Anan Investment Holding PJSC and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

Anan Investment Holding PJSC and its subsidiaries

Consolidated Financial Statements
December 31, 2023

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Anan
Investment Holding

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REPORT OF THE BOARD OF DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of Anan Investment Holding PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group are developing, investing in and managing real estate properties.

RESULTS

For the year ended December 31, 2023, the Group did not generate revenue (2022: AED 1,796 thousand) and incurred a loss of AED 85,547 thousand (2022: AED 77,061 thousand).

DIRECTORS

The Directors of the Company are as follows:

Mr. Salem Hadher Mubarak Hadher Al Meheiri
Mr. Abdulla Subhi Ahmed Atatreh
Mr. Abdulaziz Fahad Hamad Al Ongary
Mr. Ahmad M F A Al Kilani

AUDITORS

Grant Thornton were appointed as external auditors of the Group for the year ended December 31, 2023.

For and on behalf of the Board of Directors

Mr. Salem Hadher Mubarak Hadher Al Meheiri
Board Member and Chief Executive Officer
Date: 10 JUN 2024

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Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Anan Investment Holding PJSC(the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

As stated in Note 2.2 to the consolidated financial statements, for the year ended December 31, 2023, the Group incurred a loss of AED 85,547 thousand and, as of that date, the Group had accumulated losses of AED 412,266 thousand, its current liabilities exceeded its current assets by AED 607,143 thousand, it is acting as defendant in legal cases filed by customers and vendors with significant claims, and it has bank facilities of AED 93,788 thousand repayable on demand. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding, the consolidated financial statements of the Group have been prepared on a going concern basis given that the major shareholders have confirmed that they will continue to support the Group to meet its financial obligations as and when then fall due, given that the Group relaunched several projects subsequent to the year end and resumed the sales of properties, and given several other factors as set forth in Note 2.2. Our opinion is not modified with respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	*How our audit addressed the key audit matter*
Valuation of investment properties As at December 31, 2023, the Group's consolidated statement of financial position includes AED 2,155,248 thousand of investment properties, representing 36% of the total Group assets. Decrease in fair value of investment properties of AED 14,719 thousand was recognized in the consolidated statement of profit or loss for the year then ended. The Group's investment properties are stated at fair value based on the valuation carried out by an independent qualified valuer (the "Valuer"). The valuation was dependent on certain key estimates which requires significant judgement. The valuation of investment properties under development was also dependent on the estimated costs that will be incurred to complete the development with appropriate allowance for profit and risk. Details of the valuation methodology and key inputs used in the valuation are disclosed in Note 7 to the consolidated financial statements. We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole and because significant judgement is involved in determining the inputs used in the valuation.	We performed the following audit procedures: • Evaluated the competence, capabilities and objectivity of the Valuer. • Made inquiries with management and the Valuer and challenged the key assumptions and estimates adopted in the valuations. • Assessed the appropriateness and reasonableness of the valuation methodology, key assumptions and estimates used in the valuations, based on evidence of comparable and recent market transactions. • We engaged our valuation specialist, as necessary, to assist us in reviewing the methodologies applied including estimates and judgment made. • Assessed the adequacy of the related disclosures in the consolidated financial statements.

Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	*How our audit addressed the key audit matter*
Net realizable value of development properties As disclosed in Note 8 to the consolidated financial statements, at December 31, 2023, the Group's consolidated statement of financial position includes AED 3,642,496 thousand of properties under development, representing 60% of the total Group assets. The Group's development properties are stated at lower of cost and net realizable value. Net realizable value determination by management involves key assumptions and estimation in determining the costs to complete the development and the costs necessary to make the sale. Further details about the estimates and assumptions made by management in the determination of net realizable values are disclosed in Note 5.2 to the consolidated financial statements. We identified the assessment of the net realizable values of development properties as a key audit matter due to the significance of the Group's development properties in the context of the Group's consolidated financial statements as a whole and because the assessment of net realizable value involves significant management judgement and estimation of the costs to complete each property development project as well as in assessing the expected selling prices for each property.	We performed the following audit procedures: • Obtained an understanding of the management's process in estimating the future costs to completion for the development properties and in determining the future expected sales prices. • Assessed management's methodology and the key estimates, data inputs and assumptions adopted in the assessment, which included comparing expected future selling prices with available market data, such as recently transacted prices within the project or actual sales prices for properties already sold, and compared costs to complete each property development with the budgets maintained by the Group and by verifying the underlying construction contracts and other relevant documents on sample basis. • Re-performed the calculations made by management in arriving at the year-end assessments of net realizable value.

Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	*How our audit addressed the key audit matter*
Litigations As disclosed in Note 25.4 to the consolidated financial statements, the Group is acting as defendant in number of significant legal cases filed by customers and vendors. As further disclosed in Note 25.4, management, based on the legal opinions of its legal advisors and the value of claims, assessed that the liabilities recognized by the Group against those claims are sufficient to meet the obligations that are expected to arise from these lawsuits. We identified the determination and recognition of liabilities related to these legal claims as a key audit matter due to the significance of the claims and the estimates of the amounts of provisions or contingent liabilities being subject to significant management judgement.	We performed the following audit procedures: • Obtained legal letters from the Group's internal counsel and formal confirmation from the external legal counsels, analyzed the responses received, and assessed judgments and accounting conclusions made by management arising from the reported legal cases. • Made inquiries with the legal counsels, as necessary, to evaluate the likely outcome and management's assessment of such outcome for each significant legal claim. • Evaluated management's calculations and the related underlying assumptions and verified that the relevant risks are reflected in the provisions.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Board of Directors Report, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information except for the financial information given in the Board of Directors Report, and accordingly, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the UAE Federal Decree-Law No. 32 of 2021 and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Anan Investment Holding PJSC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Non-compliance with legal and regulatory requirements

The Company's trade license expired on March 21, 2024 and has not yet been renewed as at the date of our auditor's report.

Further, as required by the UAE Federal Decree-Law No. 32 of 2021, and except for the matter referred to above, we report that for the year ended December 31, 2023:

- The Company has maintained proper books of account;
- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. 32 of 2021;
- The financial information included in the Board of Directors report is consistent with the books of account of the Company;
- Investments in shares and stocks during the year ended December 31, 2023 are disclosed in Note 9 to the consolidated financial statements;
- Note 19 to the consolidated financial statements reflects material related party transactions and the terms under which they were conducted;
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended December 31, 2023, any of the applicable provisions of the UAE Federal Decree-Law No. 32 of 2021 or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at December 31, 2023; and
- There were no social contributions made during the year ended December 31, 2023.

Grant Thornton
P.O. Box: 1620
DUBAI-U.A.E.
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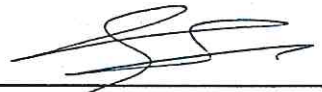
10 JUN 2024

Anan Investment Holding PJSC and its subsidiaries
Consolidated Financial Statements

Consolidated statement of financial position
As at December 31, 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Property and equipment	6	**8,707**	9,046
Investment properties	7	**2,155,248**	2,172,638
Development properties	8	**3,642,496**	3,638,853
Right-of-use assets		**-**	319
Financial assets at fair value through other comprehensive income	9	**203,041**	43,470
Trade and other receivables	10	**14,087**	13,991
Due from a related party	19	**-**	36,040
Cash and bank balances	11	**27,624**	26,250
TOTAL ASSETS		**6,051,203**	5,940,607
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**2,312,729**	2,312,729
Legal reserve	13	**7,456**	7,456
Acquisition reserve	14	**(755,909)**	(755,909)
Foreign currency translation reserve		**(23,489)**	(23,489)
Fair value reserve for financial asset at fair value through other comprehensive income		**140,345**	(24,485)
Accumulated losses		**(412,266)**	(326,719)
Total equity		**1,268,866**	1,189,583
Liabilities			
Provision for employees' end of service benefits		**838**	2,160
Bank borrowings	15	**418,150**	452,291
Other financial liabilities	16	**207,994**	-
Lease liabilities		**-**	6,735
Provisions and trade and other payables	17	**857,043**	776,395
Advances from customers	18	**3,274,030**	3,513,115
Due to related parties party	19	**24,282**	328
Total liabilities		**4,782,337**	4,751,024
TOTAL EQUITY AND LIABILITIES		**6,051,203**	5,940,607

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 10 JUN 2024 and signed on its behalf by:



Mr. Salem Hadher Mubarak Hadher Al Meheiri
Board Member and Chief Executive Officer

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated statement of profit or loss
For the year ended December 31, 2023

	Notes	**2023 AED'000**	2022 AED'000
Revenue	7	**-**	1,796
Cost of revenue	7	**-**	(367)
GROSS PROFIT		**-**	1,429
Selling, general and administrative expenses	20	**(27,953)**	(28,874)
Change in fair value of investment properties	7	**(14,719)**	1,104,226
Write-down of development properties	8	**-**	(1,145,763)
Other income	21	**111**	36,174
Finance costs	22	**(48,000)**	(44,253)
Finance income	16	**5,014**	-
LOSS FOR THE YEAR		**(85,547)**	(77,061)
Earnings per share			
Basic and diluted earnings per share (AED)	23	**(0.037)**	(0.033)

The attached notes 1 to 31 form part of these consolidated financial statements.

Anan Investment Holding PJSC and its subsidiaries
Consolidated Financial Statements

Consolidated statement of comprehensive income
For the year ended December 31, 2023

	Note	2023 AED'000	2022 AED'000
LOSS FOR THE YEAR		**(85,547)**	(77,061)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange loss on translation of foreign operations		-	(2,537)
Item that will not be reclassified to profit or loss in subsequent periods:			
Change in the fair value of financial assets at fair value through other comprehensive income	9	**164,830**	23,815
Total other comprehensive income for the year		**164,830**	21,278
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**79,283**	(55,783)

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2023

	Share capital AED'000	Legal reserve AED'000	Acquisition reserve AED'000	Foreign currency translation reserve AED'000	Fair value reserve of financial assets at FVOCI AED'000	Accumulated losses AED'000	Total AED'000
As at January 1, 2022	2,312,729	7,456	(755,909)	(20,952)	(48,300)	(249,658)	1,245,366
Loss for the year	-	-	-	-	-	(77,061)	(77,061)
Other comprehensive income for the year	-	-	-	(2,537)	23,815	-	21,278
Total comprehensive loss for the year	-	-	-	(2,537)	23,815	(77,061)	(55,783)
As at December 31, 2022	2,312,729	7,456	(755,909)	(23,489)	(24,485)	(326,719)	1,189,583
Loss for the year	-	-	-	-	-	(85,547)	(85,547)
Other comprehensive income	-	-	-	-	164,830	-	164,830
Total comprehensive income for the year	-	-	-	-	164,830	(85,547)	79,283
As at December 31, 2023	**2,312,729**	**7,456**	**(755,909)**	**(23,489)**	**140,345**	**(412,266)**	**1,268,866**

The attached notes 1 to 31 form part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended December 31, 2023

	Notes	2023 AED'000	2022 AED'000
OPERATING ACTIVITIES			
Loss for the year		**(85,547)**	(77,061)
Adjustments for:			
Depreciation of property and equipment	6	**339**	1,416
Depreciation of right-of-use assets		**319**	2,143
Gain on disposal of investment properties	21	**-**	(27,572)
Gain on disposal of a project	21	**-**	(6,383)
Fair value loss/(gain) on investment properties	7	**14,719**	(1,104,226)
Write-down of development properties	8	**-**	1,145,763
Provision for employees' end of service benefits		**205**	843
Finance income	16	**(5,014)**	-
Finance cost	22	**48,000**	44,253
		(26,979)	(20,824)
Changes in working capital			
Trade and other receivables		**(96)**	(1,460)
Development properties*		**(3,643)**	(10,739)
Advances from customers		**(200,000)**	-
Due to related parties		**10,867**	(8,985)
Due from a related party		**-**	(147,555)
Trade and other payables		**59,844**	188,403
Bank Escrow accounts		**290**	(44,607)
Cash from operations		**(159,717)**	(45,767)
Employees' end of service benefits paid		**(1,527)**	(2,952)
Net cash flows used in operating activities		**(161,244)**	(48,719)
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**-**	(166)
Proceeds from disposal of financial assets at fair value through other comprehensive income	9	**5,259**	2,045
Proceeds from disposal of investment properties		**2,671**	58,632
Net cash flows from investing activities		**7,930**	60,511
FINANCING ACTIVITES			
Repayment of bank borrowings		**(34,141)**	(55,476)
Other financial liabilities		**197,896**	-
Lease liabilities paid		**(6,735)**	-
Net change in margin deposits		**-**	989
Finance costs paid		**(2,042)**	(461)
Net cash flows from/(used in) financing activities		**154,978**	(54,948)
Net change in cash and cash equivalents		**1,664**	(43,156)
Net foreign exchange difference		**-**	572
Cash and cash equivalents at the beginning of the year		**2,093**	44,677
Cash and cash equivalents at the end of the year	11	**3,757**	2,093
Non-cash transactions:			
Transfer of investment properties to development properties, net	8	**-**	909,951
Transfer of advances to related party balances	18	**49,127**	-
Disposal of a project - assets disposed of	8	**-**	1,170,093
Disposal of a project - liabilities disposed of	8	**-**	1,340,253
Additions to development properties against advances	8	**-**	2,638,249
Reversal of accrued project costs	8	**-**	962,883

The attached notes 1 to 31 form part of these consolidated financial statements.

1 Legal status and principal activities

Anan Investment Holding PJSC (the "Company") is a private joint stock company incorporated on December 21, 2008 and registered in Abu Dhabi, United Arab Emirates. The Company's shares are listed on Abu Dhabi Securities Exchange. However, the trading of the Company's listed shares was suspended throughout the reporting period up to the date of the issuance of these consolidated financial statements.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are developing, investing in and managing real estate properties.

The registered address of the Company is P.O. Box 53351, Abu Dhabi, United Arab Emirates.

These consolidated financial statements include the financial performance and position of the Company and its operating subsidiaries as listed below (collectively the "Group").

Subsidiary	Principal activities	Beneficial ownership 2023	Beneficial ownership 2022	Country of incorporation
Wahat Al Zaweya Investment & Real Estate Development - Sole Proprietorship LLC	Real estate and master development	**100%**	100%	United Arab Emirates
Tasweek Real Estate Brokerage - Sole Proprietorship LLC	Real estate investment	**100%**	100%	United Arab Emirates
Tasweek (Malaysia) Sdn Bhd	Real estate investment	**100%**	100%	Malaysia
UAE Marketing Sdn Bhd	Real estate investment	**100%**	100%	Malaysia
Tasweek Pahang Sdn Bdh	Real estate investment	**100%**	100%	Malaysia
Wahat Al Zaweya Services - Sole Proprietorship LLC	Project management services	**100%**	100%	United Arab Emirates
Oud & Misk Investment and Real Estate Development	Real estate development and management	**100%**	100%	United Arab Emirates

2 Statement of compliance and basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree-Law No. 32 of 2021.

2.2 Going concern

For the year ended December 31, 2023, the Group incurred a loss of AED 85,547 thousand (2022: AED 77,061 thousand) and, as of that date, the Group had accumulated losses of AED 412,266 thousand (2022: AED 326,719 thousand) and its current liabilities exceeded its current assets by AED 607,143 thousand (2022: AED 937,686 thousand). In addition, as disclosed in Note 25 to the consolidated financial statements, the Group is acting as defendant in legal cases filed by customers and vendors with significant claims. Furthermore, as at December 31, 2023, the Group has bank facilities of AED 93,788 thousand repayable on demand (Note 15) due to breach in maintaining certain contractual financial covenants. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

2 Statement of compliance and basis of preparation (continued)

2.2 Going concern (continued)

The Group's going concern is dependent on its ability to raise funds from the future sales of properties under development and utilize those funds in completing its project in due course, while being able to settle its liabilities, including legal claims from customers and vendors, as and when they fall due.

These consolidated financial statements have been prepared on a going concern basis based on management's detailed assessment and taking into consideration the following factors:

- Subsequent to the year end, the Group re-launched the sale of properties in 3 projects and was able to sign sale contracts with customers exceeding AED 600 million, out of which more than AED 50 million has already been deposited in escrow accounts at the date of the issuance of these consolidated financial statements. Nonetheless, the Group is in the process of re-launching sale of properties in 5 other projects in 2024 and 6 projects in 2025.
- The Group has been able to continuously restructure its debt with its major lender and has been able to continuously defer the repayment of the principal portion of its term loans, which are currently due in 2025 and beyond.
- Subsequent to the year-end, the Group is negotiating an agreement with a related party for the funding of the marketing and advertising expenses of its project up to an amount of AED 25 million.
- The Group has signed contracts with several contractors and sub-contractors to continue the development work of the project, which resumed subsequent to the year-end.
- The Group has obtained all the relevant municipal and governmental approvals and finalized all legal formalities with relation to its key project.
- Management is confident about the Group's ability to continue its business and based on the budgeted plans, future expected cash flows and assessment, aims to carry on its business without a significant curtailment of operations for at least twelve months from the date of approval of these consolidated financial statements.
- The major shareholders of the Company have confirmed that they will provide the necessary financial support to the Group to enable it to continue its operations and meet its financial obligations as and when they fall due.

2.3 Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income that have been measured at fair value. The consolidated financial statements are presented in Arab Emirates Dirham ("AED"), which is the Company's functional currency, and all the values are rounded to the nearest thousand (AED '000), except where otherwise indicated.

The consolidated statement of financial position has been presented on liquidity basis and based on management's assessment that the same provides information that is reliable and more relevant.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2 Statement of compliance and basis of preparation (continued)

2.4 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 New or revised standards or interpretations

3.1 New Standards adopted as at January 1, 2023

Some accounting pronouncements that are listed below, have become effective from January 1, 2023 and have therefore been adopted by the Group, but do not have any significant impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12.

3.2 Standards, amendments and Interpretations to existing Standards that are not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB or IFRIC. None of these standards or amendments to existing standards have been early adopted by the Group and no interpretations have been issued that are applicable and need to be taken into consideration by the Group at the reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These new standards, amendments and interpretations have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements when they become effective.

4 Material accounting policies

4.1 Revenue

To determine whether to recognise revenue, the Group follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations, and then
5 Recognising revenue when/as performance obligation(s) are satisfied

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amount collected on behalf of third parties. The Group recognises revenue when it transfers controls of a product or service to a customer.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group 's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group 's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sale of development properties

The Group recognises revenue from the sale of development properties when the performance obligation has been transferred to the customer. This is achieved at a point in time when the ownership is transferred to the customer and when the legal title passes to the customer.

Contract cancellation income

The Group recognises contract cancellation income when the default by the customer occurs according to the sale and purchase agreement clauses, and the customer has been properly notified as per the contractual and regulatory requirements.

Significant financing component

The Group receives advance payments from customers for the sale of properties in addition to periodic payments during the development period of the project until the expected date of hand over and transfer of the legal title, which is usually over a period of five years after signing the contract with the customers. There is no significant component for these contracts and such payment plan is customary for the property industry in the UAE and is for reasons other than financing (Note 18).

The Group may receive a significant advance payment or full payment in advance from a customer under different contractual terms than the Group's standard contracts with customers. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the property, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the standard payment terms of the sale of property to the amounts paid under a different payment plan). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

4 Material accounting policies (continued)

4.1 Revenue (continued)

Rental income

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (4.6) *Financial instruments.*

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.2 Cost of revenue on sale of property

Cost of revenue includes the cost of land and development costs. Development costs include the cost of infrastructure, roads, utility and power installation and any infrastructure costs as per the master development obligations.

The cost of development properties is recognized as cost in profit or loss when the risks and rewards of the property are transferred to the customer and the related revenue is recognized.

4.3 Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives as follows:

	Years
Spare parts and tools	3 to 5
Furniture and fixtures	3 to 5
Computers and office equipment	3 to 5
Vehicles	3 to 5

No depreciation is charged on land and capital work-in-progress. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

4 Material accounting policies (continued)

4.3 Property and equipment (continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

Capital work-in-progress is stated at cost less accumulated impairment losses (refer accounting policy on impairment), if any, until the construction is complete. Upon completion of construction, the cost of such asset together with the cost directly attributable to construction are transferred to the respective class of assets.

4.4 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also includes properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs and, where applicable, borrowing costs. After initial recognition, investment properties are carried at fair value, which reflects market conditions at the reporting date. Investment properties are measured at fair value if the fair value is considered to be reliably determinable.

Investment properties for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions. Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Changes in fair values are recognised in the consolidated statement of profit or loss. Investment properties are derecognised when they have been disposed. Where the Group disposes of a property, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to development property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If development property becomes an investment property, the Group accounts for such property in accordance with the policy stated under development properties up to the date of change in use.

4 Material accounting policies (continued)

4.5 Development properties

Properties acquired or properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as development properties and are measured at the lower of cost and net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer fee, construction overheads and other related direct costs.

Furthermore, cost includes the cost of land, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.

Direct costs from the start of the project up to completion of the project are capitalised. Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Transfers are made to (or from) development property only when there is a change in use (see Note 4.4).

4.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument at another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, if it is held within a business model whose objective is to hold assets to collect contractual cash flows: and it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4 Material accounting policies (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into categories. The categories applicable to the Group are as follows:

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group financial assets at amortised cost includes trade and other receivables, due from related parties and cash and bank balances.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integrated to the contractual terms.

4 Material accounting policies (continued)

4.6 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, bank balance and due from related parties, the Group applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities, bank borrowings and other financial liabilities.

Subsequent measurement

Subsequently, trade and other payables, due to related parties, lease liabilities, bank borrowings and other financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

4 Material accounting policies (continued)

4.8 Fair value measurement

The Group measures financial asset such as financial assets at fair value through other comprehensive income and non-financial asset such as investment properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investments traded in an active market, fair value is determined by reference to quoted market bid prices. The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics. For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates with the same maturity. Fair value of interest rate swap contract is determined by reference to market value for similar instruments.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

4 Material accounting policies (continued)

4.9 Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

4.10 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when all of the following conditions are met: (a) it incurs expenditure for the asset (b) it incurs borrowing costs, and (c) it undertakes activities that are necessary to prepare the asset for its intended use. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. The Group suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

4.12 Taxes

Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

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 consolidated 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.

4 Material accounting policies (continued)

4.12 Taxes (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 to the extent that it is probable that taxable profit will be available to be utilised, except in circumstances where IAS 12 does not permit.

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.

Deferred tax assets are recognised to the extent it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 specifies limited exemptions.

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.

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 the same taxable entity.

4.13 Foreign currency translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss, except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED are translated into AED upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

4 Material accounting policies (continued)

4.13 Foreign currency translation (continued)

Foreign operations (continued)

On consolidation, assets and liabilities of foreign operations have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into AED at the average rate over the reporting period. Exchange differences on the Group's net investment in a foreign operation are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

4.14 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders.

4.15 Current versus non-current distinction

The Group discloses the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than twelve months after the reporting period (current), and (b) more than twelve months after the reporting period (non-current). An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are considered non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting periods. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group considers all other liabilities as non-current.

4.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.17 Climate-related matters

The Group will consider climate-related matters in estimates and assumptions, where appropriate, in compliance with the requirements of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) which are effective for annual periods beginning on or after January 1, 2024. The Group is currently assessing the potential impact from climate-related matters on its consolidated financial statements and is closely monitoring relevant changes and developments, such as new climate-related legislation.

5 Significant accounting judgements, estimates and assumptions

When preparing the Group's consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses

5.1 Significant management judgements

The following are the significant judgements made by management in applying the accounting policies of the Group that have the most significant effect on these consolidated financial statements.

Determining the timing of revenue recognition on the sale of property

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels. Management also considered court decisions issued for disputes with customers with respect of transfer of the ownership of properties in performing its assessment and applying its judgment.

The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

For contracts relating to the sale of property under development, the Group has generally concluded that the over time criteria are not met and, therefore, recognizes revenue at a point in time. These are contracts either for property sold to individual customers or to enterprises for sale of properties on a larger scale.

Consideration of significant financing component in a contract for sale of property

For most contracts involving the sale of property, the Group is entitled to receive an advance payment in addition to monthly instalments over a period of up to 5 years. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial advance is used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

For a major contract for the sale of property, the Group has received the entire payment in advance. The Group concluded that this is considered a significant financing component because it is for the provision of financing to the Group. The Group determined the transaction price in respect of this contract by assessing the impact of the significant financing component in the contract.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over of the unit to the customer. The title will be transferred to the customer only upon 100% collection, resulting in a low risk of default and loss thereof.

Classification of investment properties

The Group determines whether a property under development is classified as investment property based on a careful consideration of the project's master plan as well as management's intentions and most recent plans for the development of such properties.

5.2 Estimates and assumptions

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5 Significant accounting judgements, estimates and assumptions (continued)

5.2 Estimates and assumptions (continued)

Fair value of investment properties

The fair values of investment properties are determined by an independent professional valuer. The valuation techniques adopted comprise the comparable method and residual value method.

The residual value method involves the calculation of the Gross Development Value (GDV) of the proposed development assuming it is complete and discounting the GDV at an appropriate discount rate for the period of construction. The construction costs of the proposed development are assumed and deducted from the GDV to arrive at a residual value for the land. The residual approach is used when there is lack of direct comparable evidence and transactions.

The residual approach requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

The comparable approach of valuation involves the collection of data on recent sales transactions and listed prices for similar properties within the vicinity. Further adjustments are applied in terms of the various characteristics of the subject property versus comparable data collected to derive at a market value of the subject property based on the valuer's market knowledge and professional judgment.

Net realisable values of development properties

Net realisable value in respect of inventory property under development is assessed with reference to market prices at the reporting date for similar completed property and/or current or subsequent sales, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money, if material.

The estimates for cost to complete include the cost of providing infrastructure activities, selling cost, borrowing costs, project management costs, potential claims by sub-contractors and the cost of meeting other contractual obligations to the customers and the regulatory authorities. Management estimates such costs by taking into consideration, as far as possible, signed contracts with contractors and service providers as well as based on their knowledge of current market prices and costs required to complete the project.

Provisions against claims and contingent liabilities

The Group's management, with the support of it legal counsels, carries out on a regular basis a detailed assessment of each claim and contingent liability that arise primarily due to delays in projects, and accordingly, makes an assessment of the provision required to settle them. These detailed assessments are based on the past experience of the management in settling these claims and contingent liabilities on commercial terms, weighting of possible outcomes against their associated probabilities. Should the estimate significantly vary, the change will be accounted for as change in estimate and the consolidated financial statements would be significantly impacted as a result.

Fair values of financial assets at fair value through other comprehensive income

The Group holds large quantities of shares in a listed entity in the UAE (Note 9) and has measured the carrying amount of these shares in reference to quoted market price at the reporting date. Management assessed that, based on the volume of trading of the share in the market, the market price trend, and the strategic nature of the investment, the quoted price of the share at the reporting date reflects the minimum amount that is expected to realised by the Group should there be a decision to dispose of the shares in the future, and accordingly, the Group has not adjusted the carrying amount of these financial assets for illiquidity or other factors.

6 Property and equipment

	*Land** *AED'000*	*Spare parts and tools AED'000*	*Furniture and fixtures AED'000*	*Computers and office equipment AED'000*	*Vehicles AED'000*	*Building under construction** *AED'000*	*Total AED'000*
Cost:							
At January 1, 2022	6,220	11	14,398	3,235	156	2,425	26,445
Additions	-	-	-	166	-	-	166
At December 31, 2022	6,220	11	14,398	3,401	156	2,425	26,611
At December 31, 2023	**6,220**	**11**	**14,398**	**3,401**	**156**	**2,425**	**26,611**
Accumulated depreciation:							
At January 1, 2022	-	11	12,777	3,205	156	-	16,149
Charge for the year	-	-	1,361	55	-	-	1,416
At December 31, 2022	-	11	14,138	3,260	156	-	17,565
Charge for the year	-	-	242	97	-	-	339
At December 31, 2023	-	**11**	**14,380**	**3,357**	**156**	-	**17,904**
Net carrying amounts:							
At December 31, 2023	**6,220**	-	**18**	**44**	-	**2,425**	**8,707**
At December 31, 2022	6,220	-	260	141	-	2,425	9,046

* The land and building under construction are located in Al Ain, UAE. The building under construction relates to expenditure for the construction of an office building.

7 Investment properties

The movement in investment properties during the year is as follows:

	Residential units	*Land under development*	*Total*
	AED'000	*AED'000*	*AED'000*
As at January 1, 2022	94,051	1,918,481	2,012,532
Change in fair value	(19,312)	1,123,538	1,104,226
Foreign currency exchange difference	(3,109)	-	(3,109)
Transfers to development properties (Note 8)	-	(1,513,004)	(1,513,004)
Transfers from development properties (Note 8)	-	603,053	603,053
Disposals	(31,060)	-	(31,060)
As at December 31, 2022	40,570	2,132,068	2,172,638
Change in fair value	(10,694)	(4,025)	(14,719)
Disposals	(2,671)	-	(2,671)
As at December 31, 2023	**27,205**	**2,128,043**	**2,155,248**

7.1 Residential units

Residential units comprise residential apartments in Malaysia that are held for capital appreciation and are not leased out at the year-end. Residential units with a carrying amount of AED 27,208 thousand (2022: AED 40,572 thousand) are mortgaged in favor of a bank in Malaysia against term loan facilities. The fair valuation of these properties at the reporting date has been performed by management by reference to ask prices of similar properties in similar locations and conditions based on public information as well as by reference to actual sales transactions entered into by the Group on these residential units up to the date of the issuance of these consolidated financial statements. Based on its assessment of the property market in Malaysia, management believes that any difference between the carrying amounts of the properties at the reporting date and the expected future gains or losses is not expected to be material.

In 2022, the Group generated rental income of AED 1,796 thousand from these properties and incurred related costs of AED 367 thousand.

7.2 Land under development

Comprises development land within the master community 'Wahat Al Zaweya' located in Al Faqaa, Al Ain, UAE, to be developed mainly as residential units with the purpose of earning rentals in the future.

The fair value of the land under development was performed by an external accredited independent valuer in accordance with RICS valuation standards using the residual value method. The future development costs as per valuer's report and management estimations were assessed and accrued to carrying amount in order to evaluate the change in the fair value. Management estimates that this fair valuation is reliable and has adopted the valuation conclusions which showed a loss in change in fair value of the investment properties of AED 4 million (2022: gain of AED 1,123.5 million). Refer Note 29 for fair value disclosures.

The key valuation method used in the valuation of land under development is the residual value method with the following key inputs:

Significant unobservable inputs	**Range (average)**	
	2023	2022
Estimated sale price per square foot of residential units (AED)	**1,000-1,025**	1,000-1,025
Estimated sale price per square foot of retail units (AED)	**1,500**	1,500
Estimated construction cost of buildings per square foot (AED)	**300**	300
Discount rate	**15%**	15%
Estimated fees & costs of construction as % of construction cost	**15%**	15%
Estimated profit and selling costs as % of GDV	**7%**	7%

7 Investment properties (continued)

7.2 Land under development (continued)

In addition to the above, the valuer has considered the time value of money and assumed that the sales of properties will occur over 5 years, the development of the properties will take 5 years and payment plans are for 3 years.

Significant increases (decreases) in the above estimates in isolation would result in a significantly higher (lower) fair value of the properties.

7.3 Restrictions and contractual obligations

The Group has no restrictions on the realisability of its investment properties, other than the properties that are pledged against bank borrowings and the residential units in the UAE that are restricted from being sold or pledged as per a facility agreement with a bank. The Group has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

8 Development properties

8.1 Details of development properties

At December 31, 2023 and 2022, development properties comprise development land within the master community 'Wahat Al Zaweya' located in Al Faqaa, Al Ain, UAE, to be developed as plots of land mainly for residential sale and use as well as commercial units to serve the community.

The carrying amount of development properties comprise the initial cost of acquisition of land, cost of design and earth works, and infrastructure cost. Development properties are carried at the lower of the acquisition fair value of the land plus development costs, and the net realizable value. The estimated amount of the future commitments in relation to cost of development of these properties is disclosed in Note 25.

The movement in development properties during the year is as follows:

	2023	2022
	AED'000	AED'000
As at January 1,	**3,638,853**	3,244,315
Additions during the year	**3,643**	10,739
Transfers from investment properties (Note 7)	**-**	1,513,004
Transfers to investment properties (Note 7)	**-**	(603,053)
Disposal of a project (8.2)	**-**	(1,055,755)
Additions (buyback transactions) (8.3) (Note 18)	**-**	2,638,249
Reversals of accrued costs (8.3)	**-**	(962,883)
Write-down to net realisable value	**-**	(1,145,763)
As at December 31,	**3,642,496**	3,638,853

The Group expects to fund the completion of the master development from the instalments and advances from current buyers, future sales, bank facilities and shareholders' financial support.

8.2 Disposal of a project

A subsidiary of the Group had signed an agreement on January 29, 2017 to purchase a plot of land with a total purchase price of AED 998,429 thousand. The land title deed was registered in the name of the land's original owner (the seller) and the beneficiary rights to use the land were fully assigned to the subsidiary. Title deed and ownership of the land were expected to be transferred to the subsidiary upon completing final payment to the land's original owner.

The Group had already commenced development work on the land and had incurred development costs and marketing and operational expenses as well as obtained advances from customers from sale of plots of land related to the project. In 2022, the Group entered into a final settlement and exit agreement and transferred the entire project to the seller including the property, the related cash in escrow accounts, and all assets and liabilities associated with the project with no cash consideration payable or receivable by any party.

8 Development properties (continued)

8.2 Disposal of a project (continued)

The details of the assets and liabilities disposed of and the residual impact on profit or loss is as follows:

	2022 AED'000
Development properties	(1,055,755)
Cash in escrow accounts	(163,777)
Due from related parties	(114,338)
Advances from customers	526,635
Trade and other payables	813,618
Net gain on disposal of the project (Note 21)	6,383

8.3 Buyback of properties previously sold

A number of lawsuits have been filed by customers against the Group as a result of delays in the project and in delivering the bought units, requesting for pay back of amounts advanced to the Group under sale and purchases agreements of land plots in addition to compensations. In 2022, the court issued orders with regards to a number of these cases and ordered the Group to take back the sold properties at their respective original sale values, and accordingly, return all amounts received from the customers against regaining ownership of the lands.

As a result of the court orders, the Group recognized the previously sold properties under development properties as buy backs against advances from customers in the amount of AED 823,458 thousand representing revenue recorded in previous years with relation to these properties. Management assessed that, although the remaining legal cases do not yet have final court orders, on the basis that the court orders issued considered the sale of properties to be invalid, management assessed that, in substance, all properties sold in previous years in Wahat Al Zaweya project are ought to be bought back from the buyers. Accordingly, a further AED 1,814,791 thousand representing revenue recorded in previous years with relation to such properties has been recognized as buyback of development properties against customer advances.

As a result of the buybacks, the Group reversed an amount of AED 962,883 thousand from development properties related to accrued costs for the completion of the development of the previously sold units, which were previously accounted for under trade and other payables.

9 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity shares of Gulf Navigation PSC listed on Dubai Financial Market (DFM).

The movement in the financial assets during the year is as follows:

	2023 AED'000	2022 AED'000
As at January 1,	**43,470**	21,700
Change in fair value	**164,830**	23,815
Disposals	**(5,259)**	(2,045)
As at December 31,	**203,041**	43,470

During the year ended December 31, 2023, the Group entered into an agreement with Creation and Innovation Commercial Brokers LLC, a related party, to sell all and transfer its entire shareholding in Gulf Navigation for a consideration of AED 124 million, and to repurchase these shares at their sale value after 3 years from the date of the agreement.

9 Financial assets at fair value through other comprehensive income (continued)

Management assessed that the agreement represents a repurchase agreement under IFRS 15, and accordingly, the Group continues to recognize these financial assets on the consolidated statement of financial position at the reporting date although their legal title was transferred to the related party, because the Group has an obligation to reacquire control on these assets. The proceeds from this transaction have been accounted for as a financing obtained from the related party (Note 16).

The financial assets are expected to be realised after 12 months from the reporting date (2022: after 12 months).

10 Trade and other receivables

	2023 AED'000	2022 AED'000
VAT refundable	**7,652**	7,641
Advances to suppliers	**3,053**	3,049
Trade receivables	**1,341**	756
Refundable deposits	**678**	678
Prepaid expenses	**175**	732
Other receivables	**1,188**	1,135
As at December 31,	**14,087**	13,991

Trade and other receivables are due within 12 months from the reporting date.

11 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Cash on hand	**1,462**	37
Bank balances – current and escrow accounts (1)	**24,613**	24,664
Bank balances – margin deposits (2)	**1,549**	1,549
Cash and bank balances	**27,624**	26,250
Less: margin deposits	**(1,549)**	(1,549)
Less: escrow accounts	**(22,318)**	(22,608)
Cash and cash equivalents	**3,757**	2,093

(1) As at December 31, 2023, an amount of AED 22,318 (2022: AED 22,608) are with banks for advances received from customers against sale of development properties which are deposited into escrow accounts.

(2) Margin deposits represent non-interest-bearing deposits with original maturities of more than 3 months held with local banks against bank borrowings.

12 Share capital

The Company's share capital as at December 31, 2023 and 2022 consists of authorised, issued and paid up 2,312,729,034 shares of AED 1 each.

12 Share capital (continued)

The ownership of the investors in the Company as of December 31 was as follows:

	Ownership		*No. of shares*	
	2023	2022	**2023 AED'000**	2022 AED'000
Royal Majestic Investment - Sole Proprietorship L.L.C	**39%**	39%	**892,814**	892,814
Ajman Bank P.J.S.C	**11%**	11%	**250,000**	250,000
Al Rakaaiz Investment LLC	**10%**	10%	**240,000**	240,000
Tabarak Commercial Investment LLC	**9%**	9%	**201,744**	201,744
Alssawari Real Estate Investment LLC	**6%**	6%	**134,187**	134,187
Investors holding less than 5%	**25%**	25%	**593,984**	593,984
			2,312,729	2,312,729

13 Legal reserve

As required by Article 241 of the UAE Federal Decree-Law No. 32 of 2021 and in accordance with the Company's Articles of Association, 10% of the profit for each year is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid-up share capital of the Company. No additional transfers have been made during the current and previous years as the Group incurred losses.

14 Acquisition reserve

The acquisition reserve resulted from the acquisition of Wahat Al Zaweya Investment and Real Estate Development LLC and its subsidiary (the "acquiree").

The Group issued 2,200,000 thousand shares with a nominal value of AED 1 per share to the former shareholders of the acquiree in exchange of acquiree's net assets of AED 1,444,091 thousand. The difference between fair value of acquiree net assets and the share capital issued was recognized as acquisition reserve.

15 Bank borrowings

	2023 AED'000	2022 AED'000
Term loans – local banks (15.1)	**324,362**	358,213
Term loan – foreign bank (15.2)	**88,224**	88,224
Murabaha facilities (15.3)	**5,564**	5,854
	418,150	452,291
Less: due within 12 months (on demand)	**(93,788)**	(118,310)
Due after 12 months	**324,362**	333,981

15.1 Term loans – local banks

The Group has obtained several term loan facilities during the years 2016 through 2019 from local banks for the purpose of developing properties. As per the signed agreements with the banks, these loans were repayable over a period between 5 to 7 years on quarterly instalments, carrying variable interest ranging from 5.25% to 5.75% in 2023 (2022: 5.25% to 5.75%). At December 31, 2023 and 2022, the Group has breached certain loan covenants with relation to its term loans. However, on the basis that these loans have been rescheduled in 2022 for repayment to commence in 2025 and the fact that the bank has not called for the repayment of the loans, management considered these loans to be non-current.

15 Bank borrowings (continued)

15.2 Term loan – foreign bank

The Group has obtained a term loan facility during 2017 from a foreign bank for the purpose of developing properties. As per the signed agreement with the bank, this loan was repayable over a period of 5 years on monthly instalments, carrying variable interest of LIBOR plus 5% (2022: LIBOR plus 5%). However, the Group did not make any payment to the bank on account that it has ceased operations in 2020. Accordingly, the Group considers the balance to be repayable on demand and continues to accrue interest on the loan as per the rate in the contract.

15.3 Murabaha facilities

The Murabaha facilities consist of four different loans with two Malaysian banks and carry margins ranging from 6.6% to 6.85% per annum (2022: 6.6% to 6.85%). These facilities are payable in monthly instalments and have maturities of eight to ten years. The Group has defaulted the payment of these facilities, and accordingly, has categorized the borrowing as repayable on demand.

15.4 Securities

The above facilities are mainly secured by the following:

Term loans – local banks

- Guarantee amounting to AED 110 million from Al Ain Science & Technology University, a related party of the Group;
- Submission of original title deed and site affection plan of the property;
- First degree mortgage on properties worth AED 578 million at the time of registration with the municipality;
- Sale and Purchase Agreement in favor of the bank for a plot in Libaanah Precinct, Al Faqa, Al Ain.
- Assignment of account and deposits in favor of the bank for AED 40 million.

Term loan – foreign bank

- Restriction on the sale, mortgage and pledge of the Group's investment properties in Ajman, UAE.

Murabaha facilities

- Mortgage of properties with a carrying of amount AED 27,208 thousand (2022: AED 40,572 thousand)
- Assignment of rentals of the mortgaged properties.
- Guarantees from Tabarak Investment, Tasweek Real Estate Invesment LLC, Tasweek Real Estate Development and Marketing PJSC, UAE Marketing Sdn Bhd, Tasweek (Malaysia) Sdn Bhd and Tasweek Overseas Limited, related parties of the Group.

16 Other financial liabilites

	2023 AED'000	2022 AED'000
Due after 12 months		
Unsecured financing (1)	**115,797**	-
Financing under share repurchase agreement (Note 9) (2)	**92,197**	-
	207,994	-

(1) During the year, the Group entered into agreement with Dar Al Marefah Commercial Investment LLC, a related party, under which it was agreed that the Group will receive AED 110 million in cash and repay an amount of AED 300 million after 5 years. The proceeds from this transaction have been recognized as a financial liability at amortized cost, which is being amortized over 5 years at the implicit interest rate of 20.55% compounded on monthly basis. Finance cost related to this financing amounted to AED 5,797 thousand for the current period.

16 Other financial liabilites (continued)

(2) The Group received financing from Creation & Innovation Commercial Brokers LLC, a related party, in the amount of AED 124 million repayable after 3 years at the same amount, which is secured against the Group's financial assets at FVOCI by way of a share repurchase agreement (Note 9). The Group has accounted for the proceeds from this transaction as a financial liability at an amortized cost of AED 87,896 thousand using a discount rate of 11.5%, which reflects the rate at which the Group is expected to obtain financing after considered the nature of the financing, its credit risk and other factors. The difference between the discounted amount of the financial liability and the cash proceeds have been accounted for as 'Deferred interest' under trade and other payables (Note 17), which will be amortized on a systematic basis over the duration of the contract to match the period over which the Group will benefit from the financing. Finance cost related to this financing amounted to AED 4,301 thousand for the current period.

17 Provisions and trade and other payables

	2023	2022
	AED'000	AED'000
Trade payables (1)	**147,452**	121,265
Accrued project expenses (2)	**122,553**	121,891
Provisions (3)	**414,609**	411,482
Accrued interest	**66,378**	40,559
Retentions payable (4)	**38,059**	37,893
Deferred discount (5) (Note 16)	**31,089**	-
Dividend payable (6)	**26,000**	26,000
Other accruals and payables	**10,903**	17,305
	857,043	776,395
Less: due within 12 months	**(396,584)**	(338,913)
Due after 12 months	**460,459**	437,482

(1) Trade payables include balances in the amount of AED 51 million (2022: AED 51 million) for which the respective vendors have filed legal claims against the Group (Note 25).

(2) Accrued project expenses represent material/services received but not yet invoiced by vendors.

(3) Provisions mainly relate to expected future settlements against legal claims from customers and vendors including actual claimed amounts and expected additional compensations, legal fees, and interest charge. The provisions include amounts related to executed legal cases in the amount of AED 74 million (2022: AED 74 million).

(4) Retentions payable include balances in the amount of AED 20 million (2022: AED 20 million) for which the respective vendors have filed legal claims against the Group (Note 25).

(5) The amortization of the deferred discount during the year amounted to AED 5,014 thousand.

(6) Represents the 50% unpaid portion of dividends declared in 2019.

The Group has utilised the exemption available under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and disclosed the provisions within 'Provisions and trade and other payables' in the consolidated statement of financial position.

18 Advances from customers

Advances from customers of AED 3,274 million (2022: AED 3,513 million) represent advances received on sale of plots of land and villas to customers. Those will be recognized as revenue when the recognition criteria for the sale is met as per the requirements of IFRS 15.

18 Advances from customers (continued)

As at December 31, 2023, advances from customers include amounts received from customers that are repayable by the Group as a result of legal claims executed against the Group as per executed court orders with an aggregate amount of AED 134.2 million, which was settled subsequent to the year-end (2022: AED 681.7 million).

The movement in the advances from customers during the year was as follows:

	2023 AED'000	2022 AED'000
As at January 1,	**3,513,115**	1,160,621
Buyback transactions (Note 8.1)	**-**	2,638,249
Disposal of a project (Note 8.2)	**-**	(526,635)
Advance received from a related party (1)	**350,000**	-
Finance cost (1)	**10,042**	-
Refunds against executed court orders (2)	**(550,000)**	-
Reclassified from trade and other payables (3)	**-**	240,880
Reclassified to related party balance	**(49,127)**	-
As at December 31,	**3,274,030**	3,513,115

(1) During the year, the Group's entered into agreement with Ara Real Estate Development LLC, a related party, for providing AED 350 million financing to the Group over a period of 5 years repayable on maturity at AED 700 million. The agreement was later amended whereby the parties agreed that the settlement will be by way of transfer of land under development properties with an agreed current sale price of AED 700 million.

Management assessed that this transaction, in substance, constitutes sale of development properties for a total consideration of AED 350 million plus accrued interest up to the date of the amendment of the agreement that is fully received in advance. Based on its review of current payment plans for the sale of development properties, management assessed that such transaction includes a significant component with an effective interest rate of 11.53% per annum, resulting in a transaction price of AED 615 million.

(2) These amounts are paid to the Abu Dhabi court towards settlement of legal cases filed by customers, which were settled subsequent to the year-end (Note 30).

(3) During the year ended December 31, 2022, the Group reclassified and amount of AED 240,880 thousand related to customer advances that were previously recorded under trade and other payables.

19 Related party balances and transactions

Related parties include the major shareholders, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

19.1 Transactions with related parties in the consolidated statement of profit or loss

	2023 AED'000	2022 AED'000
Entities under common control		
Consultancy fees	**(2,376)**	(2,376)
Rent expense	**(360)**	(120)
Finance costs on other financial liabilities (Note 16)	**10,098**	-
Finance cost on customer advance (Note 22)	**10,042**	-
Amortization of deferred interest (Note 16)	**5,014**	-

19 Related party balances and transactions (continued)

19.2 Related party balances

	2023 AED'000	2022 AED'000
Entities under common control		
Due from a related party		
Bonyan International Investment Group Holding LLC	-	36,040
Due to related parties party		
Bonyan International Investment Group Holding LLC	23,672	-
Tabarak Commercial Investment LLC	610	328
	24,282	328
Advance from a customer (Note 18)		
Ara Real Estate Development LLC	360,042	-
Other financial liabilities (Note 16)		
Dar Al Marefah Commercial Investment LLC	115,797	-
Creation & Innovation Commercial Brokers LLC	92,197	-
	207,994	-

19.3 Key management compensation

The remuneration of members of key management is as follows:

	2023 AED'000	2022 AED'000
Short-term benefits	1,421	1,366

20 Selling, general and administrative expenses

	2023 AED'000	2022 AED'000
Commissions and other marketing expenses	14,075	569
Staff costs	5,826	11,556
Professional fees	4,928	9,106
Depreciation of property and equipment (Note 6)	339	1,416
Depreciation of right of use assets	319	2,143
Bank charges	535	176
Other expenses	1,931	3,908
	27,953	28,874

21 Other income

	2023 AED'000	2022 AED'000
Gain on disposal of investment properties	-	27,572
Gain on disposal of a project (Note 8)	-	6,383
Contract cancellation income	101	1,668
Others	10	551
	111	36,174

22 Finance costs

	2023 AED'000	2022 AED'000
Interest expense on term loans	**27,860**	27,487
Interest expense on a customer advance	**10,042**	-
Interest expense on other financial liabilities	**10,098**	-
Unwinding of discount on payable for purchase of land	**-**	16,668
Interest on lease liabilities	**-**	98
	48,000	44,253

23 Earnings per share

Basic earnings per share for the year is calculated by dividing results for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the results for the year by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments. As at December 31, 2023 and December 31, 2022, the Group did not have any dilutive instruments.

	2023	2022
Loss for the year attributable to the ordinary equity holders of the Company (AED'000)	**(85,547)**	(77,061)
Weighted average number of ordinary shares in issue ('000)	**2,312,729**	2,312,729
Basic and diluted earnings per share (AED)	**(0.037)**	(0.033)

24 Segment reporting

The Group operates in the single reporting segment of developing, investing in and managing real estate properties. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and notes to the consolidated financial statements.

IFRS also requires an entity to report its segment assets and revenue along geographical regions. All activities of the Group are performed in the UAE.

There are no additional information required by IFRS 8 *Segment reporting* relevant to the Group as at and for the year ended December 31, 2023 and 2022.

25 Contingencies and commitments

25.1 Capital expenditure commitments

Estimated capital expenditures contracted for at the reporting date but not provided for:

	2023 AED'000	2022 AED'000
Signed contracts for development properties (active contracts)	**255,927**	255,927

25 Contingencies and commitments (continued)

25.2 Sales commitments

	2023 AED'000	2022 AED'000
Total sales committed to customers	**3,263,988**	3,513,115

Sales commitments represent sales agreements signed with customers, to which the properties have not yet been handed over to the customer and revenue has not yet been recognised.

25.3 Bank contingencies

	2023 AED'000	2022 AED'000
Letters of guarantee	**904**	1,438

25.4 Legal cases

The Group is acting as defendant in a number of lawsuits filed by customers and vendors representing legal actions and claims related to its ordinary course of business and mainly due to the delays caused in the major property development project of the Group. Management, based on the legal opinions of its legal advisors and the value of claims, assessed that the liabilities recognized by the Group against those claims are sufficient to meet the obligations that are expected to arise from these lawsuits.

	2023 AED'000	2022 AED'000
Value of unsettled claims raised by customers	**546,333**	1,096,333
Value of unsettled claims raised by vendors	**302,980**	302,980

26 Financial assets and financial liabilities

26.1 Financial assets

	2023 AED'000	2022 AED'000
Equity instruments at FVOCI		
Quoted equity investments	**203,041**	43,470
Debt instruments at amortized cost		
Trade and other receivables	**3,207**	2,569
Due from related parties	**-**	36,040
Cash and bank balances	**27,624**	26,250
	30,831	64,859
Total financial assets	**233,872**	108,329
Total realisable within 12 months	**30,831**	64,859
Total realisable after 12 months	**203,041**	43,470

26 Financial assets and financial liabilities (continued)

26.2 Financial liabilities

	2023 AED'000	2022 AED'000
Interest-bearing loans and borrowings		
Bank borrowings	**418,150**	452,291
Other financial liabilities	**207,994**	-
	626,144	452,291
Financial liabilities at amortized cost		
Trade and other payables	**411,345**	364,913
Due to related parties	**24,282**	328
	435,627	365,241
Total financial liabilities	**1,061,771**	817,532
Total due within 12 months	**503,415**	457,551
Total due after 12 months	**558,356**	359,981

26.3 Financial instruments risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 26.2. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management is responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The management of the Group reviews and agrees policies for managing each of these risks which are summarised below.

Market risk analysis

Foreign exchange risk

Most of the Group's transactions are carried out in AED. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in United States Dollar (USD) and from the Group's operations in Malaysia, having the Malaysian Ringgit (MYR) as functional currency. Since the AED is pegged to the US Dollar, the Group's foreign exchange risk with respect to transactions in US Dollar is insignificant.

Reasonable fluctuations of 4% in the exchange rate of each of the MYR against the AED are not expected to have any significant impact on these consolidated financial statements. This percentage has been determined based on the average market volatility in exchange rates in the previous twelve months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At December 31, 2023 and 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other financial liabilities are at fixed interest rates.

26 Financial assets and financial liabilities (continued)

26.3 Financial instruments risk management objectives and policies (continued)

Market risk analysis (continued)

Interest rate risk (continued)

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (2022: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Increase/ (decrease) in basis points	Effect on results for the year and equity AED'000
December 31, 2023	**+100**	**(4,182)**
	-100	**4,182**
December 31, 2022	+100	(4,523)
	-100	4,523

Price risk

The Group is exposed to other price risk in respect of its listed equity securities (see Note 9). For these listed equity securities, a significant increase in the share price has been observed during 2023 (2022: 122%). Management considered a volatility level of 10% to be a suitable basis for estimating how total comprehensive income and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, other comprehensive income and equity would have changed by AED 20,304 thousand

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at December 31, 2023 and 2022 is the carrying amounts of the financial assets disclosed in Note 26.1.

Management concluded that the credit risk of the Group is not significant as the Group's policy is to deal only with reputable banks and financial institution, the majority of the Group's sales occur through instalments including advance payments, and due from related party balances are settled on timely basis.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group considers expected cash flows in assessing and managing liquidity risk, in particular its cash resources and future advances from customers, as well as availability of funding from banks and related parties.

26 Financial assets and financial liabilities (continued)

26.3 Financial instruments risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand AED'000	Less than 1 year AED'000	Between 1 and 5 years AED'000	Total AED'000
December 31, 2023				
Bank borrowings	93,788	-	324,362	418,150
Other financial liabilities	-	-	424,000	424,000
Trade and other payables	-	385,345	26,000	411,345
Due to related parties party	-	24,282	-	24,282
	93,788	**409,627**	**774,362**	**1,277,777**

	On demand AED'000	Less than 1 year AED'000	Between 1 and 5 years AED'000	Total AED'000
December 31, 2022				
Bank borrowings	94,078	24,232	333,981	452,291
Lease liabilities	-	6,735	-	6,735
Trade and other payables	-	338,913	26,000	364,913
Due to related parties party	-	328	-	328
	94,078	370,208	359,981	824,267

27 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management's assessment of available options, in conjunction with the shareholders.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest-bearing liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio at December 31, 2023 and 2022 was as follows:

	2023 AED'000	2022 AED'000
Bank borrowings	**418,150**	452,291
Other financial liabilities	**207,994**	-
Total debt	**626,144**	452,291
Less: cash and cash equivalents	**(7,667)**	(6,293)
Net debt	**618,477**	445,998
Equity	**1,268,866**	1,189,583
Capital	**1,887,343**	1,635,581
Gearing ratio	**32.77%**	27.27%

28 Changes in liabilities arising from financing activities

	January 1, 2023 AED'000	Cash flows AED'000	Other* AED'000	December 31, 2023 AED'000
Current:				
Bank borrowings	452,291	(34,141)	-	418,150
Lease liabilities	6,735	(6,735)	-	-
Non-current:				
Other financial liabilities	-	234,000	(26,006)	207,994
Total liabilities from financing activities	**459,026**	**193,124**	**(26,006)**	**626,144**

	January 1, 2022 AED'000	Cash flows AED'000	Other AED'000	December 31, 2022 AED'000
Current:				
Bank borrowings	507,767	(55,476)	-	452,291
Lease liabilities	6,637	-	98	6,735
Total liabilities from financing activities	514,404	(55,476)	98	459,026

*Other movement of AED 26,006 in 2023 is related to the discounting impact of other financial liabilities

29 Fair values

Management assessed that the fair values of cash and bank balances, trade and other receivables, trade and other payables, due from and to related parties as at December 31, 2023 and 2022 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amounts of long-term borrowings as at December 31, 2023 and 2022 approximate their fair values due to the fact that they bear variable interest rates that reflect current market interest rates for similar borrowings. As a result, the values of the future discounted cash flows on those borrowings are not significantly different from their current book values.

With respect to other financial liabilities, management assessed their fair values using discount rates that reflect current prevailing interest rates for secured and unsecured borrowings, without taking into consideration the credit of the Group. On this basis, management determined the fair values of financial liabilities at December 31, 2023 is AED 207,994 thousand.

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels as disclosed in the Group's accounting policies (Refer Note 4.7). The Group's financial assets at fair value comprise listed equities, and accordingly, are included under level 1 of the fair value hierarchy.

Fair value measurement of investment properties is disclosed in Note 7 and is included under level 3 of the fair value hierarchy.

There have been no transfers made between the valuation levels during the current year and the previous year.

30 Subsequent events

In addition to the events disclosed in Note 2.2 to the consolidated financial statements, subsequent to the year-end, the Group paid customer claims in the amount of AED 150 million to the court of Abu Dhabi towards settlement of legal cases filed by customers.

30 Subsequent events (continued)

On May 27, 2024, the judicial department of Abu Dhabi announced that it has finalized the settlement of 822 execution files related to customer legal cases against the Group for a total settlement amount of AED 702 million.

There were no other material events after the reporting date which could require adjustments or further disclosures in these consolidated financial statements.

31 UAE corporation tax

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after June 1, 2023.

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

Accordingly, the Company and the Group's UAE subsidiaries will be taxable commencing January 1, 2024.

Based on the information available to the date of the issuance of the consolidated financial statements, management assessed the deferred tax implications on the Group and concluded that it is not significant as at and for the year ended December 31, 2023.

As certain other cabinet decisions are pending as of the date of the issuance of these consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalised and published. Any resulting impact will accordingly be reflected in the Group's consolidated financial statements when such additional information will be substantively issued.