



Report and condensed consolidated financial information for the three-month period ended 31 March 2023

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

Tel: +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

CL No. 1001276

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS AL 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 31 March 2023 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three 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:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

11 May 2023
Abu Dhabi

Condensed consolidated statement of financial position

| | Note | As at 31 March 2023 (Unaudited) AED '000 | As at 31 December 2022 (Audited) AED '000 |
|---|------|---|--|
| ASSETS | | | |
| Property and equipment, net | | 16,848 | 18,137 |
| Right-of-use assets | 17 | 32,301 | 35,245 |
| Investment property | 7 | 317,180 | 282,232 |
| Goodwill and intangible assets | | 36,995 | 36,964 |
| Loan investments | 8 | 40,786 | 40,749 |
| Investments in equity-accounted associates and joint ventures | 9 | 95,933 | 95,505 |
| Financial investments | 10 | 7,326,898 | 6,873,932 |
| Inventories | | 2,216 | 2,216 |
| Trade and other receivables | 11 | 813,157 | 848,172 |
| Cash and bank balances | 12 | 861,480 | 797,349 |
| | | 9,543,794 | 9,030,501 |
| Assets held for sale | 6 | 466,940 | 466,940 |
| Total assets | | 10,010,734 | 9,497,441 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 13 | 1,944,515 | 1,944,515 |
| Treasury shares | | (160,247) | (161,194) |
| Retained earnings | | 1,062,075 | 1,140,733 |
| Reserves | | 577,069 | 577,069 |
| Equity attributable to the Owners of the Company | | 3,423,412 | 3,501,123 |
| Non-controlling interests | | 2,092,483 | 1,827,823 |
| Total equity | | 5,515,895 | 5,328,946 |
| Liabilities | | | |
| Borrowings | 14 | 3,914,353 | 3,585,715 |
| Derivative liabilities | 15 | 54,810 | 72,644 |
| Lease liabilities | 17 | 32,489 | 34,368 |
| Trade and other liabilities | 16 | 493,187 | 475,768 |
| Total liabilities | | 4,494,839 | 4,168,495 |
| Total equity and liabilities | | 10,010,734 | 9,497,441 |

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 May 2023 and signed on their behalf by:





Chairman
Vice Chairman
Chief Financial Officer

Condensed consolidated statement of profit or loss

For the three-month period ended 31 March

| | Note | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|--|------|---------------------------------|---------------------------------|
| Continuing operations | | | |
| Revenue from sale of goods and services | 18 | 36,036 | 26,680 |
| Cost of sale of goods and services | 18 | (26,630) | (21,436) |
| Gross profit | | 9,406 | 5,244 |
| Share of profit from equity-accounted associates and joint ventures, <i>net</i> | 9 | 428 | 2,683 |
| Income from financial investments, <i>net</i> | 19 | 219,540 | 257,668 |
| Income from investment property, <i>net</i> | | 11,686 | 12,142 |
| Other income, <i>net</i> | | 695 | 491 |
| Net operating income | | 241,755 | 278,228 |
| General and administrative expenses | 20 | (62,149) | (46,980) |
| Finance cost, <i>net</i> | 21 | (31,919) | (25,737) |
| Profit for the period from continuing operations | | 147,687 | 205,511 |
| Discontinued operations | | | |
| Loss for the period for the period from discontinued operations | 6 | - | (5,422) |
| Profit for the period | | 147,687 | 200,089 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 74,955 | 146,624 |
| Non-controlling interests | | 72,732 | 53,465 |
| Profit for the period | | 147,687 | 200,089 |
| Basic and diluted earnings per share attributable to the Owners of the Company (AED) | 13 | 0.040 | 0.078 |
| Basic and diluted earnings per share from continuing operations attributable to the Owners of the Company (AED) | | 0.040 | 0.081 |

Condensed consolidated statement of profit or loss and other comprehensive income

| For the three-month period ended 31 March | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|---|---------------------------------|---------------------------------|
| Profit for the period | 147,687 | 200,089 |
| 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 | - | - |
| | - | - |
| Total comprehensive profit for the period | 147,687 | 200,089 |
| Total comprehensive profit attributable to: | | |
| Owners of the Company | 74,955 | 146,624 |
| Non-controlling interests | 72,732 | 53,465 |
| Total comprehensive profit for the period | 147,687 | 200,089 |

Condensed consolidated statement of changes in equity

For the three-month period ended 31 March

| | 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 2022 | 1,944,515 | (267,184) | 1,089,852 | 549,192 | (4,526) | 544,666 | 3,311,849 | 1,479,541 | 4,791,390 |
| Profit for the period | - | - | 146,624 | - | - | - | 146,624 | 53,465 | 200,089 |
| Total comprehensive income | - | - | 146,624 | - | - | - | 146,624 | 53,465 | 200,089 |
| Cash dividend (note 13) | - | - | (138,807) | - | - | - | (138,807) | - | (138,807) |
| Bonus shares issued | - | 113,515 | (113,515) | - | - | - | - | - | - |
| Contributions by non-controlling interests, net (note 5) | - | - | - | - | - | - | - | 63,905 | 63,905 |
| At 31 March 2022 (Unaudited) | 1,944,515 | (153,669) | 984,154 | 549,192 | (4,526) | 544,666 | 3,319,666 | 1,596,911 | 4,916,577 |
| At 1 January 2023 | 1,944,515 | (161,194) | 1,140,733 | 583,629 | (6,560) | 577,069 | 3,501,123 | 1,827,823 | 5,328,946 |
| Profit for the period | - | - | 74,955 | - | - | - | 74,955 | 72,732 | 147,687 |
| Total comprehensive income | - | - | 74,955 | - | - | - | 74,955 | 72,732 | 147,687 |
| Cash dividend (note 13) | - | - | (150,681) | - | - | - | (150,681) | - | (150,681) |
| Purchase of treasury shares, net | - | 947 | - | - | - | - | 947 | - | 947 |
| Loss on acquisition of investment from non-controlling interests | - | - | (2,932) | - | - | - | (2,932) | (1,605) | (4,537) |
| Contributions by non-controlling interests, net (note 5) | - | - | - | - | - | - | - | 193,533 | 193,533 |
| At 31 March 2023 (Unaudited) | 1,944,515 | (160,247) | 1,062,075 | 583,629 | (6,560) | 577,069 | 3,423,412 | 2,092,483 | 5,515,895 |

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

Condensed consolidated statement of cash flows

For the three-month period ended 31 March

| | Note | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|--|------|---------------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Profit from continuing operations | | 147,687 | 205,511 |
| Loss from discontinued operations | | - | (5,422) |
| Profit for the period | | 147,687 | 200,089 |
| Adjustments for: | | | |
| Depreciation on property and equipment, net | | 2,122 | 3,865 |
| Depreciation on right-of-use assets | 17 | 2,944 | 3,750 |
| Finance cost, net | 21 | 31,919 | 27,703 |
| Charge for employees' end of service benefits | | 1,105 | 1,937 |
| Gain on valuation of financial assets at fair value through profit or loss | | (219,540) | (257,668) |
| Share of profit from equity-accounted associates and joint ventures, net | 9 | (428) | (2,683) |
| Dividend from equity-accounted associates and joint ventures | 9 | - | 2,891 |
| Amortisation and write-off of intangible assets | | - | 45 |
| (Provision) / write-back of provision for expected credit losses | | (5,178) | 324 |
| Investments in financial assets at FVTPL, net | | (251,260) | 299,109 |
| Loans obtained / (repaid) for financial assets at FVTPL, net | | 317,048 | (442,729) |
| Finance cost paid on loans obtained against financial assets at FVTPL | | (12,617) | (10,902) |
| Interest expense on lease liabilities | 17 | (539) | (2,102) |
| Changes in working capital: | | | |
| Change in inventories | | - | (311) |
| Change in trade and other receivables | | 41,835 | (130,092) |
| Change in trade and other liabilities | | 17,594 | 152,586 |
| Net cash generated from / (used in) operations | | 72,692 | (154,188) |
| Employees' end of service benefits paid | | (333) | (926) |
| Net cash generated from / (used in) operating activities | | 72,359 | (155,114) |
| Cash flows from investing activities | | | |
| Purchase of intangibles, net | | (31) | - |
| Payments made for development of investment property | | (34,948) | (215) |
| Purchase of property and equipment, net | | (833) | (1,118) |
| Interest received | | 9,353 | 5 |
| Net cash used in investing activities | | (26,459) | (1,328) |
| Cash flows from financing activities | | | |
| Finance cost paid on borrowings | | (27,958) | (15,232) |
| Principal paid on lease liabilities | | (1,879) | (2,581) |
| Loans repaid | | (8,637) | (9,356) |
| Loans obtained | | 18,427 | 878 |
| Dividends paid | 13 | (150,681) | - |
| Contributions of non-controlling interest holders, net | 5 | 193,533 | 63,905 |
| Loan investment provided including accrued interest | | (37) | (36,948) |
| Acquisition non-controlling interest holders | | (4,537) | - |
| Net cash generated from financing activities | | 18,231 | 666 |
| Net increase / (decrease) in cash and cash equivalents | | 64,131 | (155,776) |
| Cash and cash equivalents at 1 January | | 797,349 | 1,421,350 |
| Cash and cash equivalents at 31 March | 12 | 861,480 | 1,265,574 |

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 three-month period ended 31 March 2023 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 public markets, industrial real estate, infrastructure, healthcare, fintech and oil and gas.

The Group's consolidated financial statements for the year ended 31 December 2022 are available on its website www.wahacapital.ae and 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 2022.

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 2022 except for the adoption of the following new standards and amendments effective as of 1 January 2023. 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 2023

The Group has applied, for the first time, new standards and amendments in 2023, as stated below:

- IFRS 17 *Insurance Contracts*
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

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

UAE corporate income tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

As the Group accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

As certain other cabinet decisions are pending as on the date of these condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

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.

| | 31 March 2023 (Unaudited) AED '000 | | | | 31 December 2022 (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 | 2,162,223 | 2,162,223 | - | - | 2,076,939 | 2,076,939 | - | - |
| Other investment in equity securities | 48,299 | - | - | 48,299 | 48,299 | - | - | 48,299 |
| Convertible preference shares | 173,376 | - | - | 173,376 | 160,994 | - | - | 160,994 |
| Investment in fixed income securities | 4,265,998 | 4,265,998 | - | - | 3,780,542 | 3,780,542 | - | - |
| Derivative assets | 85,286 | - | 85,286 | - | 99,385 | - | 99,385 | - |
| Reverse repurchase contracts | 142,528 | - | 142,528 | - | 236,808 | - | 236,808 | - |
| Unquoted funds | 449,188 | - | - | 449,188 | 470,965 | - | - | 470,965 |
| Total | 7,326,898 | 6,428,221 | 227,814 | 670,863 | 6,873,932 | 5,857,481 | 336,193 | 680,258 |
| Financial liabilities | | | | | | | | |
| Financial liabilities at FVTPL | | | | | | | | |
| Derivative liabilities | (54,810) | - | (54,810) | - | (72,644) | - | (72,644) | - |
| Total | (54,810) | - | (54,810) | - | (72,644) | - | (72,644) | - |

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:

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 | Fair value hierarchy | Valuation technique |
|---|---|--|-------------------------------------|--|
| Financial assets at fair value through profit or loss | | | | |
| a Listed equity securities | 2,162,223 | 2,076,939 | Level 1 | Quoted bid prices in an active market. |
| b Other investment in equity securities | 48,299 | 48,299 | Level 3 | Valuation is based on Net Asset Values (NAV) or latest transaction price in the market and discounted cash flows using unobservable inputs, mainly discount rate, interest rate, share price and market volatilities of the underlying instrument. |
| c Convertible preference shares | 173,376 | 160,994 | Level 3 | Options model with unobservable inputs, mainly share price and market volatilities of the underlying shares |
| d Investment in listed fixed income securities | 4,265,998 | 3,780,542 | Level 1 | Quoted bid prices in an active market. |
| e Reverse repurchase contracts | 142,528 | 236,808 | Level 2 | The valuation is based on broker quotes. |
| f Derivative assets | 85,286 | 99,385 | Level 2 | The valuation is based on broker quotes. |
| g Unquoted funds | 449,188 | 470,965 | 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 | (54,810) | (72,644) | 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

| | Three-month period ended 31 March 2023 (Unaudited) AED '000 | Year ended 31 December 2022 (Audited) AED '000 |
|---|--|---|
| At 1 January | 680,258 | 321,405 |
| (Redemptions) / additions | (7,577) | 367,326 |
| Decrease in fair value through profit or loss | (1,818) | (8,473) |
| | 670,863 | 680,258 |

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 non-controlling interest holders of Waha MENA Equity Fund SP invested a net amount of AED 86,089 thousand (31 March 2022: AED 52,411 thousand), resulting in a decrease in the Group's ownership from 59.7% to 56.8%; the non-controlling interest holders of Waha CEEMEA Credit Fund SP invested a net amount of AED 75,445 thousand (31 March 2022: AED 184 thousand), resulting in a decrease in the Group's ownership from 63.2% to 61.1%; the non-controlling interest holders in Waha Islamic Income Fund SP invested an amount of AED 31,999 thousand (31 March 2022: AED 11,310 thousand), resulting in a decrease in the Group's ownership from 78.7% to 63.8%.

Notes to the condensed consolidated financial statements (continued)

6 Non-current asset held for sale and discontinued operations

On 24 May 2022, the Group entered into a sale and purchase agreement to sell its subsidiary, Anglo Arabian Healthcare Investment (AAHI), which was completed on 26 July 2022 with a consideration amounting to AED 100,000 thousand and recognised a gain on disposal amounting to AED 32,653 thousand. Accordingly, the results of the discontinued operations were reclassified as of 31 March 2022 amounting to a loss of AED 5,422 thousand.

During 2022, the Group has decided to sell a part of its investment property amounting to AED 466,940 thousand. As a result, this portion has been reclassified to an asset held for sale (note 7).

7 Investment property

The movement of investment property is presented below:

| | Three-month period ended 31 March 2023 (Unaudited) AED '000 | Year ended 31 December 2022 (Audited) AED '000 |
|---------------------------------|--|---|
| At 1 January | 282,232 | 711,422 |
| Additions | 34,948 | 40,374 |
| Fair value gain | - | 508 |
| Disposal of investment property | - | (3,132) |
| Assets held for sale | - | (466,940) |
| | 317,180 | 282,232 |

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 31 March 2023 has been determined by management with reference to the valuation carried out on 31 December 2022, 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 Musataha 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.

During 2021, the Group entered into a Musataha agreement for sale of a serviced land. Total consideration for the transaction is AED 9,000 thousand which is payable in five installments until May 2025.

During 2022, the Group entered into a Musataha agreement for sale of a serviced land. Total consideration for the transaction is AED 4,275 thousand which is payable in five installments until June 2026.

Notes to the condensed consolidated financial statements (continued)

8 Loan investments

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|-----------------|---|---|
| Loan investment | 40,786 | 40,749 |

During 2022, the Group provided an interest-bearing loan amounting to AED 36,044 thousand at a PIK interest rate of 13% per annum. The loan is repayable in five years. Loan can be extended by the borrower for one year. As of 31 March 2023, the loan is a stage 1 asset (31 December 2022: stage 1 asset).

9 Investments in equity-accounted associates and joint ventures

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

| | Three-month period ended 31 March 2023 (Unaudited) AED '000 | Year ended 31 December 2022 (Audited) AED '000 |
|--------------------------|--|---|
| As at 1 January | 95,505 | 170,242 |
| Disposals | - | (73,078) |
| Share of profit, net | 428 | 13,410 |
| Share of equity reserves | - | (2,034) |
| Distributions received | - | (13,035) |
| | 95,933 | 95,505 |

Notes to the condensed consolidated financial statements (continued)

10 Financial investments

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|--|--|---|
| Financial assets at fair value through profit or loss | | |
| Unquoted funds | 449,188 | 470,965 |
| Derivative assets ¹ | 85,286 | 99,385 |
| Reverse repurchase contracts, net ² | 142,528 | 236,808 |
| Listed fixed income securities ³ | 4,265,998 | 3,780,542 |
| Listed equity securities | 2,162,223 | 2,076,939 |
| Convertible preference shares ⁴ | 173,376 | 160,994 |
| Other investments | 48,299 | 48,299 |
| | 7,326,898 | 6,873,932 |

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 1,987,747 thousand (31 December 2022: 5,493,387 thousand).

²Reverse repurchase contracts are shorted simultaneously. The carrying amounts presented are net of reverse repurchase receivables of AED 2,747,197 thousand and corresponding liabilities of AED 2,604,669 thousand (31 December 2022: reverse repurchase receivables of AED 2,653,979 thousand and corresponding liabilities of AED 2,417,171 thousand). The repurchase agreements are subject to a master netting agreement.

³Listed fixed income securities totalling AED 2,874,281 thousand (31 December 2022: AED 2,441,902 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 173,376 thousand (31 December 2022: AED 160,994 thousand).

Notes to the condensed consolidated financial statements (continued)

11 Trade and other receivables

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|---|---|---|
| Trade receivables | 236,158 | 129,556 |
| Allowance for expected credit losses | (17,299) | (16,832) |
| | 218,859 | 112,724 |
| Prepayments and advances | 19,585 | 20,315 |
| Accrued interest | 54,791 | 69,573 |
| Amounts set aside for prior years dividends | 37,570 | 37,634 |
| Deposits under lien | 1,040 | 1,040 |
| Margin accounts | 399,827 | 545,710 |
| Other receivables | 86,728 | 61,710 |
| Allowance for expected credit losses on other receivables | (5,243) | (534) |
| | 813,157 | 848,172 |

12 Cash and bank balances

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|--|---|---|
| Deposits held with banks | 36,780 | 99,306 |
| Cash at banks | 824,664 | 698,008 |
| Cash in hand | 91 | 90 |
| Cash and bank balances | 861,535 | 797,404 |
| Less: Allowance for expected credit losses | (55) | (55) |
| | 861,480 | 797,349 |

13 Share capital and dividend

On 21 March 2023, the Company held its Annual General Meeting which, among other things, approved a cash dividend of AED 150,681 thousand representing 8 fils per share (28 March 2022: approved a cash dividend of AED 138,807 thousand representing 7.55 fils per share and bonus shares of 2.45%).

The basic and diluted earnings per share for the current period ended 31 March 2023 and 2022 has been calculated using the weighted average number of shares outstanding during the period after considering the effect of treasury shares.

| For the three-month period ended | 31 March 2023 (Unaudited) | 31 March 2022 (Unaudited) |
|--|--|-------------------------------------|
| Profit for the period attributable to Owners of the Company (AED '000) | 74,955 | 146,624 |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 1,879,811,753 | 1,883,545,982 |

Notes to the condensed consolidated financial statements (continued)

14 Borrowings

The movement in borrowings is presented below:

| | Three-month period ended 31 March 2023 (Unaudited) AED '000 | Year ended 31 December 2022 (Audited) AED '000 |
|---|---|---|
| At 1 January | 3,585,715 | 4,117,198 |
| Loans drawn-down | 335,475 | 35,344 |
| Loan arrangement and prepaid interest costs, net of amortisations | 1,800 | 6,051 |
| Loans repaid | (8,637) | (572,189) |
| Loans transferred to a disposal group | - | (689) |
| | 3,914,353 | 3,585,715 |

On 15 August 2021, the Group completed the refinancing of its existing \$500 million secured revolving loan facility, replacing it with a 3 year \$500 million secured revolving loan facility. The facility is initially secured by a pledge over the Group's shareholding in Waha Land LLC and certain investments. An amount of AED 1,292,955 thousand was outstanding as at 31 March 2023 with AED nil drawdown during the period.

During the period, the Group's repurchase liabilities against its investment in fixed income securities increased by AED 317,048 thousand. The outstanding Repurchase liabilities as at 31 March 2023 were AED 2,502,814 thousand.

During the period, net amount of AED 9,790 thousand was drawn from the AED 378,000 thousand secured Murabaha-ljara based financing for further development of its light industrial real estate project. An amount of AED 118,584 thousand was outstanding as at 31 March 2023.

15 Derivative liabilities

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|---|--|---|
| Financial liabilities at fair value through profit or loss | | |
| Other derivative liabilities ¹ | 54,810 | 72,644 |
| | 54,810 | 72,644 |

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 286,770 thousand (31 December 2022: 600,317 thousand).

16 Trade and other liabilities

| | 31 March 2023 (Unaudited) AED '000 | 31 December 2022 (Audited) AED '000 |
|--|--|---|
| Trade payables | 282,708 | 212,918 |
| Interest accrued on borrowings | 51,331 | 54,072 |
| Dividends payable | 37,573 | 37,637 |
| Long term employee incentive plans accrual | 14,803 | 61,557 |
| Deferred income | 7,710 | 8,517 |
| End of service benefit provision | 20,647 | 19,875 |
| Other payables and accruals | 78,415 | 81,192 |
| | 493,187 | 475,768 |

Notes to the condensed consolidated financial statements (continued)

17 Leases

| | Right-of-use assets AED '000 | Lease liabilities AED'000 |
|--|---|--|
| As at 1 January 2023 | 35,245 | 34,368 |
| Depreciation expense | (2,944) | - |
| Interest expense | - | 539 |
| Payments | - | (2,418) |
| As at 31 March 2023 (Unaudited) | 32,301 | 32,489 |
| As at 1 January 2022 | 99,649 | 119,918 |
| Depreciation expense | (12,505) | - |
| Interest expense | - | 6,131 |
| Payments | - | (16,310) |
| New leases | 17,918 | 17,918 |
| Reassessment of lease terms ¹ | 13,770 | 13,770 |
| Lease liabilities classified into a disposal group | (83,587) | (107,059) |
| As at 31 December 2022 (Audited) | 35,245 | 34,368 |

¹During 2022, the Group's existing office lease has been extended for further five-year period hence lease liability was remeasured.

18 Revenue from sale of goods and services

| | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|--------------|--|--|
| Revenue | 36,036 | 26,680 |
| Cost of sale | (26,630) | (21,436) |
| Gross profit | 9,406 | 5,244 |

Revenue and cost of sales of services are 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)

19 Income from financial investments, net

Three-month period ended 31 March

| | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|--|---------------------------------|---------------------------------|
| Financial assets at fair value through profit or loss | | |
| Net (loss) / gain from unquoted funds | (14,200) | 23,741 |
| Net gain from derivatives | 185,421 | 265,866 |
| Net gain / (loss) from listed fixed income securities | 89,928 | (68,801) |
| Net (loss) / gain from listed equity securities | (55,260) | 409 |
| Net gain from convertible preference shares | 13,651 | 36,453 |
| | 219,540 | 257,668 |

20 General and administrative expenses

Three-month period ended 31 March

| | 2023 (Unaudited) AED '000 | | | 2022 (Unaudited) AED '000 | | |
|--|------------------------------|---------------|---------------|------------------------------|---------------|---------------|
| | Company | Subsidiaries | Total | Company | Subsidiaries | Total |
| Staff costs ¹ | 34,992 | 5,239 | 40,231 | 26,484 | 5,148 | 31,632 |
| Legal and other professional expenses | 3,252 | 3,253 | 6,505 | 4,052 | 3,254 | 7,306 |
| Depreciation | 840 | 789 | 1,629 | 1,124 | 792 | 1,916 |
| Amortisation of intangible assets | - | - | - | 15 | 14 | 29 |
| Marketing expenses | 1,565 | 493 | 2,058 | 419 | 409 | 828 |
| Provision / (write-back of provision) for expected credit losses | 4,709 | 469 | 5,178 | - | (602) | (602) |
| Others | 3,225 | 3,323 | 6,548 | 2,729 | 3,142 | 5,871 |
| | 48,583 | 13,566 | 62,149 | 34,823 | 12,157 | 46,980 |

¹ In 2022, staff costs included a prior year reversal amounted to AED 13,290 thousand.

Notes to the condensed consolidated financial statements (continued)

21 Finance cost, net

| Three-month period ended 31 March | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|--|---------------------------------|---------------------------------|
| Interest on borrowings | 40,575 | 25,136 |
| Interest on lease liabilities | 539 | 281 |
| Amortisation of loan arrangement costs | 1,800 | 1,694 |
| Interest income from loan investments at amortised cost | (1,239) | (904) |
| Collateral and other interest income | (8,538) | (132) |
| Interest earned on time deposits | (815) | (18) |
| Unwinding of interest on disposal of investment property | (403) | (320) |
| | 31,919 | 25,737 |

22 Related parties

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

Key management personnel compensation

For the three-month period ended 31 March

| | 2023 (Unaudited) AED '000 | 2022 (Unaudited) AED '000 |
|---|---------------------------------|---------------------------------|
| Salary and benefits | 2,053 | 2,299 |
| End of service and other long-term benefits | 137 | 168 |
| | 2,190 | 2,467 |

23 Operating segments

Private Investments

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

Public Markets

The Public Markets segment provides asset management services to both proprietary capital and third party investors by means of managed funds and separate accounts, across a number of strategies, and is operated through Waha Investments PrJSC.

Waha Land

The Waha Land segment represents the Group's interest in industrial real estate.

Corporate

The Corporate segment comprises the remainder of the Group's activities, not directly attributed to the above segments, but providing a range of corporate services to each.

Notes to the condensed consolidated financial statements (continued)

23 Operating segments (continued)

The following table presents revenue and profit information for the Group's operating segments for the three-month period ended 31 March 2023 and 2022, respectively:

| AED '000 Three-month period ended 31 March 2023 (Unaudited) | Private Investments | Waha Land | Public Markets | Corporate | Consolidated |
|--|------------------------|--------------|-------------------|-----------|--------------|
| Revenue from sale of goods and services | 36,036 | - | - | - | 36,036 |
| Share of profit from equity-accounted associates and joint ventures, net | 428 | - | - | - | 428 |
| Income / (loss) from financial investments, net | (18,345) | - | 237,885 | - | 219,540 |
| Income from investment property, net | - | 11,686 | - | - | 11,686 |
| Other income, net | 87 | 70 | 538 | - | 695 |
| Profit / (loss) for the period | (22,558) | 7,667 | 225,532 | (62,954) | 147,687 |

| AED '000 Three-month period ended 31 March 2022 (Unaudited) | Private Investments | Waha Land | Public Markets | Corporate | Consolidated |
|--|------------------------|--------------|-------------------|-----------|--------------|
| Revenue from sale of goods and services | 26,680 | - | - | - | 26,680 |
| Share of profit from equity-accounted associates and joint ventures, net | 2,683 | - | - | - | 2,683 |
| Income from financial investments, net | 33,952 | - | 223,716 | - | 257,668 |
| Income from investment property, net | - | 12,142 | - | - | 12,142 |
| Other income, net | 109 | 456 | (74) | - | 491 |
| Profit / (loss) for the period from continuing operations | 32,248 | 10,142 | 203,913 | (40,792) | 205,511 |
| Loss for the period from discontinued operations | (5,422) | - | - | - | (5,422) |
| Profit / (loss) for the period | 26,826 | 10,142 | 203,913 | (40,792) | 200,089 |

Segment income reported above represents income generated from external customers. There was no inter-segment income during the period (31 March 2022: nil).

The following table presents assets and liabilities information for the Group's operating segments as at 31 March 2023 and 31 December 2022, respectively:

| AED '000 As at 31 March 2023 (unaudited) | Private Investments | Waha Land | Public Markets | Corporate | Consolidated |
|--|------------------------|--------------|-------------------|-----------|--------------|
| Segment assets | 1,004,327 | 884,113 | 7,947,647 | 174,647 | 10,010,734 |
| Segment liabilities | 68,295 | 165,173 | 2,863,285 | 1,398,086 | 4,494,839 |
| As at 31 December 2022 (audited) | | | | | |
| Segment assets | 1,037,129 | 855,868 | 7,369,642 | 234,802 | 9,497,441 |
| Segment liabilities | 73,862 | 144,557 | 2,505,227 | 1,444,849 | 4,168,495 |