Al Khaleej Investment Public JSC

Ras Al Khaimah, United Arab Emirates

Reports and financial statements
For the year ended 31 December 2022

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

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Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates
General information

Principal office address:	Al Khaleej Building, P.O. Box: 5662 Ras Al Khaimah United Arab Emirates T: +971 7 228 0101 F: +971 7 228 8400		
Website:	www.kico.ae		
The Directors:	Name	Designation	Nationality
	Mr. Abdulaziz Abdulla Salem Jasem Alzaabi	Chairman	Emirati
	Mr. Sultan Ahmad Khalfan Alghaith Almarri	Vice Chairman	Emirati
	Mr. Abdulrahman Jasem Obaid Salem Alabdouli	Managing Director	Emirati
	Mr. Raman Garg	Member of the Board of Directors	Indian
	Mr. Mohammed Hasan Mohammed Alshamsi Alawadhi	Member of the Board of Directors	Emirati
	Mr. Haytham Ahmed Essa Ahmed Alnaeem	Member of the Board of Directors	Emirati
	Mr. Abdullateef A R Alzeer	Member of the Board of Directors	Kuwaiti
The Auditor:	Crowe Mak P.O. Box 6747 Dubai, United Arab Emirates		
The Main Banks:	Abu Dhabi Commercial Bank PJSC Abu Dhabi Islamic Bank Al Ahli Bank of Kuwait KSCP Commercial Bank of Dubai Dubai Islamic Bank Emirates NBD PJSC National Bank of Ras Al Khaimah (P.S.C)		

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Directors' report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended December 31, 2022.

Principal activities of the Entity:

The principal activities of the Entity include real estate enterprise investment, development, institution and management, detection service for real estate, private fund investment, buildings maintenance, commercial enterprise investment, institution and management.

Financial review:

The table below summarizes the results of 2022 and 2021 denoted in Arab Emirates Dirham (AED).

Financial Review	2022	2021
Revenue	17,909,707	16,887,865
Gross profit	13,316,560	12,244,821
Increase/ (decrease) in fair value of investment properties	980,000	(10,217,500)
Net (loss) / gain from investments carried at FVTPL	(8,315,728)	14,347,023
Net profit / (loss)	5,347,208	12,270,143
Basic earnings per share for the year	0.05	0.12

Financial Position	2022
Total Assets	296,493,871
Total Liabilities	22,721,642
Total Equity	273,772,229

Statement of Cash Flows	2022
Net Cash Operating Activities	10,016,897
Net Cash Investing Activities	(16,222,666)
Net cash Financing Activities	(474,700)

الخليج الإستثمارية ش.م.ع
AL KHALEEJ INVESTMENTS P.S.C

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Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise the management.

Projections:

With the expected recovery of economic activity and the anticipated price improvements, the positive effects of the economic reforms being implemented continue to be expected to recover economic activities and improve sector performance.

As the Entity seeks to increase public income by raising the value of assets and increasing income streams through diversification of income sources, the balance between portfolio and real estate. Sector development can be achieved as a result of the policy studied in asset appreciation and income growth.

Implementation of projects and schemes:

The construction of the Entity's properties has begun. and it is expected to enter the real estate development phase during the coming years.

Events after the end of the year:

In the opinion of the Directors, no transactions or events of a material and unusual nature, favorable or unfavorable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, Substantially the results of operations or the financial position of the Entity.

Statement of Directors' responsibilities.

The applicable requirements require the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended. The audited financial statements for the year under review have been prepared in conformity andin compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the Financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statements which have been prepared on the going concern basis were approved by the Board and signed on behalf by the authorized representative of the Entity.

Abdulrahman Jasem Obaid Salem Alabdouli

Managing Director

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Ref: BN/A2769/February 2023

Independent auditor's report

To,
The Shareholders
Al Khaleej Investment Public JSC
P. O. Box: 5662
Ras Al Khaimah - United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Al Khaleej Investment Public JSC (the "Entity"), Ras Al Khaimah, United Arab Emirates, which comprise the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the 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 Financial Statements section of our report. We are independent of the Entity in accordance with the requirements of International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) together with ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

1. Valuation of the investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the Entity's investment properties in the context of the Entity's financial statements as a whole and due to significant judgement is involved in determining the inputs used in the valuation.

As at December 31, 2022, the Entity's investment properties amounted to AED 221,785,849 which represented 75.29% of the Entity's total assets and a profit on revaluation of investment properties amounting to AED 980,000 was recognised in the statement of profit or loss for the year then ended.

The Entity's investment properties are stated at fair value based on valuations carried out by an independent qualified valuer (the "Valuer"). The valuation was dependent on certain key estimates which requires significant judgement, including yield rates, contractual lease rents and forecasted operating expenses, which are influenced by prevailing market forces and specific characteristics such as property location and income returns of each property in the portfolio. Details of the valuation methodologies and key inputs used in the valuations are disclosed in note 6 to the financial statements.

Independent auditor's report (continued)

To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)

Key Audit Matters (continued)

2. How our audit addressed the key audit matters

We have performed the following procedures in relation to the valuation of investment properties:

- We assessed the competence, capabilities and objectivity of the independent valuer;

- We agreed the total valuation in reports of third party valuers to the amount reported in the statement of financial position;

- We assessed the completeness and consistency of information provided by the Entity to the valuer; and evaluated the reasonableness of the key inputs used in the valuation on a sample basis;

- We assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuation on a sample basis;

- We reviewed the appropriateness of disclosures in the financial statements with respect to valuation of investment properties;

- We reperformed the arithmetical accuracy of the determination of net fair value gain;

- We reviewed a sample of investment properties valued by external valuers and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 *Fair Value Measurement*;

- We assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRSs, and

- Also, we reviewed the terms of engagement between valuer and Entity to determine whether the scope of the work is adequate and there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

Other Information

The Directors are responsible for the other information. The other information comprises the annual report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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Independent auditor's report (continued)

To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the applicable provision of the article of association of the Entity and the U.A.E Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)

To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

Further, as required by U.A.E Federal Law No. 32 of 2021, we report that:

(a) We have obtained all the information we considered necessary for the purpose of our audit;

(b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E Federal Law No. 32 of 2021;

(c) The Entity maintained proper books of account;

(d) The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account;

(e) As disclosed in notes 8, 9, and 10 to the financial statements, the Entity has purchased or invested in shares during the year ended December 31, 2022;

(f) Note 12 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and

(g) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened during the year ended December 31, 2022 any of the applicable provisions of the U.A.E Federal Law No. 32 of 2021, or its Memorandum and Articles of Association of the Entity which would materially affect its activities or its financial position as at December 31, 2022.

For, Crowe Mak

كرو ماك
P.O.Box: 6747
DUBAI -U.A.E.
CROWE MAK

Zayd Khalid Maniar
Partner
Registration Number 579
Dubai, U.A.E.
6 February 2023

Ras Al Khaimah - United Arab Emirates
Statement of financial position as at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	**446,545**	513,949
Investment properties	6	**221,785,849**	222,650,000
Intangible assets	7	**3,920**	9,115
Investments carried at fair value through other comprehensive income (FVTOCI)	8	**5,787,500**	3,279,625
Investments carried at amortised cost	9	**11,126,941**	2,227,050
Total non-current assets		**239,150,755**	228,679,739
Current assets			
Investments carried at fair value through profit or loss (FVTPL)	10	**33,495,015**	41,845,435
Trade and other receivables	11	**7,316,636**	8,470,122
Fixed deposits	13	**8,115,935**	115,000
Cash and cash equivalents	14	**8,415,530**	15,095,999
Total current assets		**57,343,116**	65,526,556
Total assets		**296,493,871**	294,206,295
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**105,000,000**	105,000,000
Statutory reserve	16	**52,500,000**	52,500,000
Voluntary reserve	17	**50,000,000**	50,000,000
Other reserve		**344,663**	344,663
Fair value reserve		**(1,056,802)**	2,620,973
Foreign currency translation reserve		**-**	54,396
Retained earnings		**66,984,368**	60,080,318
Total equity		**273,772,229**	270,600,350
LIABILITIES			
Non-current liabilities			
Employees' end-of-service benefits	18	**938,712**	854,535
Total non-current liabilities		**938,712**	854,535
Current liabilities			
Trade and other payables	19	**3,970,073**	4,463,853
Undistributed dividends	20	**17,812,857**	18,287,557
Total current liabilities		**21,782,930**	22,751,410
Total liabilities		**22,721,642**	23,605,945
Total equity and liabilities		**296,493,871**	294,206,295

These statutory financial statements were approved and authorised for issue on 6 February 2023.

The financial statements set out on pages 8 to 44, which have been prepared on the going concern basis were approved by the Directors on the date of these financial statements and signed on behalf of the Entity by:

Mr. Abdulaziz Abdulla Salem Jasem Alzaabi
Chairman

Mr. Abdulrahman Jasem Obaid Salem Alabdouli
Managing Director

The accompanying notes and policies form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates
Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	2022 AED	2021 AED
Revenue	21	**17,909,707**	16,887,865
Cost of revenue	22	**(4,593,147)**	(4,643,044)
Gross profit		**13,316,560**	12,244,821
(Loss)/ gain from investments carried at FVTPL	23	**(8,315,728)**	14,347,023
Dividend income	23	**841,667**	231,502
Other income	24	**2,668,684**	265,635
Finance income	25	**591,920**	99,343
General and administrative expenses	26	**(5,579,642)**	(4,674,180)
Foreign exchange loss		**(70,233)**	(26,501)
Increase/ (decrease) in fair value of investment properties		**980,000**	(10,217,500)
Gain on disposal of investment property		**913,980**	-
Net profit for the year		**5,347,208**	12,270,143
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on investments in equity instruments designated as at FVTOCI		**66,618**	261,937
Net change in fair value of investments carried at FVTOCI		**(1,014,933)**	(271,475)
		(948,315)	(9,538)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		-	45,372
Other comprehensive (loss)/income for the year		**(948,315)**	35,834
Total comprehensive income for the year		**4,398,893**	12,305,977
Basic earnings per share for the year		**0.05**	0.12

The accompanying notes and policies form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Statement of changes in equity for the year ended 31 December 2022

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Other reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
As at 31 December 2020	105,000,000	52,500,000	50,000,000	344,663	2,892,448	9,024	36,930,289	247,676,424
Profit for the year	-	-	-	-	-	-	12,270,143	12,270,143
Other Comprehensive Income for the year	-	-	-	-	(271,475)	45,372	261,937	35,834
Total comprehensive income for the year	-	-	-	-	(271,475)	45,372	12,532,080	12,305,977
Reversal of unpaid dividends	-	-	-	-	-	-	10,617,949	10,617,949
As at 31 December 2021	**105,000,000**	**52,500,000**	**50,000,000**	**344,663**	**2,620,973**	**54,396**	**60,080,318**	**270,600,350**
Profit for the year	-	-	-	-	-	-	5,347,208	5,347,208
Other Comprehensive Income for the year	-	-	-	-	(1,014,933)	-	66,618	(948,315)
Total comprehensive income for the year	-	-	-	-	(1,014,933)	-	5,413,826	4,398,893
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	(2,662,842)	(54,396)	2,717,238	-
Board of Directors' remuneration	-	-	-	-	-	-	(1,227,014)	(1,227,014)
As at 31 December 2022	**105,000,000**	**52,500,000**	**50,000,000**	**344,663**	**(1,056,802)**	**-**	**66,984,368**	**273,772,229**

The accompanying notes and policies form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates
Statement of cash flows for the year ended 31 December 2022

	Notes	2022 AED	2021 AED
Cash flows from operating activities			
Profit for the year		**5,347,208**	12,270,143
Adjustments for:			
Depreciation of property, plant and equipment	5	**160,713**	202,854
(Gain) on sale of property, plant and equipment	5	**(1,249)**	-
(Gain) / loss on revaluation of investment properties	6	**(980,000)**	10,217,500
(Gain) on sale of investment property	6	**(913,980)**	-
Amortisation of intangible assets	7	**5,195**	10,596
Employees' end-of-service benefits	18	**161,877**	157,180
Unrealised loss / (gain) on revaluation of investments	23	**9,999,373**	(5,720,588)
Gain on sale of investments carried at FVTPL	23	**(1,683,645)**	(8,626,435)
Dividend income	23	**(841,667)**	(231,502)
Finance income	25	**(591,920)**	(99,343)
Allowance for expected credit losses	26	**927,625**	36,021
Bad debts written off	26	**-**	642
Operating cash flows before changes in operating assets and liabilities		**11,589,530**	8,217,068
Decrease/(increase) in trade and other receivables	11	**225,861**	(1,516,843)
(Decrease)/increase in trade and other payables	19	**(493,780)**	1,235,951
Cash generated from operating activities		**11,321,611**	7,936,176
Employees' end-of-service indemnity paid	18	**(77,700)**	(216,638)
Board of Directors' remuneration paid		**(1,227,014)**	-
Net cash generated from operating activities		**10,016,897**	7,719,538
Cash flows from investing activities			
Proceeds from disposal of investment property	5	**9,113,980**	-
Purchase of property, plant and equipment	5	**(93,309)**	(76,285)
Proceeds from disposal of property, plant and equipment	5	**1,249**	-
Purchase of investment property	6	**(6,355,849)**	(4,558,532)
Purchase of investment carried at FVTOCI	8	**(7,206,567)**	(8,244,060)
Proceeds from disposal of investments carried at FVTOCI	8	**3,750,377**	8,808,386
Purchase of investments carried at amortised cost	9	**(8,899,891)**	-
Proceeds from disposal of investments at FVTPL	10	**31,857,960**	137,317,140
Purchase of investments at FVTPL	10	**(31,823,268)**	(116,200,557)
Investment in fixed deposits	13	**(8,000,935)**	-
Dividend income received	23	**841,667**	231,502
Finance income received	25	**591,920**	99,343
Net cash (used in)/generated from investing activities		**(16,222,666)**	17,376,937
Cash flows from financing activities			
Dividends paid	20	**(474,700)**	(39,233,181)
Net cash used in financing activities		**(474,700)**	(39,233,181)
Net decrease in cash and cash equivalents		**(6,680,469)**	(14,136,706)
Cash and cash equivalents at the beginning of the year		**15,095,999**	29,251,296
Effects of exchange rate changes on the balance of cash held		**-**	(18,591)
Cash and cash equivalents at the end of the year	14	**8,415,530**	15,095,999

The accompanying notes and policies form an integral part of these financial statements.

The report of the auditor is set out on pages 4 to 7.

1 General information

Al Khaleej Investment Public JSC (the "Entity") is a public joint stock company registered and incorporated under license No. 6061 of the Department of Economic Development in Ras Al Khaimah. The Entity was incorporated on July 3, 1982. The Entity is listed in the Abu Dhabi Securities Market.The address of the registered office of the Entity is Al Khaleej Building, P.O. Box: 5662, Ras Al Khaimah, United Arab Emirates.

The principal activities of the Entity consist of real estate enterprise investment, development, institution and management, detection service for real estate, private fund investment, buildings maintenance, commercial enterprise investment, institution and management.

The management and control are vested with Mr. Abdulrahman Jasem Obaid Salem Alabdouli, Managing Director, Emirati National.

These financial statements incorporate the operating results of the commercial license no. 6061.

These financial statements also incorporate the operating results of the following branch:

Sr. No	*Name of the Branch*	*Trade License no*	*Emirate*	*Activities*
1	Al Khaleej Investment - Shj Br	14391	Sharjah	Commercial investments and real estate investments

The current year financial statements include the results of only Al Khaleej Investments Public J.S.C, however the comparatives figures shown includes the results of Al Khaleej Investments Public J.S.C and its fully owned subsidiary Masila Beach General Trading L.L.C. which was incorporated in Kuwait and this was disposed effective from January 1, 2021.

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

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 3 – Reference to the Conceptual Framework:	1 January 2022

In May 2020 the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Entity has not acquired a business on or after 1 January 2022 and hence this amendment has had no impact on the entity's financial statements.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use: 1 January 2022

In May 2020 the IASB issued amendments to IAS 16 which are effective for annual periods beginning on or after 1 January 2022.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Entity measures the cost of those items in accordance with IAS 2

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

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

New and revised IFRSs	Effective for annual periods beginning on or after

Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Entity first applies the amendments.

The Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The Entity has not noted any impact to the financial statements as there are no instances of disposals before an item of property, plant and equipment was available for use, i.e. proceeds earned while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract — 1 January 2022

In May 2020 the IASB issued amendments to IAS 37 which are effective for annual periods beginning on or after 1 January 2022.

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the Entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Entity first applies the amendments. Comparatives are not restated.

Instead, the Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Entity has not noted any impact to the financial statements as there are no instances of onerous contracts or the "costs of fulfilling" a contract have already been considered and sufficient provision has been considered in line with the amendments.

Annual Improvements to IFRS Standards 2018–2020 — 1 January 2022

The Annual Improvements include amendments to four Standards which were announced in May 2020 and are effective for annual periods beginning on or after 1 January 2022.

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

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

New and revised IFRSs	***Effective for annual periods beginning on or after***

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

There is no impact noted on the the Entity's financial statements as it is not a first-time adopter of IFRS.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the Entity (the borrower) and the lender, including fees paid or received by either the Entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the Entity first applies the amendment.

There is no impact noted on the the Entity's financial statements due to the above amendments.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

There is no impact noted on the the Entity's financial statements due this ammendment

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

There is no impact noted on the the Entity's financial statements due to the above amendments.

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 financial statements.

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

2.2 New and revised IFRS in issue but not yet effective

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

New and revised IFRSs	*Effective for annual periods beginning on or after*
IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In 30 June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. Management does not expect the amendment to have a significant impact in the financial statements.	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current: The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively. Management does not expect the amendment to have a significant impact in the financial statements.	1 January 2023, early application permitted

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. Management does not expect the amendment to have a significant impact in the financial statements.	Effective date not set, early adoption permitted
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies The IASB has amended IAS 1 require entities to disclose its "material accounting policies" instead of its 'significant accounting policies' with 'material accounting policy information'. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added. To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. Management does not expect the amendment to have a significant impact in the financial statements.	1 January 2023, early application permitted
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual periods beginning on or after 1 January	1 January 2023, early application permitted

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Earlier application is permitted. Management does not expect the amendment to have a significant impact in the financial statements.	
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. Management does not expect the amendment to have a significant impact in the financial statements.	1 January 2023, early application permitted
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions The amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments confirm the following. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. Management does not expect the amendment to have a significant impact in the financial statements.	1 January 2024, early application permitted

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

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-Current Classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Entity classifies all other liabilities as non-current.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Functional currency

These financial statements are presented in Emirati Dirham, which is the Entity's functional currency.

3 Significant accounting policies (continued)

3.4 Revenue recognition

Performance obligation

Rental income

Rental income is recognised in the financial statements on a straight-line basis over the term of the lease to the extent that it is probable that the economic benefits will flow to the Entity.

Dividend income

Dividend income from investment is recognised when the Entity's right to receive the payment has been established.

Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.5 Foreign currencies

In preparing the financial statements of the Entity, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.6 Employee benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Depreciation is recognised so as to write off the cost (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 Significant accounting policies (continued)

3.7 Property, plant and equipment (continued)

The following useful lives are used in the calculation of depreciation:

	Useful lives
Furniture and fixtures	5 - 10 years
Motor vehicles	3 - 5 years
Office equipment	3 - 5 years

3.8 Investment properties at fair value

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Entity's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following useful lives are used in the calculation of amortization:

	Useful lives
Computer software	3 years

3.10 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Entity of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued

3 Significant accounting policies (continued)

3.10 Impairment of tangible and intangible assets (continued)

amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation reserve.

3.11 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

3.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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 instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

3 Significant accounting policies (continued)

3.13 Financial assets (continued)

Impairment of financial assets

The Entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts (contract assets) and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

The Entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continues to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

3 Significant accounting policies (continued)

3.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an Entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 3 to these financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgements in applying accounting policies

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3.13). The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Entity monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Entity's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgements are needed to determine whether a property qualifies as an investment property, plant and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, property under development and property held for sale. In making its judgement, management has considered the detailed criteria and related guidance set out in IAS 2 - Inventories, IAS 16 - Property, plant and equipment, and IAS 40 - Investment Property, with regards to the intended use of the property.

4.2 Key sources of estimation uncertainty

Fair value measurement of financial instruments

For the purpose of fair value disclosures, the Entity has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considered recent prices of similar properties in the same location and similar conditions, with judgements to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The determination of the fair value of the revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

5 Property, plant and equipment

	Furniture and fixtures	Motor vehicles	Office equipment	Total
	AED	AED	AED	AED
Cost				
As at 1 January 2021	499,256	585,791	913,969	1,999,016
Additions	36,833	-	39,452	76,285
Disposals	-	-	(100)	(100)
As at 31 December 2021	536,089	585,791	953,321	2,075,201
Additions	4,909	-	88,400	93,309
Disposals	-	-	(8,000)	(8,000)
As at 31 December 2022	**540,998**	**585,791**	**1,033,721**	**2,160,510**
Accumulated depreciation				
As at 1 January 2021	238,619	350,804	769,074	1,358,497
Depreciation expense	66,321	94,615	41,918	202,854
Disposals	-	-	(99)	(99)
As at 31 December 2021	304,940	445,419	810,893	1,561,252
Depreciation expense	63,272	73,613	23,828	160,713
Disposals	-	-	(8,000)	(8,000)
As at 31 December 2022	**368,212**	**519,032**	**826,721**	**1,713,965**
Carrying amount				
As at 31 December 2021	231,149	140,372	142,428	513,949
As at 31 December 2022	**172,786**	**66,759**	**207,000**	**446,545**

6 Investment properties

	2022	2021
	AED	AED
Fair value		
Plots of land located in U.A.E.	**13,840,000**	19,500,000
Buildings located in U.A.E.	**207,945,849**	203,150,000
	221,785,849	222,650,000

	2022	2021
	AED	AED
Balance at the beginning of the year	**222,420,000**	228,308,968
Additions	**-**	4,328,532
Disposals	**(8,200,000)**	-
Increase/(Decrease) in fair value of investment properties	**980,000**	(10,217,500)
Balance at the end of the year	**215,200,000**	222,420,000
Development work-in-progress	**6,585,849**	230,000
	221,785,849	222,650,000

The Entity's investment properties consist of lands, commercial and residential properties in Sharjah, Ras Al Khaimah and Ajman, UAE. The Entity has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Development work in progress represents cost incurred for the ongoing construction of a new building.

As at December 31, 2022, 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.

The fair values have been determined by taking into consideration the Direct Comparison approach, Income Capitalisation approach or Depreciated Replacement Cost approach. The Direct Comparison approach involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up areas allowance, height allowance, date of sale, potential views and other characteristics. The Income Capitalisation approach involves capitalisation of net rental income, that is the income stream after deduction for the associated operating expenses of the property. The capitalisation rate adopted depends on the type of property, its location, its economic life and the quality, quantity and duration of the income stream. The Depreciated Replacement Cost approach values the land and structure separately. The land is valued based on the prevailing prices of similar land plots in the locality with adjustments for specific features. The structure value is calculated based on the total built up area of the property and the current cost to construct a similar property less depreciation based on the age of the building. In case there are improvements within the property the value is adjusted according to the cost and age of the improvements.

The capitalisation rate adopted is made by reference to the yield rates observed of similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

Accordingly, based on the above valuation, a gain of AED 980,000 (2021: valuation loss of AED 10,217,500) has been recognised in the statement of profit or loss for the year ended December 31, 2022.

The Entity's Board of Directors has reviewed the assumptions and methodologies used by the independent registered valuer, and in its opinion, these assumptions and valuation methodology are appropriate and prudent as at the reporting date.

6 Investment properties (continued)

Any significant movement in the assumptions used for the fair valuation of investment properties would result in significantly lower/higher fair values of those assets.

There has been no significant change to the valuation technique during the year.

At December 31, 2022 and 2021, the Entity's investment properties are classified as Level 3 in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
Recurring fair value measurement				
Plots of land located in U.A.E.	-	-	**13,840,000**	**13,840,000**
Buildings located in U.A.E.	-	-	**207,945,849**	**207,945,849**
31 December 2022	-	-	**221,785,849**	**221,785,849**
Plots of land located in U.A.E.	-	-	19,500,000	19,500,000
Buildings located in U.A.E.	-	-	203,150,000	203,150,000
31 December 2021	-	-	222,650,000	222,650,000

7 Intangible assets

	Computer software
	AED
Cost	
As at 1 January 2021	439,713
As at 31 December 2021	439,713
Disposals	(22,999)
As at 31 December 2022	**416,714**
Accumulated amortisation	
As at 1 January 2021	420,002
Amortisation expenses	10,596
As at 31 December 2021	430,598
Amortisation expenses	5,195
Disposals	(22,999)
As at 31 December 2022	**412,794**
Carrying amount	
As at 31 December 2022	**3,920**
As at 31 December 2021	9,115

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

	2022 AED	2021 AED
Balance at the beginning of the year	**3,279,625**	3,808,120
Additions	**7,206,567**	8,244,060
Changes in fair value	**(1,014,933)**	(271,475)
Sold during the year	**(3,683,759)**	(8,546,452)
Foreign exchange gain / (loss) (net)	**-**	45,372
Balance at the end of the year	**5,787,500**	3,279,625

	2022 AED	2021 AED
The category of investments in financial asset is as follows:		
Quoted equity instruments – at fair value	**5,787,500**	3,279,625
The geographical distribution of financial asset is as follows:		
In United Arab Emirates	**5,787,500**	3,279,625

9 Investments carried at amortised cost

	2022 AED	2021 AED
Sukuk	**11,126,941**	2,227,050

Investments carried at amortised cost represents the Entity's investment in Dubai Islamic Bank's TIER 1 SUKUK, with face value of AED 2,227,050 (USD 600,000) which carries interest of 4.625% per annum, in Abu Dhabi Islamic Bank SUKUK, with face value of AED 2,901,245 (USD 780,000) which carries interest of 8.125% per annum and in RAK Bank SUKUK, with face value of AED 5,998,646 (USD1,650,000) which carries interest of 6.875% per annum. The profit is receivable semi-annually and redeemable period is 4.5 years and 4 years 10 months respectively. During the year ended December 31, 2022, the Entity accrued interest amount to AED 439,873 (2021: AED 99,342) on these Sukuk.

	2022 AED	2021 AED
The geographical distribution of financial asset is as follows:		
In United Arab Emirates	**11,126,941**	2,227,050

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

	2022 AED	2021 AED
Equity - quoted	**33,495,015**	41,845,435

The movement in investments carried at (FVTPL) during the year are as follows:

	2022 AED	2021 AED
Balance at the beginning of the year	**41,845,435**	48,596,400
Additions during the year	**31,823,268**	116,200,557
Disposals during the year	**(30,174,315)**	(128,690,701)
(Decrease) / increase in fair value	**(9,999,373)**	5,720,588
Foreign exchange gain (net)	**-**	18,591
	33,495,015	41,845,435

The geographical distribution of financial asset is as follows:

	2022 AED	2021 AED
In United Arab Emirates	**33,495,015**	41,845,435

11 Trade and other receivables

	2022 AED	2021 AED
Trade receivables	**8,314,749**	8,405,855
Less : Allowance for expected credit losses	**(6,399,582)**	(5,517,630)
	1,915,167	2,888,225
Receivable from Government of Sharjah*	**1,920,000**	-
Advance to suppliers	**1,809,841**	-
Other receivables	**1,134,165**	1,637,153
Prepayments	**536,505**	334,348
Advance to brokers	**958**	3,610,396
	7,316,636	8,470,122

*This represents the amount receivable from the Government of Sharjah as part of acquiring a portion of land, with plot number 2084, at Industrial area 7, Sharjah during the year.

The average credit period on receivables from rental income is 30 days. No interest is charged on outstanding trade receivables.

The Entity measures the allowance for expected credit losses for trade receivables at an amount equal to life time ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As the Entity's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Entity's different customer base.

There has been no change in the estimation techniques or significant assumptions made during the current

11 Trade and other receivables (continued)

			Trade receivables – days past due			
31 December 2022	**30 days current**	**31 - 365 days**	**1 - 2 years**	**2 - 3 years**	**> 3 years**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
Expected credit loss rate	**-%**	**-%**	**66.90%**	**100.00%**	**100.00%**	
Estimated total gross carrying amount at default	**824,750**	**809,357**	**849,208**	**1,189,534**	**4,641,900**	**8,314,749**
Lifetime ECL	**-**	**-**	**568,148**	**1,189,534**	**4,641,900**	**6,399,582**
						1,915,167

			Trade receivables – days past due			
31 December 2021	30 days current	31 - 365 days	1 - 2 years	2 - 3 years	> 3 years	Total
	AED	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	31.00%	100.00%	100.00%	
Estimated total gross carrying amount at default	422,525	1,543,615	1,336,351	774,842	4,328,522	8,405,855
Lifetime ECL	-	-	414,266	774,842	4,328,522	5,517,630
						2,888,225

11 Trade and other receivables (continued)

The movement in allowance for expected credit losses is as follows:

	Total AED
Balance as at 1 January 2021	5,493,591
Charge during the year (Note 26)	36,021
Amounts written off	(11,982)
Balance as at 31 December 2021	**5,517,630**
Charge during the year (Note 26)	927,625
Amount written off	(45,673)
Balance as at 31 December 2022	**6,399,582**

12 Related party balances and transactions

The Entity enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

a) Transactions

During the year, the Entity entered into the following transactions with the related parties:

	2022 AED	2021 AED
Board of committee's fee	**216,070**	245,535

The Entity 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 (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year was as follows:

	2022 AED	2021 AED
Short-term benefits	**420,000**	420,000
Board of Directors' remuneration	**1,227,014**	-
	1,647,014	420,000

13 Fixed deposits

	2022	2021
	AED	AED
Fixed deposits	8,115,935	115,000

During the year, the Entity earned finance income of AED 152,047 (2021: AED 99,343) from fixed deposits. Fixed deposit as of December 31, 2022 amounting to AED 8,00,000 are having maturity more than 3 months and fixed deposits amounting to AED 115,935 are held under lien for credit card facility granted by bank.

14 Cash and cash equivalents

	2022	2021
	AED	AED
Bank balances	8,415,530	15,095,999

The bank balances are also subject to impairment requirements of IFRS 9, however, balances with banks are assessed to have low credit risk of default.

15 Share capital

	2022	2021
	AED	AED
Authorised, issued and paid up share capital:		
105,000,000 shares of AED 1.00	105,000,000	105,000,000

16 Statutory reserve

	2022	2021
	AED	AED
Balance at the beginning of the year	52,500,000	52,500,000
Balance at the end of the year	52,500,000	52,500,000

According to the Articles of Association and U.A.E Federal Law No. 32 of 2021,10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid-up capital. This reserve is not available for distribution.

17 Voluntary reserve

	2022	2021
	AED	AED
Balance at the beginning of the year	**50,000,000**	50,000,000

The Entity in earlier years has transferred up to 10% of the profits to voluntary reserve. There were no transfers to voluntary reserve during the years 2022 and 2021.

18 Employees' end-of-service benefits

	2022	2021
	AED	AED
Balance at the beginning of the year	**854,535**	913,993
Charge for the year	**161,877**	157,180
Payments during the year	**(77,700)**	(216,638)
Balance at the end of the year	**938,712**	854,535

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting year.

19 Trade and other payables

	2022	2021
	AED	AED
Trade payables	**147,493**	931,599
Accrued expenses and other payables	**1,496,291**	1,263,046
Tenants' refundable deposits	**1,171,200**	1,151,200
Contract liabilities - rent received in advance	**1,149,173**	1,101,270
Bills payables	**5,916**	16,738
	3,970,073	4,463,853

20 Undistributed dividends

	2022	2021
	AED	AED
Undistributed dividends	**17,812,857**	18,287,557

21 Revenue

	2022	2021
	AED	AED
Disaggregation of revenue – over time		
Property rentals	17,909,707	16,887,865

	2022	2021
	AED	AED
Primary Geographical Markets		
United Arab Emirates	17,909,707	16,887,865

22 Cost of revenue

	2022	2021
	AED	AED
Maintenance cost	1,259,386	1,370,051
Staff salary	1,881,598	1,773,718
Utilities	986,641	925,410
Cleaning expenses	203,401	184,191
Governement charges	136,588	170,769
Insurance cost	58,187	63,835
Advertising expenses	31,423	58,375
Other direct cost	35,923	96,695
	4,593,147	4,643,044

23 Results from Investments

Net (loss) / gain from investments carried at FVTPL

	2022	2021
	AED	AED
Realised gain on financial assets at fair value through profit or loss	1,683,645	8,626,435
Unrealised (loss) / gain on financial assets at fair value through profit or loss (Note 10)	(9,999,373)	5,720,588
Net (loss)/gain on financial investments at FVTPL	(8,315,728)	14,347,023

	2022	2021
	AED	AED
Dividend income from investments		
Dividend income	841,667	231,502
	841,667	231,502

24 Other income

	2022 AED	2021 AED
Receivable from Government of Sharjah*	**1,920,000**	-
Reversal of unclaimed payables	**612,007**	-
Other operating income - miscellaneous	**136,677**	265,635
	2,668,684	265,635

*This represents the amount receivable from the Government of Sharjah as part of acquiring a portion of land, with plot number 2084, at Industrial area 7, Sharjah during the year.

25 Finance income

	2022 AED	2021 AED
Sukuk Interest	**439,873**	-
Interest On Fixed Deopsit	**152,047**	99,343
	591,920	99,343

26 General and administrative expenses

	2022 AED	2021 AED
Salaries	**1,707,794**	1,718,625
Other employee benefits	**775,689**	640,001
Allowance for expected credit losses (Note 11)	**927,625**	36,021
Legal, license and professional	**474,152**	381,743
Insurance	**16,327**	61,574
Director's remuneration	**313,981**	366,705
Government expenses	**226,850**	291,874
Depreciation of property, plant and equipment (Note 5)	**160,713**	202,854
Repairs and maintenance	**144,167**	168,655
Communication	**132,623**	128,850
Utilities	**95,631**	128,977
Bank charges	**42,550**	41,133
Printing and stationery	**38,448**	52,167
Amortisation of intangible assets (Note 7)	**5,195**	10,596
Bad debts	**-**	642
Other general and administrative expenses	**517,897**	443,763
	5,579,642	4,674,180

27 Basic earnings per share

	2022	2021
Net profit for the year	**5,347,208**	1,227,0143
Number of shares	**105,000,000**	105,000,000
Basic profit per share	**0.05**	0.12

Basic loss per share is calculated by dividing the profit / (loss) for the year by the weighted average number of shares outstanding at the end of the reporting year. The Entity has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

28 Financial instruments and risk management

Significant accounting policies

Details of significant policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 3 to the financial statements.

Categories of financial instruments

31 December 2022

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Investments carried at amortised cost (Note 9)	11,126,941	-
Trade and other receivables (Note 11)	4,969,332	-
Cash and cash equivalents (Note 14)	8,415,530	-
Fixed deposits (Note 13)	8,115,935	-
Trade and other payables (Note 19)	-	2,820,900
Undistributed dividends (Note 20)	-	17,812,857
	32,627,738	**20,633,757**

28 Financial instruments and risk management (continued)

31 December 2021

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Investments carried at amortised cost (Note 9)	2,227,050	-
Trade and other receivables (Note 11)	4,037,743	-
Cash and cash equivalents (Note 14)	15,095,999	-
Fixed deposits (Note 13)	115,000	-
Trade and other payables (Note 19)	-	3,362,583
Undistributed dividends (Note 20)	-	18,287,557
	21,475,792	**21,650,140**

Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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

1) Fair value measurements recognised in the statement of financial position

Some of the Entity's financial assets are measured at fair value at the end of the reporting year. The following table gives information about how the fair values of these financial assets are determined;

28 Financial instruments and risk management (continued)

	2022	2021	Fair value hierarchy	Valuation techniques and key inputs
	AED	AED		
Investments carried at (FVTOCI)	**5,787,500**	3,279,625	Level 1	Quoted Price
Investments carried at (FVTPL)	**33,495,015**	41,845,435	Level 1	Quoted Price

Significant unobservable inputs for private equity investments are long term revenue growth, management experience and knowledge of market conditions for specific industries.

Significant unobservable inputs for private equity investments is weighted average cost of capital.

The higher the growth, the higher the fair value or the higher the weighted average cost of capital, the lower the fair value.

Significant unobservable inputs for private equity investments are constant repayment and discounting of default risk.

The higher the discount rate the lower the fair value and lower the discount rate higher the fair value.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

28 Financial instruments and risk management (continued)

Financial risk management objectives

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Entity's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Entity does not hold or issue derivative financial instruments for speculative purposes.

Interest risk

At the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

Market risk

The Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entity. As at 31 December 2022, the Entity's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Entity due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Entity arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Entity has tasked its management to develop and maintain the Entity's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Entity's own trading records to rate its major customers and other debtors. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Entity's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

28 Financial instruments and risk management (continued)

Interest bearing

Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	Total
		As at 31 December 2022		
Financial assets				
Fixed deposits	-	8,115,935	-	**8,115,935**
Investments carried at amortised cost	-	-	11,126,941	**11,126,941**
	-	**8,115,935**	**11,126,941**	**19,242,876**

Non-interest bearing

Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	Total
		As at 31 December 2022		
Financial assets				
Trade and other receivables	-	4,969,332	-	**4,969,332**
Cash and cash equivalents	8,415,530	-	-	**8,415,530**
Investments carried at FVTOCI	-	-	5,787,500	**5,787,500**
Investments carried at FVTPL	-	33,495,015	-	**33,495,015**
	8,415,530	**38,464,347**	**5,787,500**	**52,667,377**
Financial liabilities				
Trade and other payables	-	2,820,900	-	**2,820,900**
Undistributed dividends	-	17,812,857	-	**17,812,857**
	-	**20,633,757**	**-**	**20,633,757**

28 Financial instruments and risk management (continued)

Particulars	Interest bearing			
	On demand or less than 3 months	Within 1 year	More than 1 year	Total
	As at 31 December 2021			
Financial assets				
Fixed depoisits	-	115,000	-	**115,000**
Investments carried at amortised cost	-	-	2,227,050	**2,227,050**
	-	**115,000**	**2,227,050**	**2,342,050**

Particulars	Non-interest bearing			
	On demand or less than 3 months	Within 1 year	More than 1 year	Total
	As at 31 December 2021			
Financial assets				
Trade and other receivables	-	4,037,743	-	**4,037,743**
Cash and cash equivalents	15,095,999	-	-	**15,095,999**
Investments carried at FVTOCI	-	-	3,279,625	**3,279,625**
Investments carried at FVTPL	-	41,845,435	-	**41,845,435**
	15,095,999	**45,883,178**	**3,279,625**	**64,258,802**
Financial liabilities				
Trade and other payables	-	3,362,583	-	**3,362,583**
Undistributed dividends	-	18,287,557	-	**18,287,557**
	-	**21,650,140**	**-**	**21,650,140**

Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance and complying with statutory requirements.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.

29 Segment reporting

The Entity's activities comprise two main business segments: 1) real estate, 2) investments. The details of segment revenue, result, assets and liabilities have been provided below. General and administrative expenses have been allocated to real estate and investment sector on a reasonable basis.

	31 December 2022			31 December 2021		
	Real estate	**Investments**	**Total**	Real estate	Investments	Total
	AED	**AED**	**AED**	AED	AED	AED
Segment revenue	**17,909,707**	**-**	**17,909,707**	16,887,865	-	16,887,865
Segment other income / (loss)	**4,562,664**	**(6,952,374)**	**(2,389,710)**	(9,951,865)	14,651,367	4,699,502
Segment results	**13,695,187**	**(8,347,979)**	**5,347,208**	(689,652)	12,959,795	12,270,143

	31 December 2022			31 December 2021		
	Real estate	**Investments**	**Total**	Real estate	Investments	Total
	AED	**AED**	**AED**	AED	AED	AED
Segment Assets	**237,968,480**	**58,525,391**	**296,493,871**	246,739,185	47,467,110	294,206,295

	31 December 2022			31 December 2021		
	Real estate	**Investments**	**Total**	Real estate	Investments	Total
	AED	**AED**	**AED**	AED	AED	AED
Segment Liabilities	**22,721,642**	**-**	**22,721,642**	23,605,945	-	23,605,945

30 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 Entity'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 FVTOCI at December 31, 2022, due to reasonably possible changes in the prices of these quoted shares held by the Entity's, with all other variables held constant, is as follows:

	31 December 2022		31 December 2021	
	Changes in market prices %	**Effect on equity (fair value reserve)**	Changes in market prices %	Effect on equity (fair value reserve)
Market index				
Dubai Financial Market	**+5%**	**289,375**	+5%	-
	-5%	**(289,375)**	*5%	-
Boursa Kuwait	**+5%**	**-**	+5%	163,981
	-5%	**-**	-5%	(163,981)

The effect on 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 December 31, 2022, due to reasonably possible changes in the prices of these quoted shares held by the Entity's, with all other variables held constant, is as follows:

	31 December 2022		31 December 2021	
	Changes in market prices %	**Effect on statement of profit or loss and other comprehensive income**	Changes in market prices %	Effect on statement of profit or loss and other comprehensive income
Market index				
Abu Dhabi Securities Exchange	**+5%**	**1,534,103**	+5%	2,092,272
	-5%	**(1,534,103)**	-5%	(2,092,272)
Dubai Financial Market	**+5%**	**140,648**	+5%	-
	-5%	**(140,648)**	-5%	-

31 Reclassification

During the year, management has done certain reclassifications on the statement of profit or loss and other comprehensive income to provide a better presentations.

31 Reclassification (continued)

Reclassification in statement of profit or loss and other comprehensive income

	Previously reported - 2021	Reclassification	2021
	AED	AED	AED
Revenue	16,887,865	-	16,887,865
Cost of revenue	(3,301,006)	(1,342,038)	(4,643,044)
Gross profit/(loss)	13,586,859	(1,342,038)	12,244,821
Other income	265,635	-	265,635
General and administrative expenses	(6,016,218)	1,342,038	(4,674,180)
Foreign exchange loss	(26,501)	-	(26,501)
Operating profit	7,809,775	-	7,809,775
Finance income	99,343	-	99,343
Dividend income	231,502	-	231,502
Increase/ (decrease) in fair value of investment properties	(10,217,500)	-	(10,217,500)
(Loss)/ gain from investments carried at FVTPL	14,347,023	-	14,347,023
Net profit for the year	12,270,143	-	12,270,143

32 Contingent liabilities and capital commitments

	2022	2021
	AED	AED
Capital commitment on investment property	5,714,151	12,300,000

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

33 Events after the reporting period

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