(28,438)**	(3,671)
Profit (loss) for the period	**48,819**	(334)	**31,034**	-	**43,807**	-	**-**	-	**123,660**	(334)

	30 September 2021 AED'000	*31 December 2020 AED'000*	***30 September 2021 AED'000***	*31 December 2020 AED'000*	***30 September 2021 AED'000***	*31 December 2020 AED'000*	***30 September 2021 AED'000***	*31 December 2020 AED'000*	***30 September 2021 AED'000***	*31 December 2020 AED'000*
Segment assets	**297,734**	98,334	**1,423,146**	-	**6,375,958**	-	**59,401**	-	**8,156,239**	98,334
Segment liabilities	**119,361**	8,407	**670,871**	-	**88,933**	-	**22,328**	-	**901,493**	8,407

21 SUBSEQUENT EVENTS

Subsequent to period end, the Group is in the process of acquiring the following entities:

(i) Omorfia Group – 51% equity interest
(Omorfia Group is the sole owner of beauty giants Tips & Toes, Bedashing, Jazz Lounge Spa and Ben Suhail Distribution).

(ii) Group C36 – 65% equity interest
(the Group provides unique combination of medical expertise in addition to variety of specialised medical services)

Further, subsequent to period end, the Group has initiated the process of getting listed in the primary market of the Emirates of Abu Dhabi.

Legal requirements for the aforementioned listing is in process.