# ESHRAQ INVESTMENTS PJSC

## Review report and condensed consolidated financial information for the three-month period ended 31 March 2024

**ESHRAQ INVESTMENTS PJSC**

**Review report and condensed consolidated financial information for the three-month period ended 31 March 2024**


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# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ESHRAQ INVESTMENTS PJSC

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Eshraq Investments PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. 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 the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34 *Interim Financial Reporting*.

Deloitte & Touche (M.E.)



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## Condensed consolidated statement of financial position at 31 March 2024

| | Notes | 31 March 2024 AED'000 (unaudited) | 31 December 2023 AED'000 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | **5** | **6,697** | 6,924 |
| Investment properties | **6** | **687,518** | 687,518 |
| Financial assets at fair value through other comprehensive income | **7** | **21,376** | 21,450 |
| Debt investment at amortised cost | **8** | **7,859** | 7,859 |
| Trade and other receivables – net of current portion | **10** | **99,136** | 99,169 |
| **Total non-current assets** | | **822,586** | 822,920 |
| **Current assets** | | | |
| Inventories | | **58** | 50 |
| Wakala investment | **12** | **11,400** | 11,400 |
| Trade and other receivables | **10** | **34,948** | 32,010 |
| Financial assets at fair value through profit or loss | **9** | **1,047,137** | 1,350,889 |
| Due from related parties | **20** | **631** | 633 |
| Cash and bank balances | **11** | **50,806** | 58,772 |
| **Total current assets** | | **1,144,980** | 1,453,754 |
| **Total assets** | | **1,967,566** | 2,276,674 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | **14** | **2,820,433** | 2,820,433 |
| Share discount | **14** | **(623,283)** | (623,283) |
| Treasury shares | **14** | **(73,080)** | (73,000) |
| Statutory reserve | **15** | **58,979** | 58,979 |
| Retained earnings | | **(329,273)** | (23,222) |
| Investment revaluation reserve | **16** | **(47,085)** | (47,126) |
| **Total equity** | | **1,806,691** | 2,112,781 |

The accompanying notes form an integral part of the condensed consolidated financial statements.

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## Condensed consolidated statement of financial position at 31 March 2024 (continued)

| | Notes | 31 March 2024 AED'000 (unaudited) | 31 December 2023 AED'000 (audited) |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Provision for employees' end of service benefits | 17 | **1,189** | 1,176 |
| Bank borrowings | 18 | **121,616** | 121,972 |
| **Total non-current liabilities** | | **122,805** | 123,148 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **29,465** | 29,285 |
| Bank borrowings | 18 | **8,605** | 11,460 |
| **Total current liabilities** | | **38,070** | 40,745 |
| **Total liabilities** | | **160,875** | 163,893 |
| **Total equity and liabilities** | | **1,967,566** | 2,276,674 |

To the best of our knowledge, the condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group as of, and for, the periods presented therein.

DocuSigned by: Fahad Al Qassim D75AFF6EF54342A...
**Chairman**

DocuSigned by: Mohamed Al Hashimi AB18C7AC969546C...
**Chief Executive Officer**

DocuSigned by: 27E989CE67374D9...
**Director, Finance**

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024

| | Notes | Three-month ended 31 March | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **AED'000** | AED'000 |
| | | **(unaudited)** | (unaudited) |
| Revenue from commercial operations | | **4,050** | 11,674 |
| Direct operating expenses | | **(1,132)** | (3,348) |
| **Gross profit from commercial operations** | | **2,918** | 8,326 |
| Finance income | | **1,796** | 1,302 |
| Finance costs | | **(2,473)** | (4,279) |
| **Net finance loss** | | **(677)** | (2,977) |
| Net changes in fair value of financial assets at FVTPL | **9** | **(305,394)** | (8,026) |
| **Net loss from investments** | | **(305,394)** | (8,026) |
| **Total operating loss** | | **(303,153)** | (2,677) |
| General and administrative expenses | | **(2,909)** | (3,953) |
| Loss on disposal of assets held for sale | **13** | **-** | (27,287) |
| Selling and marketing expenses | | **-** | (195) |
| Other income | | **11** | 24 |
| **Loss before tax** | | **(306,051)** | (34,088) |
| **Tax expense** | | **-** | - |
| **Loss after tax** | | **(306,051)** | (34,088) |
| **Basic and diluted loss per share (AED)** | **21** | **(0.1140)** | (0.0123) |

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2024

| | Note | Three-month ended 31 March 2024 AED'000 (unaudited) | 2023 AED'000 (unaudited) |
|---|---|---|---|
| **Loss after tax** | | **(306,051)** | (34,088) |
| **Other comprehensive income:** | | | |
| ***Items that will not be reclassified subsequently to profit or loss*** | | | |
| Net changes in fair value of equity instruments designated at fair value through other comprehensive income ("FVOCI") | **7** | **41** | 845 |
| **Total other comprehensive income** | | **41** | 845 |
| **Total comprehensive loss for the period** | | **(306,010)** | (33,243) |

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024

| | Share capital AED'000 | Share discount AED'000 | Treasury shares AED'000 | Statutory reserve AED'000 | (Accumulated losses)/ retained earnings AED'000 | Investment revaluation reserve AED'000 | Total equity AED'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 (audited) | 2,820,433 | (623,283) | (26,151) | 58,979 | 525,113 | (51,426) | 2,703,665 |
| Loss for the period | - | - | - | - | (34,088) | - | (34,088) |
| Other comprehensive income for the period | - | - | - | - | - | 845 | 845 |
| Total comprehensive (loss)/income for the period | - | - | - | - | (34,088) | 845 | (33,243) |
| Treasury shares purchased (Note 14) | - | - | (12,881) | - | - | - | (12,881) |
| Balance at 31 March 2023 (unaudited) | 2,820,433 | (623,283) | (39,032) | 58,979 | 491,025 | (50,581) | 2,657,541 |
| Balance at 1 January 2024 (audited) | 2,820,433 | (623,283) | (73,000) | 58,979 | (23,222) | (47,126) | 2,112,781 |
| Loss for the period | - | - | - | - | (306,051) | - | (306,051) |
| Other comprehensive income for the period | - | - | - | - | - | 41 | 41 |
| Total comprehensive (loss)/income for the period | - | - | - | - | (306,051) | 41 | (306,010) |
| Treasury shares purchased (Note 14) | - | - | (80) | - | - | - | (80) |
| **Balance at 31 March 2024 (unaudited)** | **2,820,433** | **(623,283)** | **(73,080)** | **58,979** | **(329,273)** | **(47,085)** | **1,806,691** |

The accompanying notes form an integral part of the condensed consolidated financial statements.

## Condensed consolidated statement of cash flows for the three-month period ended 31 March 2024

| | Notes | Three-month ended 31 March 2024 AED'000 (unaudited) | 2023 AED'000 (unaudited) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax | | **(306,051)** | (34,088) |
| *Adjustments for:* | | | |
| Depreciation of property and equipment | **5** | **227** | 233 |
| Net change in fair value of financial assets at FVTPL | **9** | **305,394** | 8,026 |
| Change in fair value of assets held for sale | **13** | **-** | 26,529 |
| Amortisation of borrowing cost | **18** | **20** | 54 |
| Provision for employees' end of service benefits | **17** | **67** | 79 |
| Finance income | | **(1,796)** | (1,302) |
| Finance costs | | **2,453** | 4,225 |
| **Operating cash flows before changes in working capital** | | **314** | 3,756 |
| Increase in trade and other receivables | | **(907)** | (300) |
| Decrease/(increase) in due from a related party | | **2** | (11,410) |
| Increase in inventories | | **(8)** | (2) |
| Increase/(decrease) in trade and other payables | | **863** | (1,152) |
| **Cash generated from/(used in) operations** | | **264** | (9,108) |
| Employees' end of service benefits paid | **17** | **(54)** | (243) |
| **Net cash generated/(used in) operating activities** | | **210** | (9,351) |
| **Cash flows from investing activities** | | | |
| Acquisition of debt investments at amortised cost | **8** | **-** | (7,859) |
| Interest received | | **(202)** | 228 |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | **115** | - |
| Payments for property and equipment | **5** | **-** | (6) |
| Payments for assets held for sale | **13** | **-** | (210) |
| Proceeds from sales of investment properties | | **-** | 48,554 |
| Payments for financial assets at fair value through profit or loss | **9** | **(1,642)** | (9,738) |
| Proceeds from sales of financial assets at fair value through profit or loss | **9** | **-** | 324 |
| **Net cash (used in)/generated from investing activities** | | **(1,729)** | 31,293 |

The accompanying notes form an integral part of these condensed consolidated financial information.

## Condensed consolidated statement of cash flows for the three-month period ended 31 March 2024 (continued)

| | Notes | Three-month ended 31 March 2024 AED'000 (unaudited) | 2023 AED'000 (unaudited) |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayment of bank borrowings | **18** | **(3,210)** | (5,429) |
| Finance costs paid | | **(3,157)** | (4,101) |
| Treasury shares purchased | | **(80)** | (12,881) |
| **Net cash flows used in financing activities** | | **(6,447)** | (22,411) |
| **Net decrease in cash and cash equivalents** | | **(7,966)** | (469) |
| Cash and cash equivalents as at 1 January | | **55,542** | 15,500 |
| **Cash and cash equivalents as at 31 March** | **11** | **47,576** | 15,031 |
| **Non-cash transactions:** | | | |
| Acquisition of Wakala investment on settlement of related party receivables | | - | 11,400 |

The accompanying notes form an integral part of these condensed consolidated financial information.

## Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024

### 1 General information

Eshraq Investments PJSC (the "Company") was initially registered as a private joint stock company in the Emirate of Abu Dhabi on 24 December 2006. On 7 July 2011, the Company converted to a public joint stock company. The Company is listed on the Abu Dhabi Securities Exchange.

The Company is registered under commercial license No. 1005631 and Abu Dhabi Chamber of Commerce and Industry membership No. 223393. The registered head office of the Company is at P.O. Box 108737, Abu Dhabi, United Arab Emirates ("UAE").

The Company, its subsidiaries and an associate (together referred to as the "Group") are principally engaged in commercial enterprise investment and real estate business which includes development, sale, investment, construction, management and associated services. During the year 2023, the Company sold a hotel apartment building.

The details of principal activities, country of incorporation and operation, and ownership interest of the Company in its subsidiaries are set out below:

| Name of the subsidiary | Country of incorporation | Legal % of holding | | Principal activities | Classification |
|---|---|---|---|---|---|
| | | 2024 | 2023 | | |
| Eshraq International Company LLC | Cayman Islands | 100 | 100 | Real estate | Subsidiary |
| Beans and Pages Café | UAE | 100 | 100 | Library and café | Subsidiary |
| Goldilocks Investment Holding-Sole Proprietorship L.L.C* | UAE | 100 | 100 | Investment, institution and management | Subsidiary |
| Qanat View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |
| Bayfront Waves View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |
| Garden Meadows View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |
| Heights View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |
| Paradise Empire View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |
| Seascape Oasis View Real Estate Development Construction – Sole Proprietorship L.L.C. ** | UAE | 100 | 100 | Real estate development construction | Subsidiary |

*Dormant entity acquired from a related party.
**Entities incorporated during 2023.

## Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024

### 1 General information (continued)

| Subsidiary under Eshraq International Company LLC | Country of incorporation | Legal % of holding | Beneficial % of holding | Principal activities | Classification |
|---|---|---|---|---|---|
| Nuran Marina Serviced Residence LLC* | UAE | 49% | 100 | Hotel apartments | Subsidiary |

* Eshraq International Company LLC has a 49% ownership in Nuran Marina Serviced Residence LLC and the remaining 51% is held by the heirs of a former board member on behalf of the Company who had irrevocably assigned the beneficial ownership to Eshraq International Company LLC.

### 2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) ("IFRSs")

### 2.1 New and amended standards adopted by the Group

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been applied in these condensed consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 1 *Non-current liabilities with covenants*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures-Supplier Finance Arrangements*

### 2. 2 Standards and interpretations in issue but not yet effective and not early adopted

At the date of approval of these condensed consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective

| New and revised IFRSs | Effective for annual periods beginning on or after |
|---|---|
| Amendment to IAS 21 *Lack of Exchangeability* | 1 January 2025 |
| Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability | 1 January 2025 |
| IFRS 18 *Presentation and Disclosures in Financial Statements* | 1 January 2027 |
| Amendments to IFRS 10 Consolidated *Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture. | Effective date deferred indefinitely. Adoption is still permitted. |

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 2 Application of new and revised International Financial Reporting Standards (IFRS Accounting Standards) ("IFRSs") (continued)

### 2. 2 Standards and interpretations in issue but not yet effective and not early adopted (continued)

Management anticipates that these IFRSs and amendments will be adopted in the condensed consolidated financial statements in the initial period when they become mandatorily effective. Management assessed that adoption of these amendments will not have a significant impact on the Group's condensed consolidated financial statements.

## 3 Summary of material accounting policies

**Statement of compliance**

The condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information required for full annual 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 2023. In addition, results for three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

**Basis of preparation**

These condensed consolidated financial statements are presented in UAE Dirhams (AED) which is the functional and presentational currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for financial assets measured at fair value and investment properties which are carried at fair value.

**Taxation**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 3 Summary of material accounting policies (continued)

### Taxation (continued)

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 4 Accounting policies, estimates and judgements

The accounting policies, significant judgements, estimates and assumptions applied by the Group in these condensed consolidated financial statements are consistent with those in the audited annual consolidated financial statements of the Group as at and for the year ended 31 December 2023, except for taxation as stated in Note 3 and the adoption of new standards and interpretations effective 1 January 2024 as stated in Note 2 above.

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 5 Property and equipment

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Carrying amount at the beginning of the period/year | **6,924** | 6,904 |
| Additions during the period/year | **-** | 912 |
| Depreciation charge for the period/year | **(227)** | (892) |
| **Carrying amount at the end of the period/year** | **6,697** | 6,924 |

All of the Group's property and equipment are located in the UAE.

The depreciation charge has been allocated in the condensed consolidated statement of profit or loss as follows:

| | **Three-month ended 31 March** | |
|---|---|---|
| | **2024 AED'000 (unaudited)** | 2023 AED'000 (unaudited) |
| Direct operating expenses | **143** | 124 |
| General and administrative expenses | **84** | 109 |
| | **227** | 233 |

## 6 Investment properties

Investment properties represent certain plots of land located in the UAE, rented out properties in the United Arab Emirates and a building in the United States of America ("USA").

Movement in investment properties is as follows:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **687,518** | 834,928 |
| Additions | **-** | 242 |
| Disposals | **-** | (148,610) |
| Increase in fair value | **-** | 958 |
| **Balance at the end of the period/year** | **687,518** | 687,518 |

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 6 Investment properties

Investment properties are carried at fair value. As of 31 December 2023, the fair value of the investment properties has arrived at on the basis of valuations carried out by accredited independent valuers not related to the Group in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors ("RICS"). The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. In estimating the revalued amounts of the investment properties, the highest and best use of the properties were considered, and comparable and investment valuation approaches were used. Based on the internal assessment performed, management believes that there is no significant change in the fair value of investment properties during the three-month period ended 31 March 2024.

The inputs used in the valuation are not based on observable market data, and thus, the valuation techniques were considered to be Level 3 fair value measurement.

Included in investment properties, a building and a land with a fair value of AED 195,600 thousand (31 December 2023: AED 195,600 thousand) is mortgaged as a security for a loan obtained by the Group from a local bank (Note 18).

During the three-month period ended 31 March 2024, the Group recognised rental income from letting investment properties of AED 3,758 thousand (31 March 2023: AED 5,586 thousand).

In September 2022, the Board of Directors has approved the monetization of the Group's land bank in accordance with the Group's business plan. The following transactions demonstrate the Group's progress towards monetizing its land bank:

a) The Group and the third party have finalised the performance of the terms and conditions, and legal procedures as stated in the sales and purchase agreement (SPA) dated November 2022, and property development agreement for handing over the plot of land in Abu Dhabi to the third party.
b) In 2023, the Group has completed the transfer of the title deeds and received the consideration for the sale of four plots of land located in JVC-Dubai, United Arab Emirates.

In November 2022, the Group entered into a SPA with a third party for the sale of one plot in Abu Dhabi for a total consideration of AED 126,620 thousand. The consideration is payable over the next 5 years in periodic cash payments (66% of consideration) and completed units (34% of consideration) by the third party. In 2023, the Group and the third party have finalised the performance of the terms and conditions, and legal procedures as stated in the sales and purchase agreement (SPA) dated November 2022, and property development agreement for handing over the plot of land in Abu Dhabi to the third party. Further, the Group has discounted total consideration using three-month EIBOR+ spread of 2.25% to convert into present value of AED 100,065 thousand. As at 31 March 2024, the net receivable balance amounted to AED 80,701 thousand (Note 10). Interest income during the period amounting AED 433 thousand (31 March 2023: AED 156 thousand).

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 7 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI.

Financial assets at FVOCI breakdown as at the end of the reporting period comprises the following:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Unquoted funds (i) | **20,892** | 20,906 |
| Quoted equity securities (ii) | **484** | 544 |
| | **21,376** | 21,450 |

Movement in the balance of financial assets at FVOCI is as follows:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **21,450** | 48,204 |
| Disposals | **(115)** | (27,820) |
| Net change in fair value recognised in other comprehensive income | **41** | 1,066 |
| **Balance at the end of the period/year** | **21,376** | 21,450 |

(i) Comprised of an investment in an equity stake in a special-purpose vehicle established to develop a plot of land as a luxury branded residence in the UAE.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 8 Debt investment at amortised cost

Movement in the debt investment at amortised cost is as follows:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **7,859** | - |
| Additions | - | 7,859 |
| | **7,859** | 7,859 |
| Allowance for expected credit loss | - | - |
| **Balance at the end of the period/year** | **7,859** | 7,859 |

Finance income on debt investment at amortised cost for the period ended 31 March 2024 amounted to AED 196 thousand (31 March 2023: nil). Accrued interest on debt investment at amortised cost amounted to AED 786 thousand as at 31 March 2024 (31 December 2023: AED 589 thousand).

## 9 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss ("FVTPL") comprise financial assets that are held for trading. The financial assets at FVTPL breakdown at the end of the reporting period comprises the following:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Quoted equity securities (i) | **11,461** | 14,195 |
| Unquoted funds (ii) | **1,035,676** | 1,336,694 |
| | **1,047,137** | 1,350,889 |

(i) Comprised of sharia compliant equity shares quoted in UAE and denominated in UAE Dirhams (AED). Part of these securities is held as a collateral for a loan obtained from a local bank (Note 18, 25). Included in the financial assets at FVTPL, quoted securities with a fair value of AED 8,322 thousand mortgaged as a security for a loan obtained by the Group from a local bank (31 December 2023: AED 9,973 thousand) (Notes 18, 25).

(ii) Comprised of an investment in an open-ended fund incorporated in UAE with the objective to generate return from Middle East region-based instruments.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 9 Financial assets at fair value through profit or loss (continued)

In 2022, the Company completed the acquisition of the Fund. The acquisition has been completed through a share swap transaction at an agreed swap ratio of 12.61 Eshraq shares to 1 shares of the Fund by issuing 1,385,073 thousand new shares of the Company at par. The Group has 99.48% (31 December 2023: 99.48%) investment in fund and designated at financial assets at FVTPL. The Group does not control the Fund and as such, the group is not involved in the investment decision-making process of the Fund. The Fund is independently managed by its fund manager SHUAA GMC Limited. The Fund manager is not liable for any losses to the Fund. The Group will remain a Limited Partner in the fund and has no power over the terms of the management agreement.

Movement in the balance of financial assets at FVTPL is as follows:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **1,350,889** | 1,766,426 |
| Additions | **1,642** | 140,464 |
| Disposals | **-** | (12,250) |
| Net change in fair value recognised in profit or loss | **(305,394)** | (543,751) |
| **Balance at the end of the period/year** | **1,047,137** | 1,350,889 |

Net change in fair value recognised in profit or loss consists of AED 301,018 of AED 305,394 incurred as net losses by the Company during the three-month period ended 31 March 2024 arising mainly from the liquidation of quoted shares to settle debt facilities and net change in fair value in Goldilocks Fund which continues to be managed by Fund Manager SHUAA GMC Limited.

## 10 Trade and other receivables

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Trade receivables (i) (ii) | **114,120** | 117,536 |
| Accrued interest | **6,893** | 5,530 |
| Prepayments | **1,971** | 604 |
| Other receivables (iii) | **11,100** | 7,509 |
| | **134,084** | 131,179 |
| Less: non-current portion (Note 6) | **(99,136)** | (99,169) |
| Current portion | **34,948** | 32,010 |

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 10 Trade and other receivables (continued)

(i) Net receivables from the customers amounting to AED 80,701 thousand (31 December 2023: 80,701) discounted using three-month EIBOR+ spread of 2.25%. Interest income on receivable balance amounted to AED 433 thousand (31 March 2023: AED 156 thousand) (Note 6).

(ii) In September 2022, the Group entered into a sale and purchase agreement ("SPA") with a third party in the United Arab Emirates for the sale of two plots of land located in JVC-Dubai, United Arab Emirates for a total consideration of AED 33,134 thousand and an earnout amount upon completion of the project by the third party. The consideration is interest-bearing and will be payable after 2 to 4 years (Note 10). As of 31 December 2022, the sales transaction is completed and the parties have finalised the performance of the terms and conditions, and legal procedures as stated in the SPA and property development agreement for handing over the plots to the third party. Interest income during the period amounting AED 828 thousand (31 March 2023: AED 828 thousand). Past due receivables are provided for based on estimated irrecoverable amounts determined by reference to management experience and past default history. In determining the recoverability of a receivable balance, the entities consider any change in the credit quality of the receivable balance from the date credit was initially granted up to the end of the reporting period.

(iii) Other receivables include Murabaha facility entered between the Group and the fund. The fund is managed by a related party (Note 20). The Murabaha carries a profit rate of 10% per annum. The profit which is also accrued at the reporting date on Murabaha for the period ended 31 March 2024 amounted AED 92 thousand (31 March 2023: AED nil).

## 11 Cash and bank balances

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Cash on hand | **45** | 39 |
| Cash at bank | **47,559** | 55,531 |
| Term deposits | **3,202** | 3,202 |
| | **50,806** | 58,772 |
| Less: short-term deposits with original maturity of more than three months | **(3,202)** | (3,202) |
| Less: restricted cash | **(28)** | (28) |
| Cash and cash equivalents | **47,576** | 55,542 |

Term deposits represents deposits held with financial institutions in the UAE and denominated in AED. These deposits carry an interest rate: 4.54% per annum (31 December 2023: 4.45% - 4.54% per annum).

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 11 Cash and bank balances (continued)

Finance income on term deposits for the three-month ended 31 March 2024 amounted to AED 37 thousand (31 March 2023: AED 75 thousand). Accrued interest on term deposits amounted to AED 51 thousand as at 31 March 2024 (31 December 2023: AED 14 thousand).

Restricted cash placed in a local bank amounted to AED 28 thousand (31 December 2023: AED 28 thousand).

## 12 Wakala investment

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Wakala investment | **11,400** | 11,400 |

In 2023, the Group invested AED 11,400 thousand in Wakala deposits held with non-financial institutions in the UAE and denominated in AED. This investment carry interest rate of 8% per annum and maturity date of 25 March 2024.

Finance income on Wakala investment for the three-month ended 31 March 2024 amounted to AED 210 thousand (31 March 2023: AED 116 thousand). Accrued interest on term deposits amounted to AED 912 thousand as at 31 March 2024 (31 December 2023: AED 702 thousand).

## 13 Asset held for sale

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | - | 280,337 |
| Additions | - | 266 |
| Disposals | - | (280,603) |
| **Balance at the end of the period/year** | - | - |

As at 31 March 2023, the fair value of the apartment units has been determined using the sale and purchase agreements. The properties were recorded at a carrying amount of AED 185,400 thousand and was sold at AED 158,113 thousand resulting in a net loss AED 27,287 thousand net of brokerage expense.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 14 Share capital

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| ***Authorised, issued and paid up capital*** | | |
| 2,820,433,097 (2023: 2,820,433,097) ordinary shares of AED 1 each | **2,820,433** | 2,820,433 |

*Treasury shares*

On 18 August 2022, the Group obtained an approval from SCA to proceed with the buy-back of the Group's shares in accordance with the laws of the UAE and SCA regulations. During the General Assembly held on 8 February 2024 through Special Resolution, the Shareholders approved to cancel the shares buy-back program which was approved by the Group's general assembly on 1 August 2022 and as approved by Abu Dhabi Securities Exchange on 18 October 2023.

The movement of treasury shares is as follows:

| | **31 March 2024** | | 31 December 2023 | |
|---|---|---|---|---|
| | **Units'000** | **AED'000** | Units'000 | AED'000 |
| Balance at the beginning of the year | **134,967** | **73,000** | 43,084 | 26,151 |
| Additional shares purchased during the period/year | **180** | **80** | 91,883 | 46,849 |
| Balance at the end of the year | **135,147** | **73,080** | 134,967 | 73,000 |

*Shares discount*

In 2022, the acquisition of Goldilocks Class A shares resulted in a net increase of the capital of the Company in an amount of AED 761,790 thousand against the shares in Goldilocks by virtue of which the owners of the shares in Goldilocks received 1,385,073 thousand new shares in the capital of the Company, each proportionally to their ownership in the fund.

In 2022, share discount amounting to AED 623,283 thousand is recognised for the difference of the fair value of the shares issued by the Group to the new shareholders and fair value of the 99.2% total shares of the Fund.

## Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

### 15 Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Law No. 32 of 2021, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

No allocation to the statutory reserve has been made for the three-month period ended 31 March 2024, as this will be effected at the year-end based on the Company's results for the year ending 31 December 2024.

### 16 Investments revaluation reserve

Investments revaluation reserve represents the net unrealised gains or losses that are recognised on the financial assets at fair value through other comprehensive income (Note 7).

### 17 Provision for employees' end of service benefits

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **1,176** | 1,470 |
| Charge for the period/year | **67** | 273 |
| Paid during the period/year | **(54)** | (567) |
| **Balance at the end of the period/year** | **1,189** | 1,176 |

### 18 Bank borrowings

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Term loan 1 | **-** | - |
| Term loan 2 | **4,019** | 6,955 |
| Term loan 3 | **126,202** | 126,477 |
| | **130,221** | 133,432 |
| Less: Amount due for settlement after 12 months from the end of reporting year (classified under non-current liabilities) | **(121,616)** | (121,972) |
| Amount due for settlement within 12 months from the end of reporting year (classified under current liabilities) | **8,605** | 11,460 |

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 18 Bank borrowings (continued)

The term loans comprise of the following:

Term loan 1

A term loan facility from a local bank amounting to AED 145,000 thousand under the terms and conditions defined in the term loan agreement. The loan is repayable in quarterly instalments over a period of 12 years and carries a variable interest rate. The loan is secured by a mortgage over the building used by Nuran Marina Serviced Residences LLC (the "Subsidiary") (Note 13), 58 apartment units at Burj Daman, Dubai (Note 13), corporate guarantee issued by the Subsidiary in favor of the lender and collections made by the subsidiary are assigned to the lender to repay the quarterly principal repayment of the loan. The loan was obtained to repay another previous loan from the same local bank and to finance the Group's general obligations. The loan was fully drawdown as of the reporting date.

During 2023, the Group sold the Nuran Marina hotel building and 58 apartment units and applied the sales proceeds to pay off the loan (Note 13).

As at 31 March 2024, the Group recognised finance costs of AED nil (31 March 2023: AED 1,879 thousand) in relation to this facility.

Term loan 2

In 2020, the Group availed a margin facility from a local bank amounting to AED 69,000 thousand under the terms and conditions defined in the agreement to finance the working capital requirements of the Group and repay one of an existing loan. In 2022, the margin facility limit was decreased to AED 20,000 thousand. The total drawdown from the facility as at 31 March 2024 is AED 4,019 thousand (31 December 2023: AED 6,955 thousand). The facility is secured by a pledge of quoted shares held in the name of the Group (Note 25). The facility is repayable on demand and carries a variable interest rate.

As at 31 March 2024, the Group recognised finance costs of AED nil (31 March 2023: AED 80 thousand).

Term loan 3

In 2021, the Group obtained a sharia-compliant term loan facility from a local bank amounting to AED 140,000 thousand under the terms and conditions defined in the agreement to settle the existing debt exposure of its project loan and to finance general corporate purposes. The loan is repayable in quarterly instalments over a period of 10 years and carries a variable interest rate. The loan is secured by a mortgage over the land and building of the Group located in Al Reem Island (Note 6), Abu Dhabi, and a reserved account maintained in the name of the Group with an amount equal to at least one quarterly instalment of the term loan. The loan was fully drawn as of the reporting date.

As at 31 March 2024, the Group recognised finance costs of AED 2,453 thousand (31 March 2023: AED 2,257 thousand) in relation to this facility.

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 18 Bank borrowings (continued)

Reconciliation of term loans movements to the cash flows arising from financing activities is as follows:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Balance at the beginning of the period/year | **133,432** | 260,308 |
| *Cash flows* | | |
| Loan repaid | **(3,210)** | (128,079) |
| Payment of accrued interest | **(21)** | (62) |
| *Other non-cash items* | | |
| Accrual of interest | **20** | 1,265 |
| **Balance at the end of the period/year** | **130,221** | 133,432 |

## 19 Trade and other payables

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Trade payables | **126** | 21 |
| Advances from customers | **6,417** | 7,004 |
| Retention payables | **7,041** | 7,041 |
| Accruals | **4,999** | 1,458 |
| Other payables (i) | **10,882** | 13,761 |
| | **29,465** | 29,285 |

(i) Includes provision for claims and Board of Directors' remuneration.

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 20 Related party balances and transactions

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, directors, key management staff and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

***Terms and conditions of transactions with related parties***

The services to and from related parties are made at normal market prices.

Balances with these related parties generally arise from commercial transactions in the normal course of business on arm's length basis. Balances with related parties reflected in the condensed consolidated statement of financial position at the reporting date comprised:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| **Financial assets at FVOCI:** | | |
| Shareholder | **484** | 544 |
| **Due from a related party:** | | |
| Entity under common control | **26** | 28 |
| Advance to a director | **605** | 605 |
| | **631** | 633 |

The following balances are related to the entities under common directorship.

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Financial assets at FVTPL | **8,119** | 14,195 |

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 20 Related party balances and transactions (continued)

The following balances are managed by a Fund Manager that is a related party to the Group:

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Wakala investment | **11,400** | 11,400 |
| Financial assets at FVOCI | **20,892** | 20,906 |
| Financial assets at FVTPL | **1,035,676** | 1,336,694 |
| Debt investments at amortised cost | **7,859** | 7,859 |
| Interest receivables | **912** | 702 |
| Other receivables | **9,988** | 6,901 |

Significant transactions with the entities under common directorship are as follows:

| | **Three-month ended 31 March** | |
|---|---|---|
| | **2024 AED'000 (unaudited)** | 2023 AED'000 (unaudited) |
| Purchase of financial assets at FVTPL | - | 9,676 |
| Disposal of financial assets at FVTPL | - | 317 |

Transactions with the Fund Manager that is a related party to the Group were as follows:

| | **Three-month ended 31 March** | |
|---|---|---|
| | **2024 AED'000 (unaudited)** | 2023 AED'000 (unaudited) |
| Purchase of wakala investment | **-** | 11,400 |
| Purchase of financial assets at FVTPL | **-** | 125,000 |
| Purchase of debt investments at amortised cost | **-** | 7,859 |
| Interest income | **406** | 243 |

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

| | **Three-month ended 31 March** | |
|---|---|---|
| | **2024 AED'000 (unaudited)** | 2023 AED'000 (unaudited) |
| **Broker fees paid to related parties:** | | |
| Shareholder | **3** | 1 |

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 20 Related party balances and transactions (continued)

**Key management compensation**

| | Three-month ended 31 March | |
|---|---|---|
| | **2024** | 2023 |
| | **AED'000** | AED'000 |
| | **(unaudited)** | (unaudited) |
| Short term benefits | **871** | 609 |
| Long term end of service benefits | **96** | 28 |
| | **967** | 637 |

Aside from advances to director, there were no loans provided to directors as of 31 March 2024 and 31 December 2023.

## 21 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period.

Diluted loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the earnings and share data used in the earnings per share calculation:

| | Three-month ended 31 March | |
|---|---|---|
| | **2024** | 2023 |
| | **(unaudited)** | (unaudited) |
| Loss for the period (AED'000) | **(306,051)** | (34,088) |
| Weighted average number of ordinary shares outstanding (thousand) | **2,685,290** | 2,762,165 |
| Basic and diluted loss per share (AED) | **(0.1140)** | (0.0123) |

Weighted average number of ordinary shares outstanding have been adjusted for treasury shares, which are issued shares but not outstanding and decrease in share capital (Note 14).

As at 31 March 2024 and 2023, the Group has not issued any instruments which would have a diluted impact on earnings per share when converted or exercised.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 22 Segment reporting

The Group's operating segments are established on the basis of those components that are evaluated regularly by Board of Directors (the chief operating decision-maker or "CODM"). They monitor the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit and a broad range of key performance indicators in addition to segment profitability.

For management purposes, at 31 March 2024 and 2023, the Group is organised into five major segments, as follows:

- Property development
- Investment properties
- Hospitality and leisure
- Investment and asset management
- Holding

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit or loss earned by each segment without allocation of central administration, directors' salaries, finance income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. The Group operated mainly in one geographical segment, i.e., United Arab Emirates.

Information regarding these segments is presented below.

## Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

### 22 Segment reporting (continued)

| 31 March 2024 | Property development AED'000 | Investment properties AED'000 | Hospitality and leisure AED'000 | Investment and asset mgt AED'000 | Holding AED'000 | Eliminations AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| *Timing of revenue recognition* | | | | | | | |
| Overt time | - | **3,759** | - | - | - | - | **3,759** |
| At a point in time | - | - | **291** | - | - | - | **291** |
| | - | **3,759** | **291** | - | - | - | **4,050** |
| Direct operating expenses | - | **(894)** | **(11)** | - | - | - | **(905)** |
| Depreciation | - | - | **(227)** | - | - | - | **(227)** |
| **Gross profit** | - | **2,865** | **53** | - | - | - | **2,918** |
| **Net finance loss** | - | - | - | - | **(677)** | - | **(677)** |
| Net changes in fair value of financial assets at FVTPL | - | - | - | **(305,394)** | - | - | **(305,394)** |
| **Total operating income/(loss)** | - | **2,865** | **53** | **(305,394)** | **(677)** | - | **(303,153)** |
| General and administrative expenses | - | - | **(49)** | - | **(2,776)** | - | **(2,825)** |
| Depreciation | - | - | - | - | **(84)** | - | **(84)** |
| Selling and marketing expense | - | - | - | - | - | - | - |
| Change in fair value of assets held for sale | - | - | - | - | - | - | - |
| Other income | - | **11** | - | - | - | - | **11** |
| **Profit/(loss) for the period** | - | **2,876** | **4** | **(305,394)** | **(3,537)** | - | **(306,051)** |
| **At 31 March 2024** | | | | | | | |
| **Total assets** | - | **817,931** | **9,655** | **1,100,800** | **39,630** | **(450)** | **1,967,566** |
| **Total liabilities** | **7,826** | **139,289** | **3,636** | **1,056** | **9,068** | - | **160,875** |

## Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

### 22 Segment reporting (continued)

| 31 March 2023 | Property development AED'000 | Investment properties AED'000 | Hospitality and leisure AED'000 | Investment and asset mgt AED'000 | Holding AED'000 | Eliminations AED'000 | Total AED'000 |
|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | |
| *Timing of revenue recognition* | | | | | | | |
| Overt time | - | 6,836 | 4,424 | - | - | - | 11,260 |
| At a point in time | - | - | 414 | - | - | - | 414 |
| | - | 6,836 | 4,838 | - | - | - | 11,674 |
| Direct operating expenses | - | (1,436) | (1,679) | - | - | - | (3,115) |
| Depreciation | - | - | (233) | - | - | - | (233) |
| Gross profit | - | 5,400 | 2,926 | - | - | - | 8,326 |
| Net finance loss | - | - | - | - | (2,977) | - | (2,977) |
| Net changes in fair value of financial assets at FVTPL | - | - | - | (8,026) | - | - | (8,026) |
| Total operating income | - | 5,400 | 2,926 | (8,026) | (2,977) | - | (2,677) |
| General and administrative expenses | - | - | (601) | - | (3,243) | - | (3,844) |
| Depreciation | - | - | - | - | (109) | - | (109) |
| Selling and marketing expense | - | - | (151) | - | (44) | - | (195) |
| Change in fair value of assets held for sale | - | - | - | - | (27,287) | - | (27,287) |
| Other income | - | 24 | - | - | - | - | 24 |
| Profit/(loss) for the period | - | 5,424 | 2,174 | (8,026) | (33,660) | - | (34,088) |
| At 31 December 2023 | | | | | | | |
| Total assets | 30 | 805,993 | 9,128 | 1,404,559 | 57,414 | (450) | 2,276,674 |
| Total liabilities | 7,937 | 138,273 | 4,326 | - | 13,357 | - | 163,893 |

**Notes to the condensed consolidated financial statements**
**for the three-month period ended 31 March 2024 (continued)**

## 23 Contingent liabilities and commitments

### Contingencies

The Group is in legal proceedings with certain property developers. These proceedings resulted in a final judgement issued by the Court of First Instance on 6 July 2023, the Court ordered the Group to pay AED 3,575 thousand to the defendant as their counterclaim (Note 19).

### Commitments

| | **31 March 2024 AED'000 (unaudited)** | 31 December 2023 AED'000 (audited) |
|---|---|---|
| Commitments for fixed assets | **16,293** | 14,749 |

## 24 Fair value of financial instruments

The fair value hierarchy levels have been defined as follows:

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

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 24 Fair value of financial instruments (continued)

| | Carrying value AED'000 | Fair Value Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|---|
| **At 31 March 2024 (unaudited)** | | | | | |
| Financial assets at FVTPL | **1,047,137** | **11,461** | **-** | **1,035,676** | **1,047,137** |
| Financial assets at FVOCI | **21,376** | **484** | **-** | **20,892** | **21,376** |
| | **1,068,513** | **11,945** | **-** | **1,056,568** | **1,068,513** |
| At 31 December 2023 (audited) | | | | | |
| Financial assets at FVTPL | 1,350,889 | 14,195 | - | 1,336,694 | 1,350,889 |
| Financial assets at FVOCI | 21,450 | 544 | - | 20,906 | 21,450 |
| | 1,372,339 | 14,739 | - | 1,357,600 | 1,372,339 |

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Movements in the fair value of investments categorised within Level 3 is as follows:

| | **31 March 2024 AED'000** | 31 December 2023 AED'000 |
|---|---|---|
| Balance at the beginning of the period/year | **1,357,600** | 1,801,305 |
| Additions | **-** | 125,000 |
| Disposals | **(115)** | (27,820) |
| Change in fair value | **(300,917)** | (540,885) |
| **Balance at the end of the period/year** | **1,056,568** | 1,357,600 |

**Fair value of financial assets and financial liabilities that are not measured at fair value**

The directors consider that the carrying amounts of those financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

**Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)**

## 25 Fiduciary activities

The Group acts as a trustee and in other capacities that result in holding of assets listed below in a fiduciary capacity on behalf of other institutions where ownership is yet to be transferred by the Group to the beneficiary. Such assets and income arising thereon are not included in the Group's condensed consolidated financial statements.

| | **31 March 2024 AED'000** | 31 December 2023 AED'000 |
|---|---|---|
| Quoted security (i) | **4,245** | 7,794 |
| Unquoted security (ii) | **2,744** | 2,821 |
| | **6,989** | 10,615 |

i. The quoted securities are mortgaged as a security for a loan obtained by the Group from a local bank. The Group entered into a deferred payment agreement with Goldilocks whereby the Group shall transfer the legal title for the shares upon payment of the obligation to the bank upon receipt of the funds from Goldilocks (Note 9, 18).

ii. Pertains to an investment in a financial institution in the UAE that provides Islamic financing, corporate financing and asset management services. The entity is currently under liquidation where the Group is receiving the recoveries in tranches as per the final settlement plan received from the investee.

## 26 Events after reporting period

*Reduction of share capital*
During the General Assembly held on 8 February 2024 through Special Resolution, the Shareholders approved to amend Article 6 of the Articles of Association to reflect the reduction of Share Capital by authorising the Board and appointment of the Board to undertake all the necessary procedures to reduce the Share Capital of the Group. On 5 April 2024, the Securities and Commodities Authority (SCA) has cancelled treasury shares totalling 135,147 thousand (2023: 134,967 thousand) (equivalent to 4.78% of total share capital). After the reduction of the Share Capital, the issued Share Capital of the Group changed to AED 2,685,286 thousand from the Group's existing Share Capital of AED 2,820,433 thousand.

## 27 Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 May 2024.