ARAM Group Company P.J.S.C. and its subsidiary

Consolidated Financial Statements
For the year ended December 31, 2022

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ARAM GROUP P.J.S.C.

BOARD OF DIRECTORS' REPORT

Dear ARAM Group Company P.J.S.C. shareholders,

We are pleased to present the Board of Directors' Report and the consolidated financial statements for the year ended December 31, 2022 for ARAM Group Company P.J.S.C. and its subsidiaries (together the "Group").

Rental income increased by AED 1,087,317 and amounted to AED 10,800,650 during the year ended December 31, 2022 (2021: AED 9,713,333).

Profit for 2022 amounted to AED 9,498,121 as compared to a loss of AED 28,452,592 in 2021. This is mainly due to increase in the fair value of investment properties.

The Group's total assets have increased by 7.7% reaching an amount of AED 180,492,843 as at December 31, 2022 (2021: AED 167,549,688).

The Group's management and Board of Directors at the date of this report are as follows:

Name	Designation
1. Khamis Mohamed Buharoon Alshamsi	Chairman
2. Ebrahim Ahmad Almannaei	Vice Chairman
3. Mohammad Jaffar Alhaj Ali Alrahma	Board Member
4. Christian Wolff	Board Member
5. Jassem Mubarak Masoud Aldhaheri	Board Member
6. Ali Mohd Zaid Ali Musmar	CEO

On behalf of the Board of Directors

Khamis Mohamed Khamis
Buharoon Alshamsi
Chairman

17 MAR 2023

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Website: www.aramgroup.ae

هاتف: ٥٥٧٠ ٥٥٦ ٦ ٩٧١+ فاكس: ٥٥٧٢ ٥٥٦ ٦ ٩٧١+
الرمز البريدي: ٦١١٠٩ ، ص. ب.: ٥٤٤٠
الشارقة، الإمارات العربية المتحدة

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Independent Auditor's Report
To the Shareholders of ARAM Group Company P.J.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ARAM Group Company P.J.S.C. (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and other 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 a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in material respects, the consolidated financial position of the Group as at December 31, 2022, 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 Code of Ethics as issued by International Ethics Standards Board for Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

Valuation of investment properties

The Group has investment properties with a carrying amount of AED 161.6 million as at December 31, 2022 as disclosed in Note 7 to the consolidated financial statements. The investment properties of the Group represent 89.5% of the total assets of the Group as at December 31, 2022 and are carried at fair value. The management of the Group determines the fair value of its investment properties at each reporting date and uses an independent valuer to estimate the fair valuation at year end. We considered the valuation of investment properties to be a key audit matter due to the existence of significant estimates and assumptions in performing the fair valuation in addition to the significance of investment properties to the consolidated financial statements.

Our audit procedures, among others, included the following:

- Assessed the competence, capabilities, and objectivity of the external valuer;
- Evaluated the accuracy and completeness of the source data used in the calculation of fair values;
- Assessed the appropriateness of the key assumptions and methodologies used with the support of internal and external specialists, as necessary; and
- Evaluated the adequacy of the related disclosures in the consolidated financial statements.

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Independent Auditor's Report
To the Shareholders of ARAM Group Company P.J.S.C. (continued)

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 identified above 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 the Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, 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 is 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.

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.

Independent Auditor's Report
To the Shareholders of ARAM Group Company P.J.S.C. (continued)

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

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

- 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 auditor's 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 auditor's 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Furthermore, as required by the UAE Federal Decree-Law No. (32) of 2021, we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. 32 of 2021;

iii) The Group has maintained proper books of account in accordance with established accounting principles;

iv) The financial information included in the Board of Director's Report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) The Group has not purchased or invested in any shares during the financial year ended December 31, 2022;

vi) Note 12 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

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Independent Auditor's Report
To the Shareholders of ARAM Group Company P.J.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended December 31, 2022 any of the applicable provisions of UAE Federal Decree-Law No. (32) of 2021 or of the Company's Articles of Association which would materially affect its activities or its financial position as at December 31, 2022; and

viii) There were no social contributions made during the financial year ended December 31, 2022.

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GRANT THORNTON
Audit and Accounting Limited (Sharjah Branch)

GRANT THORNTON

Dr.Osama El Bakry
Registration No. 935
Sharjah, United Arab Emirates

20 MAR 2023

Consolidated statement of financial position
As at December 31, 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property and equipment	5	161,078	137,386
Right-of-use assets	6	309,419	438,254
Investment properties	7	161,603,098	152,570,000
Financial assets at FVOCI	9	14,832,769	7,493,801
		176,906,364	160,639,441
Current assets			
Financial assets at FVTPL	10	363,794	422,171
Trade and other receivables	11	1,515,706	2,315,878
Cash and bank balances	13	1,706,979	4,172,198
		3,586,479	6,910,247
TOTAL ASSETS		180,492,843	167,549,688
EQUITY AND LIABILITIES			
Equity			
Share capital	14	78,901,086	78,901,086
Statutory reserve	15	32,736,885	31,787,073
Voluntary reserve	16	13,055,943	12,106,131
Fair value reserve		(3,082,420)	(10,594,871)
Foreign currency translation reserve		(646,314)	(469,541)
Accumulated losses		(2,099,151)	(9,697,648)
Total equity		118,866,029	102,032,230
Non-current liabilities			
Employees' end of service benefits	18	760,401	821,279
Lease liabilities	6	207,490	341,744
Bank borrowing	20	27,115,736	30,738,395
		28,083,627	31,901,418
Current liabilities			
Lease liabilities	6	130,293	125,666
Trade and other payables	19	3,408,052	3,449,701
Bank borrowing	20	3,684,211	3,684,211
Dividends payable		26,320,631	26,356,462
		33,543,187	33,616,040
Total liabilities		61,626,814	65,517,458
TOTAL EQUITY AND LIABILITIES		180,492,843	167,549,688

These consolidated financial statements were approved and authorised for issue by the Board of Directors on March 17, 2023 and signed on its behalf by:

Khamis Mohamed Khamis Buharoon Al Shamsi
Chairman

Ali Mohd Zaid Ali Musmar
Chief Executive Officer

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of profit and loss and other comprehensive income
For the year ended December 31, 2022

	Notes	2022 AED	2021 AED
Rental income	7	**10,800,650**	9,713,333
Staff costs		**(2,745,577)**	(2,107,930)
Legal and professional expenses		**(2,098,263)**	(1,111,533)
Repairs and maintenance expenses		**(1,330,938)**	(1,013,510)
Compensation of key management personnel	12	**(1,325,759)**	(989,272)
Allowance for expected credit losses of trade receivables	11	**(421,030)**	(277,501)
Depreciation of right-of-use assets	6	**(125,216)**	(124,287)
Depreciation of property and equipment	5	**(70,872)**	(64,029)
Change in fair value of financial assets at FVTPL	10	**(56,231)**	66,442
Change in fair value of investment properties	7	**8,915,198**	(30,481,350)
Dividend income from financial assets at FVOCI		**590,571**	-
Other income		**165,601**	68,084
Finance costs	21	**(1,707,288)**	(1,142,621)
Other expenses	22	**(1,092,725)**	(988,418)
PROFIT / (LOSS) FOR THE YEAR		**9,498,121**	(28,452,592)
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of financial assets at FVOCI	9	**7,512,451**	1,118,207
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(176,773)**	59,668
Other comprehensive income for the year		**7,335,678**	1,177,875
TOTAL COMPERHENSIVE INCOME/(LOSS) FOR THE YEAR		**16,833,799**	(27,274,717)
Basic and diluted earnings per share	17	**0.12**	(0.36)

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2022

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Accumulated losses AED	Total AED
As at January 1, 2021	78,901,086	31,787,073	12,106,131	(11,713,078)	(529,209)	18,754,944	129,306,947
Loss for the year	-	-	-	-	-	(28,452,592)	(28,452,592)
Other comprehensive income	-	-	-	1,118,207	59,668	-	1,177,875
Total comprehensive loss for the year	-	-	-	1,118,207	59,668	(28,452,592)	(27,274,717)
As at December 31, 2021	78,901,086	31,787,073	12,106,131	(10,594,871)	(469,541)	(9,697,648)	102,032,230
Profit for the year	-	-	-	-	-	9,498,121	9,498,121
Other comprehensive income	-	-	-	7,512,451	(176,773)	-	7,335,678
Total comprehensive income for the year	-	-	-	7,512,451	(176,773)	9,498,121	16,833,799
Transfers to reserves (Notes 15 & 16)	-	949,812	949,812	-	-	(1,899,624)	-
As at December 31, 2022	**78,901,086**	**32,736,885**	**13,055,943**	**(3,082,420)**	**(646,314)**	**(2,099,151)**	**118,866,029**

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended December 31, 2022

	Notes	2022 AED	2021 AED
OPERATING ACTIVITIES			
Profit/(loss) for the year		**9,498,121**	(28,452,592)
Adjustments for non-cash items:			
Depreciation of property and equipment	5	**70,872**	64,029
Depreciation of right-of-use assets	6	**125,216**	124,287
Change in fair value of investment properties	7	**(8,915,198)**	30,481,350
Change in fair value of financial assets at FVTPL	10	**(56,231)**	(66,442)
Allowance for expected credit losses of trade receivables	11	**421,030**	277,501
Provision for employees' end of service benefits	18	**149,529**	138,492
Finance costs	21	**1,707,288**	1,142,621
		3,000,627	3,709,246
Changes in working capital:			
Trade and other receivables		**379,142**	(959,455)
Trade and other payables		**(19,562)**	(34,812,307)
Cash from / (used in) operations		**3,360,207**	(32,062,516)
Employees' end of service benefits paid	18	**(211,079)**	(528,970)
Net cash from/(used in) operating activities		**3,149,128**	(32,591,486)
INVESTING ACTIVITIES			
Additions to property and equipment	5	**(94,564)**	(90,067)
Additions to investment properties	7	**(117,900)**	-
Cash flows used in investing activities		**(212,464)**	(90,067)
FINANCING ACTIVITIES			
Proceeds from bank borrowing (net of arrangement fee)		**-**	34,422,606
Repayment of bank borrowing		**(3,561,107)**	-
Payment of principal portion of lease liabilities		**(123,997)**	(119,994)
Finance costs paid		**(1,584,525)**	(957,898)
Dividends paid		**(35,831)**	(2,616,172)
Net cash flows (used in)/from financing activities		**(5,305,460)**	30,728,542
Net change in cash and bank balances		**(2,368,796)**	(1,953,011)
Cash and bank balance at January 1		**4,172,198**	6,132,119
Net foreign exchange difference		**(96,423)**	(6,910)
Cash and bank balances at December 31	13	**1,706,979**	4,172,198

The accompanying notes from 1 to 27 form an integral part of these consolidated financial statements.

1 Legal status and principal activities

ARAM Group Company P.J.S.C. (the "Company") is a public shareholding company registered in the Emirate of Sharjah, United Arab Emirates under Emiri Decree number 133/76 dated November 16, 1976. The registered office of the Company is P O. Box 5440, Sharjah, United Arab Emirates. The shares of the Company are traded on the Abu Dhabi Securities Exchange. During the previous year, the Company changed its legal name from Sharjah Group Company P.J.S.C. to ARAM Group Company P.J.S.C.

The principal activities of the Company comprise investing in financial instruments, investing in and leasing of properties, and investing in, establishment of, and management of agricultural, industrial, and commercial projects.

The Company holds the following investment in subsidiary (collectively with the Company the "Group") as at December 31, 2022 and 2021 which has been consolidated in these consolidated financial statements:

	Beneficial ownership interest*			
Name of subsidiary	**2022**	2021	**Country of operation and incorporation**	**Principal activity**
Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Mannaei and Partners) W.L.L	**100%**	100%	State of Kuwait	General trading and contracting – purchase and sale of shares and bonds for the Subsidiary's sake

*The Company holds 98% legal shareholding in the subsidiary with the remaining 2% being held by two individual shareholders of the Company on behalf and for the benefit of the Company. Therefore, 100% beneficial ownership interest in the subsidiary is with the Company.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Decree-Law No. (32) of 2021. They have been prepared under the assumption the Group operates on a going concern basis.

2.2 Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention except for investment properties, financial assets at FVOCI, and financial assets at FVTPL that have been measured at fair value.

2.3 Fundamental accounting concept

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that Group's current liabilities exceeded the current assets as at December 31, 2022 by AED 29,956,708.

The Group's management has prepared its business and cash flow forecasts for the twelve months period after the reporting date on a conservative basis and is of the opinion that the Group will be able to continue its operations in the future and accordingly, the going concern assumption used in the preparation of these consolidated financial statements is appropriate. Furthermore, dividends payable of AED 26,320,631 relate to old outstanding unclaimed dividends due to a large number of shareholders, and accordingly, management does not expect that future claims from shareholders would result in immediate cash flow requirement.

2 Basis of preparation (continued)

2.4 Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at December 31, 2022. 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.

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 with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company'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 financial statements 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 Company 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 subsidiaries to bring their accounting policies in 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 2022

Some accounting pronouncements that are listed below, have become effective from January 1, 2022 and have therefore been adopted by the Group, but do not have any significant impact on the Group's consolidated financial results or position.

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
  - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
  - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
  - Lease Incentives (Amendments to IFRS 16)
  - Taxation in Fair Value Measurements (Amendments to IAS 41).

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 Summary of significant accounting policies

4.1 Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Arab Emirates Dirhams ("AED"), which is also the functional currency of the Company.

Foreign operations

The Company's subsidiary's functional currency is the Kuwaiti Dinar ("KD"). In the Group's consolidated financial statements, all assets, liabilities and transactions of the subsidiary are translated into AED upon consolidation.

As at the reporting date, the assets and liabilities of the subsidiary are 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 the subsidiary 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 Summary of significant accounting policies (continued)

4.1 Foreign currency translation (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, 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 re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in the consolidated statement of comprehensive income.

Non-monetary items are not re-translated at period-end and 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.

4.2 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. Property and equipment are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Acquisition includes the cost of acquiring new property and equipment. 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 profit or loss as incurred.

Depreciation is recognised on a straight-line basis to write-down the cost less estimated residual value of property and equipment. The following estimated useful lives are applied:

Motor vehicles	5 years
Other facilities	5 years
Furniture, fixtures and office equipment	4 years

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. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.3 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual valuation performed by an external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

4 Summary of significant accounting policies (continued)

4.3 Investment properties (continued)

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

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

4.4 Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.5 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 of 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. Except for 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.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables 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.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised in 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes listed and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Dividends on equity investments are recognised in profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. 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

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Refer to Note 24 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities, at initial recognition, as payables and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and subsequently measured at amortized cost using the effective yield method.

The Group's financial liabilities include trade and other payables, dividends payable, bank borrowing and lease liabilities.

Subsequent measurement

Subsequently, trade and most other payables, dividend payable, bank borrowing and lease liability are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

4.6 Short-term employee benefits

Short-term employee benefits, including leave entitlement, are current liabilities included in trade and other payables, measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

4.7 Employee's end of service benefits

The Group provides end of service benefits to its employees in accordance with the UAE Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected cost of these benefits are accrued over the period of employment. The provision for employees' end of service benefits is reported as separate line item under non-current liabilities in the consolidated statement of financial position.

4.8 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

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.

4.9 Contingent liabilities

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4 Summary of significant accounting policies (continued)

4.10 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term of 6 years.

The Group also assesses the right-of-use asset for impairment when such indicators exist. Refer to the accounting policies for *Impairment of non-financial assets.*

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised, as applicable.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

4 Summary of significant accounting policies (continued)

4.10 Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The remeasurement of the lease liability beyond the COVID-19 practical expedient that was permitted by the IASB in 2021, is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

The Group has currently not entered into any lease that is classified as finance lease.

An operating lease is a lease other than a finance lease.

4.11 Revenue

Revenue arises mainly from the rental income and dividend income.

To determine whether to recognise revenue, the Establishment 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
5. Recognise revenue as and when the Group satisfies a performance obligation.

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.

Dividend income

Dividend income is recognised in the consolidated statement of profit or loss at a point of time on the date that the Group's right to receive payment is established.

Income from sale of investments

Income from sale of investments is recognised on the date when all significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the asset.

4 Summary of significant accounting policies (continued)

4.12 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the goods or services, or as incurred.

4.13 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. 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 classified as 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 period.

All other liabilities are classified as non-current.

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.

4.14 Fair value measurement

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
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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.

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

The Group measures financial assets at FVOCI and FVTPL and non-financial assets such as investment properties, at fair value at each reporting date.

4 Summary of significant accounting policies (continued)

4.14 Fair value measurement (continued)

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

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

4.15 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.17 Significant judgments and estimation uncertainty

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.

Significant management judgements

There were no significant judgements made by management in applying the accounting policies of the Group that have significant effect on these consolidated financial statements.

Estimation uncertainty

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.

Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. Land is valued using market comparable approach. Market comparable approach references to transactions involving properties of a similar nature, location and condition. Other investment properties are valued using the direct capitalization method which is used to convert the estimate of a single year's income expectancy into an indication of value. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 7.

4 Summary of significant accounting policies (continued)

Estimation uncertainty (continued)

Valuation of financial instruments

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. See Note 24 for further disclosures.

5 Property and equipment

	Motor vehicles AED	Other facilities AED	Furniture, fixtures and office equipment AED	Total AED
2022				
Cost				
As at January 1, 2022	204,460	374,612	1,134,172	1,713,244
Additions	-	-	94,564	94,564
As at December 31, 2022	204,460	374,612	1,228,736	1,807,808
Accumulated depreciation				
As at January 1, 2022	188,367	294,622	1,092,869	1,575,858
Charge for the year	16,093	5,368	49,411	70,872
As at December 31, 2022	204,460	299,990	1,142,280	1,646,730
Net carrying amount at December 31, 2022	**-**	**74,622**	**86,456**	**161,078**

	Motor vehicles AED	Other facilities AED	Furniture, fixtures and office equipment AED	Total AED
2021				
Cost				
As at January 1, 2021	204,460	294,267	1,124,450	1,623,177
Additions	-	80,345	9,722	90,067
As at December 31, 2021	204,460	374,612	1,134,172	1,713,244
Accumulated depreciation				
As at January 1, 2021	158,977	294,267	1,058,585	1,511,829
Charge for the year	29,390	355	34,284	64,029
As at December 31, 2021	188,367	294,622	1,092,869	1,575,858
Net carrying amount at December 31, 2021	16,093	79,990	41,303	137,386

6 Leases

The subsidiary has a lease contract for its office premise. This lease is reflected on the consolidated statement of financial position as a right-of-use assets and lease liabilities.

Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the year are shown below:

	2022 AED	2021 AED
Gross carrying amount		
As at January 1,	**754,423**	748,816
Effect of foreign exchange	**(8,686)**	5,607
As at December 31,	**745,737**	754,423
Accumulated depreciation		
As at January 1,	**316,169**	189,532
Depreciation	**125,216**	124,287
Effect of foreign exchange differences	**(5,067)**	2,350
As at December 31,	**436,318**	316,169
Net carrying amount at December 31,	**309,419**	438,254

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 AED	2021 AED
As at January 1,	**467,410**	582,850
Accretion of interest (Note 21)	**19,643**	25,326
Payments	**(143,640)**	(145,320)
Effect of foreign exchange differences	**(5,630)**	4,554
As at December 31,	**337,783**	467,410

	2022 AED	2021 AED
Current portion	**130,293**	125,666
Non-current portion	**207,490**	341,744
	337,783	467,410

7 Investment properties

	Land AED	Buildings AED	Total AED
As at January 1, 2021	18,741,350	164,310,000	183,051,350
Change in fair value	(5,041,350)	(25,440,000)	(30,481,350)
As at December 31, 2021	13,700,000	138,870,000	152,570,000
Additions during the year (subsequent expenditure)	-	117,900	117,900
Change in fair value	2,990,000	5,925,198	8,915,198
As at December 31, 2022	**16,690,000**	**144,913,098**	**161,603,098**

Investment properties consist of residential and commercial buildings and warehouses. They also include undeveloped two parcels of land.

The Group has no restrictions on the realisability of its investment properties and there are no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

The following amounts have been recognized in profit or loss in respect of investment properties:

	2022 AED	2021 AED
Rental income	**10,800,650**	9,713,333
Direct operating expenses	**(1,330,938)**	(1,013,510)
	9,469,712	8,699,823

Investment properties are stated at market value based on a valuations carried out by independent valuers as at December 31, 2022 and 2021. The significant inputs and assumptions are provided by management. Investment properties are revalued annually on 31 December.

Land is valued using market comparable approach. Market comparable approach references to transactions involving properties of a similar nature, location and condition.

The fair values of the buildings and warehouses are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the properties.

The Directors of the Group have reviewed the assumption and methodology used by the independent valuer and in their opinion the assumption and the methodology are reasonable as at the reporting date considering the current economic and real estate outlook of the UAE.

Certain investment properties amounting to AED 62 million (2021: AED 57 million) are mortgaged against bank borrowing (Note 20).

The most significant inputs with relation to the valuation of buildings and warehouses, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2022

7 Investment properties (continued)

The inputs used in the valuations at December 31, 2022 were:

	2022	2021
Rental value (average AED/sqf)	**17.4**	15.7
Vacancy levels	**2-10%**	2-10%
Discount rate (market yield)	**8-13%**	8-13%

Significant increases (decreases) in estimated rental value per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

The fair values of the land are estimated using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property subject to valuation including plot size, location, conditions, encumbrances, and current use.

The significant input, which is unobservable, is the price per square foot (sqf). The input used in the valuations at December 31, 2022 was in the range of AED 139 to 399 per sqf (2021: AED 192 to 351 per sqf).

Fair value hierarchy disclosures for investment properties are in Note 24.2.

8 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

	2022	2021
	AED	AED
Financial assets at amortised cost		
Trade and other receivables	**1,089,809**	1,890,107
Cash and bank balances	**1,706,979**	4,172,198
Financial assets at fair value		
Financial assets at FVOCI	**14,832,769**	7,493,801
Financial assets at FVTPL	**363,794**	422,171
	17,993,351	13,978,277
Interest-bearing financial liabilities		
Bank borrowing	**30,799,947**	34,422,606
Lease liabilities	**337,783**	467,410
Financial liabilities at amortised cost		
Trade and other payables	**2,191,798**	1,904,731
Dividends payable	**26,320,631**	26,356,462
	63,151,209	63,151,209

A description of the Group's financial statements risk, including risk management objectives and policies is given in Note 23 and methods used to measure fair value are described in Note 24.

9 Financial assets at FVOCI

	2022 AED	2021 AED
Quoted investment	**12,203,654**	4,882,752
Unquoted investments	**2,629,115**	2,611,049
	14,832,769	7,493,801

Financial assets classified at fair value through other comprehensive income comprise of investments with a carrying value of AED 14,832,769 (2021: AED 7,493,801) in the in State of Kuwait.

Fair value hierarchy disclosures for financial assets at FVOCI are in Note 24.1.

The movement in financial assets at FVOCI is as follows:

	2022 AED	2021 AED
As at January 1,	**7,493,801**	6,319,888
Change in fair value	**7,512,451**	1,118,207
Effect of foreign exchange differences	**(173,483)**	55,706
As at December 31,	**14,832,769**	7,493,801

10 Financial assets at FVTPL

	2022 AED	2021 AED
Quoted investment	**180,282**	276,064
Unquoted investment	**183,512**	146,107
	363,794	422,171

Financial assets at FVTPL comprise of investments with a carrying value of AED 180,282 (2021: AED 276,064) in the UAE and of AED 183,512 (2021: AED 146,107) in the State of Kuwait.

The movement in investment classified at fair value through profit and loss is as follows:

	2022 AED	2021 AED
As at January 1,	**422,171**	354,645
Change in fair value	**(56,231)**	66,442
Effect of foreign exchange differences	**(2,146)**	1,084
As at December 31,	**363,794**	422,171

Fair value hierarchy disclosures for financial assets at FVTPL are in Note 24.1

11 Trade and other receivables

	2022 AED	2021 AED
Financial assets at amortised cost		
Trade receivables	**1,916,762**	4,843,002
Less: allowance for expected credit losses	**(953,615)**	(3,076,414)
Trade receivables, net	**963,147**	1,766,588
Refundable deposits	**121,419**	114,132
Other receivables	**5,243**	9,387
	1,089,809	1,890,107
Non-financial assets		
Staff advances	**3,992**	3,765
Prepayments	**421,905**	422,006
	1,515,706	2,315,878

As at December 31, 2022, all of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired amounting to AED 953,615 (2021: AED 3,076,414). The movement in allowance for expected credit losses of trade receivables can be reconciled as follows:

	2022 AED	2021 AED
As at January 1,	**3,076,414**	2,839,475
Charge for the year	**421,030**	277,501
Write-off during the year	**(2,543,829)**	(40,562)
As at December 31,	**953,615**	3,076,414

Trade receivable are non-interest bearing and generally customers issue post-dated cheques in advance for total contract value. Unimpaired trade receivables are expected, on the basis of past experience, to be recoverable.

Note 23 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

12 Related parties

The Group's related parties include key management personnel.

Compensation of key management personnel

Key management personnel of the Group include Chief Executive Officer and the Directors. Key management personnel compensation includes the following:

	2022 AED	2021 AED
Salaries and other short-term benefits	**1,275,759**	953,212
End of service benefits	**50,000**	36,060
	1,325,759	989,272

The amounts disclosed above are the amounts recognized as expense during the year.

13 Cash and bank balances

	2022 AED	2021 AED
Cash at banks	**1,683,920**	4,145,968
Cash in hand	**23,059**	26,230
	1,706,979	4,172,198

14 Share capital

The authorised, issued and fully paid share capital of the Company consists of 78,901,086 fully paid ordinary shares with a par value of AED 1 each.

15 Statutory reserve

In accordance with the Company's Articles of Association and Article 103 of UAE Federal Law No. 32 of 2021, a minimum of 10% of the profit for the year has to be transferred to the statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid-up share capital. The reserve is not available for distribution except as provided for in the above-mentioned law.

16 Voluntary reserve

As required by the Company's Articles of Association, 10% of the Group's profit for the year is required to be transferred to the voluntary reserve until such reserve equals one half of the Company's share capital. The reserve is available for distribution at the discretion of the shareholders' General Assembly.

17 Basic and diluted earnings per share

	2022 AED	2021 AED
Profit /(loss) for the year	**9,498,121**	(28,452,592)
Weighted average number of shares	**78,901,086**	78,901,086
Basic and diluted losses per share	**0.12**	(0.36)

18 Employees' end of service benefits

	2022 AED	2021 AED
As at January 1,	**821,279**	1,222,841
Provision made during the year	**149,529**	138,492
Payment made during the year	**(211,079)**	(528,970)
Effect of foreign exchange differences	**672**	(11,084)
As at December 31,	**760,401**	821,279

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2022

19 Trade and other payables

	2022 AED	2021 AED
Financial liabilities		
Trade payables	**174,115**	289,522
Customer security deposits	**1,018,490**	788,028
Accrued expenses	**753,260**	642,459
Accrued interest	**245,933**	184,722
	2,191,798	1,904,731
Non-financial liability		
Rental income received in advance	**1,216,254**	1,544,970
	3,408,052	3,449,701

20 Bank borrowing

	2022 AED	2021 AED
Non-current	**27,115,736**	30,738,395
Current	**3,684,211**	3,684,211
	30,799,947	34,422,606

During the year 2021, the Company entered into a "One-off Ijarah facility" arrangement with Sharjah Islamic Bank to settle a legal claim and other related legal expenses . The facility is repayable in equal semi-annual instalments over a period of ten years plus profit rate of 3 months EIBOR +3.5% per annum, with a floor of 5%. The facility is secured against the following securities and guarantees:

- First degree registered mortgage over certain properties in favour of Sharjah Islamic Bank (Note 7);
- Assignment of fire insurance policy over Ijarah properties in favour of Sharjah Islamic Bank;
- Cheque covering the total facility amount;
- Notarized power of attorney in favour of Sharjah Islamic Bank or its appointed agent to cover amount of fixed and variable rentals, and
- Assignment of rental cover from investment properties specified in the facility letter.

21 Finance costs

	2022 AED	2021 AED
Interest on bank borrowing	**1,626,093**	1,079,167
Amortization of loan arrangement fee	**61,552**	38,128
Interest on lease liabilities (Note 6)	**19,643**	25,326
	1,707,288	1,142,621

22 Other expenses

	2022 AED	2021 AED
Utilities	**413,277**	404,231
Other expenses	**679,448**	584,187
	1,092,725	988,418

23 Financial instrument 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 8. 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. Group's senior management are 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 Group's risk management focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, foreign currency risk, and price risk, which result from both its operating and investing activities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group adopts a policy of ongoing review of its exposure to changes in interest rate on its borrowings, taking into account market expectations, the maturity profile and cash flows of the underlying debt, and the extent to which debt may potentially be either prepaid prior to its maturity or refinanced at reduced cost.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligation with variable interest rate (Note 20).

Cash flow sensitivity analysis for variable rate instruments

The following table illustrates the sensitivity of the Group's results and closing equity to a reasonably possible change in interest rates of ±1%. These changes are considered to be reasonably possible based on observation of current market conditions. Positive figures represent decrease in loss or increase in equity. The analysis below excludes interest capitalized and assumes that all other variables remain constant.

	Effect on result for the year		Effect on equity	
	AED'000 +1%	AED'000 -1%	AED'000 +1%	AED'000 -1%
2022	**(307,999)**	**307,999**	**(307,999)**	**307,999**
2021	344,226	(344,226)	(344,226)	344,226

23 Financial instrument risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Group's transactions are carried out in AED. Exposures to currency exchange rates arise from the subsidiary's trading transaction and investment in financial instruments, which are primarily denominated in Kuwaiti Dinar (KD).

To mitigate the Group's exposure to foreign currency risk, non-AED cash flows are monitored and are entered into in accordance with the Group's risk management policies. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AED at the closing rate:

	2022 AED	2021 AED
Financial assets	**15,202,350**	8,081,379
Financial liabilities	**(337,783)**	(567,833)
	14,864,567	7,513,546

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the KD/AED exchange rate 'all other variables held constant'. It assumes a ±10% change of the KD/AED exchange rate for the year ended at December 31, 2022 (2021: ±10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the AED had strengthened against the KD by 10% (2021: 10%) then this would have had the following impact:

	2022 AED	2021 AED
Profit or loss	**3,180**	1,975
Other comprehensive income	**1,483,277**	749,380
Equity	**1,486,457**	751,355

If the AED had weakened against the KD by 10% (2021: 10%) then this would have had the following impact:

	2022 AED	2021 AED
Profit or loss	**(3,180)**	(1,975)
Other comprehensive income	**(1,483,277)**	(749,380)
Equity	**(1,486,457)**	(751,355)

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

23 Financial instrument risk management objectives and policies (continued)

Market risk (continued)

Other price risk

The Group is exposed to other price risk in respect of its listed and unlisted equity securities (see note 9).

For the listed equity securities, an average volatility of 20% has been considered by management to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date (2021: 20%). If the quoted stock price for these securities increased or decreased by that percentage, profit or loss would have increased or decreased by AED 36,056 (2021: AED 55,213), other comprehensive income would have increased or decreased by AED 2,440,731 (2021: AED 976,550), and equity would have increased or decreased by AED 2,476,787 (2021: AED 1,031,763). In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilised in the Group's favour.

At the reporting date, the exposure to non-listed equity investments at fair value was AED 2,812,627 (2021: AED 2,757,156).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to this risk for various financial instruments, for example trade receivables from customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below.

	2022	2021
	AED	AED
Trade and other receivables	**1,089,809**	1,890,107
Cash at banks	**1,683,920**	4,145,968
	2,773,729	6,036,075

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

Trade receivables
Trade receivable represents the rent receivable from tenants that is past due at the reporting date. The Group has a policy of obtaining post-dated cheques for the rent period covered under the lease agreement. As at the reporting date the value of the post-dated cheques in hand were AED 4,907,948 (2021: AED 3,417,601).

The Group seeks to limit its credit risk with respect to contract customers by setting credit limits for individual customers and monitoring outstanding receivables.

Cash at banks
The Group's bank balances are maintained with a range of reputable international and local banks with good credit ratings in accordance with limits set by the management.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

23 Financial instrument risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

	On demand or less than 3 months	3-12 months	1 to 5 Years	Above 5 years	Total
	AED	AED	AED	AED	AED
At December 31, 2022					
Trade and other payables	-	3,408,052	-	-	3,408,052
Bank borrowing	-	5,825,451	25,233,119	10,182,459	41,241,030
Dividends payable	26,320,631	-	-	-	26,320,631
Lease liabilities	35,910	107,730	215,460	-	359,100
	26,356,541	9,341,233	25,448,579	10,182,459	71,328,813

	On demand or less than 3 months	3-12 months	1 to 5 Years	Above 5 years	Total
	AED	AED	AED	AED	AED
At December 31, 2021					
Trade and other payables	-	3,449,701	-	-	3,449,701
Bank borrowing	-	5,249,092	26,531,164	14,709,866	46,490,122
Dividends payable	26,356,462	-	-	-	26,356,462
Lease liabilities	36,330	108,990	359,100	-	504,420
	26,392,792	8,807,783	26,890,264	14,709,866	76,800,705

24 Fair value measurement

Management assessed that the fair values of cash and bank balances, trade and other receivables, and trade and other payables, as at December 31, 2022 and 2021 approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amount of the long-term borrowing as at December 31, 2022 and 2021 approximates its fair value due to the fact that it bears variable interest rate that reflects current market interest rates for similar borrowings. As a result, the value of the future discounted cash flows on this borrowing is not significantly different from its current book value.

24 Fair value measurement (continued)

24.1 Fair value measurement of financial instruments

Financial assets and financial liabilities 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 4.14).

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at December 31, 2022 and December 31, 2021.

	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
At December 31, 2022				
Financial assets at FVTPL	**180,282**	-	**183,512**	**363,794**
Financial assets at FVOCI	**12,203,654**	-	**2,629,115**	**14,832,769**
	12,383,936		**2,812,627**	**15,196,563**

	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
At December 31, 2021				
Financial assets at FVTPL	276,064	-	146,107	422,171
Financial assets at FVOCI	4,882,752	-	2,611,049	7,493,801
	5,158,816		2,757,156	7,915,972

The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 3.

	2022	2021
	AED	AED
Balance at January 1,	**2,757,156**	2,290,977
Changes in the fair value	**88,367**	441,744
Effect of foreign exchange differences	**(32,896)**	24,435
Balance at December 31,	**2,812,627**	2,757,156

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations.

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

During the years ended December 31, 2022 and December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

Description of significant unobservable inputs to valuation of financial assets:

Unquoted equity securities are valued based on book value and the price to book value multiple method. Multiples are determined using the latest financial statements available of the investee entities, by analysing the performance of other companies in the same industry and by taking into account specific industry factors that may impact the valuation.

24 Fair value measurement (continued)

24.2 Fair value measurement of non-financial instruments

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at December 31, 2022 and December 31, 2021:

December 31, 2022	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Investment properties	-	-	**161,603,098**	**161,603,098**

December 31, 2021	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment properties	-	-	152,570,000	152,570,000

Fair value measurement of non-financial assets and a reconciliation of all movements in the fair value of non-financial assets categorised within Level 3 are disclosed in Note 7.

25 Comparative information

Certain comparative information have been reclassified to conform to the presentation adopted in the current year. Such reclassifications are not material and do not affect previously reported net results or equity.

26 Segment information

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

Geographical segments

The Group's rental income is earned only from customers in the UAE.

Major customers

During the years ended December 31, 2022 and 2021, there was no customer with revenue greater than 10% of the total revenue of the Group.

27 UAE Corporation Tax Law

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 Regime in the UAE. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet decision.

However, there are a number of significant decisions that are yet to be finalized by way of a Cabinet decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due.

Therefore, pending such important decisions by the Cabinet, the Company has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – *Income Taxes*.

27 UAE Corporation Tax Law (continued)

The Company will continue to monitor the timing of the issuance of these critical Cabinet decisions to determine its tax status and the applicability of IAS 12 – *Income Taxes*. The Company is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.