Union Properties P.J.S.C and its Subsidiaries

Unaudited interim condensed consolidated financial statements

30 June 2022

Union Properties Public Joint Stock Company and its subsidiaries

Unaudited interim condensed consolidated financial statements

30 June 2022

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Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

For the six-month period ended 30 June 2022

	Notes	Six-month period ended 30 June 2022 AED'000	Six-month period ended 30 June 2021 AED'000
Revenue from contracts with customers	*16*	**204,461**	197,448
Direct costs	*16*	**(169,277)**	(163,361)
Gross profit		**35,184**	34,087
Administrative and general expenses	*16*	**(37,231)**	(55,148)
Other operating income	*5*	**7,963**	12,670
Gain/(loss) on sale of investment properties	*6*	**1,777**	(23,285)
Operating profit/(loss)		**7,693**	(31,676)
Gain on fair valuation of investment properties	*6*	**-**	78,854
Net gain on financial instruments at FVTPL	*9*	**-**	8,404
Share of losses from an associate, net		**(2,955)**	-
Other income	*5*	**15,931**	20,298
Finance income		**4**	1,022
Finance cost	*16*	**(32,868)**	(44,518)
(Loss)/profit for the period		**(12,195)**	32,384
Other comprehensive income for the period		**-**	-
Total comprehensive (loss)/income for the period		**(12,195)**	32,384
Basic and diluted earnings per share (AED)	*11*	**(0.0028)**	0.0075

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

For the three-month period ended 30 June 2022

	Notes	Three-month period ended 30 June	
		2022	2021
	Notes	**AED'000**	AED'000
Revenue from contracts with customers	*16*	**98,729**	99,189
Direct costs	*16*	**(84,277)**	(85,619)
Gross profit		**14,452**	13,570
Administrative and general expenses	*16*	**(17,219)**	(29,756)
Other operating income	*5*	**4,141**	10,118
Gain/(loss) on sale of investment properties	*6*	**1,777**	(30,251)
Operating profit/(loss)		**3,151**	(36,319)
Gain on fair valuation of investment properties	*6*	**-**	78,854
Net gain on financial instruments at FVTPL	*9*	**-**	5,624
Share of losses from an associate, net		**(2,955)**	-
Other income	*5*	**15,931**	-
Finance income		**-**	510
Finance cost	*16*	**(15,842)**	(21,838)
Profit for the period		**285**	26,831
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**285**	26,831
Basic and diluted earnings per share (AED)	*11*	**0.0001**	0.0063

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of financial position

As at 30 June 2022

	Notes	Unaudited **30 June 2022** **AED'000**	Audited 31 December 2021 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		**311,233**	312,635
Right-of-use assets		**19,355**	21,694
Investment properties	*6*	**3,231,540**	3,260,726
Development properties		**7,504**	7,504
Investment in an associate		**81,458**	84,413
Non-current receivables		**4,577**	4,301
Total non-current assets		**3,655,667**	3,691,273
Current assets			
Investments at fair value through profit or loss	*9*	**756**	756
Inventories		**6,203**	4,732
Contract assets		**34,613**	35,263
Trade and other receivables	*7*	**414,717**	425,146
Bank balances and cash	*10*	**38,297**	65,797
Total current assets		**494,586**	531,694
Total assets		**4,150,253**	4,222,967
EQUITY AND LIABILITIES			
Equity			
Share capital		**4,289,540**	4,289,540
Statutory reserve		**352,978**	352,978
Asset revaluation surplus		**212,689**	212,689
Accumulated losses		**(2,940,023)**	(2,927,828)
Total equity attributable to the shareholders of the Company		**1,915,184**	1,927,379
Non-current liabilities			
Non-current portion of bank loans	*12*	**356,251**	309,246
Contract liabilities		**8,118**	8,118
Lease liabilities		**16,510**	17,813
Provision for staff terminal benefits		**30,273**	29,144
Total non-current liabilities		**411,152**	364,321
Current liabilities			
Trade and other payables	*13*	**1,171,278**	1,193,546
Contract liabilities		**44,198**	50,188
Lease liabilities		**4,128**	4,453
Bank overdrafts	*14*	**101,221**	113,670
Current portion of bank loans	*12*	**503,092**	569,410
Total current liabilities		**1,823,917**	1,931,267
Total liabilities		**2,235,069**	2,295,588
Total equity and liabilities		**4,150,253**	4,222,967

The interim condensed consolidated financial statements were authorised for issue on 04 August 2022 by the Board of Directors and signed on its behalf by:

________________________ Chairman

________________________ Board Member & Manging Director

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of cash flows (unaudited)

For the six-month period ended 30 June 2022

	Note	Six-month period ended 30 June 2022	Six-month period ended 30 June 2021
		AED'000	AED'000
Operating activities			
(Loss)/profit for the period		**(12,195)**	32,384
Adjustments for:			
Depreciation of property, plant and equipment		**4,974**	5,721
Depreciation of right of use assets		**2,339**	2,339
(Gain)/loss on sale of investment properties	6	**(1,777)**	23,285
Gain on fair valuation of investment properties	6	**-**	(78,854)
Share of results of associates, net		**2,955**	-
Gain on financial instruments at FVTPL, net		**-**	(8,404)
Gain on disposal of property, plant and equipment		**-**	7,095
Finance income		**(4)**	(1,022)
Finance cost		**32,741**	44,518
Operating profit before working capital changes		**29,033**	27,062
Change in non-current receivables			
Change in inventories		**(1,471)**	(658)
Change in contract assets		**650**	14,141
Change in trade and other receivables		**5,443**	(63,880)
Change in due from related parties		**-**	5,575
Change in non-current payables		**(422)**	(153)
Change in trade and other payables and contract liabilities		**(53,888)**	20,746
Change in staff terminal benefits (net)		**1,129**	2,435
Net cash (used in)/generated from operating activities		**(19,526)**	5,268
Investing activities			
Additions to property, plant and equipment		**(3,520)**	(6,203)
Proceeds from/investments in financial instruments at FVTPL, net		**-**	1,847
Proceeds from disposal of property, plant and equipment		**1,285**	363
Proceeds from sale of investment properties		**30,963**	56,946
Interest income received		**4**	35
Changes in deposits under lien with banks		**(634)**	1,403
Net cash generated from investing activities		**28,098**	54,391
Financing activities			
Proceed from long-term bank loans		**196,535**	31,412
Repayment of long-term bank loans		**(215,848)**	(45,808)
Advances to banks against loan principal and interest		**-**	(42,000)
Interest paid		**(4,944)**	(16,481)
Net cash used in financing activities		**(24,257)**	(72,877)
Net decrease in cash and cash equivalents		**(15,685)**	(13,218)
Cash and cash equivalents at the beginning of the period		**(60,374)**	(172,765)
Cash and cash equivalents at the end of the period	10	**(76,059)**	(185,983)

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated statement of changes in equity (unaudited)

For the six-month period ended 30 June 2022

	Share capital AED'000	Statutory reserve AED'000	Asset revaluation surplus AED'000	Accumlated losses AED'000	Total AED'000
At 1 January 2021 (audited)	4,289,540	352,978	212,689	(1,961,073)	2,894,134
Total comprehensive income for the period	-	-	-	32,384	32,384
At 30 June 2021 (unaudited)	**4,289,540**	**352,978**	**212,689**	**(1,928,689)**	**2,926,518**
At 1 January 2022 (audited)	4,289,540	352,978	212,689	(2,927,828)	1,927,379
Total comprehensive loss for the period	-	-	-	(12,195)	(12,195)
At 30 June 2022 (unaudited)	**4,289,540**	**352,978**	**212,689**	**(2,940,023)**	**1,915,184**

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Union Properties Public Joint Stock Company ("the Company") was incorporated on 28 October 1993 as a public joint stock company by a United Arab Emirates Ministerial decree. The Company's registered office address is P.O. Box 24649, Dubai, United Arab Emirates ("UAE").

The principal activities of the Company are investment in and development of properties, the management and maintenance of owned properties including the operation of cold stores, the undertaking of property related services on behalf of other parties (including related parties) and acting as the holding company of its subsidiaries and investing in other entities.

The Company and its subsidiaries are collectively referred to as "the Group".

2 NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2022 and has been explained in Group annual consolidated financial statements as at year ended December 31, 2021 but they do not have a material impact on the Group's interim condensed consolidated financial statements.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and applicable requirements of the United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit and loss and investment properties that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

Going concern assumption

As at 30 June 2022, the Group's accumulated losses exceed 50% of its issued share capital and as such in accordance with Article 302 of the UAE Federal Law No (2) of 2015, the Company called a General Assembly on 29 April 2022 to vote on either dissolving the Company or to continue its activity with an appropriate restructuring plan. A special resolution has been passed by the General Assembly to approve the continuity of operations for the Company in accordance with Article 302 of the UAE Federal Law No (2) of 2015. Furthermore, the Group's current liabilities exceed its current assets by AED 1,329 million as at that date.

The management of the Group has prepared an appropriate restructuring plan along with a short and medium strategy plan leveraged by a long-term vision and that the Group will have adequate resources to continue its operation in the foreseeable future.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 OTHER INCOME

	Unaudited Six month period ended 30 June		Unaudited Three month period ended 30 June	
	2022	2021	**2022**	2021
Write back of liabilities (refer note below)	**15,931**	20,298	**15,931**	-
Other operating income - miscellaneous income	**7,963**	12,670	**4,141**	10,118
	23,894	32,968	**20,072**	10,118

The write back of liabilities are mainly related to payables and accruals in relation to completed projects and cancelation of contracts for which management assessed that no settlement will be required against.

6 INVESTMENT PROPERTIES

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000	Unaudited 30 June 2021 AED'000
At 1 January	**3,260,726**	4,612,744	4,612,744
Transfer from property, plant and equipment	**-**	8,167	-
Gain on fair valuation	**-**	(1,109,302)	78,854
Sale of investment properties	**(29,186)**	(250,883)	(191,857)
Closing balance	**3,231,540**	3,260,726	4,499,741

The Group follows the fair value model under IAS 40 (Revised 2003) where investment property defined as land and buildings owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on an open market valuation. The most recent valuation was carried out on 30 June 2022 by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and the Valuation Manual issued by the Royal Institute of Chartered Surveyors, where the Group have not recognize any fair value change in the consolidated statement of profit or loss for the six months period ended 30 June 2022 (2021: AED 78.9 million)

Sale of investment properties

During the six month period, investment properties with a carrying value of AED 29.2 million (30 June 2021: AED 191.9 million) were disposed of for a consideration of AED 31 million (30 June 2021: AED 168.6 million) resulting in a profit of AED 1.8 million (30 June 2021: loss of AED 23.3 million).

6 INVESTMENT PROPERTIES (CONTINUED)

Valuation gain on gross floor area

During the previous years, the Group had undertaken a full review of the Masterplan for Dubai Motorcity and had submitted a formal request to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas (the "GFA's"). Furthermore, in accordance with the directions of Dubai Development Authority, the Group had appointed approved independent third party surveyors to perform a detailed survey of the entire land bank at Dubai Motorcity. Based on the official third party surveyor reports, the Group got an attestation from Dubai Land for an additional GFA and thereafter also got an approval of the Traffic Impact Study from Road and Transport Authority during the year ended 31 December 2021. Based on surveyor reports, valuation and approvals received from the experts and authorities, the management continued with inclusion of the additional GFA to the value of AED 677 million in the valuation of the Motorcity land bank in the Group consolidated financial statements as at 30 June 2022 (31 December 2021: AED 677 million).

7 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Financial instruments		
Trade receivables	**244,665**	252,750
Retention receivables	**15,273**	15,579
Property sales receivables	**64,775**	65,322
	324,713	333,651
Less: allowance for expected credit losses	**(117,577)**	(116,852)
	207,136	216,799
Other receivables	**67,253**	65,545
Total (A)	**274,389**	282,344
Non-financial instruments		
Advances to contractors (note 7.1)	**7,198**	11,634
Advances to banks against loan principal and interest	**112,000**	112,000
Prepayments and advances	**21,130**	19,168
Total (B)	**140,328**	142,802
Total (A+B)	**414,717**	425,146

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Impairment losses

Set out below is the information about the credit risk exposure on the Group's trade and retention receivables using a provision matrix:

			Trade and property sales receivables				
				Past due			
	Advances to contractors	*Retentions receivable*	*Current*	***1-90** days*	***91-365** days*	***>365** days*	*Total*
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**	**AED'000**
30 June 2022							
Expected credit loss rate	**92.64%**	**0.00%**	**0.00%**	**0.00%**	**4.06%**	**80.53%**	
Gross amount	**97,790**	**19,850**	**110,488**	**25,642**	**53,049**	**143,319**	**450,138**
Expected credit loss	**90,592**	**-**	**-**	**-**	**2,156**	**115,421**	**208,169**
31 December 2021							
Expected credit loss rate	88.62%	0.00%	0.00%	2.39%	20.77%	82.81%	
Gross amount	102,226	19,880	66,138	20,792	33,793	132,027	374,856
Expected credit loss	90,592	-	2	497	7,020	109,333	207,444

The movement in the allowance for expected credit losses in respect of trade and retention receivables during the period/year is as follows:

	Unaudited 30 June 2022	Audited 31 December 2021
	AED'000	AED'000
At 1 January	**207,444**	1,843,054
Provision for the period/year	**1,050**	17,999
Amounts written off	**(325)**	-
Movement from loss of control over a subsidiary	**-**	(1,744,201)
Provision against advances to contractors	**-**	90,592
Closing balance	**208,169**	207,444

Provision for allowance for expected credit losses

	Unaudited 30 June 2022	Audited 31 December 2021
	AED'000	AED'000
Provision against trade receivables	**117,577**	116,852
Provision against advances to contractors (note 7.1)	**90,592**	90,592
	208,169	207,444

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

7.1 Advances to contractors

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Advances to contractors	**97,790**	102,226
Less: provision for allowance for expected credit losses	**(90,592)**	(90,592)
	7,198	11,634

Significant payments aggregating to AED 90.6 million were made, between May and October 2021 to a third party vendor. Those payments were documented internally as related to various design and project management contracts, although the management identified that no or negligible service had been received.

The Group's exposure to credit risk and impairment losses related to receivables are disclosed

8 TRANSACTIONS WITH RELATED PARTIES

The Group, in the normal course of business, enters into transactions with other enterprises, which fall within the definition of a related party contained in IAS 24. Such transactions are carried out at agreed rates. The significant transactions with related parties, other than those already disclosed separately elsewhere in the interim condensed consolidated financial statements are as follows:

	Unaudited 30 June 2022 AED'000	Unaudited 30 June 2021 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	**2,357**	5,718
- Provision towards staff terminal benefits	**604**	395

During the six month period ended 30 June 2022, the Group hasn't entered into a sale and purchase agreement with any related party, in comparison to the previous period ended 30 June 2021, the Group entered into a sale and purchase agreement with a related party ("the purchaser") to sell investment properties with a carrying value of AED 172.8 million (for a consideration of AED 127 resulting in a loss of AED 45.8 million.

9 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group holds investment securities which are classified as investments at fair value through profit or loss in accordance with IFRS 9.

During the previous year, the Company's Board of Directors had suspected the legitimacy of these investments which was also part of the forensic investigations.

Funds managed and under custody of several Fund Managing entities have been redeemed and misappropriated, legal actions are being filed for recovery of the misappropriated funds after identifying the identity of the persons to whom the underlying shares or cash were transferred to.

Therefore, the management decided to account for a provision against remaining value of these investments amounting to AED 154.6 during the year ended 31 December 2021.

The Group also has an investment in a real estate fund valued at AED 0.8 million at end of the period *(2021: AED 0.8 million)*.

10 BANK BALANCES AND CASH

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Cash in hand	**1,077**	1,239
Cash at bank		
– in deposit accounts held under lien	**13,135**	2,898
– in current accounts	**24,085**	52,057
– in other deposit accounts	**-**	9,603
	38,297	65,797

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Cash and cash equivalents comprise:		
Cash in hand and at banks (excluding deposits under lien)	**25,162**	53,296
Bank overdrafts	**(101,221)**	(113,670)
	(76,059)	(60,374)

11 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Six month period ended 30 June		Unaudited Three month period ended 30 June	
	2022	2021	**2022**	2021
Profit/(loss) attributable to shareholders (AED'000)	**(12,195)**	32,384	**285**	26,831
Weighted average number of shares	**4,289,540,134**	4,289,540,134	**4,289,540,134**	4,289,540,134
Basic and diluted earnings per share (AED)	**(0.0028)**	0.0075	**0.0001**	0.0063

12 BANK LOANS

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Balance	**859,343**	878,656
Less: Current portion	**(503,092)**	(569,410)
Non-current portion	**356,251**	309,246

The bank loans carry interest at commercial rates.

12 BANK LOANS (CONTINUED)

The movement in bank loans during the period/year was as follows:

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
At 1 January	**878,656**	1,463,313
Availed during the period/year	**196,535**	73,513
Repayments during the period/year	**(215,848)**	(171,564)
Movement from loss of control over a subsidiary	**-**	(486,606)
At the end of the period/year	**859,343**	878,656

At 30 June 2022, the two loans that have been classified as current liabilities at year-ended 2020 due to breach in contractual payments continue to be classified as current liabilities.

13 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Financial instruments		
Trade payables	**85,829**	113,297
Retention payables	**3,184**	3,589
Other payables and accruals	**1,082,265**	1,076,660
Total	**1,171,278**	1,193,546

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Provisions and accruals against contracting business	**781,242**	781,242
Provision for staff related payables	**29,693**	39,294
Provisions and accruals for payment to contractors cost	**33,961**	30,322

14 BANK OVERDRAFTS

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000
Bank overdrafts	**101,221**	113,670

During the previous years, the Group was in breach of a contractual clause of one of its overdraft facilities wherein the facility was pledged over the Group's entire investment in its foreign associate (the "foreign associate"). In July 2020, the Group's entire investment in the foreign associate was sold by the counterparty at its own discretion and the resulting net sale proceeds amounting to AED 125.5 million were utilized by the counterparty against the outstanding balance under the overdraft facility.

15 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments at FVTPL, trade and other receivables and cash in hand and at banks. Financial liabilities of the Group include trade and other payables, lease liabilities, short-term bank borrowings and long-term bank loans. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and the comparative periods:

	At fair value through profit or loss AED'000	At amorized cost AED'000	Carrying amount AED'000	Fair value AED'000
30 June 2022 (unaudited)				
Financial assets				
Non-current receivables	-	4,577	4,577	4,577
Investments at FVTPL	756	-	756	756
Trade and other receivables	-	274,389	274,389	274,389
Bank balances and cash	-	38,297	38,297	38,297
Total	**756**	**317,263**	**318,019**	**318,019**
Financial liabilities				
Trade and other payables	-	1,171,278	1,171,278	1,171,278
Lease liabilities	-	20,638	20,638	20,638
Bank overdrafts	-	101,221	101,221	101,221
Bank loans	-	859,343	859,343	859,343
Total	**-**	**2,152,480**	**2,152,480**	**2,152,480**

15 FINANCIAL INSTRUMENTS (CONTINUED)

	At fair value through profit or loss AED'000	At amorized cost AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2021 (audited)				
Financial assets				
Non-current receivables	-	4,301	4,301	4,301
Investments at FVTPL	756	-	756	756
Trade and other receivables	-	282,344	282,344	282,344
Bank balances and cash	-	65,797	65,797	65,797
Total	756	352,442	353,198	353,198
Financial liabilities				
Trade and other payables	-	1,193,546	1,193,546	1,193,546
Bank overdrafts	-	113,670	113,670	113,670
Bank loans	-	878,656	878,656	878,656
Lease liabilities	-	22,266	22,266	22,266
Total	-	2,208,138	2,208,138	2,208,138

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** 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); and
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds investments at fair value through profit or loss. The fair value of quoted securities is determined by reference to their quoted bid prices as at the reporting date. Investments in marketable securities are stated at cost where no observable market data is available. Accordingly, the fair value hierarchy is set out as below:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 June 2022 (unaudited)				
Investments at fair value through profit or loss	**-**	**-**	**756**	**756**
31 December 2021 (audited)				
Investments at fair value through profit or loss	-	-	756	756

There have been no reclassifications made during the current period or in the previous year/period.

15 FINANCIAL INSTRUMENTS (CONTINUED)

Level 1:

	Unaudited 30 June 2022 AED'000	Audited 31 December 2021 AED'000	Unaudited 31 March 2021 AED'000
Opening balance	-	151,128	151,128
Additions	-	111,941	112,000
Disposals	-	(113,787)	(113,787)
-in the consolidated statement of profit or loss	-	5,361	-
Impairment loss on financial instruments at FVTPL	-	(154,643)	2,780
Closing balance	-	-	152,121

16 SEGMENT REPORTING

Business segments

The Group's activities include four main business segments, namely, real estate property management, contracting activities, investing activities, and sales of goods and services. The details of segment revenue, segment result, segment assets and segment liabilities are as follows:

16 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Six-month period ended 30 June 2022 (unaudited)					
Segment revenue	**19,803**	**15,293**	**169,365**	**-**	**204,461**
Direct cost	**(15,452)**	**(15,210)**	**(138,615)**	**-**	**(169,277)**
Gross profit	**4,351**	**83**	**30,750**	**-**	**35,184**
Administrative and general expenses	**(17,526)**	**(2,673)**	**(16,841)**	**(191)**	**(37,231)**
Other operating income	**2,980**	**33**	**4,950**	**-**	**7,963**
Gain on sale of investment properties	**1,777**	**-**	**-**	**-**	**1,777**
Operating profit/(loss)	**(8,418)**	**(2,557)**	**18,859**	**(191)**	**7,693**
Share of losses from an associate, net	**-**	**-**	**-**	**(2,955)**	**(2,955)**
Other income	**3,519**	**-**	**-**	**12,412**	**15,931**
Finance income	**-**	**4**	**-**	**-**	**4**
Finance cost	**(29,752)**	**-**	**(3,116)**	**-**	**(32,868)**
Profit/(loss) for the period	**(34,651)**	**(2,553)**	**15,743**	**9,266**	**(12,195)**
Capital expenditure	**153**	**653**	**1,688**	**-**	**2,494**
Depreciation of property, plant and equipment	**2,019**	**998**	**1,900**	**57**	**4,974**
Depreciation of right of use assets	**1,882**	**-**	**457**	**-**	**2,339**
As at 30 June 2022 (unaudited)					
Segment assets	**3,485,725**	**48,216**	**534,554**	**300**	**4,068,795**
Investment in an associate	**-**	**-**	**-**	**81,458**	**81,458**
Total assets	**3,485,725**	**48,216**	**534,554**	**81,758**	**4,150,253**
Segment liabilities	**1,606,938**	**271,577**	**278,535**	**102,269**	**2,259,319**
Six-month period ended 30 June 2021 (unaudited)					
Segment revenue	21,975	28,226	147,247	-	197,448
Direct cost	(21,694)	(23,855)	(117,812)	-	(163,361)
Gross profit	281	4,371	29,435	-	34,087
Administrative and general expenses	(29,819)	(4,112)	(18,801)	(2,416)	(55,148)
Other operating income	9,299	208	3,157	6	12,670
Loss on sale of investment properties	(23,285)	-	-	-	(23,285)
Operating profit/(loss)	(43,524)	467	13,791	(2,410)	(31,676)
Gain on valuation of properties	78,854	-	-	-	78,854
Gain on financial instruments at FVTPL	-	-	-	8,404	8,404
Other income	20,298	-	-	-	20,298
Finance income	987	35	-	-	1,022
Finance cost	(21,167)	(18,335)	(2,275)	(2,741)	(44,518)
Profit/(loss) for the period	35,448	(17,833)	11,516	3,253	32,384
Capital expenditure	1,224	709	4,270	-	6,203
Depreciation of property, plant and equipment	2,775	998	1,912	36	5,721
Depreciation of right of use assets	1,882	-	457	-	2,339
As at 31 December 2021 (audited)					
Segment assets	4,868,250	284,614	554,079	152,486	5,859,429
Investment in an associate	-	-	-	87,368	87,368
Total assets	4,868,250	284,614	554,079	239,854	5,946,797
Segment liabilities	1,155,430	1,592,349	191,319	108,012	3,047,110

16 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Three month period ended 30 June 2022 (unaudited)					
Segment revenue	**9,732**	**9,688**	**79,309**	**-**	**98,729**
Direct cost	**(8,807)**	**(8,833)**	**(66,637)**	**-**	**(84,277)**
Gross profit	**925**	**855**	**12,672**	**-**	**14,452**
Administrative and general expenses	**(7,283)**	**(1,407)**	**(8,442)**	**(87)**	**(17,219)**
Other operating income	**1,793**	**1**	**2,347**	**-**	**4,141**
Gain on sale of investment properties	**1,777**	**-**	**-**	**-**	**1,777**
Operating profit/(loss)	**(2,788)**	**(551)**	**6,577**	**(87)**	**3,151**
Share of losses from an associate, net	**-**	**-**	**-**	**(2,955)**	**(2,955)**
Other .income	**3,519**	**-**	**-**	**12,412**	**15,931**
Finance cost	**(15,313)**	**-**	**(1,842)**	**1,313**	**(15,842)**
Profit/(loss) for the period	**(14,582)**	**(551)**	**4,735**	**10,683**	**285**
Depreciation of property, plant and equipment	**962**	**500**	**897**	**-**	**2,359**
Depreciation of right of use assets	**942**	**-**	**228**	**-**	**1,170**
Three month period ended 30 June 2021 (unaudited)					
Segment revenue	10,830	15,479	72,880	-	99,189
Direct cost	(13,012)	(13,416)	(59,191)	-	(85,619)
Gross profit	(2,182)	2,063	13,689	-	13,570
Administrative and general expenses	(16,623)	(1,928)	(9,991)	(1,214)	(29,756)
Other operating income	8,282	94	1,742	-	10,118
Loss on sale of investment properties	(30,251)	-	-	-	(30,251)
Operating profit/(loss)	(40,774)	229	5,440	(1,214)	(36,319)
Gain on valuation of properties	78,854	-	-	-	78,854
Gain on financial instruments at FVTPL	-	-	-	5,624	5,624
Finance income	494	16	-	-	510
Finance cost	(10,407)	(9,092)	(881)	(1,458)	(21,838)
Profit/(loss) for the period	28,167	(8,847)	4,559	2,952	26,831
Depreciation of property, plant and equipment	1,771	481	834	-	3,086
Depreciation of right of use assets	942	-	228	-	1,170

17 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 30 June 2022 **AED'000**	Audited 31 December 2021 AED'000
Company and its subsidiaries		
Commitments:		
Capital commitments	**19,946**	28,297
Contingent liabilities:		
Letters of guarantee	**289,195**	294,460
Associate		
Contingent liabilities:		
Letters of guarantee	**252,500**	252,500