



Report and condensed consolidated financial information for the six month period ended 30 June 2021

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**REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS AI WAHA CAPITAL PJSC**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Waha Capital PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 30 June 2021 and the related condensed consolidated statements of profit or loss and profit or loss and other comprehensive income for the three and six month periods then ended and the condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information 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 condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.



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

10 August 2021
Abu Dhabi

Condensed consolidated statement of financial position

	Note	As at 30 June 2021 (Unaudited) AED '000	As at 31 December 2020 (Audited) AED '000
ASSETS			
Property and equipment, net		41,854	46,368
Right-of-use assets	16	107,235	113,550
Investment property	6	717,056	715,989
Goodwill and intangible assets		78,878	79,080
Loan investments	7	25,131	45,003
Investments in equity-accounted associates and joint ventures	8	336,822	472,076
Financial investments	9	6,264,635	6,163,043
Inventories		15,661	15,224
Trade and other receivables	10	839,210	526,796
Cash and bank balances	11	1,025,257	704,684
Total assets		9,451,739	8,881,813
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,944,515	1,944,515
Treasury shares		(267,184)	(267,184)
Retained earnings		1,002,399	848,229
Reserves		505,774	505,847
Equity attributable to the Owners of the Company		3,185,504	3,031,407
Non-controlling interests		1,382,868	1,118,188
Total equity		4,568,372	4,149,595
Liabilities			
Borrowings	13	4,068,021	4,211,842
End of service benefit provision		26,698	26,058
Derivative liabilities	14	49,419	29,907
Lease liabilities	16	121,362	126,383
Trade and other liabilities	15	617,867	338,028
Total liabilities		4,883,367	4,732,218
Total equity and liabilities		9,451,739	8,881,813

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 10 August 2021 and signed on their behalf by:



Chairman



Chief Executive Officer



Chief Financial Officer

The notes numbered 1 to 23 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Six month period ended 30 June 2021 (Unaudited) AED '000	Six month period ended 30 June 2020 (Unaudited) AED '000	Three month period ended 30 June 2021 (Unaudited) AED '000	Three month period ended 30 June 2020 (Unaudited) AED '000
Revenue from sale of goods and services	17	156,444	146,461	78,495	72,190
Cost of sale of goods and services	17	(120,674)	(113,938)	(61,386)	(55,801)
Gross profit		35,770	32,523	17,109	16,389
Share of loss from equity-accounted associates and joint ventures, <i>net</i>	8	(10,142)	(10,153)	(4,471)	(9,875)
Impairment of equity-accounted associates and joint ventures	8	(32,014)	(10,000)	(32,014)	(10,000)
Gain on disposal of equity-accounted associates and joint ventures		50,511	-	50,511	-
Income from financial investments	18	501,536	59,379	277,748	506,272
Gain on settlement of loan investments		-	11,244	-	-
Income from investment property, <i>net</i>		23,212	19,522	11,542	10,329
Other (expense) / income, <i>net</i>		(3,993)	4,924	(5,501)	2,380
Net operating income		564,880	107,439	314,924	515,495
General and administrative expenses	19	(136,309)	(98,316)	(70,976)	(52,505)
Finance cost, <i>net</i>	20	(45,493)	(58,891)	(23,365)	(31,291)
Profit / (loss) for the period		383,078	(49,768)	220,583	431,699
Profit / (loss) for the period attributable to:					
Owners of the Company		264,481	(27,208)	153,900	267,246
Non-controlling interests		118,597	(22,560)	66,683	164,453
Profit / (loss) for the period		383,078	(49,768)	220,583	431,699
Basic and diluted earnings / (loss) per share attributable to the Owners of the Company (AED)	12	0.14	(0.01)	0.08	0.15

The notes numbered 1 to 23 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

	Six month period ended 30 June 2021 (Unaudited) AED '000	Six month period ended 30 June 2020 (Unaudited) AED '000	Three month period ended 30 June 2021 (Unaudited) AED '000	Three month period ended 30 June 2020 (Unaudited) AED '000
Profit / (loss) for the period	383,078	(49,768)	220,583	431,699
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Share of change in other reserves of equity-accounted associates and joint ventures	(67)	(214)	-	(214)
Release of share of other reserves of equity-accounted associates and joint ventures upon disposal	(6)	-	(6)	-
	(73)	(214)	(6)	(214)
Total comprehensive income / (loss) for the period	383,005	(49,982)	220,577	431,485
Total comprehensive income / (loss) attributable to:				
Owners of the Company	264,408	(27,422)	153,894	267,032
Non-controlling interests	118,597	(22,560)	66,683	164,453
Total comprehensive income / (loss) for the period	383,005	(49,982)	220,577	431,485

Condensed consolidated statement of changes in equity

For the six month period ended 30 June

	Share capital AED '000	Treasury shares AED '000	Retained earnings AED '000	Statutory reserve AED '000	Other reserves AED '000	Total reserves AED '000	Equity attributable to Owners of the Company AED '000	Non-controlling interests AED '000	Total equity AED '000
At 1 January 2020	1,944,515	(267,184)	648,650	486,991	57	487,048	2,813,029	1,345,715	4,158,744
Loss for the period	-	-	(27,208)	-	-	-	(27,208)	(22,560)	(49,768)
Other comprehensive loss	-	-	-	-	(214)	(214)	(214)	-	(214)
Total comprehensive loss	-	-	(27,208)	-	(214)	(214)	(27,422)	(22,560)	(49,982)
Redemptions by non-controlling interests (note 5)	-	-	-	-	-	-	-	(232,006)	(232,006)
At 30 June 2020 (Unaudited)	1,944,515	(267,184)	621,442	486,991	(157)	486,834	2,785,607	1,091,149	3,876,756
At 1 January 2021	1,944,515	(267,184)	848,229	510,088	(4,241)	505,847	3,031,407	1,118,188	4,149,595
Profit for the period	-	-	264,481	-	-	-	264,481	118,597	383,078
Other comprehensive loss	-	-	-	-	(73)	(73)	(73)	-	(73)
Total comprehensive income / (loss)	-	-	264,481	-	(73)	(73)	264,408	118,597	383,005
Cash dividend (note 12)	-	-	(110,311)	-	-	-	(110,311)	-	(110,311)
Contributions by non-controlling interests (note 5)	-	-	-	-	-	-	-	146,083	146,083
At 30 June 2021 (Unaudited)	1,944,515	(267,184)	1,002,399	510,088	(4,314)	505,774	3,185,504	1,382,868	4,568,372

The notes numbered 1 to 23 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the six month period ended 30 June

Note	2021 (Unaudited) AED '000	2020 (Unaudited) AED '000
Cash flows from operating activities		
	383,078	(49,768)
	Profit / (loss) for the period	
Adjustments for:		
	8,412	9,305
	7,174	7,545
	45,493	58,891
20	2,771	3,055
	(501,536)	(59,379)
	10,142	10,153
8	32,014	10,000
8	8,695	5,212
	(50,511)	-
	202	240
	7,708	-
	-	(2,607)
	14,833	2,614
8	134,841	-
	419,456	382,340
	(345,595)	852
	(20,684)	(30,366)
	(4,296)	(4,366)
	-	(11,244)
Changes in working capital:		
	(437)	(1,916)
	(325,514)	(6,174)
	279,839	(98,520)
Net cash generated from operations		
	106,085	225,867
	(2,131)	(6,301)
Net cash generated from operating activities		
	103,954	219,566
Cash flows from investing activities		
	(1,067)	(432)
	(3,898)	(5,132)
	-	(8)
	-	2,600
	-	15,000
	503	4,662
Net cash (used in) / generated from investing activities		
	(4,462)	16,690
Cash flows from financing activities		
	(22,593)	(33,359)
	(5,880)	(5,366)
	(131,400)	(357,383)
	333,018	890,867
12	(110,311)	-
	146,083	(232,006)
	12,164	23,527
Net cash generated from financing activities		
	221,081	286,280
Net increase in cash and cash equivalents		
	320,573	522,536
	704,684	765,344
11	1,025,257	1,287,880
Cash and cash equivalents at 30 June		

The notes numbered 1 to 23 are an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

1 Legal status and principal activities

Al Waha Capital PJSC (“the Company”) is a public joint stock company with limited liability, formed in the Emirate of Abu Dhabi, United Arab Emirates, by Emiri Decree No. 10 dated 20 May 1997 and incorporated on 12 July 1997.

These condensed consolidated financial statements for the six month period ended 30 June 2021 comprise the results and financial position of the Company and its subsidiaries (collectively referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities (“associates and joint ventures”).

The Group invests in a wide range of sectors, including financial services, capital markets, industrial real estate, infrastructure, healthcare, fintech and oil and gas.

The Group’s consolidated financial statements for the year ended 31 December 2020 are available on its website www.wahacapital.ae and also upon request at the Company’s registered office at P.O. Box 28922, Etihad Towers, 42nd floor, Tower 3, Abu Dhabi, UAE.

2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020.

3 Significant accounting policies

The significant accounting policies, risk management principles, methods of computation and estimates applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of 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.

New and revised IFRSs effective in 2021

The Group has applied, for the first time, new standards and amendments in 2021, as stated below:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

The adoption of these standards have no material impact on the condensed consolidated financial statements of the Group.

Key sources of estimation uncertainty

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities.

To alleviate the negative impact of the COVID-19 pandemic, the UAE Government, Central Bank and other independent jurisdictions and regulators have taken measures and issued directives to support businesses and the UAE economy at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the UAE.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of approval of these financial statements. Notwithstanding, these developments could impact our future financial results, cash flows and financial position.

Notes to the condensed consolidated financial statements (continued)

4 Fair values

a Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of financial assets and liabilities by valuation technique:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable for the asset or liability.

	30 June 2021 (Unaudited) AED '000				31 December 2020 (Audited) AED '000			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets								
Financial assets at FVTPL								
Investment in equity securities	1,603,844	1,603,844	-	-	1,366,559	1,366,559	-	-
Other investment in equity securities	963	-	-	963	963	-	-	963
Convertible preference shares	227,042	-	-	227,042	220,680	-	-	220,680
Investment in fixed income securities	4,182,983	4,182,983	-	-	4,422,913	4,422,913	-	-
Derivative assets	99,060	-	99,060	-	68,282	-	68,282	-
Reverse repurchase contracts	118,773	-	118,773	-	49,484	-	49,484	-
Unquoted fund	31,970	-	-	31,970	34,162	-	-	34,162
Total	6,264,635	5,786,827	217,833	259,975	6,163,043	5,789,472	117,766	255,805
Financial liabilities								
Financial liabilities at FVTPL								
Derivative liabilities	(49,419)	-	(49,419)	-	(29,907)	-	(29,907)	-
Total	(49,419)	-	(49,419)	-	(29,907)	-	(29,907)	-

There has been no transfers between Level 1 and Level 2 during the period.

Notes to the condensed consolidated financial statements (continued)

4 Fair values (continued)

a Fair value hierarchy (continued)

As at the end of the reporting period, the Group held the following financial assets and liabilities at fair value:

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000	Fair value hierarchy	Valuation technique
Financial assets at fair value through profit or loss				
a Listed equity securities	1,603,844	1,366,559	Level 1	Quoted bid prices in an active market.
b Other investment in equity securities	963	963	Level 3	Valuation is based on Net Asset Values (NAV).
c Convertible preference shares	227,042	220,680	Level 3	Options model with unobservable inputs, mainly share price and market volatilities of the underlying shares
d Investment in listed fixed income securities	4,182,983	4,422,913	Level 1	Quoted bid prices in an active market.
e Reverse repurchase contracts	118,773	49,484	Level 2	The valuation is based on broker quotes.
f Derivative assets	99,060	68,282	Level 2	The valuation is based on broker quotes.
g Unquoted fund	31,970	34,162	Level 3	Valuation is based on Net Asset Values (NAV) of the fund calculated by the fund manager.
Financial liabilities at fair value through profit or loss				
a Derivative liabilities	(49,419)	(29,907)	Level 2	The valuation is based on broker quotes.

Notes to the condensed consolidated financial statements (continued)

4 Fair values (continued)

a Fair value hierarchy (continued)

Reconciliation of level 3 fair value movements

	Six-month period ended 30 June 2021 (Unaudited) AED '000	Year ended 31 December 2020 (Audited) AED '000
At 1 January	255,805	34,980
Addition	-	180,222
Increase in fair value through profit or loss	4,170	40,603
	259,975	255,805

b Fair values of financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities approximate their carrying amounts.

5 Non-controlling interests

During the period, the Group invested AED 34,205 thousand into Waha MENA Equity Fund SP (30 June 2020: AED nil) and non-controlling interest holders invested an amount of AED 101,579 thousand (30 June 2020: redeemed net amount of AED 259,167 thousand), resulting in a decrease in the Group's ownership from 67.7% to 65.3%; the Group invested net amount of AED 34,205 thousand into Waha CEEMEA Credit Fund SP (30 June 2020: AED 53,699 thousand) and non-controlling interest holders invested a net amount of AED 37,148 thousand (30 June 2020: AED 27,764 thousand), resulting in a decrease in the Group's ownership from 63.5% to 63.3%; the Group redeemed AED nil from Waha MENA Value Fund SP (30 June 2020: AED nil), and non-controlling interest holders redeemed AED nil (30 June 2020: AED 617 thousand); the Group invested in Waha Islamic Income Fund SP an amount of AED nil (30 June 2020: AED nil), and non-controlling interest holders invested AED 7,356 thousand (30 June 2020: AED nil), resulting in an decrease in the Group's ownership from 100.0% to 93.1%.

6 Investment property

The movement of investment property is presented below:

	Six-month period ended 30 June 2021 (Unaudited) AED '000	Year ended 31 December 2020 (Audited) AED '000
At 1 January	715,989	717,140
Additions	1,067	7,542
Disposal	-	(8,693)
	717,056	715,989

The investment property is categorised into level 3 of the fair value hierarchy based on the inputs to the valuation technique accepted by the Royal Institute of Chartered Surveyors. The valuation, as of 30 June 2021 has been determined by management with reference to the valuation carried out on 31 December 2020, performed by an accredited independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. In estimating the fair value, the current use of the property was deemed to be its highest and best use.

During 2020, the Group entered into a Musatha agreement for sale of a serviced land. Total consideration for the transaction is AED 13,000 thousand which is payable in five installments until September 2023.

Notes to the condensed consolidated financial statements (continued)

7 Loan investments

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Loan to an equity accounted investee	25,131	45,003

During 2020, the Group provided an interest bearing loan amounting to AED 45,975 thousand at an interest rate of six-month Libor plus 6.5% to an equity accounted investment. The loan was rescheduled during the current period and the due date has been extended to 15 August 2021. As at 30 June 2021, the loan has a gross balance of AED 33,812 thousand (31 December 2020: AED 45,975 thousand) and expected credit loss of AED 8,681 thousand (31 December 2020: AED 972 thousand). As of 30 June 2021, the loan is a stage 2 asset (31 December 2020: stage 1 asset).

8 Investments in equity-accounted associates and joint ventures

The movement of investments in equity-accounted associates and joint ventures is presented below:

	Six-month period ended 30 June 2021 (Unaudited) AED '000	Year ended 31 December 2020 (Audited) AED '000
As at 1 January	472,076	524,552
Disposal	(84,330)	-
Share of loss, net	(10,142)	(24,356)
Impairment loss	(32,014)	(9,915)
Share of equity reserves	(73)	(4,298)
Distributions received	(8,695)	(13,907)
	336,822	472,076

Investment in equity-accounted associates and joint ventures domiciled outside the UAE amount to AED 109,158 thousand (31 December 2020: AED 187,185 thousand).

During the period, the Group disposed 2.41 million shares equivalent to 44% stake in its equity accounted associate investment in NESR Corp ("NESR") for a consideration of AED 134,841 thousand, resulting in the recognition of gain on disposal of AED 50,511 thousand in the consolidated statement of profit or loss. Consequently, the Group's stake in NESR reduced from 6.29% to 3.54%.

Notes to the condensed consolidated financial statements (continued)

9 Financial investments

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Financial assets at fair value through profit or loss		
Unquoted fund	31,970	34,162
Derivative assets ¹	99,060	68,282
Reverse repurchase contracts, net ²	118,773	49,484
Listed fixed income securities ³	4,182,983	4,422,913
Listed equity securities	1,603,844	1,366,559
Convertible preference shares ⁴	227,042	220,680
Other investments	963	963
	6,264,635	6,163,043

¹Derivative assets held by the Group include interest rate swaps, total return swaps, credit default swaps and currency futures and have a notional value of AED 17,543,192 thousand (31 December 2020: AED 9,297,584 thousand).

²Reverse repurchase contracts are shorted simultaneously. The carrying amounts presented are net of reverse repurchase receivables of AED 1,998,097 thousand and corresponding liabilities of AED 1,879,324 thousand (31 December 2020: reverse repurchase receivables of AED 1,781,496 thousand and corresponding liabilities of AED 1,732,012 thousand). The repurchase agreements are subject to a master netting agreement.

³Listed fixed income securities totalling AED 3,111,773 thousand (31 December 2020: AED 3,694,441 thousand) are pledged as security against the Group's borrowings under repurchase agreements.

⁴On 20 August 2020, the Group entered into a subscription agreement with Despegar.com, a NYSE-listed online travel company in Latin America to acquire 50,000 Series B Preferred Shares, without par value for an aggregate purchase price of \$50 million. The terms of the transaction include an option to the holder to convert each Series B Preferred Shares into 108.1081 common shares of Despegar.com. Series B Preferred Shares carry an annual dividend of 4% which is payable on a quarterly basis. The issuer also has an option to enforce conversion at any time from the third to seventh anniversary of the deal closing date, if for at least 10 consecutive trading days volume weighted average price of the common shares exceeds \$13.88 between third and fifth anniversary and \$12.49 between fifth and seventh anniversary. In addition, the issuer has right to redeem at any time on or after the seventh anniversary in cash. The Group paid net cash consideration of AED 180,222 thousand for the transaction which was closed on 21 September 2020. As of reporting date, the fair value of the instrument is estimated at AED 227,042 thousand (31 December 2020: AED 220,680 thousand).

Notes to the condensed consolidated financial statements (continued)

10 Trade and other receivables

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Trade receivables	261,769	184,364
Allowance for expected credit losses	(70,312)	(55,174)
	191,457	129,190
Prepayments and advances	10,796	8,304
Accrued interest	48,301	56,085
Amounts set aside for prior years dividends	37,870	37,931
Deposits under lien	1,028	1,028
Margin accounts	527,965	268,960
Other receivables	23,306	29,012
Allowance for expected credit losses on other receivables	(1,513)	(3,714)
	839,210	526,796

11 Cash and bank balances

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Deposits held with banks	38,434	276,021
Cash at banks	986,657	428,481
Cash in hand	302	294
	1,025,393	704,796
Less: Allowance for expected credit losses	(136)	(112)
Cash and cash equivalents	1,025,257	704,684

12 Share capital and dividend

On 24 March 2021, the Company held its Annual General Meeting which, among other things, approved a cash dividend of AED 110,311 thousand representing AED 0.06 per share (22 March 2020: approved a cash dividend of AED nil).

The basic and diluted earnings / (loss) per share for the current period ended 30 June 2021 and 2020 has been calculated using the weighted average number of shares outstanding during the period after considering the effect of treasury shares.

	Six month period ended 30 June 2021 (Unaudited)	Six month period ended 30 June 2020 (Unaudited)	Three month period ended 30 June 2021 (Unaudited)	Three month period ended 30 June 2020 (Unaudited)
Profit / (loss) for the period attributable to Owners of the Company (AED '000)	264,481	(27,208)	153,900	267,246
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,838,508,714	1,838,508,714	1,838,508,714	1,838,508,714

Notes to the condensed consolidated financial statements (continued)

13 Borrowings

The movement in borrowings is presented below:

	Six-month period ended 30 June 2021 (Unaudited) AED '000	Year ended 31 December 2020 (Audited) AED '000
At 1 January	4,211,842	4,443,657
Loans drawn-down	333,018	893,649
Loan arrangement and prepaid interest costs, net of amortisations	156	314
Loans repaid	(476,995)	(1,125,778)
	4,068,021	4,211,842

The investments and assets pledged to lenders as security against various facilities are the Group's interests in the Group's shareholding in Al Waha Land LLC and investment in fixed income securities (refer to note 9).

During the period, an amount of AED 220,680 thousand was net drawn-down from the Group's existing US\$ 500 million secured revolving loan facility, and AED 17,273 thousand was repaid from the AED 378,000 thousand secured Murabaha-ljara based financing for further development of its light industrial real estate project.

During the period, the Group's repurchase liabilities against its investment in fixed income securities decreased by AED 345,595 thousand.

14 Derivative liabilities

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Financial liabilities at fair value through profit or loss		
Other derivative liabilities ¹	49,419	29,907
	49,419	29,907

¹ Other derivative liabilities held by the Group represent interest rate swaps, total return swaps, credit default swaps, and currency futures, and have a notional value of AED 2,937,679 thousand (31 December 2020: AED 14,257,260 thousand).

Notes to the condensed consolidated financial statements (continued)

15 Trade and other liabilities

	30 June 2021 (Unaudited) AED '000	31 December 2020 (Audited) AED '000
Trade payables	337,864	73,807
Interest accrued on borrowings	20,733	23,811
Dividends payable	37,873	37,935
Long term employee incentive plans accrual	36,216	42,417
Deferred income	13,360	14,975
Other payables and accruals ¹	171,821	145,083
	617,867	338,028

¹Other payables and accruals include a provision for amounting to AED 37 million with respect to the Group's investment in one of its joint ventures. The provision is based on the Group's share to contribute in the losses of the joint venture in accordance with the agreement signed between the joint venture and its shareholders including the Group during the quarter ended 30 June 2021.

16 Leases

	Right-of-use assets AED '000	Lease liabilities AED'000
As at 1 January 2021	113,550	126,383
Depreciation expense	(7,174)	-
Interest expense	-	4,296
Payments	-	(10,176)
New leases	859	859
As at 30 June 2021 (Unaudited)	107,235	121,362
As at 1 January 2020	129,140	136,510
Depreciation expense	(13,915)	-
Interest expense	-	8,508
Payments	-	(16,960)
Reassessment of lease terms	(1,675)	(1,675)
As at 31 December 2020 (Audited)	113,550	126,383

17 Revenue from sale of goods and services

	Six month period ended 30 June 2021 (Unaudited) AED '000	Six month period ended 30 June 2020 (Unaudited) AED '000	Three month period ended 30 June 2021 (Unaudited) AED '000	Three month period ended 30 June 2020 (Unaudited) AED '000
Revenue	156,444	146,461	78,495	72,190
Cost of sales	(120,674)	(113,938)	(61,386)	(55,801)
Gross profit	35,770	32,523	17,109	16,389

Revenue and cost of sales of services are mainly attributable to the healthcare operations. Performance obligations relating to goods and services are satisfied at the point in time

All revenues are generated within UAE.

Notes to the condensed consolidated financial statements (continued)

20 Finance cost, net

	Six month period ended 30 June 2021 (Unaudited) AED '000	Six month period ended 30 June 2020 (Unaudited) AED '000	Three month period ended 30 June 2021 (Unaudited) AED '000	Three month period ended 30 June 2020 (Unaudited) AED '000
Interest on borrowings	43,277	63,725	22,180	34,364
Interest on lease liabilities	4,296	4,366	2,138	2,263
Amortisation of loan arrangement costs	156	156	79	79
Interest income from loan investments at amortised cost	(1,358)	(4,319)	(613)	(2,160)
Interest earned on time deposits	(503)	(4,662)	(231)	(2,880)
Unwinding of interest on disposal of investment property	(375)	(375)	(188)	(375)
	45,493	58,891	23,365	31,291

21 Related parties

Significant transactions with related parties recognised in the statement of profit or loss:

Key management personnel compensation

	Six month period ended 30 June 2021 (Unaudited) AED '000	Six month period ended 30 June 2020 (Unaudited) AED '000	Three month period ended 30 June 2021 (Unaudited) AED '000	Three month period ended 30 June 2020 (Unaudited) AED '000
Salary and benefits	3,929	4,455	1,712	2,352
End of service and other long term benefits	350	289	175	173
	4,279	4,744	1,887	2,525

Significant balances with related parties:

Loan investments provided to an equity accounted joint venture amounted to AED 25,131 as at 30 June 2021 (31 December 2020: AED 45,003 thousand). As at 30 June 2021, the loan has a gross balance of AED 33,812 thousand (31 December 2020: AED 45,975 thousand) and expected credit loss of AED 8,681 thousand (31 December 2020: AED 972 thousand). As of 30 June 2021, the loan is a stage 2 asset (31 December 2020: stage 1 asset).

Notes to the condensed consolidated financial statements (continued)

22 Operating segments

Private Investments

The Private Investments segment holds all of the Group's proprietary investments in diversified industries including financial services, infrastructure, oil and gas, fintech, industrial real estate and healthcare.

Asset Management - Capital Markets

The Asset management- Capital Markets segment represents a platform to provide investors access to opportunities in equities and other asset management services.

Corporate

The corporate segment comprises the Group's activities, which are not allocated to reportable segments.

The following table presents revenue and profit information for the Group's operating segments for the six month period ended 30 June 2021 and 2020, respectively:

AED '000	Asset Management			Consolidated
	Private Investments	Capital Markets	Corporate	
Six-month period ended 30 June 2021 (unaudited)				
Revenue from sale of goods and services	156,444	-	-	156,444
Share of loss from equity-accounted associates and joint ventures, net	(10,142)	-	-	(10,142)
Impairment of equity-accounted associates and joint ventures	(32,014)	-	-	(32,014)
Gain on disposal of equity-accounted associates and joint ventures	50,511	-	-	50,511
Income from financial investments	23,781	477,755	-	501,536
Income from investment property, net	23,212	-	-	23,212
Other (expense) / income, net	(4,269)	240	36	(3,993)
Profit / (loss) for the period	28,413	443,432	(88,767)	383,078
Other comprehensive loss	(73)	-	-	(73)
Six-month period ended 30 June 2020 (unaudited)				
Revenue from sale of goods and services	146,461	-	-	146,461
Share of loss from equity-accounted associates and joint ventures, net	(10,153)	-	-	(10,153)
Impairment of equity-accounted associates and joint ventures	(10,000)	-	-	(10,000)
Income from financial investments	32,681	26,698	-	59,379
Gain on settlement of loan investments	11,244	-	-	11,244
Income from investment property, net	19,522	-	-	19,522
Other income, net	4,544	316	64	4,924
Profit / (loss) for the period	31,364	(17,529)	(63,603)	(49,768)
Other comprehensive loss	(214)	-	-	(214)

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (2020: AED nil).

Notes to the condensed consolidated financial statements (continued)

22 Operating segments (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively:

AED '000 As at 30 June 2021 (unaudited)	Asset Management			Consolidated
	Private Investments	Capital Markets	Corporate	
Segment assets	2,103,757	6,933,827	414,155	9,451,739
Segment liabilities	427,954	2,888,186	1,567,227	4,883,367
As at 31 December 2020 (audited)				
Segment assets	2,104,818	6,403,176	373,819	8,881,813
Segment liabilities	444,720	2,948,042	1,339,456	4,732,218

23 Subsequent events

On 1 July 2021, the Group's appointed director on the Board of NESR Corp. resigned which ceased the Group's significant influence over the investee. Hence, the investee will no longer to be classified as an equity-accounted associate. The management will therefore classify its remaining investment in NESR in accordance with IFRS 9 *Financial Instruments*.