

**ARAM Group Company P.J.S.C and its
subsidiary
Sharjah - United Arab Emirates**

**Independent auditor's review report and
condensed consolidated interim financial
statements
For the three months period ended March
31, 2024**

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
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ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
General information

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Website : www.aramgroup.ae

The Directors	<u>Name</u>	<u>Designation</u>	<u>Nationality</u>
	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Chairman	Emirati
	Mr. Ziyad Mahmoud Khairalla Alhaji Alharmouzi	Board member	Emirati
	Mr. Mansoor Abduljabbar Abdulmohsen Ahmed Alsayegh	Board member	Emirati
	Ms. Alyazia Nasser Yousef Nasser Alzaabi	Board member	Emirati
	Ms. Najoud Abdulla Mohammad Burahima	Board member	Emirati
	Mr. Ali Mohd Zaid Ali Musmar	Chief Executive Officer	Jordanian

The Auditor : Crowe Mak
P.O. Box: 6954
Sharjah, United Arab Emirates

Main Banks : Arab Bank PLC.
Sharjah Islamic Bank P.J.S.C.
National Bank of Kuwait S.A.K.P.

Ref: AM/B2354/MAY'2024

Independent auditor's review report on condensed consolidated interim financial statements

To,
The Shareholders
ARAM Group Company P.J.S.C and its subsidiary
P.O. Box: 5440
Sharjah, United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **ARAM Group Company P.J.S.C** (the "Entity") and its subsidiary (together the "Group"), Sharjah, United Arab Emirates which comprise the condensed consolidated interim statement of financial position as at March 31, 2024 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three months period then ended and other explanatory information. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with International Accounting Standard, IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards of Auditing and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for the three months period ended March 31, 2024 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

For, Crowe Mak



Dr. Khalid Maniar
Registration Number: 24
Sharjah, United Arab Emirates
May 14, 2024



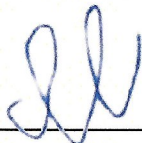
ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of financial position as at March 31, 2024
In Arab Emirates Dirham

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment		104,254	115,773
Investment properties	4	103,650,000	103,650,000
Right-of-use assets	5	362,842	445,067
Investments carried at fair value through other comprehensive income (FVTOCI)	6	16,301,275	14,599,128
Total non-current assets		120,418,371	118,809,968
<i>Current assets</i>			
Investments carried at fair value through profit or loss (FVTPL)	7	763,018	635,946
Non-current assets held for sale	8	33,100,000	33,100,000
Trade and other receivables		893,327	1,240,216
Cash and bank balances		2,187,948	959,461
Total current assets		36,944,293	35,935,623
Total assets		157,362,664	154,745,591
Equity and liabilities			
<i>Equity</i>			
Share capital		78,901,086	78,901,086
Statutory reserve		33,190,039	33,190,039
Voluntary reserve		13,509,097	13,509,097
Fair value reserve		(1,570,071)	(3,290,770)
Foreign currency translation reserve		(710,606)	(691,710)
Retained earnings		1,843,036	1,388,193
Total equity		125,162,581	123,005,935
<i>Non-current liabilities</i>			
Employees' end of service benefits		822,433	859,179
Lease liabilities	5	35,505	70,686
Bank borrowings	9	23,508,466	23,493,078
Corporate tax liabilities		23,226	-
Total non-current liabilities		24,389,630	24,422,943
<i>Current liabilities</i>			
Dividend payable		562	562
Lease liabilities	5	338,330	336,847
Bank borrowings	9	3,684,211	3,684,211
Trade and other payables	11	3,453,850	2,952,551
Current liabilities on discontinued operations	12	333,500	342,542
Total current liabilities		7,810,453	7,316,713
Total liabilities		32,200,083	31,739,656
Total equity and liabilities		157,362,664	154,745,591

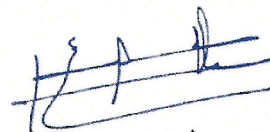
The accompanying notes form an integral part of these condensed consolidated interim financial statements.
The review report of the independent auditor is set out on page 2.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of financial position as at March 31, 2024
In Arab Emirates Dirham**

The condensed consolidated interim financial statements on pages 3 to 19 were approved on May 14, 2024 and signed on behalf of the Group, by:



Mr. Khamis Mohamed Khamis Buharoon Alshamsi
Chairman



Mr. Ali Mohd Zaid Ali Musmar
Chief Executive Officer

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of profit or loss and other comprehensive income for the
three months period ended March 31, 2024
In Arab Emirates Dirham

	Notes	Three months period ended	
		March 31,	
		2024	2023
		(Unaudited)	(Unaudited)
Continuing operations			
Rental income		1,772,286	2,225,401
Unrealised gain on investments at FVTPL		127,230	59,774
Administrative and general expenses	13	(1,463,578)	(1,583,688)
Repairs and maintenance expenses		(127,344)	(348,930)
Finance costs		(549,394)	(601,776)
Other income		141,653	103,555
Loss for the period from continuing operations		(99,147)	(145,664)
Discontinued operations			
Profit for the period from discontinued operations	14	577,216	436,846
Net profit before tax for the period		478,069	291,182
Corporate tax expenses		(23,226)	-
Net profit for the period		454,843	291,182
Other comprehensive income / (loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net change in fair value of investments carried at FVTOCI		1,720,699	137,894
		1,720,699	137,894
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange loss on translating foreign operations		(18,896)	(25,327)
		(18,896)	(25,327)
Total comprehensive income for the period		2,156,646	403,749
Basic and diluted earnings/(losses) per share:			
From continuing operations		(0.001)	(0.002)
From discontinued operations	16	0.007	0.006

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

The review report of the independent auditor is set out on page 2.

ARAMI Group Company P.J.S.C and its subsidiary
 Sharjah - United Arab Emirates
 Condensed consolidated interim statement of changes in equity for the three months period ended March 31, 2024
 In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	(Accumulated losses)/Retained earnings	Total equity
Balance as at December 31, 2022 (Audited)	78,901,086	32,736,885	13,055,943	(3,082,420)	(646,314)	(2,099,151)	118,866,029
Profit for the period	-	-	-	-	-	291,182	291,182
Other comprehensive income/(loss) for the period	-	-	-	137,894	(25,327)	-	112,567
Total comprehensive income for the period	-	-	-	137,894	(25,327)	291,182	403,749
Balance as at March 31, 2023 (Unaudited)	78,901,086	32,736,885	13,055,943	(2,944,526)	(671,641)	(1,807,969)	119,269,778
Balance as at December 31, 2023 (Audited)	78,901,086	33,190,039	13,509,097	(3,290,770)	(691,710)	1,388,193	123,005,935
Profit for the period	-	-	-	-	-	454,843	454,843
Other comprehensive income/(loss) for the period	-	-	-	1,720,699	(18,896)	-	1,701,803
Total comprehensive income for the period	-	-	-	1,720,699	(18,896)	454,843	2,156,646
Balance as at March 31, 2024 (Unaudited)	78,901,086	33,190,039	13,509,097	(1,570,071)	(710,606)	1,843,036	125,162,581

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
 The review report of the independent auditor is set out on page 2.

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Condensed consolidated interim statement of cash flows for the three months period ended March 31,
2024
In Arab Emirates Dirham

	Three months period ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Cash flows from operating activities		
Loss for the period from continuing operations	(99,147)	(145,664)
Profit for the period from discontinued operations	577,216	436,846
Net profit for the period before tax	478,069	291,182
<i>Adjustments for:</i>		
Unrealised gain on investments carried at FVTPL	(127,230)	(59,774)
Depreciation of property, plant and equipment	11,515	13,695
Depreciation of right-of-use assets	82,023	30,942
Allowance for expected credit losses of trade receivables	40,427	132,251
Reversal of allowance for expected credit loss of trade receivables	(79,144)	(88,742)
Finance costs	549,394	601,776
(Reversal of) / provision for employees' end-of-service benefits	(29,838)	39,241
	925,216	960,571
<i>Decrease / (increase) in current assets</i>		
Trade and other receivables	385,606	(356,106)
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables	(48,095)	643,703
Current liabilities on discontinued operations	(9,042)	-
Cash generated from operations	1,253,685	1,248,168
Employees' end-of-service benefits paid	(8,033)	(511)
Net cash generated from operating activities	1,245,652	1,247,657
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(35,807)	(35,850)
Payment of interest portion of lease liabilities	2,345	3,911
Dividends paid	-	(1,679)
Net cash used in financing activities	(33,462)	(33,618)
Net increase in cash and cash equivalents	1,212,190	1,214,039
Cash and cash equivalents, beginning of the period	959,461	1,706,979
Increase due to exchange rate changes on balances held in foreign currencies	16,297	14,386
Cash and cash equivalents, end of the period	2,187,948	2,935,404
Cash and cash equivalents		
Cash in hand	33,946	22,318
Cash at banks	2,154,002	2,913,086
	2,187,948	2,935,404

The accompanying notes form an integral part of these condensed consolidated interim financial statements.
The review report of the independent auditor is set out on page 2.

**ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates**

**Notes to the condensed consolidated interim financial statements for the three months period ended
March 31, 2024**

1 Legal status and business activities

- 1.1 ARAM Group Company P.J.S.C, Sharjah, United Arab Emirates** (the "Entity") is a public joint stock company incorporated on 26 January 1977, under Emiri Decree number 133/76 issued on November 16, 1976. The trading register was issued by Economic Development Department, Government of Sharjah. The shares of the Entity are traded on the Abu Dhabi Securities Market.
- 1.2** The principal activities of the Entity comprise investing in financial instruments, investing in and leasing of properties, and investing in, establishment of, and management of agricultural, industrial, and commercial projects.
- 1.3** The registered office of the Entity is located at Al Khan Street, P.O. Box: 5440, Sharjah, United Arab Emirates.
- 1.4** The management and control are vested with the directors.
- 1.5** The Entity controls the following subsidiary as at March 31, 2024 which has been consolidated in these condensed consolidated interim financial statements:

Sr. No	Name of the Branch	2024	2023	Country of operation and incorporation	Principal activity
1	Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Manna'ei and Partners) W.L.L	100%	100%	State of Kuwait	General trading and contracting, purchase and sale of shares and bonds.

The subsidiary is a limited liability company incorporated in Kuwait. Two individuals own 2% of the subsidiary's share capital for and on behalf of the Entity; therefore, 100% beneficial ownership interest is with the Entity and hence there is no non-controlling interest.

- 1.6** These condensed consolidated interim financial statements incorporate the operating results of the trading license nos. 1233 of the Entity and 2003/328 of its subsidiary, herein together referred to as the "Group".

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

In the current period, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed consolidated interim financial statements.

New and revised IFRSs

**Effective for
annual periods
beginning on
or after**

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 1, 2024
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1, 2024

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these condensed consolidated interim financial statements unless mentioned above.

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 21: Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of assets between an Investor and its Associate or Joint Venture	No effective date set

Management anticipates that these standards will not have any significant impact on these condensed consolidated interim financial statements.

3 Material accounting policies

3.1 Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and are presented in United Arab Emirates Dirham (AED) which is the functional currency of the Entity.

The subsidiary determines its own financial currency and its assets and liabilities have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to the condensed consolidated interim statement of other comprehensive income.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties, investments at fair value through profit or loss and investments at fair value through other comprehensive income that are measured at fair values.

The accounting policies and methods of computation adopted in preparing these condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2023 which are the latest audited consolidated financial statements available.

All aspects of the financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2023.

These condensed consolidated interim financial information do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

The condensed consolidated result for the three months period ended March 31, 2024 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2024.

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

3 Material accounting policies (continued)

3.1 Basis of preparation (continued)

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended December 31, 2023.

Certain amendments to accounting standards and annual improvements, as disclosed in the Group's most recent annual consolidated financial statements for the year ended December 31, 2023, are applicable to the Group but do not have any material impact on these condensed consolidated interim financial statements.

3.2 Basis of consolidation

The condensed consolidated interim financial statements consolidate the unaudited interim financial statements of the subsidiary referred to in Note 1.5, on line by line basis, with unaudited financial statements of the Entity for the period in accordance with IFRS 10, 'Consolidated Financial Statements'.

3.3 UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on December 31, the first tax period will be the period from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed consolidated interim financial statements may differ from management's estimate of the effective tax rate for the annual consolidated financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2024 was 4.39% percent (three months ended March 31, 2023: Nil percent) since the new Corporate Tax regime has become effective for accounting periods beginning on or after 1 June 2023. The change of the accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2024.

The Group has estimated the tax charge for the three month period ended March 31, 2024 to be AED 23,226 based on the aforesaid weighted-average annual income tax rate. However, the Group is currently in the process of assessing the impact on condensed consolidated interim financial statements.

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Notes to the condensed consolidated interim financial statements for the three months period ended
March 31, 2024
In Arab Emirates Dirham

4 Investment properties	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Land	17,050,000	17,050,000
Buildings	86,600,000	86,600,000
	<u>103,650,000</u>	<u>103,650,000</u>

The movements of investment properties are as follows:

Balance at the beginning of the period / year	103,650,000	161,603,098
Additions during the period / year	-	222,400
Disposals during the period / year	-	(32,193,615)
Increase in fair value during the period / year	-	2,495,176
Transferred to non-current assets held for sale during the period / year (Note 8)	-	(28,477,059)
Balance at the end of the period / year	<u>103,650,000</u>	<u>103,650,000</u>

The Group's investment properties consist of residential towers and buildings, offices, warehouses and undeveloped parcels of land.

Investment properties located at Al Khan and Al Muweilah, Sharjah with carrying value of AED 43.1 million have a first degree mortgage in favour of Sharjah Islamic Bank for the bank facilities (Note 9).

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, other than those against securities for the term loan (Note 9).

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the term loan liabilities. Accordingly, as at December 31, 2023, the investment properties and related assets (Note 8) and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

As at December 31, 2023, the fair values of the properties are based on valuations performed by an independent valuer who is a specialist in valuing these types of investment properties.

Management follows the accounting policy of carrying out the fair valuation of investment property on an annual basis.

5 Leases

a) Right-of-use assets

The right-of-use assets pertains to office premises on lease. The carrying value of the right-of-use assets is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost		
Balance at the beginning of the period / year	1,151,736	745,737
Additions during the period / year	-	410,408
Foreign exchange loss (net) during the period / year	(843)	(4,409)
Balance at the end of the period / year	<u>1,150,893</u>	<u>1,151,736</u>

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Notes to the condensed consolidated interim financial statements for the three months period ended
March 31, 2024
In Arab Emirates Dirham

5 Leases (continued)

a) Right-of-use assets (continued)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accumulated depreciation		
Balance at the beginning of the period / year	706,669	436,318
Charge for the period / year (Note 13)	82,023	274,133
Foreign exchange loss (net) during the period / year	(641)	(3,782)
Balance at the end of the period / year	788,051	706,669
Carrying value at the end of the period / year	362,842	445,067

b) Lease liabilities

Comprising:	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current portion	338,330	336,847
Non-current portion	35,505	70,686
	373,835	407,533

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

Balance at the beginning of the period / year	407,533	337,783
Add: Interest charge during the period / year	2,345	13,308
Additions during the period / year	-	410,408
Less: Payments during the period / year	(35,807)	(352,990)
Foreign exchange gain (net) during the period / year	(236)	(976)
Balance at the end of the period / year	373,835	407,533

6 Investments carried at fair value through other comprehensive income (FVTOCI)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Quoted investments	13,474,945	11,769,583
Unquoted investments	2,826,330	2,829,545
	16,301,275	14,599,128

The movements of investments carried at FVTOCI are as follows:

Balance at the beginning of the period / year	14,599,128	14,832,769
Increase/(decrease) in fair value during the period / year	1,720,699	(208,350)
Foreign exchange loss (net) during the period / year	(18,552)	(25,291)
Balance at the end of the period / year	16,301,275	14,599,128

The geographical distribution of investments carried at FVTOCI is as follows:

In Kuwait	16,301,275	14,599,128
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ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Notes to the condensed consolidated interim financial statements for the three months period ended
March 31, 2024
In Arab Emirates Dirham

6 Investments carried at fair value through other comprehensive income (FVTOCI) (continued)

The above quoted investments are valued at the closing rate on March 31, 2024.

The management follows the accounting policy of carrying out the fair valuation of unquoted investments on an annual basis.

7 Investments carried at fair value through profit or loss (FVTPL)

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Quoted investments	624,146	496,916
Unquoted investments	138,872	139,030
	<u>763,018</u>	<u>635,946</u>

The movements of investments carried at FVTPL are as follows:

Balance at the beginning of the period / year	635,946	363,794
Increase in fair value during the period / year	127,230	272,392
Foreign exchange loss (net) during the period / year	(158)	(240)
Balance at the end of the period / year	<u>763,018</u>	<u>635,946</u>

The geographical distribution of investments carried at FVTPL is as follows:

In United Arab Emirates	624,146	496,916
In Kuwait	138,872	139,030
	<u>763,018</u>	<u>635,946</u>

The above quoted investments are valued at the closing rate on March 31, 2024.

The management follows the accounting policy of carrying out the fair valuation of unquoted investments on an annual basis.

8 Non-current assets held for sale

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	33,100,000	-
Transfer from investment properties	-	28,477,059
Increase in fair value during the period / year	-	4,622,941
Balance at the end of the period / year	<u>33,100,000</u>	<u>33,100,000</u>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the term loan liabilities. Accordingly, as at December 31, 2023, the investment properties and related assets and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

Out of the above non-current assets held for sale, investment property located at Al Qasimia, Sharjah with carrying value of AED 24.5 million as at December 31, 2023 has a first degree mortgage in favour of Sharjah Islamic Bank for the bank facilities (Note 9).

ARAM Group Company P.J.S.C and its subsidiary
Sharjah - United Arab Emirates
Notes to the condensed consolidated interim financial statements for the three months period ended
March 31, 2024
In Arab Emirates Dirham

9 Bank borrowings

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current	23,508,466	23,493,078
Current	3,684,211	3,684,211
	<u>27,192,677</u>	<u>27,177,289</u>

In 2021, the Group entered into a "One-off Ijarah facility" arrangement with Sharjah Islamic Bank. The facility is repayable in equal semi-annual installments over a period of ten years plus profit rate of 6 months EIBOR + 2.5% p.a., with a floor of 4% p.a.

The facility is secured against the following securities and guarantees:

- a). First degree registered mortgage over certain properties in favour of Sharjah Islamic Bank (Note 4).
- b). Assignment of fire insurance policy over Ijarah properties in favour of Sharjah Islamic Bank.
- c). Cheque covering the total facility amount.
- d). Notarized power of attorney in favour of Sharjah Islamic Bank or its appointed agent to manage certain properties and collect its rentals.
- e). Assignment of rental cover from investment properties located at Plot No. 213 in Al Soor, Sharjah, Plot No. 216 in Al Majaz, Sharjah and Plot No. 689/A/1 in Industrial Area 13, Sharjah. Out of said investment properties, the investment properties located at Al Majaz, Sharjah and Industrial Area 13, Sharjah have been sold and the management intends to dispose the investment property located at Al Soor, Sharjah.

10 Related party transactions

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel. There were no outstanding balances recoverable from/payable to related parties as at March 31, 2024.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Compensation of key management personnel

The compensation of key management personnel is as follows:

	Three months period ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and other short-term benefits	323,333	348,636
End of service benefits	9,907	18,000
Directors' fee	6,002	18,000
Directors' travel expenses	-	6,221
	<u>339,242</u>	<u>390,857</u>

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11 Trade and other payables

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade payables	237,970	211,381
Contract liabilities - rent received in advance	1,121,064	1,198,701
Tenants' security deposits	684,750	722,636
Accrued interest	758,310	226,649
Accrued expenses	651,756	593,184
	<u>3,453,850</u>	<u>2,952,551</u>

12 Current liabilities on discontinued operations

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Tenants' security deposits	305,000	275,000
Contract liabilities - rent received in advance	28,500	67,542
	<u>333,500</u>	<u>342,542</u>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the term loan liabilities. Accordingly, as at December 31, 2023, the investment properties and related assets (Note 8) and liabilities were classified as a disposal group and related income and expenses were classified as discontinued operations (Note 14).

13 Administrative and general expenses

	Three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Employee costs - indirect	528,926	618,640
Compensation of key management personnel	339,242	390,857
Legal, license and professional	280,890	115,281
Depreciation of right-of-use assets (Note 5a)	82,023	30,942
Utilities	70,999	128,026
Allowance for expected credit losses of trade receivables	40,427	132,251
Depreciation of property, plant and equipment	11,515	13,695
Other general and administrative expenses	109,556	153,996
	<u>1,463,578</u>	<u>1,583,688</u>

14 Discontinued operations

	Three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Rental income from discontinued operations	627,881	520,703
Repairs and maintenance expenses	(50,665)	(83,857)
Profit for the year from discontinued operations	<u>577,216</u>	<u>436,846</u>

During the previous year, the management had decided to dispose the investment properties located at Al Qasimia, Sharjah and Al Soor, Sharjah to settle the term loan liabilities. Accordingly, as at December 31, 2023, the investment properties and related assets (Note 8) and liabilities (Note 12) were classified as a disposal group and related income and expenses were classified as discontinued operations.

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15 Seasonality of results

The Group's income consists of rental and investment income. Rental income is not significantly affected by any seasonal impact as it depends on annual lease contracts which are recognised in the condensed consolidated interim statement of profit or loss on a straight-line method and in accordance with different terms of these lease contracts. In addition, there is limited fluctuation on the rent rates where the Group's investment properties are located.

Investment income depends on market conditions, investment activities of the Group and declaration of profit by investee companies, which are of a seasonal nature. Accordingly, results of investment income for the period ended March 31, 2024 are not comparable to those relating to the comparative period and are not indicative of the results that might be expected for the year ending December 31, 2024.

16 Basic and diluted earnings/(losses) per share

	Three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Basic and diluted (losses) per share from continuing operations		
Loss for the period (AED)	(99,147)	(145,664)
Number of shares	78,901,086	78,901,086
Basic and diluted losses per share (AED)	(0.001)	(0.002)
Basic and diluted earnings per share from discontinued operations		
Profit for the period (AED)	577,216	436,846
Number of shares	78,901,086	78,901,086
Basic and diluted earnings per share (AED)	0.007	0.006

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings or losses per share when exercised.

17 Contingent liabilities and commitments

The Group is subject to litigations in the normal course of business, mainly on claims relating to recoveries of cheques from tenants. Although the ultimate outcome of these claims cannot be presently determined, the total amount of claims is not material to the condensed consolidated interim financial statements.

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities and commitments on the Group's condensed consolidated interim financial statements as of reporting date.

18 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. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial and non-financial assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended December 31, 2023.

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

March 31, 2024 (Unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets:				
Investments carried at FVTPL				
Quoted equities	624,146	-	-	624,146
Unquoted equities	-	-	138,872	138,872
Investments carried at FVTOCI				
Quoted equities	13,474,945	-	-	13,474,945
Unquoted equities	-	-	2,826,330	2,826,330
Non-financial assets:				
Investment properties	-	-	103,650,000	103,650,000
Non-current assets held for sale	-	-	33,100,000	33,100,000
	<u>14,099,091</u>	<u>-</u>	<u>139,715,202</u>	<u>153,814,293</u>

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18 Fair value measurement (continued)

December 31, 2023 (Audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets:				
Investments carried at FVTPL				
Quoted equities	496,916	-	-	496,916
Unquoted equities	-	-	139,030	139,030
Investments carried at FVTOCI				-
Quoted equities	11,769,583	-	-	11,769,583
Unquoted equities	-	-	2,829,545	2,829,545
Non-financial assets:				
Investment properties	-	-	103,650,000	103,650,000
Non-current assets held for sale	-	-	33,100,000	33,100,000
	<u>12,266,499</u>	<u>-</u>	<u>139,718,575</u>	<u>151,985,074</u>

There are no transfers made between the levels during the period and there are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

19 Uncertainty related to key estimates

Fair value of investments

The fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVOCI at March 31, 2024, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in market prices %	Effect on equity (fair value reserve)	Change in market prices %	Effect on equity (fair value reserve)
Market Index				
Kuwait	+5%	673,747	+5%	588,479
	-5%	(673,747)	-5%	(588,479)

The effect on condensed consolidated interim statement of profit or loss and other comprehensive income as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVTPL at March 31, 2024, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Change in market prices %	Effect on consolidated statement of profit or loss and other comprehensive income	Change in market prices %	Effect on consolidated statement of profit or loss and other comprehensive income
Market Index				
U.A.E.	+5%	31,207	+5%	24,846
	-5%	(31,207)	-5%	(24,846)

20 Events after the reporting period

There are no significant events after the reporting period, which affect the condensed consolidated interim financial statements or disclosures.