Q Holding PSC and its subsidiaries

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 December 2023

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Q Holding PSC and its subsidiaries

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2023

Board of Directors' report
For the year ended 31 December 2023

The Directors present their report together with the audited consolidated financial statements of Q Holding PSC (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2023.

Principal activities
The Group is principally engaged in investing in pioneering business ideas and forming strategic partnerships emanating from focused research and the expertise of its founders. The Group envisages subscribing as founder in potentially successful companies, development, management, sales and leasing of real estate projects, launch and manage educational, hospitality and health care projects and acquire controlling interests in strategic companies.

Financial results
The financial results of the Group have been presented on page 6 of these consolidated financial statements. The consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Directors and authorised for issue on 30 January 2024.

Directors and management
The shareholders elected the below directors in the General Assembly meeting held on 28 December 2023 and the Board of Directors, in its meeting held on 5 January 2024, appointed the Chairman and Vice Chairman as mentioned below:

H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi	Chairman
H.E. Abdulla Mohamed Butti Al Hamed	Vice Chairman
H.E. Mohamed Ali Mohamed Alshorafa Alhammadi	Director
H.E. Dr. Ahmed Mubarak Ali Rashed Almazrouei	Director
H.E. Mariam Mohammed Saeed Hareb Almheiri	Director
H.E. Abdulla Abdulhameed Alsahi	Director
Mr. Hamad Abdulla Mohamed Alshorafa Alhammadi	Director
Mr. Gregory Howard Fewer	Director
Mr. Mohamed Karim Bennis	Director

The Board of Directors in its meeting held on 5 January 2024 also proceeded with the following appointments:

H.E. Abdulla Abdulhameed Alsahi	Group Managing Director
Mr. Bill Anthony O'Regan	Group Chief Executive Officer
Mr. Majed Fuad Mohammad Odeh	Group Chief Executive Officer's Transformation Advisor

Board of Directors' report (continued)
For the year ended 31 December 2023

The following directors who served during the year ended 31 December 2023 as board members resigned with effect from 28 December 2023:

H.E. Abdulla Mohamed Butti Al-Hamed	Chairman
H.E. Khalifa Yousif Abdulla Husain Khouri	Director
H.E. Rashed Abdul Karim Ghloum Mohammed Al Balooshi	Director
H.E. Jasim Hussain Ahmed Al Ali	Director
H.E. Ahmed Jasim Yousif Naser AlZaabi	Director

Release

The Directors release management and the external auditors from liability in connection with their duties for the year ended 31 December 2023.

For the Board of Directors

H.E. Jassem Mohamed Obaid Bu Ataba Alzaabi
Chairman

Date: 30 January 2024

Q Holding PSC and its subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Q HOLDING PSC

Report on the Audit of the Consolidated Financial Statements

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

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements section* of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Q HOLDING PSC continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Fair value of investment properties

The Group's investment properties including investment properties under development amounted to AED 7,537 million (note 16) representing 35% of total assets as of 31 December 2023.

The Group accounts for investment properties initially at cost and subsequently measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss. The Group has used valuations carried out by independent third party valuers with appropriate experience of the particular market in which the properties are held as well as in-house valuations prepared by management to determine the fair value of investment properties as of 31 December 2023.

As the fair value is determined based on level 3 valuation methodologies, it requires management to apply significant judgement in determining the fair value of investment properties. We have identified the recognition and valuation of investment properties as a key audit matter in view of the significant judgments involved.

How the matter was addressed during our audit:

- Involved our real estate specialists to assist us in evaluating the assumptions and methodologies of the external and in-house valuations prepared by management;

- Gained an understanding of management expert's valuation methodologies and their assumptions and assessed the reasonableness of the valuations on a sample basis based on evidence of comparable market transactions and other publicly available information relating to the property industry;

- Inspected agreements / title deeds to assess whether that all properties are either owned or unconditionally assigned to the Group; and

- Evaluated the appropriateness and adequacy of the related disclosures in the notes to the consolidated financial statements.

Revenue recognition

Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2023, total revenue of the Group amounted to AED 882 million (notes 4 and 6).

We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we performed or involved component auditors to perform substantive audit procedures which included substantive analytical procedures at the Group and subsidiary level and performed testing on transactions around the year end, to assess whether revenues were recognised in the correct accounting period and in line with IFRS requirements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Q HOLDING PSC continued

Report on the Audit of the Consolidated Financial Statements continued

Other information
Other information consists of the information included in the Board of Director's Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Director's Report prior to the date of our audit report. The Board of Directors and management are responsible for the other information.

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

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

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Q HOLDING PSC continued

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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, actions taken to eliminate threats safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

Q HOLDING PSC continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

i) the Group has maintained proper books of account;

ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021;

iv) the financial information included in the report of the Board of Directors is consistent with the books of account and records of the Group;

v) note 23 to the consolidated financial statements reflects the disclosures relating to related party transactions and the terms under which they were conducted;

vi) investment in shares and stocks are included in notes 17 and 18 to the consolidated financial statements and include purchases and investments made by the Group for the year ended 31 December 2023;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and

viii) during the year, the Group made no social contributions.

Signed by:
Ahmad Al Dali
Partner
Ernst & Young
Registration No 5548

30 January 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2023

	Notes	*2023* *AED'000*	*2022* *AED'000*
CONTINUINING OPERATIONS			
Revenue from contracts with customers	4	**473,338**	316,567
Rental income	6	**409,058**	365,839
Dividend income	5	**111,897**	37,854
		994,293	720,260
Contract costs		**(394,734)**	(210,336)
Staff costs	9	**(85,061)**	(65,046)
Utilities		**(37,281)**	(36,353)
Marketing expenses		**(27,942)**	(18,180)
Rent expenses		**(5,068)**	(5,610)
Depreciation on property and equipment		**(20,756)**	(17,362)
Amortisation of intangible assets	15	**(3,539)**	(2,326)
Depreciation on right-of-use assets	29	**(3,424)**	(3,407)
Provision for expected credit losses on financial assets	8	**(96,965)**	(82,914)
Changes in fair value of investments carried at fair value through profit or loss	5	**(333,434)**	(348,889)
Changes in fair value of investment properties	6	**192,330**	(73,262)
Provision for impairment loss on investment properties under development	16	**-**	(260,768)
Provision for impairment loss on property and equipment	14	**(7,006)**	(306,463)
Reversal (provision) for impairment loss on development work in progress	20	**53,407**	(162,158)
Bargain purchase gain on acquisition of a subsidiary	3.1	**-**	1,865,900
Gain on disposal of asset held for sale	12	**218,348**	-
Loss on disposal of a joint venture		-	(6,152)
Share of loss from investments in associates and joint ventures	17	**(697)**	(1,268)
Finance income (costs), net	10	**8,518**	(99,707)
Other income	7	**272,573**	12,609
Other expenses		**(74,158)**	(61,788)
PROFIT FOR THE YEAR BEFORE TAX		**649,404**	836,780
Income tax expense	11	**(79,504)**	-
PROFIT FOR THE YEAR AFTER TAX FROM CONTINUING OPERATIONS		**569,900**	836,780
DISCONTINUED OPERATIONS			
Gain on liquidation of subsidiaries, net		**4,051**	3,741
Loss on disposal of subsidiaries, net	3.2	**-**	(16,254)
Loss for the year from discontinued operations	3.2	**-**	(1,615)
		4,051	(14,128)
PROFIT FOR THE YEAR AFTER TAX		**573,951**	822,652
Profit (loss) attributable to:			
Owners of the Parent		**461,269**	899,672
Non-controlling interests		**112,682**	(77,020)
PROFIT FOR THE YEAR AFTER TAX		**573,951**	822,652
Basic and diluted earnings attributable to owners of the Parent (AED)	13	**0.07**	0.14
Earnings per share for continuing operations			
Basic and diluted earnings attributable to owners of the Parent (AED)	13	**0.07**	0.14

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2023

	Notes	***2023 AED'000***	*2022 AED'000*
PROFIT FOR THE YEAR AFTER TAX		**573,951**	822,652
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Changes in the fair value of investments carried at fair value through other comprehensive income	18	**15,393**	(28,537)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	26	**(574)**	690
Share of other comprehensive income of an associate	17	**408**	1,624
Other comprehensive income (loss) for the year		**15,227**	(26,223)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**589,178**	796,429
Total comprehensive income (loss) attributable to:			
Owners of the Parent		**476,496**	873,449
Non-controlling interests		**112,682**	(77,020)
		589,178	796,429

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	*2023* AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property and equipment	14	**789,463**	454,968
Investment properties	16	**7,536,858**	7,239,241
Intangible assets and goodwill	15	**194,932**	198,471
Right-of-use assets	29	**86,912**	90,336
Investment in associates and joint ventures	17	**102,964**	32,010
Investments in financial assets	18	**505,897**	479,533
Trade and other receivables	21	**645,607**	411,786
		9,862,633	8,906,345
Current assets			
Inventory properties	19	**2,246,917**	2,053,230
Development work in progress	20	**1,489,727**	1,276,791
Trade and other receivables	21	**1,039,926**	463,327
Investments in financial assets	18	**2,558,234**	2,951,614
Amounts due from related parties	23	**1,190,414**	142,553
Cash and bank balances	22	**2,259,902**	1,828,133
		10,785,120	8,715,648
Assets held for sale	12	**663,328**	1,919,751
		11,448,448	10,635,399
TOTAL ASSETS		**21,311,081**	19,541,744
EQUITY AND LIABILITIES			
Equity			
Share capital	24	**6,855,599**	6,855,599
Share premium	3.1	**4,459,919**	4,459,919
Legal reserve	25	**398,795**	353,732
Merger reserve		**(189,234)**	(189,234)
Other reserves	26	**237,890**	238,056
Cumulative changes in fair value		**18,225**	2,832
Retained earnings		**1,987,900**	1,571,694
Equity attributable to Owners of the Parent		**13,769,094**	13,292,598
Non-controlling interests	31	**1,149,566**	955,255
Total equity		**14,918,660**	14,247,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
As at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	27	**132,044**	15,013
Deferred tax liabilities	11	**79,504**	-
Loans and borrowings	30	**1,758,963**	1,582,570
Lease liabilities	29	**91,094**	98,598
Provision for employees' end of service benefits	28	**14,125**	13,299
		2,075,730	1,709,480
Current liabilities			
Trade and other payables	27	**3,438,270**	2,778,795
Loans and borrowings	30	**217,172**	212,294
Lease liabilities	29	**33,189**	25,389
Amounts due to related parties	23	**620,045**	559,918
		4,308,676	3,576,396
Liabilities directly associated with assets held for sale	12	**8,015**	8,015
		4,316,691	3,584,411
Total liabilities		**6,392,421**	5,293,891
TOTAL EQUITY AND LIABILITIES		**21,311,081**	19,541,744

Group Finance Director

Group Chief Executive Officer

Director

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Attributable to Owners of the Parent									
	Share capital AED'000	*Share premium AED'000*	*Legal reserve AED'000*	*Merger reserve AED'000*	*Other reserves AED'000*	*Cumulative changes in fair value AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non-controlling interests AED'000*	*Total equity AED'000*
At 1 January 2022	5,508,191	-	327,122	(189,234)	235,742	38,875	691,192	6,611,888	1,033,098	7,644,986
Profit for the year	-	-	-	-	-	-	899,672	899,672	(77,020)	822,652
Other comprehensive loss for the year	-	-	-	-	2,314	(28,537)	-	(26,223)	-	(26,223)
Total comprehensive income (loss) for the year	-	-	-	-	2,314	(28,537)	899,672	873,449	(77,020)	796,429
Increase in share capital on acquisition of a subsidiary (note 24)	1,347,408	-	-	-	-	-	-	1,347,408	-	1,347,408
Acquisition of a subsidiary (note 24)	-	4,459,919	-	-	-	-	-	4,459,919	-	4,459,919
Disposal of subsidiaries	-	-	(66)	-	-	-	-	(66)	(823)	(889)
Transfer of fair value reserve of equity securities carried at fair value through other comprehensive income	-	-	-	-	-	(7,506)	7,506	-	-	-
Transfer to legal reserve (note 25)	-	-	26,676	-	-	-	(26,676)	-	-	-
At 31 December 2022	6,855,599	4,459,919	353,732	(189,234)	238,056	2,832	1,571,694	13,292,598	955,255	14,247,853
At 1 January 2023	6,855,599	4,459,919	353,732	(189,234)	238,056	2,832	1,571,694	13,292,598	955,255	14,247,853
Profit for the year	-	-	-	-	-	-	461,269	461,269	112,682	573,951
Other comprehensive income (loss) for the year	-	-	-	-	(166)	15,393	-	15,227	-	15,227
Total comprehensive income (loss) for the year	-	-	-	-	(166)	15,393	461,269	476,496	112,682	589,178
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	5,118	5,118
Capital injection by non controlling interest (note 16 (*i*))	-	-	-	-	-	-	-	-	76,511	76,511
Transfer to legal reserve (note 25)	-	-	45,063	-	-	-	(45,063)	-	-	-
At 31 December 2023	**6,855,599**	**4,459,919**	**398,795**	**(189,234)**	**237,890**	**18,225**	**1,987,900**	**13,769,094**	**1,149,566**	**14,918,660**

The attached notes 1 to 37 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Notes	***2023*** ***AED'000***	*2022* *AED'000*
OPERATING ACTIVITIES			
Profit from continued operations		**649,404**	836,780
Profit (loss) from discontinued operations		**4,051**	(14,128)
		653,455	822,652
Adjustments for:			
Depreciation on property and equipment	14	**20,756**	17,398
Amortisation of intangible assets	15	**3,539**	2,326
Depreciation on right of use assets	29	**3,424**	3,407
Gain on disposal of assets held for sale	12	**(218,348)**	(4,341)
Reversal of provision for infrastructure cost, net	7	**(114,283)**	-
Dividend income	5	**(111,897)**	(37,854)
Gain on transfer of land to an associate	7	**(45,040)**	-
Finance (income) costs, net	10	**(13,124)**	93,515
Finance costs on lease liabilities	10	**4,606**	5,983
Changes in investments in financial assets	18	**333,434**	348,889
Amortisation expense on investments at amortised cost	18	**(310)**	218
Provision for employees' end of service benefits	28	**3,892**	2,366
(Reversal) of provision for impairment loss on development work in progress	20	**(53,407)**	162,158
Provision for impairment loss on investment properties underdevelopment	16	**-**	260,768
Provision for impairment loss on property and equipment	14	**7,006**	306,463
Provision for expected credit loss on financial assets	8	**96,965**	82,914
Change in fair value of investment properties	16	**(192,330)**	73,262
Bargain purchase gain on acquisition of subsidiary	3.1	**-**	(1,865,900)
Share of loss from associates and joint ventures	17	**697**	1,268
Gain on liquidation of subsidiaries	2.1	**(4,051)**	(3,741)
Gain on disposal of bonds		**(365)**	-
Liabilities written back	7	**(91,317)**	-
Loss on disposal of subsidiaries	3.2	**-**	16,254
Loss on disposal of joint venture	17	**-**	6,152
Operating cash flows before changes in working capital		**283,302**	294,157
Changes in working capital:			
Inventory properties		**(193,687)**	46,279
Development work in progress		**(149,948)**	(230,948)
Trade and other receivables		**(202,492)**	(29,894)
Amounts due from related parties		**(1,055,411)**	(28,922)
Amounts due to related parties		**60,127**	63,802
Trade and other payables		**1,343,237**	601,726
Cash generated from operating activities		**85,128**	716,200
Employees' end of service benefits paid	28	**(3,066)**	(4,716)
Net cash generated from operating activities		**82,062**	711,484

CONSOLIDATED STATEMENT OF CASH FLOWS continued
Year ended 31 December 2023

	Notes	**2023 AED'000**	2022 AED'000
INVESTING ACTIVITIES			
Purchase of property and equipment	14	**(348,302)**	(241,569)
Proceeds from disposal of property and equipment		**7,739**	310
Purchase of intangible assets	15	**-**	(158)
Proceeds from disposal of assets held for sale		**539,700**	13,473
Additions to investments properties, net of disposal		**(114,865)**	(84,895)
Purchase of investments carried at fair value through profit or loss	18	**(331,041)**	(72,946)
Proceeds from the disposal of investments carried at fair value through profit or loss	18	**390,987**	131,768
Proceeds from the disposal of investment carried at fair value through other comprehensive income	18	**-**	8,803
Purchase of investments at amortised cost	18	**(28,494)**	-
Proceeds from the maturity of investments carried at amortised cost		**11,080**	236
redemption of bonds		**5,985**	-
Dividends received		**112,408**	39,386
Cash acquired on acquisition of subsidiaries		**-**	408,700
Interest income received		**86,985**	15,651
Investment made in associate and joint venture		**(11,023)**	(90)
Net movement in restricted cash		**(654,848)**	(269,700)
Term deposit redeemed (placed)		**48,002**	(496,865)
Margin deposits released		**(38,231)**	(9,955)
Net cash used in investing activities		**(323,918)**	(557,851)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**404,934**	1,084,040
Repayments of borrowings		**(308,527)**	(1,769,289)
Payment of lease liabilities	29	**(4,310)**	-
Finance costs paid		**(73,995)**	(106,601)
Dividends paid		**-**	(78)
Net cash generated from (used in) financing activities		**18,102**	(791,928)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(223,754)**	(638,295)
Net foreign exchange differences		**10,446**	24,353
Cash and cash equivalents at 1 January	22	**1,038,322**	1,652,264
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	**825,014**	1,038,322

The attached notes 1 to 37 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Q Holding PSC (the "Company" or the "Parent") is a private joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE). The Company is registered on the secondary market in Abu Dhabi Stock Exchange.

The Company is registered under commercial license No. CN-1002912. The registered office of the Company is at P.O. Box 48111, Abu Dhabi, U.A.E. The Company and its subsidiaries together are referred to as ("the Group").

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

The Group is principally engaged in investing in pioneering business ideas and forming strategic partnerships emanating from focused research and the expertise of its founders. The Group envisages subscribing as a founder in potentially successful companies, development, management, sales and leasing of real estate projects, launch and manage educational, hospitality and health care projects and acquire controlling interests in strategic companies.

The consolidated financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 30 January 2024.

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021.

Accounting convention
The consolidated financial statements have been prepared under the historical cost convention except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment properties which have been measured at fair value.

Functional and presentation currency
The consolidated financial statements are presented in UAE Dirhams ("AED"), which is the presentation currency of the Group and the functional currency of the Company. All the values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2.1 BASIS OF PREPARATION continued

Basis of consolidation continued
When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture

			Percentage of holding	
Name of subsidiary	*Principal activity*	*Country of incorporation*	***31 December 2023 %***	*31 December 2022 %*
Al Qudra Real Estate LLC	Real estate management	United Arab Emirates	**100**	100
Al Qudra Holding – Syria	General investment	Syrian Arab Republic	**100**	100
Al Qudra Real Estate	Real estate management	Syrian Arab Republic	**100**	100
Al Qudra Trading LLC	Commercial project investment	United Arab Emirates	**100**	100
Q & Elevate LLC	Hospitality Service	United Arab Emirates	**70**	70
Ain Al Fayda Real Estate LLC	Real estate management.	United Arab Emirates	**100**	100
Buhyarat Ain Al Fayda Real Estate LLC	Real estate management	United Arab Emirates	**100**	100
Manarah Bay Real Estate	Real estate management	United Arab Emirates	**100**	100
Q International Limited	General Investment	Cayman Islands	**100**	100
Q For Commercial Markets Management	Setup, Ownership and Development of Commercial Market, Parks and entertainment facilities	United Arab Emirates	**60**	60

2.1 BASIS OF PREPARATION continued

Basis of consolidation continued

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Percentage of holding* ***31 December 2023 %***	*31 December 2022 %*
Q Link Transport	Transportation	United Arab Emirates	**85**	85
Q Active for Technologies LLC	Telecommunication system installation and maintenance	United Arab Emirates	**51**	51
ABNIA for Industrial Holding LLC*	Activities of cement, glass, iron, wood and electromechanical industries	United Arab Emirates	**50**	50
Al Qudra Belarus Ltd.	General Investment	Republic of Belarus	**100**	100
Al Qudra Holding – Yemen	General Investment	Republic of Yemen	**100**	100
Al Qudra Industrial LLC	Consultancy in alternative power and industrial projects	United Arab Emirates	**100**	100
Q Parks Establishment	Touristic resort management & entertainment investment	United Arab Emirates	**100**	100
Al Qudra Health Care LLC	Health care & hospitality	United Arab Emirates	**100**	100
QP International LLC	Project Management	United Arab Emirates	**60**	60
Al Rayan Investment PSC	Develop, manage and invest in real estate enterprises	United Arab Emirates	**99.97**	99.97
Construction Workers Residential City LLC	Real Estate Investment	United Arab Emirates	**65**	65
Moon Flower Real Estate Development LLC	Real Estate Investment	United Arab Emirates	**100**	100
Green Precast Systems Technology LLC	General Contracting	United Arab Emirates	**60**	60
Apex Residential LLC	Real Estate Investment	United Arab Emirates	**100**	100
Al Rayan Global Real Estate LLC	Real Estate Investment	United Arab Emirates	**100**	100
Q construction LLC	General contracting	United Arab Emirates	**100**	100
Radiant & Moonflower Real Estate Development LLC	Real Estate Investment	United Arab Emirates	**65**	65
Al Qudra Holding – Morocco	General investment	Morocco	**100**	100
Smart Hotel Management	Hotel management	Morocco	**100**	100
Smart Hotel Properties	Hotel management	Morocco	**100**	100
Kasr Al Bahr	Hospitality	Morocco	**100**	100
Atlantic Coast Hospitality	General investment	Morocco	**100**	100
Al Qudra for Agricultural and Development LLC	Agricultural development	United Arab Emirates	**100**	100
Q General Investments Ltd.	General investment	British Virgin Islands	**100**	100
Al Qudra Holding -Algeria	General Investments	Algeria	**100**	100
Al Qudra Holding International LLC	Industrial Enterprises and financial management	United Arab Emirates	**100**	100
Emirates Simulation Academy LLC	Construction, Operation management and development of training centre	United Arab Emirates	**60**	60
Winds Laundry – Sole Proprietorship LLC	Laundry services	United Arab Emirates	**100**	100
Al Qudra Holding Offshore	Holding Company	Morocco	**100**	100
Q Investment RSC Ltd.	Real Estate Investment	United Arab Emirates	**100**	100
Q Malls – Sole Proprietorship LLC	Real Estate Lease and Management	United Arab Emirates	**100**	100
Barary Ain Al Fayda Development LLC	Real estate management	United Arab Emirates	**100**	100
Al Tamouh Investments Company LLC	Real estate management	United Arab Emirates	**100**	100
Al Ain Adventures LLC	Adventure Park	United Arab Emirates	**100**	100

2.1 BASIS OF PREPARATION continued

Basis of consolidation continued

Name of subsidiary	*Principal activity*	*Country of incorporation*	*Percentage of holding* **31 December 2023 %**	*31 December 2022 %*
Green Mubazzarah Chalets LLC	Resort and furnished residences leasing	United Arab Emirates	**100**	100
Tamouh National Contracting LLC	Building projects contracting	United Arab Emirates	**51**	51
Arch Models Abu Dhabi LLC	Designing and constructing architectural models	United Arab Emirates	**60**	60
TSL Properties LLC	Real estate management	United Arab Emirates	**100**	100
Island Villas LLC	Real estate management	United Arab Emirates	**100**	100
Marina Square Community Real Estate LLC	Real estate management	United Arab Emirates	**100**	100
Team Builders LLC	Real estate management	United Arab Emirates	**51**	51
Q Properties LLC	Real estate management	United Arab Emirates	**100**	100
Q Companies Management LLC	Real estate management	United Arab Emirates	**100**	100
Q Hospitality LLC	Real estate management	United Arab Emirates	**100**	100
Reem Hills – Sole Proprietorship LLC	Real estate management	United Arab Emirates	**100**	100
Reem Investments – Sole Proprietorship PJSC	Real estate management	United Arab Emirates	**100**	100
Reem Developers – Sole Proprietorship LLC	Real estate management	United Arab Emirates	**100**	100
Reem for Energy Investment Services – Sole Proprietorship LLC	Oil and gas projects	United Arab Emirates	**100**	100
Insignia One Investment**	General Investment	United Arab Emirates	**100**	-
Viva Tourism Investment – L.L.C. **	Hospitality services	United Arab Emirates	**100**	-
Tamouh Hotels & Resorts L.L.C	Hotel Management	United Arab Emirates	**99**	99
Discontinued operations				
Paragon Malls LLC	Ownership and leasing of retail property	United Arab Emirates	**100**	100
Dana Hospitality LLC	Hotel Management service	United Arab Emirates	**100**	100
Danat Facility Management LLC***	Facilities management service	United Arab Emirates	-	100
Earth Care Agricultural Products LLC***	Agriculture Business	United Arab Emirates	**-**	100
Al Qudra General Trading Establishment***	Commercial project investment	United Arab Emirates	**-**	100
Q Energy LLC***	Oil & Gas equipment installation and maintenance services	United Arab Emirates	**-**	60
Q Car Park LLC***	Developing, operating, renting and equipping of car parking	United Arab Emirates	**-**	50

*Although the Group owns 50% of the outstanding shares of and ABNIA for Industrial Holding LLC, the investment has been classified as a subsidiary by virtue of control over the investee.

** Subsidiaries incorporated during the year.

*** Subsidiaries liquidated and formally dissolved during the year, the liquidation of Q Car Park LLC and Q Energy LLC, resulted in a gain of AED 4,051 thousand on liquidation.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 203. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the consolidated financial statements for the period beginning 1 January 2024.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has considered related deferred tax accounting impact as at the reporting date, as follows:

The Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and relating to business combinations undertaken in UAE prior to 16 January 2023 as well as on intangible assets acquired as part of business combinations subsequent to 16 January 2023. The Group has recognised deferred tax liabilities of AED 79,504 thousand relating to such business combinations.

No other potential deferred tax assets or liabilities have been identified as at the reporting date.

New and amended standards and interpretations
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Business combinations and goodwill continued
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Acquisition of entities under common control
Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint ventures are accounted for using the equity method.

The results and assets and liabilities of the associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of consolidated the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as he Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Investment in associates and joint ventures continued
When the Group's share of losses in an associate or joint venture equals or exceeds its interests in the associates or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates or joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures.

Upon loss of significant influence over the associates or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Revenue recognition
Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue from contracts with customers for sale of goods or services
The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation; and

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

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

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued
Revenue from contracts with customers for sale of goods or services continued
Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Sale of land plots
Revenue from the sale of land plots is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the land plots.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate (“EIR”) applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset’s net carrying amount.

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

Construction contract revenue
The Group provides construction services to its customers. Such contracts are entered into before rendering of services begins. The Group recognises revenue from construction project execution services contracts over time as the assets constructed are highly customized for the customers’ needs with no alternative use and the Group has right to payment for performance completed to date. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under ‘IFRS 15 Revenue from Contracts with Customers’.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of contracts include all direct costs of labour, materials, depreciation of Property and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

The gross amount of contract assets from customers classified under trade and other receivables, is the net amount of costs incurred plus recognised profits; less recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

The gross amount of contract liabilities to customers classified under trade and other payables, is the net amount of costs incurred plus recognised profits less recognised losses and less progress billings, for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Contract costs
Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

Costs that cannot be related to contract activity or cannot be allocated to a contract are excluded from the costs of the construction contracts and are included in other expenses. A loss is recognised in the consolidated statement of profit or loss when the expected contract costs exceed the total anticipated contract revenue.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

i) Right-of-use assets

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

Land	30 to 50 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to impairment of non-financial assets section for further details.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Leases continued
The Group as lessee continued

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000, when new). Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the assets including installation costs. The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

The estimated useful lives for the current and the comparative periods are as follows:

Buildings	40 years
Machinery and equipment	3 to 4 years
Vehicles	3 to 4 years
Office and computer equipment	3 to 5 years
Furniture and fixtures	4 to 5 years
Leasehold improvements	lower of lease term or 4 years
Other assets	5 years

Land is not depreciated. In the case of leasehold improvements, it is expected that the underlying lease will continue to be renewed over the useful life and therefore, depreciation is charged over the useful life of the leasehold improvements.

The Group assesses, at each reporting date, whether there is an indication that the carrying value of property and equipment may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on the disposal or retirement of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the property and equipment and is recognised in the consolidated statement of profit or loss in the year when the property and equipment is sold or retired.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Capital work-in-progress
Capital work-in-progress are recorded at cost. Allocated costs directly attributable to the construction of the asset are capitalised. The capital work-in-progress are transferred to the appropriate asset category and depreciated or amortised in accordance with the Group's policies when construction of the asset is completed, and the asset is commissioned.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

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

Concession rights
These include cost incurred to obtain certain concession rights and are amortised on a straight-line basis in the consolidated statement of profit or loss over their estimated useful life of 35 years from the date of construction of the district cooling plant.

Investment properties
Initial recognition and measurement
Investment properties are measured initially at cost, including transaction costs.

Subsequent measurement
Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by an external independent valuer.

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

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

Development work in progress
Development work-in-progress consists of property being developed principally for sale and is stated at the lower of cost and net realisable value. Cost comprises all direct costs attributable to the design and construction of the property and, where applicable, the cost of land upon which the property is being developed. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Land under development work-in-progress granted to the Group without consideration is carried at nominal value.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Investment properties under development
Investment properties under development that are being constructed or developed for future use as investment properties are measured initially at cost including all direct costs attributable to the design and construction of the properties including related staff direct costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the consolidated statement of profit or loss in the period in which they arise. Upon completion of construction or development, such properties are transferred to completed investment properties.

Contract work in progress
Contract work in progress represents the unbilled portion of the contract revenue recognized during the year valued at cost plus attributable profit. Cost includes materials, labour and other overheads related to the projects.

Inventory properties
Inventory properties are stated at the lower of cost or net realisable value. Cost is determined using the first in first out cost method. Net realisable value is based on the estimated selling price less any further costs of disposals.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

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

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition as financial assets carried at fair value through profit or loss, fair value through other comprehensive income or amortised cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Group's financial assets comprise trade and other receivables, amounts due from related parties, bank balances and cash, investment carried at amortised cost, investments carried at fair value through other comprehensive income ("FVTOCI") and investments carried at fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

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

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

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

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

The Group's financial assets are classified at amortised cost, which includes investments carried at amortised cost, trade and other receivables, amounts due from related parties and cash and bank balances.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i) Financial assets continued

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by- instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income from investments in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group have various equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The Group has classified various investments under this category.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i) Financial assets continued

Derecognition
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

ii) Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement
The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

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

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all assets at amortised cost including debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade and other receivables and amounts due from related parties, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due, considering the nature of the Group's operations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances net of bank overdrafts, margin deposits and term deposits with maturity of more than three months.

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Income tax expense
The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Income tax expense continued
Deferred tax is recognised on all temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences and carried forward tax credits or tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Current and deferred tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to, respectively, other comprehensive income or equity. Otherwise, income tax is recognised in the consolidated statement of comprehensive income.

Employees' end of service benefits
The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Taxes
Value added tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

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

- The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Foreign currency transactions
Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign operations
The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed in its entirety or partially such that control, significant influence of joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the consolidated statement of financial position date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Classification of properties
In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property or property and equipment. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment properties or property and equipment. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in International Accounting Standards IAS 16 – Property, Plant and Equipment and IAS 40 – Investment Property, in particular, the intended usage of property as determined by management.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Judgements continued

Business combinations

For every acquisition, the Group performs an assessment to determine whether the transaction represents an acquisition of assets or business. In cases where the acquisition is determined to be a business then the Group performs certain additional procedures, as mentioned below, to conclude whether the business combination is within the scope of IFRS 3 – Business Combinations (IFRS 3) or the business combination is under common control which is outside the scope of IFRS 3:

- consider the total shareholding of the Group in the acquiree (investee), owned either directly, indirectly or through beneficial ownership, prior to the acquisition;
- determine whether the Group exerts control or de-facto control over the investee in accordance with IFRS 3.

Further, the Group also performs an assessment of the reliability of acquisition date fair value of the acquiree's equity interests to determine if this value may be more reliably measurable than the acquisition date fair value of the acquirer's equity interests. Judgment is involved to make this assessment which includes performing procedures such as evaluating the volume of shares traded of the acquiree and acquirer prior to the transaction to conclude on the fair value to be applied in the determination of the purchase consideration.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income ("FVTOCI"), fair value through profit or loss ("FVTPL") or amortised cost. In making a judgement whether investments in securities are as at FVTOCI, FVTPL or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Useful lives of property and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation / amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and the future depreciation/amortisation charge is adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated/amortised over the revised remaining useful life.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimates and assumptions continued

Impairment of property and equipment, right-of-use-assets and intangible assets

The Group determines whether property and equipment, right-of-use-assets and intangible assets are impaired when events or conditions indicate that the carrying amount may not be recoverable. In assessing whether there is any indication that the property and equipment, right-of-use-assets and intangible assets at the end of the reporting period may be impaired, the Group considered the following:

- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting and external factors that indicates a potential decline in budgeted net cash flows flowing from the asset.

Estimation of the recoverable amount of the property and equipment, right-of-use-assets and intangibles assets where indicators of impairment were present, is made on the reporting date. Estimation of the recoverable amount requires a determination of the property and equipment's, right-of-use-assets and intangible assets value in use and their fair value less costs to sell. Calculation of value in use requires the Group to make an estimate of the expected future cash flows from individual cash-generating units and determination of a suitable discount rate to calculate the present value of those cash flows. Fair value less costs to sell is determined by obtaining reports from third parties.

The net carrying amount of property and equipment subject to impairment assessment at 31 December 2023 was AED 789,463 thousand (2022: AED 454,968 thousand) with provision for impairment of AED 373,090 thousand (2022: AED 366,084 thousand). The net carrying amount of intangible assets and goodwill subject to impairment assessment at 31 December 2023 was AED 194,932 thousand (2022: AED 198,471 thousand) with provision for impairment amounting to AED Nil (2022: AED Nil).

Valuation of investment properties

Investment properties are stated at fair value as at the consolidated statement of financial position date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. The fair values of investment properties are determined by management through engaging through professional valuers, who hold recognised and relevant professional qualifications and having recent experience in the location and category of the investment properties being valued. The valuation techniques adopted comprise the Income Method and Comparable Method.

Investment properties under development are measured at fair value. In the exceptional cases, when a fair value cannot be reliably determined, such properties are recorded at cost. The fair value of investment properties under development is determined using either the Comparable Sales Method and discounted cash flow valuation techniques.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under development. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of fair values as at 31 December 2023 and 2022, management and external expert have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables.

Key assumptions used to determine the fair value of the investment properties are disclosed in note 16.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Estimates and assumptions continued

Impairment of inventory properties

Inventory properties are held at the lower of cost and net realisable value. When inventory properties become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory properties type and the degree of ageing or obsolescence, based on anticipated selling prices.

At the reporting date, gross inventory properties were AED 2,246,917 thousand (2022: AED 2,053,230 thousand) with no provision for impairment.

Provision for expected credit losses for trade and other receivables and amounts due from related parties

The Group uses a provision matrix to calculate ECLs for trade and other receivables and amounts due from related parties. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by operating segment, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has also performed the specific assessment for some customers based on the risk profile to calculate the ECL using the simplified approach.

At the reporting date, gross trade receivables and unbilled revenue were AED 1,481,695 thousand (2022: AED 873,225 thousand) and the allowance for expected credit losses was AED 286,210 thousand (2022: AED 200,966 thousand). Any difference between the amounts actually collected in future periods and the net carrying amounts is recognised in the consolidated statement of profit or loss.

At the reporting date, amount due from related parties were AED 1,491,083 thousand (2022: AED 435,672 thousand) and the allowance for expected credit losses was AED 300,669 thousand (2022: AED 293,119 thousand). Any difference between the amounts actually collected in future periods and the net carrying amounts is recognised in the consolidated statement of profit or loss.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in its leases, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

3 BUSINESS COMBINATIONS

3.1 Acquisitions Under IFRS 3 Business Combinations in prior year

During the prior year, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combinations:

Reem Investments PJSC and its subsidiaries (Reem Investments)
Effective 2 June 2022, the Group, acquired a 100% interest in Reem Investments for a total consideration of AED 5,807,327 thousand. Reem Investments PJSC is a private joint stock company incorporated in Abu Dhabi United Arab Emirates on 29 May 2005 and is engaged in real estate development and the sale and investment in real estate and securities in the UAE and abroad. Since its acquisition, up to 31 December 2022, Reem Investments had contributed revenue and loss to the Group amounting to AED 30,988 thousand and AED 409,461 thousand respectively. If the acquisition had taken place at the beginning of the prior year, Reem Investments would have contributed revenue and loss to the Group amounting to AED 113,528 thousand and AED 148,809 thousand, respectively.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	AED'000
Assets	
Property and equipment	10,315
Investment properties	1,702,231
Development work in progress	5,189
Inventory properties	2,047,000
Amount due from related parties	7,960
Investments in financial assets	3,346,256
Intangible assets	122,000
Trade and other receivables	388,043
Cash and bank balances	408,700
	8,037,694
Liabilities	
Provision for employees' end of service benefit	2,272
Loans and borrowings	147,695
Amounts due to related parties	9,973
Trade and other payables	204,527
	364,467
Total identifiable net assets at fair value	**7,673,227**
Gain on bargain purchase	**1,865,900**
Purchase consideration against the issuance of shares	**5,807,327**

Purchase consideration comprises share capital of AED 1,347,408 thousand (1,347,408 shares of AED 1 each) and share premium of AED 4,459,919 thousand which was determined using a share swap ratio of 17.33 shares of the Company against each share of Reem Investments as agreed in the share purchase agreement entered into between the Company and Reem Investments.

3 BUSINESS COMBINATIONS continued

3.2 Disposal of subsidiaries during the prior year

During the prior year, the Group disposed the following subsidiaries:

Q Scape Komtec LLC
Effective 18 May 2022, the Group disposed of its entire ownership interest in Q Scape Komtec LLC ("Q Scape") for a consideration of AED Nil. Consequently, it has been excluded from the consolidated financial statements as a subsidiary from the date of disposal.

Al Qudra Facilities Management Services LLC
Effective 18 July 2022, the Group disposed of its entire ownership interest in Al Qudra Facilities Management LLC("AFQM") for a consideration of AED Nil. Consequently, it has been excluded from the consolidated financial statements as a subsidiary from the date of disposal.

The carrying value of the identifiable assets and liabilities disposed on the date of disposal are as follows:

	Q Scape AED'000	*AQFM AED'000*	*AED'000*
Assets			
Property and equipment	55	170	225
Trade and other receivables	17,986	853	18,839
Due from related parties	1,182	2,303	3,485
Cash and bank balances	211	202	413
Total assets	19,434	3,528	22,962
Liabilities			
Provision for employees' end of service benefits	399	337	736
Due to related parties	17,117	3,234	20,351
Trade and other payables	238	2,312	2,550
Total liabilities	17,754	5,883	23,637
Net assets (liabilities)	1,680	(2,355)	(675)
Less: non-controlling interest	(823)	-	(823)
Net assets (liabilities) attributable to the owners	857	(2,355)	(1,498)
Consideration received on disposal	-	-	-
(Loss) gain on disposal	(857)	2,355	1,498
Impairment on balance due from Q Scape	(15,922)	-	(15,922)
Impairment on balance due from AQFM	-	(1,830)	(1,830)
(Loss) gain on disposal	(16,779)	525	(16,254)

3 BUSINESS COMBINATIONS continued

3.2 Disposal of subsidiaries during the prior year continued

The results of the subsidiaries included in the consolidated statement of profit or loss are set out below.

	Q Scape AED'000	*AQFM AED'000*	*Total AED'000*
Revenue	26	3,891	3,917
Contract costs	(699)	(3,142)	(3,841)
Staff costs	(488)	(912)	(1,400)
Provision for employees' end of service benefits	-	(67)	(67)
Depreciation on property and equipment	(5)	(31)	(36)
Utilities	(2)	(7)	(9)
Rentals	(1)	(4)	(5)
Other expenses	(58)	(107)	(165)
Finance costs	(3)	(6)	(9)
LOSS FROM DISCONTINUED OPERATIONS	(1,230)	(385)	(1,615)
Attributable to:			
Owners of the Parent	(627)	(385)	(1,012)
Non-controlling interest	(603)	-	(603)
LOSS FROM DISCONTINUED OPERATIONS	(1,230)	(385)	(1,615)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	2023 AED'000	*2022 AED'000*
Revenue from infrastructure development (i)	**192,011**	-
Revenue from contracts with customers	**185,952**	104,022
Revenue from sale of plots	**81,500**	204,100
Revenue from hotel services	**13,875**	8,445
	473,338	316,567
Timing of revenue recognition		
Services transferred at a point in time	**287,386**	212,545
Services transferred over time	**185,952**	104,022
	473,338	316,567

(i) During the year, the Group completed the required infrastructure works on certain sold plots of land accordingly the deferred revenue related to these plots was recorded.

Geographical markets

	2023 AED'000	*2022 AED'000*
Within UAE	**471,005**	315,737
Outside UAE	**2,333**	830
	473,338	316,567

5 INCOME FROM INVESTMENTS IN FINANCIAL ASSETS

	2023 AED'000	2022 AED'000
Dividend income	**111,897**	37,854
Changes in fair value of investments carried at fair value through profit or loss (note 18)	**(333,434)**	(348,889)
	(221,537)	(311,035)

6 INCOME FROM INVESTMENT PROPERTIES

	2023 AED'000	2022 AED'000
Rental income	**409,058**	365,839
Changes in fair value of investment properties (note 16)	**192,330**	(73,262)
	601,388	292,577

7 OTHER INCOME

	2023 AED'000	2022 AED'000
Liabilities written back (i)	**91,317**	-
Gain on transfer of land to an associate (ii)	**45,040**	-
Reversal of provision for infrastructure cost (iii)	**114,283**	-
Other miscellaneous income	**21,933**	12,609
	272,573	12,609

(i) Liabilities written back represent project accruals previously recorded by the Group against development work performed by a related party on the Traditional Souq Project amounting to AED 47,953 thousand and work performed by contractors on residential development projects amounting to AED 43,364 thousand. During the year, the Group entered into settlement agreements with the related party and other contractors whereby all the amounts payable in connection with the projects were considered to be fully and finally settled leading to the reversals noted.

(ii) During the year, the Group contributed 5 plots of land in Reem Island amounting to AED 60,731 thousand to one of its associates. The plots of land and the related infrastructure had a carrying value of AED 15,691 thousand and were transferred at their fair value of AED 60,731 thousand resulting in a gain on transfer amounting to AED 45,040 thousand.

(iii) During the year, the Group completed the required infrastructure works on certain sold plots of land accordingly the deferred revenue and the related excess provision for infrastructure work was released given that the required provisions were no longer required.

8 PROVISION FOR EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

	2023 ***AED'000***	*2022* *AED'000*
Provision for expected credit losses on		
trade and other receivables (note 21)	**89,415**	75,916
amounts due from related parties (note 23)	**7,550**	7,018
Reversal of expected credit losses on investments carried at amortised cost (note 18)	**-**	(20)
	96,965	82,914

9 STAFF COSTS

	2023 ***AED'000***	*2022* *AED'000*
Salaries and other benefits	**82,962**	62,747
Provision for employees' end of service benefits	**2,099**	2,299
	85,061	65,046

10 FINANCE INCOME (COSTS), NET

	2023 ***AED'000***	*2022* *AED'000*
Interest on loans and borrowings (note 30)	**(84,864)**	(77,878)
Profit rate swap settlement	**-**	(31,715)
Interest expense on lease liabilities (note 29)	**(4,606)**	(5,983)
Interest income on term deposits	**97,988**	15,869
	8,518	(99,707)

11 INCOME TAX

	2023 ***AED'000***	*2022* *AED'000*
Consolidated statement of financial position - ***Deferred tax liabilities***		
Relating to enactment of UAE corporate income tax	**79,504**	-
Consolidated statement of comprehensive income - ***Deferred tax expense***		
Relating to enactment of UAE corporate income tax	**79,504**	-

11 INCOME TAX continued

Deferred tax liabilities relate to the following:

	Consolidated statement of financial position		*Consolidated statement of comprehensive income*	
	2023	*2022*	***2023***	*2022*
	AED	*AED*	***AED***	*AED*
Goodwill	**7,033**	-	**7,033**	-
Intangible assets acquired through business combination prior to enactment of UAE CT Law	**10,511**	-	**10,511**	-
Fair value of inventory properties acquired through business combination prior to enactment of UAE CT Law	**61,960**	-	**61,960**	-
Deferred tax liabilities	**79,504**	-	**79,504**	-
Deferred income tax expense	**79,504**	-	**79,504**	-

The deferred income tax expense of AED 79,504 thousand relates to the initial recognition of a deferred tax liabilities in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to corporate transactions completed in prior accounting periods, the deferred tax liabilities arise due to the introduction of the UAE CT Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE CT in the future.

12 DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

	2023	*2022*
	AED'000	*AED'000*
Assets held for sale – buildings and land (note 12.1 and 12.2.2 b)	**142,080**	1,398,503
Discontinued operations (note 12.2)	**521,248**	521,248
	663,328	1,919,751
Liabilities directly associated with discontinued operations (note 12.2)	**8,015**	8,015

12.1 Assets held for sale – buildings and land

Land
The Group entered into an agreement for the sale of C-13 land plot, Abu Dhabi to a related party for a total consideration of AED 430,000 thousand. The sale Agreement was finalised during the year which resulted in a derecognition of an asset and a gain on sale being recorded amounting to AED 35,987 thousand.

Building and land
The Group entered into an agreement for the sale of Traditional Souq, Abu Dhabi to the Department of Culture and Tourism for a total consideration of AED 1,079,472 thousand. The amount will be received in four equal annual instalments. The sale agreement has finalised during the year which resulted in the derecognition of the asset and a gain on sale being recorded amounting to AED 182,361 thousand.

12 DISCONTINUED OPERATION AND ASSETS HELD FOR SALE continued

12.2 Discontinued operations

Paragon Malls LLC ("Paragon")
On 31 October 2020, the Group signed a sale and purchase agreement to sell the subsidiary, Paragon Mall LLC. During 2021, a loan amounting to AED 242,422 thousand was settled, in order to meet one of the conditions precedent set in the sale and purchase agreement. As at 31 December 2023, the sale was not complete and expected to be completed during 2024.

Holiday Inn Abu Dhabi ("Holiday Inn")
During 2021, the Group announced the decision of its Board of Directors to sell Holiday Inn Abu Dhabi (Dana Hospitality LLC), a wholly owned subsidiary. The sale of Holiday Inn Abu Dhabi is expected to be completed within a year from the reporting date. At 31 December 2023, Holiday Inn Abu Dhabi was classified as a disposal group held for sale and as a discontinued operation.

The results of discontinued operations of the for the year are presented below:

12.2.1 Paragon Malls LLC

At 31 December 2023, Paragon Malls LLC's major assets and liabilities classified as held for sale, are as follows:

	2023	*2022*
	AED'000	*AED'000*
Assets		
Property and equipment	**503,096**	503,096
Trade and other receivables	**9,860**	9,860
Assets held for sale	**512,956**	512,956
Liabilities		
Trade and other payables	**408**	408
Liabilities directly associated with the assets held for sale	**408**	408
Net assets directly associated with disposal group	**512,548**	512,548

12.2.2 Holiday Inn Abu Dhabi

a) During 2021, the Group announced the decision of its Board of Directors to sell Holiday Inn Abu Dhabi (Dana Hospitality LLC), a wholly owned subsidiary. The sale of Holiday Inn Abu Dhabi is expected to be completed within a year from the reporting date. At 31 December 2022, Holiday Inn Abu Dhabi was classified as a disposal group held for sale and as a discontinued operation. The results of operations of Holiday Inn Abu Dhabi for the year are AED Nil (2022: AED Nil).

b) In connection with the sale of Holiday Inn Abu Dhabi, the buyer and the Group entered into a sale and purchase agreement for the hotel building with a net book value of AED 142,080 thousand. Accordingly, the building was classified as held for sale.

12 DISCONTINUED OPERATION AND ASSETS HELD FOR SALE continued

12.2 Discontinued operations continued

12.2.2 Holiday Inn Abu Dhabi continued

The major classes of assets and liabilities of Holiday Inn Abu Dhabi classified as held for sale as at 31 December are, as follows:

	2023 ***AED'000***	*2022* *AED'000*
Assets		
Trade and other receivables	**5,930**	5,930
Inventories	**223**	223
Amounts due from related parties	**91**	91
Cash and bank balances	**2,048**	2,048
Assets held for sale	**8,292**	8,292
Liabilities		
Provision for employees' end of service benefits	**867**	867
Trade and other payables	**6,740**	6,740
Liabilities directly associated with the assets held for sale	**7,607**	7,607
Net assets directly associated with disposal group	**685**	685

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Parent by the weighted average number of shares outstanding during the year.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2023 ***AED'000***	*2022* *AED'000*
Profit attributable to ordinary equity holders of the Parent:		
Continuing operations	**457,218**	913,170
Discontinued operations	**4,051**	(13,498)
	461,269	899,672
Weighted average number of ordinary shares issued (shares in '000)	**6,855,599**	6,294,487
Earnings per share	**0.07**	0.14
Earnings per share for continuing operations	**0.07**	0.14

There are no dilutive instruments issued by the Company, accordingly diluted earnings per share are the same as basic earnings per share.

14 PROPERTY AND EQUIPMENT

	Land and buildings AED '000	*Machinery and equipment AED '000*	*Vehicles AED '000*	*Office and computer equipment AED '000*	*Furniture and fixtures AED '000*	*Leasehold improvements AED '000*	*Other assets AED '000*	*Capital work in progress AED '000*	*Total AED '000*
Cost:									
At 1 January 2022	148,209	38,898	4,864	88,810	76,741	5,534	23,766	625,135	1,011,957
Additions	3,336	-	265	1,487	6,922	-	888	228,671	241,569
Acquired in business combinations (note 3.1)	23,820	-	509	1,259	610	4,773	1,102	-	32,073
Transfers to investment properties (note 16)	(10,523)	-	-	-	-	-	-	-	(10,523)
Transferred to assets held for sale	-	-	-	-	-	-	-	(137,215)	(137,215)
Disposals	-	(210)	(1,387)	(216)	(334)	-	(1,282)	-	(3,429)
Exchange differences	(2,147)	-	(15)	(74)	(11)	(532)	(507)	(22,082)	(25,368)
At 31 December 2022 and 1 January 2023	162,695	38,688	4,236	91,266	83,928	9,775	23,967	694,509	1,109,064
Additions	1,465	4,808	570	4,536	3,927	3,387	77	329,532	348,302
Transfers from investment properties (note 16)	9,578	-	-	-	-	-	-	-	9,578
Disposals	(8,869)	-	(704)	(402)	(141)	(4,183)	(418)	-	(14,717)
Exchange differences	724	-	5	12	5	386	137	11,326	12,595
At 31 December 2023	**165,593**	**43,496**	**4,107**	**95,412**	**87,719**	**9,365**	**23,763**	**1,035,367**	**1,464,822**
Accumulated depreciation:									
At 1 January 2022	79,582	4,819	4,303	87,935	54,561	5,534	20,933	-	257,667
Depreciation charge for the year	1,833	1,999	236	1,174	11,351	-	805	-	17,398
Acquired in business combinations (note 3.1)	13,568	-	451	1,254	610	4,773	1,102	-	21,758
Transfers to investment properties (16)	(3,886)	-	-	-	-	-	-	-	(3,886)
Disposals	-	(210)	(1,178)	(213)	(332)	-	(1,186)	-	(3,119)
Exchange differences	(346)	-	(14)	(73)	(272)	(532)	(569)	-	(1,806)
At 31 December 2022 and 1 January 2023	90,751	6,608	3,798	90,077	65,918	9,775	21,085	-	288,012
Depreciation charge for the year	1,930	1,999	313	3,354	12,041	602	517	-	20,756
Disposals	(1,259)	-	(704)	(389)	(140)	(4,068)	(418)	-	(6,978)
Exchange differences	-	-	5	12	5	323	134	-	479
At 31 December 2023	**91,422**	**8,607**	**3,412**	**93,054**	**77,824**	**6,632**	**21,318**	**-**	**302,269**
Impairment allowance:									
At 1 January 2022	-	-	-	-	-	-	-	59,621	59,621
Charge for the year	-	-	-	-	1,738	-	-	304,725	306,463
At 31 December 2022 and 1 January 2023	-	-	-	-	1,738	-	-	364,346	366,084
Charge for the year	5,413	1,593	-	-	-	-	-	-	7,006
At 31 December 2023	**5,413**	**1,593**	**-**	**-**	**1,738**	**-**	**-**	**364,346**	**373,090**
Net book value:									
At 31 December 2022	71,944	32,080	438	1,189	16,272	-	2,882	330,163	454,968
At 31 December 2023	**68,758**	**33,296**	**695**	**2,358**	**8,157**	**2,733**	**2,445**	**671,021**	**789,463**

i) During the year ended 31 December 2023, the Group capitalised borrowing costs on loans in capital work-in-progress in the amount of AED Nil (2022: AED 3,767 thousand).

15 INTANGIBLE ASSETS AND GOODWILL

	Concession rights AED'000	*Goodwill AED'000*	*Total AED'000*
Cost:			
At 1 January 2021	498	78,141	78,639
Additions	158	-	158
Acquired in business combinations (note 3.1)	122,000	-	122,000
At 31 December 2022	122,656	78,141	200,797
At 1 January and December 2023	**122,656**	**78,141**	**200,797**
Accumulated amortisation:			
At 1 January and 31 December 2021	-	-	-
Amortisation charge for the year	2,326	-	2,326
At 1 January and December 2023	2,326	-	2,326
Amortisation charge for the year	3,539	-	3,539
At 31 December 2023	**5,865**	**-**	**5,865**
Net book value:			
At 31 December 2023	**116,791**	**78,141**	**194,932**
At 31 December 2022	120,330	78,141	198,471

Goodwill
Goodwill represents the goodwill recognized on the Group's acquisition of Barary Ain Al Fayda Development LLC during 2021. Goodwill is allocated to the respective cash generating units and as at 31 December 2023, management performed its annual impairment review of goodwill using the discounted cashflow method. The estimated recoverable amounts exceeded the carrying values; hence, no impairment has been recorded.

The recoverable amounts have been computed based on the value in use approach derived from cash flow projections over a period of eight years.

Value in use was determined by discounting cash flows and was based on the following key assumptions:

- Discount rate: 11.6%
- Sales price: AED 123.46 – 148.15 per square metre

No reasonably possible change in any of the above key assumptions would cause the carrying values to materially exceed its recoverable amounts as of 31 December 2023.

16 INVESTMENT PROPERTIES

	Properties under development AED'000	*Labour camps AED'000*	*Land AED'000*	*Buildings AED'000*	*Total AED'000*
At 1 January 2023	**656,772**	**2,610,599**	**980,513**	**2,991,357**	**7,239,241**
Additions	**106,404**	**-**	**207,997**	**6,615**	**321,016**
Transfers	**(223,264)**	**-**	**-**	**223,264**	**-**
Transfer to property and equipment (note 14)	**-**	**-**	**-**	**(9,578)**	**(9,578)**
Disposal	**-**	**-**	**(206,151)**	**-**	**(206,151)**
Change in fair value (note 6)	**-**	**122,389**	**25,794**	**44,147**	**192,330**
At 31 December 2023	**539,912**	**2,732,988**	**1,008,153**	**3,255,805**	**7,536,858**
At 1 January 2022	1,143,882	2,921,199	1,105,740	1,390,053	6,560,874
Additions	103,431	-	464	-	103,895
Acquired in business combinations (note 3.1)	789,961	-	52,121	860,149	1,702,231
Transfers	(386,330)	-	-	386,330	-
Transfer from property and equipment (note 13)	-	-	-	6,637	6,637
Transfer to inventory properties (note 18)	-	-	(19,702)	(46,574)	(66,276)
Impairment	(260,768)	-	-	-	(260,768)
Change in fair value (note 6)	686	(310,600)	(158,110)	394,762	(73,262)
Transfer to assets held for sale	(734,090)	-	-	-	(734,090)
At 31 December 2022	656,772	2,610,599	980,513	2,991,357	7,239,241

Certain investment properties amounting to AED 4,014,672 thousand (2022: AED 3,782,795 thousand) are mortgaged against borrowings as disclosed in Note 30.

The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(i) Properties under development

	Labour/ staff camp AED'000	***Complex AED'000***	***Total AED'000***
At 1 January 2023	**167,803**	**488,969**	**656,772**
Transfer to completed investment properties	**-**	**(223,264)**	**(223,264)**
Additions	**76,511**	**29,893**	**106,404**
At 31 December 2023	**244,314**	**295,598**	**539,912**
At 1 January 2022	167,803	976,079	1,143,882
Acquired in business combinations	-	789,961	789,961
Transfer to completed investment properties	-	(386,330)	(386,330)
Transfer to assets held for sale	-	(734,090)	(734,090)
Impairment	-	(260,768)	(260,768)
Gain on change in fair value	-	686	686
Additions	-	103,431	103,431
At 31 December 2022	167,803	488,969	656,772

16 INVESTMENT PROPERTIES continued

(i) Properties under development continued

Complex
During the year 2017, Abu Dhabi Municipality provided a plot of land to the Group, for a lease period of fifty years. The Group was in the process of constructing a new traditional souq (the Souq) and a hotel situated between Al Maqta'a bridge and Khaleej Al Arabi Street located at the gateway to Abu Dhabi. The Souq mainly comprises of commercial units and hubs which were expected to yield rental from its use. In the prior year, properties under development amounting to AED 734,090 thousand were transferred to assets held for sale in line with the requirements of IFRS 5 "Non-current Assets Held For Sale and Discontinued Operations" as the Group had resolved to sell the related properties under development and not continue with its original intended use. Prior to the transfer, the Group performed an impairment assessment of the complex and based on the assessment recorded an impairment provision of AED 260,768 thousand.

Transfer to completed investment properties represents one residential building in Rawdhat, Reem Island completed during 2023 (2022: one residential building in Najmat Reem Island).

Investment properties amounting to AED 230,572 thousand (2022: AED 487,336 thousand) are pledged against loans and borrowings obtained by the Company to finance the construction of the mortgaged plots.

During the year, the finance cost capitalised as part of property under development amounted to AED Nil (2022: AED 20,318 thousand).

Labour/staff camp
During the year 2012, Zones Corp provided a plot of land to Moon Flower Real Estate Development LLC ("Moon Flower"), a subsidiary of the Group for a lease period of thirty years.

The Group completed majority of the construction of this camp facility in 2020 and accordingly an amount of AED 2,150,065 thousand was transferred from property under development to Labour Camps. The remaining amount of AED 244,314 thousand at 31 December 2023 represents the costs incurred on the construction of a hospital on this camp facility. The estimated additional cost to complete that hospital as at 31 December 2023 amounted to AED Nil (2022: AED 76,511 thousand) and the property is expected to be transferred during 2024 upon receiving final approvals from Governmental authorities to commence operations. Further, addition in properties under development amounting to AED 76,511 is financed through additional capital injected by a non-controlling interest of a subsidiary of the Group.

(ii) Labour camps

Construction Workers Residential City
The fair value of Construction Workers Residential City project which has been based on the discounted cashflow approach at a discount rate of 9.14%, amounted to AED 735,299 thousand (2022: AED 728,400 thousand), and has been determined based on a valuation performed by an external independent valuer, accordingly management has recorded a fair value gain of AED 6,899 thousand (2022: fair value loss AED 80,600 thousand). Lease revenue from this property recognised in the consolidated statement of profit or loss amounted to AED 60,313 thousand (2022: AED 65,146 thousand). The direct costs incurred and presented in the consolidated statement of profit or loss amounted to AED 16,100 thousand (2022: AED 15,582 thousand).

Moon Flower
The fair value of Moon Flower project which has been based on the discounted cashflow approach at a discount rate of 8.54%, amounted to AED 2,242,000 thousand (2022: AED 2,050,000 thousand), and has been determined based on a valuation performed by an external independent valuer, accordingly management has recorded a fair value gain of AED 115,490 thousand (2022: fair value loss AED 230,000 thousand). The property has 5,998 labour accommodation rooms. Lease revenue from this property recognised in the consolidated statement of profit or loss amounted to AED 198,707 thousand (2022: AED 229,789 thousand). The direct costs incurred and presented in the consolidated statement of profit or loss amounted to AED 59,206 thousand (2022: AED 53,262 thousand).

16 INVESTMENT PROPERTIES continued

(iii) Land

The following table illustrates the details of the plots of land which are owned by the Group:

Plot	*Location*	***2023*** ***AED'000***	*2022* *AED'000*
Manarah Bay *(a)*	Abu Dhabi, UAE	**-**	206,150
Hudayriat Plots *(a)*	Abu Dhabi, UAE	**225,970**	-
Khalifa city A *(b)*	Abu Dhabi, UAE	**165,000**	165,000
Khalifa city B *(b)*	Abu Dhabi, UAE	**120,340**	120,340
Damascus Syria *(c)*	Syrian Arab Republic	**92,736**	92,736
Reem Island plot *(d)*	Abu Dhabi, UAE	**30,000**	32,000
Hydra Golf Walk *(d)*	Abu Dhabi, UAE	**13,140**	11,500
Al Ain Retail & Health Care Plots *(e)*	Al Ain, UAE	**17,490**	16,650
Shuwaib Farm - Al Hayer *(f)*	Al Ain, UAE	**65,497**	64,600
Shams Land *(g)*	Abu Dhabi, UAE	**97,840**	97,840
Al Jaddaf Plots *(h)*	Dubai, UAE	**24,865**	18,420
RR07/C1 Najmat - School Plot *(i)*	Abu Dhabi, UAE	**35,521**	35,521
RT6 C12,28&30 *(j)*	Abu Dhabi, UAE	**119,754**	119,756
		1,008,153	980,513

(a) Hudayriat Plots

During the year, the Group received 17 plots of land in Hudayriat Island, Abu Dhabi, from the Government of Abu Dhabi in exchange for its interest in the plot of land in Manarah Bay. The fair values of these plots were determined using the direct comparison approach.

(b) Khalifa city A and Khalifa city B

The Group owns two plots of land in Khalifa City A and Khalifa City B for which the Group intends to construct investment properties for rental income. The fair values of these plots were determined using the direct comparison approach.

(c) Damascus Syria

The Group holds a plot of land in Syrian Arab Republic. The Group's intention is to develop this plot in the future. The plot has been valued by an independent valuer based in Lebanon who has valued the plot at AED 254,752 thousand (2022: AED 253,849 thousand). Management have however, reduced the carrying value fair value to AED 92,736 thousand (2022: AED 92,736 thousand) (representing a 63.5% reduction from the external valuation) taking into consideration the downturn in the economy in Syria and the devaluation of its currency. Furthermore, management took into consideration the unstable political situation that exists there.

(d) Reem Island and Hydra Golf Walk

The Group owns two plots of land in Reem Island and Hydra Golf Walk, respectively, for which the Group intends to construct investment properties for rental income. The fair values of these plots were determined using the direct comparison approach.

(e) Al Ain Retail & Health Care Plots

The Group owns certain plots of land in Al Ain and intended to construct properties on these for rental income. The fair values of these plots were determined using the direct comparison approach.

16 INVESTMENT PROPERTIES continued

(iii) Land continued

(f) Shuwaib Farm - Al Hayer

The Group owns a plot of agriculture land in Al Hayer, Al Ain, and intends to construct these properties for rental income. The fair value of this plot was determined using the direct comparison approach.

(g) Shams Land and others

The Group owns various plots of land in Reem Island, Abu Dhabi for which the Group intends to construct residential towers for sale. The fair values of these plots were determined using direct comparison approach.

(h) Al Jaddaf Plots

The Group owns various plots of land in Dubai for which the Group intends to construct residential towers for sale. The fair values of these plots were determined using direct comparison approach.

(i) RR07/C1 Najmat - School Plot

The Group owns various plots of land in Abu Dhabi for which the Group intends to construct residential towers for sale. The fair values of these plots were determined using direct comparison approach.

(j) RT6C12,28&30

The Group owns various plots of land in Reem Island, Abu Dhabi for which the Group intends to construct residential towers for sale. The fair values of these plots were determined using direct comparison approach.

(iv) Buildings

Plot	*Location*	***2023***	*2022*
		AED'000	*AED'000*
Horizon Tower	Abu Dhabi, UAE	**928,062**	911,336
Najmat-RR03-C10	Abu Dhabi, UAE	**457,360**	448,040
Najmat RR05-C2	Abu Dhabi, UAE	**395,860**	386,160
Najmat-RR05-C1	Abu Dhabi, UAE	**352,617**	344,220
Kite Tower	Abu Dhabi, UAE	**235,850**	231,202
Marina Square	Abu Dhabi, UAE	**213,481**	213,981
Rawdhat C93-96	Abu Dhabi, UAE	**108,800**	124,630
Nalaya Villas	Abu Dhabi, UAE	**120,000**	116,960
Reem Village	Abu Dhabi, UAE	**109,750**	106,000
Q Holding building	Abu Dhabi, UAE	**29,978**	35,674
City of Lights	Abu Dhabi, UAE	**38,656**	38,656
Hills Villas	Abu Dhabi, UAE	**17,900**	17,900
Marina Bay, COL	Abu Dhabi, UAE	**15,919**	15,598
Al Ghadeer Project - Villa	Abu Dhabi, UAE	**1,000**	1,000
Rawdhat C-106 & 107	Abu Dhabi, UAE	**230,572**	-
		3,255,805	2,991,357

16 INVESTMENT PROPERTIES continued

(iv) Buildings continued

Following is the summary of valuation techniques and inputs used in the valuation of buildings:

Property	*Valuation technique*	*Significant unobservable inputs*
Leased properties	Investment method	- Estimated rental value per annum, for the different leased properties, is as follows: ▪ Residential properties: AED 20,400 - AED 350,000 per unit (2022: AED 19,200 – AED 335,000 per unit); ▪ Commercial properties: AED 45/sq. ft. - AED 95/sq. ft. (2022: AED 40/sq. ft. – AED 90/sq. ft.); ▪ Retail: AED 110/sq. ft. – AED 140/sq. ft. (2022: AED 90/sq. ft. – AED 140/sq. ft); ▪ Car park: AED 1,180 - AED 6,300 per unit (2022: AED 1,260- AED 6,300 per unit); and ▪ Mix use property: AED 90/sq. ft (2022: AED 92/sq. ft) - Operating expenses: 10%-22% of market rent (2022: 10%-32% of market rent); and - Terminal capitalisation rate: 7.5% - 8.75% (2022: 7.25% - 8.75%).
	Comparable method	- Residential properties: AED 1,075/sq. ft. - AED 1,250/sq. ft. (2022: AED 925/sq. ft. – AED 1,200/sq. ft; - Retail: AED 1,250/sq. ft. (2022: AED 1250/sq. ft); and - Discount rate on sales: 5-8% before a transaction occurs (2022: 5-8% before a transaction occurs).

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Details of the Group's associates and joint ventures are as follows:

Name of entity	***Principal activities***	***Place of incorporation and operation***	***Ownership interest***	
			2023	*2022*
Associates:				
Sawaeed Holding PJSC	Manpower and investment solutions.	UAE	**10%**	10%
Century Village Real Estate Investment LLC	Real estate lease and management services, development construction, facilities management services.	UAE	**30%**	30%
Joint Ventures:				
ORA Developers Investment Holding Limited (iii)	Develop, finance, own and operate, lease or sell directly or indirectly, the Plots or any of its components.	UAE	**30%**	-
Al Qudra Addoha pour L'Investissement Immobilier	Import and export and trading of oil and gas related material.	UAE	**50%**	50%
Bunya Enterprises LLC	consultancy and management of civil works and development of properties.	UAE	**66%**	66%

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

	2023 ***AED'000***	*2022* *AED'000*
Century Village Real Estate Investment LLC *(i)*	**60,821**	90
Sawaeed Employment L.L.C. *(ii)*	**30,662**	31,418
ORA Developers Investment Holding Limited *(iii)*	**11,023**	-
Al Qudra Addoha pour L'Investissement Immobilier	**458**	502
Bunya Enterprises LLC *(iv)*	**-**	-
	102,964	32,010

(i) During the year, the Group contributed 5 plots of land in Reem Island amounting to AED 60,731 thousand to one of its associates. The plots of land and the related infrastructure had a carrying value of AED 15,691 thousand and were transferred at their fair value of AED 60,731 thousand resulting in a gain on transfer amounting to AED 45,040 thousand.

(ii) Sawaeed Employment L.L.C. is treated as an associate even though the Group holds 10% of the equity of the investee since the Group exercises significant influence over the operations and decision-making function of the investee due to its membership on the board of directors.

(iii) During the year, the Group incorporated a joint venture, Ora Developers Investment Holding Limited with a third party. The Group has 30% shareholding in the joint venture. The principal activities of the joint venture are to develop, finance, own and operate, lease or sell directly or indirectly, certain plots of land or any of their components. As at 31 December 2023, the joint venture has not commenced any operations.

(iv) Bunya Enterprises LLC ("Bunya") is a limited liability company incorporated in the Emirate of Abu Dhabi and is engaged in consultancy and management of civil works and development of properties. Bunya is treated as a joint venture, even though the Group holds 66% of equity investee, given that all decisions have to be approved via unanimous consent of all the shareholders.

In addition, the Group has already recognised in prior years its share of Bunya general and administrative expenses and accordingly its investment in Bunya has already been eroded. Accordingly, the Group is not recognizing any additional share of Bunya losses during the year ended 31 December 2023.

The movement of investment in associates and joint ventures is as follows:

	As at 1 January AED'000	*Disposals AED'000*	*Share of loss AED'000*	*Share of other compre-hensive income AED'000*	*Dividends AED'000*	*Additions AED'000*	*Closing balance AED'000*
31 December 2023							
Saweed Employment LLC	**31,418**	**-**	**(653)**	**408**	**(511)**	**-**	**30,662**
Century Village Real Estate Investment LLC (i)	**90**	**-**	**-**	**-**	**-**	**60,731**	**60,821**
Al Qudra Addoha pour L' Investissement Immobilier	**502**	**-**	**(44)**	**-**	**-**	**-**	**458**
ORA Developers Investment Holding Limited (ii)	**-**	**-**	**-**	**-**	**-**	**11,023**	**11,023**
	32,010	**-**	**(697)**	**408**	**(511)**	**71,754**	**102,964**
31 December 2022							
Saweed Employment LLC	32,027	-	(701)	1,624	(1,532)	-	31,418
Century Village Real Estate Investment LLC	-	-	-	-	-	90	90
Al Qudra Sports Management L.L.C	6,209	(5,642)	(567)	-	-	-	-
Al Qudra ICSM	510	(510)	-	-	-	-	-
Al Qudra Addoha pour L' Investissement Immobilier	603	-	-	(101)	-	-	502
	39,349	(6,152)	(1,268)	1,523	(1,532)	90	32,010

17 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

The summarised financial information of each of the associates and joint ventures of the Group is as follows:

	Saweed Employment LLC AED'000	*Century Village Real Estate Investment LLC AED'000*	*Al Qudra Addoha Real Estate Investment LLC AED'000*	*ORA Developers Investment Holding Limited AED'000*	*Total AED'000*	*2022 AED'000*
31 December 2023						
Total assets	**374,301**	**289,869**	**916**	**36,744**	**701,830**	766,949
Total liabilities	**(67,682)**	**(7,652)**	**-**	**-**	**(75,334)**	(446,787)
Equity (100%)	**306,619**	**282,217**	**916**	**36,744**	**626,496**	320,162
Less: non-controlling interests	**-**	**(79,480)**	**-**	**-**	**(79,480)**	-
Equity attributable to the owners of the entities	**306,619**	**202,737**	**916**	**36,744**	**547,016**	320,162
Group percentage holding	**10%**	**30%**	**50%**	**30%**		
Group's share in net assets	**30,662**	**60,821**	**458**	**11,023**	**102,964**	32,010
Group's carrying amount of the investment	**30,662**	**60,821**	**458**	**11,023**	**102,964**	32,010

Summarised statements of profit or loss:

	Saweed Employment LLC AED'000	*Century Village Real Estate Investment LLC AED'000*	*Al Qudra Addoha Real Estate Investment LLC AED'000*	*ORA Developers Investment Holding Limited AED'000*	*Total AED'000*	*2022 AED'000*
Revenue	66,825	-	-	-	66,825	63,869
(Loss) profit attributable to the owners of the Company	1,751	(195)	-	78	1,634	15,689

18 INVESTMENTS IN FINANCIAL ASSETS

	2023 AED'000	*2022 AED'000*
Investments carried at fair value through other comprehensive income *(i)*	**444,476**	430,217
Investments carried at fair value through profit or loss *(ii)*	**2,558,234**	2,951,614
Investments carried at amortised cost *(iii)*	**61,421**	49,316
	3,064,131	3,431,147

Disclosed in the consolidated statement of financial position as follows:

	2023 AED'000	*2022 AED'000*
Current	**2,558,234**	2,951,614
Non-current	**505,897**	479,533
	3,064,131	3,431,147

18 INVESTMENTS IN FINANCIAL ASSETS continued

i) Investments at fair value through other comprehensive income comprise:

	2023 *AED'000*	*2022* *AED'000*
Quoted equity securities inside UAE	**31,543**	37,633
Unquoted equity securities inside UAE	**412,933**	392,584
	444,476	430,217

ii) Investments carried at fair value through profit or loss comprise:

	2023 *AED'000*	*2022* *AED'000*
Inside UAE		
Quoted equity securities	**2,187,652**	2,541,230
Unquoted equity securities	**3,772**	4,633
Managed funds	**481**	6,819
	2,191,905	2,552,682
Outside UAE		
Quoted equity securities	**126,062**	167,306
Unquoted equity securities	**5,292**	6,682
Managed funds	**234,975**	224,944
	366,329	398,932
	2,558,234	2,951,614

iii) Investments carried at amortised cost comprise:

	2023 *AED'000*	*2022* *AED'000*
Bonds	**61,421**	49,316

The movement in investments carried at fair value through other comprehensive income is as follows:

	2023 *AED'000*	*2022* *AED'000*
At 1 January	**430,217**	467,557
Disposals	**(1,134)**	(8,803)
Change in fair value	**15,393**	(28,537)
At 31 December	**444,476**	430,217

18 INVESTMENTS IN FINANCIAL ASSETS continued

iii) Investments carried at amortised cost comprise continued

The movement in investments carried at fair value through profit or loss is as follows:

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**2,951,614**	62,383
Additions	**331,041**	72,946
Acquired in business combinations (note 3.1)	**-**	3,296,942
Disposals	**(390,987)**	(131,768)
Change in fair value (note 5)	**(333,434)**	(348,889)
At 31 December	**2,558,234**	2,951,614

The dividend income recognised in consolidated statement of profit or loss amounted to AED 111,897 thousand (2022: AED 37,854 thousand).

Fair value of certain unquoted investments have been estimated on the basis of latest concluded sales of similar investments confirmed by market intermediaries or through internal valuations.

The movement in investments carried at amortised cost is as follows:

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**49,316**	-
Acquired in business combinations, net of provision for expected credit losses (note 3.1)	**-**	49,314
Matured during the year	**(5,985)**	(236)
Amortisation during the year	**310**	218
Purchases during the year	**28,494**	-
Disposal during the year	**(10,714)**	-
Reversal of provision for expected credit losses (note 8)	**-**	20
At 31 December	**61,421**	49,316

	Stage 1 12 month ECL AED '000	*Stage 2 lifetime ECL not credit impaired AED '000*	*Stage 3 lifetime ECL credit impaired AED '000*	*Total AED '000*
31 December 2023				
Investments at amortised cost	**61,760**	**-**	**7,357**	**69,117**
Provision for expected credit losses	**(339)**	**-**	**(7,357)**	**(7,696)**
	61,421	**-**	**-**	**61,421**
31 December 2022				
Investments at amortised cost	49,655	-	7,357	57,012
Provision for expected credit losses	(339)	-	(7,357)	(7,696)
	49,316	-	-	49,316

19 INVENTORY PROPERTIES

	2023	*2022*
	AED'000	*AED'000*
At 1 January	**2,053,230**	7,509
Acquired in business combination (note 3.1)	**-**	2,047,000
Additions during the year	**196,997**	1,080
Transfers from investment properties (note 16)	**-**	66,276
Sold during the year	**(3,310)**	(68,635)
At 31 December	**2,246,917**	2,053,230

Inventory properties comprise completed properties held for sale in the ordinary course of business. inventory properties are stated at the lower of cost and net realizable value.

20 DEVELOPMENT WORK IN PROGRESS

	2023	*2022*
	AED'000	*AED'000*
Reem Island *(i)*	**888,564**	1,170,635
Al Sadu Project -Abu Dhabi *(ii)*	**379,733**	379,733
Reem Hills *(iii)*	**369,602**	-
Barary Ain Al Fayda *(iv)*	**235,869**	221,298
Others	**106,071**	54,642
	1,979,839	1,826,308
Impairment allowance	**(490,112)**	(549,517)
	1,489,727	1,276,791

Development work in progress represents development, design and construction costs incurred on assets under construction. Land granted without consideration to the Group is accounted for at nominal value. As at the reporting date, the development work in progress is in a usable condition and no further impairment exists.

(i) Development work in progress represents development and construction costs incurred on properties being constructed for sale.

(ii) The Group has a plot of land located in Al Reem Island, Abu Dhabi. The plot will be used to construct residential units for resale to individuals.

(iii) The Group has a plot of land located in Al Reem Island, Abu Dhabi. The plot will be used to construct residential units for resale to individuals.

(iv) The Group has a plot of land located in Al Ain, Abu Dhabi. The plot will be used to construct residential units for resale to individuals.

20 DEVELOPMENT WORK IN PROGRESS continued

Movement during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**1,826,308**	1,590,171
Acquired in business combinations (note 3.1)	**-**	5,189
Additions during the year	**378,575**	233,845
Transferred to associates during the year	**(15,691)**	-
Derecognized during the year	**(209,353)**	(2,897)
	1,979,839	1,826,308
Less: provision for impairment	**(490,112)**	(549,517)
At 31 December	**1,489,727**	1,276,791

Movement in provision for impairment is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**549,517**	387,359
Charge for the year	**-**	188,030
Write off during the year	**(5,998)**	-
Reversal during the year	**(53,407)**	(25,872)
At 31 December	**490,112**	549,517

21 TRADE AND OTHER RECEIVABLES

	2023 AED'000	2022 AED'000
Trade receivables	**1,352,938**	779,088
Unbilled revenue	**128,757**	94,137
Less: allowance for expected credit losses on trade receivables	**(286,210)**	(200,966)
	1,195,485	672,259
Prepayments and other advances	**141,856**	56,550
Other receivables	**246,184**	122,732
Retention receivables	**13,959**	16,213
Advances to contractors	**80,766**	13,394
Accrued income	**11,003**	-
Less: allowance for expected credit losses on advances and other receivables	**(3,720)**	(6,035)
	1,685,533	875,113
Non-current	**645,607**	411,786
Current	**1,039,926**	463,327
	1,685,533	875,113

21 TRADE AND OTHER RECEIVABLES continued

The Group measures the loss allowance for trade receivables, unbilled revenue and other receivables at an amount equal to lifetime ECL. The expected credit losses on financial assets and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience 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 debtor operates 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.

The movement in the expected credit loss on the trade and unbilled revenue during the year was as follows:

	2023	*2022*
	AED'000	*AED'000*
At 1 January	**200,966**	125,050
Charge for the year (note 8)	**89,415**	75,916
Reversal for the year	**(764)**	-
Write off during the year	**(3,407)**	-
At 31 December	**286,210**	200,966

During the year the Group has recorded a reversal of AED 2,315 thousand (2022: AED Nil) against allowance for expected credit losses on advances and other receivables.

As at 31 December, the ageing analysis of unimpaired trade and unbilled revenue is as follows:

			Past due				
	Total	*Not past due*	*<30 days*	*31-60 days*	*61-120 days*	*121-360 days*	*>360 days*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2023							
Expected credit loss rate		**0.31%**	**1.72%**	**1.96%**	**5.08%**	**19.44%**	**38.49%**
Estimated total gross carrying amount at default	**1,481,695**	**712,719**	**10,681**	**4,499**	**8,308**	**18,970**	**726,518**
Life time ECL	**(286,210)**	**(2,200)**	**(184)**	**(88)**	**(422)**	**(3,687)**	**(279,629)**
31 December 2022							
Expected credit loss rate		0.34%	0.05%	3.72%	4.52%	5.24%	32.7%
Estimated total gross carrying amount at default	873,225	155,107	71,214	23,131	13,033	2,823	607,917
Life time ECL	(200,966)	(535)	(34)	(861)	(589)	(148)	(198,799)

Concentration risk: The Group is exposed to a concentration risk with five customers individually representing 78% (2022: five customers 64%) of the total balance of trade receivables outstanding as of the reporting date. The Group does not expect any further losses from these customer.

Retention receivables represent amounts withheld by the customers in accordance with the respective contract terms and conditions. These amounts are to be released upon fulfilment of contractual obligations.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of each class of receivables mentioned above.

22 CASH AND BANK BALANCES

	2023 AED'000	2022 AED'000
Current and call accounts	**1,177,939**	574,974
Term deposits	**1,030,438**	1,239,865
Margin accounts	**51,525**	13,294
Cash and bank balances	**2,259,902**	1,828,133
Less: term deposits with an original maturity of more than three months	**(460,863)**	(508,865)
Less: margin deposits with an original maturity of more than three months	**(51,525)**	(13,294)
Less: restricted cash	**(924,548)**	(269,700)
	822,966	1,036,274
Add: cash and bank balances attributable to discontinued operations (note 12.1)	**2,048**	2,048
Cash and cash equivalents	**825,014**	1,038,322

Term deposits are placed with commercial banks. These are mainly denominated in the AED and earn interest at market rates. These deposits have original maturity between 1 to 12 months.

23 RELATED PARTY BALANCES AND TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as defined in the International Accounting Standard (IAS) 24 Related Party Disclosures. These represent transactions with related parties, i.e. shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2023 AED'000	2022 AED'000
Amounts due from related parties:		
Projects International Dubai	**6,868**	6,868
Connection Real Estate	**5,905**	5,905
SKM - Q LLC	**3,635**	3,635
Entities under common control	**1,473,584**	417,335
Others	**1,091**	1,929
	1,491,083	435,672
Provision for expected credit losses	**(300,669)**	(293,119)
	1,190,414	142,553

23 RELATED PARTY BALANCES AND TRANSACTIONS continued

Movements in the allowance for expected credit losses on amounts due from related parties are as follows:

	2023	*2022*
	AED'000	*AED'000*
At 1 January	**293,119**	286,101
Charge for the year (note 8)	**7,550**	7,018
At 31 December	**300,669**	293,119
Amounts due to related parties		
Center for Excellence for Applied Research and training	**28,256**	28,256
Lootah BCGas	**-**	8,467
Salvatkore Sakr	**8,277**	8,277
GSE Power Systems, Inc	**8,065**	8,065
Emirates Link Group	**4,661**	4,661
Entities under common control	**570,717**	502,123
Others	**69**	69
	620,045	559,918
Other related parties:		
Balances with a financial institution	**1,536,033**	909,739
Loans from a financial institution	**1,384,086**	1,575,779
Investments in financial assets	**2,321,594**	2,295,442

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2023	*2022*
	AED'000	*AED'000*
Gain on transfer of land plots to related parties	**75,487**	-
Gain on transfer of land plots to an associates (note 7)	**45,040**	-
Revenue from sales and services	**25,756**	37,737
Purchases	**162,722**	75,920

Compensation of key management personnel
The remuneration of key management personnel during the year was as follows:

	2023	*2022*
	AED'000	*AED'000*
Management compensation	**17,534**	8,603
Employees' end of service benefits	**705**	698
Management compensation	**18,239**	9,301
Director's fee	**10,000**	-

24 SHARE CAPITAL

	2023 AED'000	2022 AED'000
Authorised, issued and fully paid		
6,855,598,886 shares of AED 1 each (31 December 2022: 6,855,598,886 shares of AED 1 each)	**6,855,599**	6,855,599

During the prior year, the Group acquired a 100% interest in Reem Investments PJSC for a purchase consideration of AED 5,807,327 thousand which comprised of 1,347,408 thousand shares of AED 1 each which increased the share capital of the Group by AED 1,347,408 thousand and share premium of AED 4,459,919 thousand.

25 LEGAL RESERVE

In accordance with the Group companies' Articles of Association and the UAE Federal Law No. (32) of 2021, 5% of the annual profit of respective profitable companies each year is to be transferred to a legal reserve that is non-distributable. Transfers to this reserve are required to be made until it equals at least 50% of the paid up share capital of respective companies. During the year, the Group companies' have transferred profit of AED 45,063 thousand (2022: AED 26,676 thousand) to its legal reserve.

26 OTHER RESERVES

The movements in the 'other reserves' in the consolidated statement of financial position are as follows.

	Subsidiary's reserves on acquisition AED'000	*Foreign currency translation AED'000*	*Other comprehensive income AED'000*	*Total AED'000*
At 1 January 2023	245,885	(9,453)	1,624	238,056
Share of result of an associate (note 17)	-	-	408	408
Exchange differences on translation of foreign operations	-	(574)	-	(574)
At 31 December 2023	**245,885**	**(10,027)**	**2,032**	**237,890**
At 1 January 2022	245,885	(10,143)	-	235,742
Share of result of an associate (note 17)	-	-	1,624	1,624
Exchange differences on translation of foreign operations	-	690	-	690
At 31 December 2022	245,885	(9,453)	1,624	238,056

27 TRADE AND OTHER PAYABLES

	2023 AED'000	2022 AED'000
Trade payables	**355,932**	248,320
Advance from customers	**2,340,930**	1,254,735
Retention payables	**78,121**	113,187
Provision for infrastructure construction cost	**99,710**	246,990
Deferred revenue	**345,799**	462,983
Accrued expenses	**164,127**	217,309
Dividend payable	**24,448**	24,603
Accrued interest	**11,281**	412
Other payables	**149,966**	225,269
	3,570,314	2,793,808

27 TRADE AND OTHER PAYABLES continued

	2023 AED'000	2022 AED'000
Non-current	**132,044**	15,013
Current	**3,438,270**	2,778,795
	3,570,314	2,793,808

28 EMPLOYEES' END OF SERVICE BENEFITS

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2023 AED'000	2022 AED'000
At 1 January	**13,299**	13,377
Acquired in business combination (note 3)	**-**	2,272
Provided during the year	**3,892**	2,366
Employees' end of service benefits paid	**(3,066)**	(4,716)
At 31 December	**14,125**	13,299

29 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

Right-of-use assets:

	2023 AED'000	2022 AED'000
At 1 January	**90,336**	93,743
Depreciation expense	**(3,424)**	(3,407)
At 31 December	**86,912**	90,336

Lease liabilities:

	2023 AED'000	2022 AED'000
At 1 January	**123,987**	118,004
Interest expense (note 10)	**4,606**	5,983
Payments	**(4,310)**	-
At 31 December	**124,283**	123,987

29 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Lease liability is analysed in the consolidated statement of financial position as follows:

	2023	*2022*
	AED'000	*AED'000*
Current	**33,189**	25,389
Non-current	**91,094**	98,598
Total	**124,283**	123,987

Set out below, are the amounts recognised in the consolidated statement of profit or loss related to leases:

	2023	*2022*
	AED'000	*AED'000*
Depreciation on right-of-use assets	**3,424**	3,407
Interest expense on lease liabilities (note 10)	**4,606**	5,983
Total	**8,030**	9,390

30 LOANS AND BORROWINGS

	2023	*2022*
	AED'000	*AED'000*
Term loans	**1,784,086**	1,575,779
Islamic financing facilities	**192,049**	219,085
	1,976,135	1,794,864

The above facilities are taken from commercial banks in the UAE and are repayable in quarterly and semi-annual instalments of various amounts.

Set out below are the movements loans and borrowings during the year:

	2023	*2022*
	AED'000	*AED'000*
As at 1 January	**1,794,864**	2,323,186
Acquired in business combination (note 3.1)	**-**	147,695
Amounts drawn down during the year	**404,934**	1,084,040
Interest expenses (note 10)	**84,864**	77,878
Repayments made during the year	**(308,527)**	(1,837,935)
As at 31 December	**1,976,135**	1,794,864

The loans and borrowings are classified in the consolidated statement of financial position as follows:

	2023	*2022*
	AED'000	*AED'000*
Current	**217,172**	212,294
Non-current	**1,758,963**	1,582,570
Total	**1,976,135**	1,794,864

30 LOANS AND BORROWINGS continued

Terms and conditions of bank borrowings are as follows:

	Year of maturity	***2023*** ***AED'000***	*2022* *AED'000*
Term loan 1	2028	**223,622**	239,708
Term loan 2	2029	**192,049**	219,085
Term loan 3	2024	**43,153**	100,753
Term loan 4	2030	**107,624**	110,609
Term loan 5	2028	**845,960**	944,986
Term loan 6	2027	**99,777**	108,460
Term loan 7	2030	**63,950**	71,263
Term loan 8	2028	**400,000**	-
		1,976,135	1,794,864

Details of term loans/Islamic financing are as follows:

(i) *Term loan 1*

During 2020, the Group entered into a loan agreement amounting to AED 265 million for the purpose of funding its operations. The loan carries a fixed rate of 3.75% up to 31 December 2023 and 3 months EIBOR + 2.5% subsequent to that date. The loan is repayable in quarterly instalments up to 31 December 2028 with an option to extend and it is secured by a first-degree mortgage over a plot of land with a fair value of AED 120,340 thousand (2022: AED 120,340 thousand), irrevocable corporate guarantee and irrevocable assignment of project profits pertaining to the 1,500 Government Villa West Baniyas Project (as and when the project is awarded).

(ii) *Term loan 2*

During 2015, the Group entered into an Ijara agreement with a local bank, capped at AED 600 million. During the year, interest rate of 3% plus 3 months EIBOR has been reduced to 1.3% plus 3 months EIBOR which resulted in a modification gain of AED 11,533 thousand. As at 31 December 2023, the outstanding balance of the loan amounting to AED 192,049 thousand (2022: AED 219,085 thousand) and the unamortised deferred financing costs balance was AED 5,510 thousand (2022: AED 5,915 thousand), is repayable in 36 instalments beginning 2020 with a bullet repayment in 2029. The facility is secured by an assignment of project proceeds and first-degree mortgage over certain properties of the Group located on Reem Island.

(iii) *Term loan 3*

During 2018, the Group obtained a term loan, capped at AED 458 million which carries interest at a margin of 2.8% plus 3 months EIBOR. The interest on the term loan was reduced to 2.4% plus 3 months EIBOR and is repayable in a instalments of AED 14.4 million each on a quarterly basis from 31 March 2021 up to 30 September 2024. As at 31 December 2023, the outstanding balance of the loan amounted to AED 43,153 thousand (2022: AED 100,753 thousand).

(iv) *Term loan 4*

During 2013, the Group entered into a loan agreement amounting to AED 182,827 thousand for the purpose of funding its activities. During 2020, the Group restructured this loan with revised repayment and interest terms whereby interest was charged at a margin of 2.5% plus 3 months EIBOR with a minimum of 3% per annum and is repayable in quarterly instalments of AED 3.25 million each, starting from 31 March 2021 up to 30 June 2030.

30 LOANS AND BORROWINGS continued

(v) *Term loan 5*

During 2022, the Group entered into an term loan facility amounting to AED 1,050 million by restructuring of two term loans in order to finance the construction of Traditional Souq and the Moon Flower Real Estate labor camp. The facility carries a fixed profit rate of 3.32% per annum and is repayable in 14 semi-annual instalments of AED 65 million each, starting from 30 June 2022 up to 31 December 2028 and the balance to be paid with a bullet repayment at the end of the period. The loan is secured by commercial mortgage over assets of Moon Flower Complex with a fair value of AED 2,242,400 thousand, first degree registered mortgage over Al Qudra office building amounting to AED 63,200 thousand, pledge over 740,000 IGG shares, assignment of dividend proceeds from International Golden Group ("IGG") shares and rental proceeds from Moon Flower Real Estate Development LLC.

(vi) *Term loan 6*

During 2017, Reem Investments, the Group's acquired subsidiary, had availed a term loan facility of AED 173 million from a local bank to finance construction of a residential building on plot No. C106 – 107, Rawdhat. The loan bears interest of 6 Month EIBOR plus 2.50% per annum. During July 2021, the loan was rescheduled to be repaid in 8 equal semi-annual instalments of 12,500 thousand commencing on 31 July 2023 with the outstanding amount to be paid on 31 January 2027. The loan is mainly secured by first- degree registered mortgage over the property to be constructed (Land & Building on plot No. C106 – 107, Rawdhat). The drawn down loan and accrued interest as at 31 December 2023 amounted to AED 99,777 thousand (2022: AED 108,460 thousand).

(vii) *Term loan 7*

During 2019, Reem Investments, the Group's acquired subsidiary, had availed a term loan facility of AED 102 million from a local bank to finance construction of project C2-RR05, Najmat. The loan bears interest of 6 Month EIBOR plus 2.50% per annum. During October 2021, the loan was rescheduled to be repaid in 15 variable semi-annual instalments commencing on 2 December 2022 with the outstanding amount to be paid on 1 January 2030. The loan is mainly secured by a first-degree registered mortgage over the property to be constructed (Land & Building on plot No. C2-RR05, Najmat). The drawn down loan as at 31 December 2023 amounted to AED 63,950 thousand (2022: AED 71,263).

(viii) *Term loan 8*

During 2023, the Group entered into a loan agreement to obtain a long-term loan facility amounting to AED 800 million for the purpose of financing of the construction of Reem Hills Project. The loan bears interest rate of 3 Months EIBOR plus 1.10%. The loan is repayable in one bullet payment on 29 November 2027. The loan is pledged over 50,000 thousand shares of First Abu Dhabi Bank . The drawn down loan and accrued interest as at 31 December 2023 amounted to AED 400,000 thousand and AED 2,531 thousand.

31 NON-CONTROLLING INTERESTS

Set out below is summarised financial information for each subsidiary that has non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

Summarized statement of consolidated financial position:

	Construction workers Residential City LLC		*Radiant &Moonflower Real Estate Development LLC*		*Green Precast Systems Technologies LLC*		*Other subsidiaries*		*Total*	
	2023	*2022*	***2023***	*2022*	***2023***	*2022*	***2023***	*2022*	***2023***	*2022*
	AED'000	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*	***AED'000***	*AED'000*
Non-current assets	**762,951**	799,696	**2,290,417**	2,110,025	**-**	-	**394**	129	**3,053,762**	2,909,850
Current assets	**78,924**	71,315	**138,022**	89,825	**230**	230	**21,082**	23,106	**238,258**	184,476
	841,875	871,011	**2,428,439**	2,199,850	**230**	230	**21,476**	23,235	**3,292,020**	3,094,326
Non-current liabilities	**42,827**	49,356	**55,259**	57,482	**415**	415	**571**	717	**99,072**	107,970
Current liabilities	**299,432**	287,089	**830,714**	854,516	**12,155**	12,155	**167,447**	180,864	**1,309,748**	1,334,624
	342,259	336,445	**885,973**	911,998	**12,570**	12,570	**168,018**	181,581	**1,408,820**	1,442,594
Net assets	**499,616**	534,566	**1,542,466**	1,287,852	**(12,340)**	(12,340)	**(146,542)**	(158,346)	**1,883,200**	1,651,732
Accumulated payable (receivable) from non-controlling interest	**273,763**	285,805	**981,928**	780,142	**(70,008)**	(70,008)	**(36,117)**	(40,684)	**1,149,566**	955,255
Summarised consolidated statement of comprehensive income:										
Revenue	**74,099**	75,063	**198,707**	229,790	**-**	-	**-**	-	**272,806**	304,853
(Loss) profit for the year	**(34,405)**	(87,758)	**224,938**	(131,967)	**-**	-	**11,684**	766	**202,217**	(218,959)
Total comprehensive income allocated to non-controlling interest	**(12,042)**	(30,715)	**125,275**	(46,189)	**-**	-	**(551)**	(116)	**112,682**	(77,020)

32 SEGMENT REPORTING

For operating purposes, the Group is organised into business segments as follows:

Real estate includes the district cooling and air conditioning, investment in infrastructure projects, landscaping design and execution and sale of properties.

Hospitality includes commercial and contracting services contract related to the hotel business.

Labour accommodation includes providing services with respect to labour camp rental, management services, sale of food and cafeteria items.

Investments include the financial investments in equity securities, managed funds, bonds and other investments and securities within UAE and abroad.

Others (unallocated) includes head office expenses and income not allocated to any segment.

	Real estate AED'000	*Hospitality AED'000*	*Labour accommodation AED'000*	*Investments AED'000*	*Others AED'000*	*Total AED'000*
For the year ended 31 December 2023						
Income	**593,547**	**13,875**	**274,974**	**111,897**	**-**	**994,293**
Gain on sale of asset held for sale	**218,348**	**-**	**-**	**-**	**-**	**218,348**
Other income	**272,533**	**40**	**-**	**-**	**-**	**272,573**
Expenses	**(460,607)**	**(27,126)**	**(187,075)**	**-**	**-**	**(674,808)**
Depreciation and amortisation	**(9,007)**	**(2,449)**	**(12,839)**	**-**	**-**	**(24,295)**
Depreciation on right-of-use assets	**-**	**-**	**(3,424)**	**-**	**-**	**(3,424)**
Change in the fair value of investments carried at fair value through profit or loss	**-**	**-**	**-**	**(333,434)**	**-**	**(333,434)**
Share of loss from associates and joint ventures	**-**	**-**	**-**	**(697)**	**-**	**(697)**
Net changes in fair value of investment properties	**69,941**	**-**	**122,389**	**-**	**-**	**192,330**
Finance costs, net	**43,180**	**(8)**	**(34,654)**	**-**	**-**	**8,518**
Income tax expense	**(79,504)**	**-**	**-**	**-**	**-**	**(79,504)**
Gain on liquidation of subsidiaries	**-**	**-**	**-**	**4,051**	**-**	**4,051**
Net segment results	**648,431**	**(15,668)**	**159,371**	**(218,183)**	**-**	**573,951**
For the year ended 31 December 2022						
Income	365,463	7,810	308,499	37,854	634	720,260
Expenses	(262,046)	(9,507)	(161,811)	-	(8,382)	(441,746)
Provision for impairment loss of non-financial assets	(485,051)	(268,472)	-	-	(1,738)	(755,261)
Net gain from change in fair value of investment properties	256,498	-	(329,760)	-	-	(73,262)
Net changes in fair value of investments held at fair value through profit or loss	-	-	-	(348,889)	-	(348,889)
Depreciation and amortisation	(7,750)	(1,180)	(10,756)	-	(2)	(19,688)
Depreciation on right-of-use assets	-	-	(3,407)	-	-	(3,407)
Finance costs, net	(73,708)	-	(41,868)	15,869	-	(99,707)
Share of loss from associates and joint ventures	-	-	-	(1,268)	-	(1,268)
Bargain purchase gain on acquisition of subsidiary	1,865,900	-	-	-	-	1,865,900
Net loss on disposal/liquidation of investment in subsidiaries and joint venture	-	-	-	-	(18,665)	(18,665)
Net segment results	1,659,306	(271,349)	(239,103)	(296,434)	(28,153)	824,267
As at 31 December 2023						
Segment assets	**12,411,910**	**732,859**	**3,745,512**	**4,197,533**	**223,267**	**21,311,081**
Segment liabilities	**3,803,294**	**1,110,444**	**1,254,777**	**24,448**	**199,458**	**6,392,421**
As at 31 December 2022						
Segment assets	11,962,021	231,894	3,562,296	3,463,156	322,377	19,541,744
Segment liabilities	2,970,232	249,922	1,755,549	27,609	290,579	5,293,891

33 CONTINGENCIES AND COMMITMENTS

	2023 AED'000	*2022 AED'000*
Contingencies:		
As at reporting date, the following contingent liabilities were outstanding:		
Bank guarantees	**77,531**	77,756
Capital commitments:		
As at reporting date, the capital commitments relate to the following:		
Construction of Infrastructure	**10,393,623**	538,410
Investment commitments	**5,264**	14,163

Litigations
One of the Group's subsidiaries is a defendant in a lawsuit in Egypt where the plaintiff asserts that it is entitled to receive the remaining purchase price in respect of the alleged breach of a contract for the sale of a number of units in a touristic development project. The Court of First Instance has rendered a judgement against that subsidiary to deliver its contractual obligations; the subsidiary is currently appealing the judgement in the Egyptian Court of Appeals. The subsidiary sought legal advice on the claim and the related judgement and has been advised by its legal counsel that the claim lacks merit and has a relatively high probability of success of being overturned via the appeals process or any of the litigation proceedings. Whilst the quantum of damages sought are significant, the Group's subsidiary and its legal counsel are confident that the judgement will be overturned in the Court of Appeals and, in the unlikely event that the judgement is not overturned, and becomes at a later stage final and enforceable, the subsidiary will receive the units in the touristic development.

34 FAIR VALUE MEASUREMENT

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.

Fair value of the Group's assets that are measured at fair value on recurring basis
Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined.

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

34 FAIR VALUE MEASUREMENT continued

Fair value of the Group's assets that are measured at fair value on recurring basis continued
The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Date of valuation	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
2023					
Investments at fair value through profit and loss					
Quoted shares	**31 December 2023**	**2,313,714**	**-**	**-**	**2,313,714**
Unquoted shares	**31 December 2023**	**-**	**-**	**9,064**	**9,064**
Managed funds	**31 December 2023**	**-**	**235,456**	**-**	**235,456**
		2,313,714	**235,456**	**9,064**	**2,558,234**
Investments at fair value through other comprehensive income					
Quoted shares	**31 December 2023**	**31,543**	**-**	**-**	**31,543**
Unquoted shares	**31 December 2023**	**-**	**362,653**	**50,280**	**412,933**
		31,543	**362,653**	**50,280**	**444,476**
2022					
Investments at fair value through profit and loss					
Quoted shares	31 December 2022	2,708,536	-	-	2,708,536
Unquoted shares	31 December 2022	-	-	11,315	11,315
Managed funds	31 December 2022	-	231,763	-	231,763
		2,708,536	231,763	11,315	2,951,614
Investments at fair value through other comprehensive income					
Quoted shares	31 December 2022	37,633	-	-	37,633
Unquoted shares	31 December 2022	-	336,492	56,092	392,584
		37,633	336,492	56,092	430,217

Assets and liabilities for which fair values are disclosed:

	2023		*2022*	
	Carrying amount AED'000	***Fair value AED'000***	*Carrying value AED'000*	*Fair value AED'000*
Loans and borrowings	**845,960**	**717,597**	944,986	831,188
Investments carried at amortised cost	**61,421**	**61,731**	49,316	49,969

35 FINANCIAL RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the year.

35 FINANCIAL RISK MANAGEMENT continued

Capital risk management continued
Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and short-term deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2023	*2022*
	AED'000	*AED'000*
Loans and borrowings (note 30)	**1,976,135**	1,794,864
Trade and other payables (note 27)	**3,570,314**	2,803,705
Lease liabilities (note 29)	**124,283**	114,090
Amounts due to related parties (note 23)	**620,045**	559,918
Cash and bank balances (note 22)	**(2,259,902)**	(1,828,133)
Net debt	**4,030,875**	3,444,444
Equity	**13,769,094**	13,292,598
Total equity and net debt	**17,799,969**	16,737,042
Gearing ratio	**22.65%**	20.58%

Financial risk management objectives
Financial instruments comprise financial assets and financial liabilities. The Group's principal financial liabilities comprise trade payables, amount due to related parties, lease liabilities, loans and borrowings and other payables. The Group has various financial assets such as trade receivables, amounts due from related parties, bank balances, investments carried at fair value through profit or loss, investments carried at amortised cost, investments carried at fair value through other comprehensive income and cash and other receivables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, currency risk and liquidity risk. The Group's policies for management of these risks are summarised below.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss.

Credit risk refers to the risk that a debtor will default on contractual obligations resulting in financial loss to the Group. The Group maintains a credit policy that states dealing with only credit worthy parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

35 FINANCIAL RISK MANAGEMENT continued

Foreign currency risk
Foreign currency risk comprises of transaction and consolidated statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against AED. Consolidated statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into AED, as a result of currency movements.

The Group is exposed to foreign currency exposure risk to the Syrian Pound (SYP) and the Moroccan Dirham (MAD). The following are the Group's assets and liabilities by currency.

31 December 2023

	AED	*SYP*	*MAD*	*Others*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Assets					
Property and equipment	**436,012**	**124**	**353,327**	**-**	**789,463**
Investment properties	**7,444,122**	**92,736**	**-**	**-**	**7,536,858**
Right of use assets	**86,912**	**-**	**-**	**-**	**86,912**
Investment in associates and joint ventures	**102,506**	**-**	**458**	**-**	**102,964**
Intangible assets and goodwill	**194,932**	**-**	**-**	**-**	**194,932**
Investments in financial assets	**3,064,131**	**-**	**-**	**-**	**3,064,131**
Trade and other receivables	**1,674,457**	**-**	**11,076**	**-**	**1,685,533**
Amounts due from related parties	**1,189,869**	**545**	**-**	**-**	**1,190,414**
Inventory properties	**2,246,759**	**-**	**158**	**-**	**2,246,917**
Development work in progress	**1,489,727**	**-**	**-**	**-**	**1,489,727**
Cash and bank balances	**2,255,123**	**110**	**4,669**	**-**	**2,259,902**
Asset held for sale	**663,328**	**-**	**-**	**-**	**663,328**
	20,847,878	**93,515**	**369,688**	**-**	**21,311,081**
Liabilities					
Trade and other payables	**3,444,552**	**1,862**	**5,125**	**118,775**	**3,570,314**
Deferred Tax liability	**79,504**	**-**	**-**	**-**	**79,504**
Lease liabilities	**124,283**	**-**	**-**	**-**	**124,283**
Provision for employees' end of service benefits	**13,709**	**251**	**-**	**165**	**14,125**
Loans and borrowings	**1,976,135**	**-**	**-**	**-**	**1,976,135**
Amounts due to related parties	**7,043**	**237,199**	**369,187**	**6,616**	**620,045**
Liabilities directly associated with assets held for sale	**8,015**	**-**	**-**	**-**	**8,015**
	5,653,241	**239,312**	**374,312**	**125,556**	**6,392,421**
Net position	**15,194,637**	**(145,797)**	**(4,624)**	**(125,556)**	**14,918,660**

35 FINANCIAL RISK MANAGEMENT continued

Foreign currency risk continued

31 December 2022

	AED *AED'000*	*SYP* *AED'000*	*MAD* *AED'000*	*Others* *AED'000*	*Total* *AED'000*
ASSETS					
Property and equipment	242,342	124	212,502	-	454,968
Investment properties	7,146,504	92,737	-	-	7,239,241
Right of use assets	90,336	-	-	-	90,336
Investment in associates and joint ventures	31,508	-	502	-	32,010
Intangible assets and goodwill	198,471	-	-	-	198,471
Investments carried at fair value through other comprehensive income	430,217	-	-	-	430,217
Investments carried at fair value through profit or loss	2,951,614	-	-	-	2,951,614
Investments carried at amortised cost	49,316	-	-	-	49,316
Trade and other receivables	867,758	-	7,355	-	875,113
Amounts due from related parties	142,008	545	-	-	142,553
Inventory properties	2,053,167	-	63	-	2,053,230
Development work in progress	1,276,791	-	-	-	1,276,791
Cash and bank balances	1,827,044	110	979	-	1,828,133
Asset held for sale	1,919,751	-	-	-	1,919,751
	19,226,827	93,516	221,401	-	19,541,744
LIABILITIES					
Trade and other payables	2,680,116	1,862	2,952	118,775	2,803,705
Lease liabilities	114,090	-	-	-	114,090
Provision for employees' end of service benefits	12,883	251	-	165	13,299
Loans and borrowings	1,794,864	-	-	-	1,794,864
Amounts due to related parties	95,771	237,107	220,424	6,616	559,918
Liabilities directly associated with assets held for sale	8,015	-	-	-	8,015
	4,705,739	239,220	223,376	125,556	5,293,891
Net position	14,521,088	(145,704)	(1,975)	(125,556)	14,247,853

Foreign currency sensitivity analysis

The Group is exposed to currencies not denominated in USD or AED, as the USD is pegged to the AED. The major exposure to foreign currencies at the end of reporting period relates to SYP and MAD. The following table demonstrates the sensitivity of AED on the Group's profit and equity to a reasonably possible change by 5% against following foreign currencies, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	Effect on equity 2023 AED'000	*Effect on equity 2022 AED'000*
Syrian Pound (SYP)	**(7,290)**	(7,285)
Moroccan Dirham (MAD)	**(231)**	(99)
Others	**(6,278)**	(6,278)

35 FINANCIAL RISK MANAGEMENT continued

Price risk
The Group is exposed to equity securities price risk because of quoted investments held by the Group. The Group's quoted investment portfolio amounted to AED 2,345,257 thousand (2022: AED 2,746,169 thousand). At the reporting date if the prices of investments were 5% higher/lower with all other variables held constant, the Group's equity and profit or loss would have increased/decreased as follows:

	2023 AED'000	*2022 AED'000*
Impact on the Group's profit for the year (increase/decrease)	**115,686**	135,427
Impact on the Group's other comprehensive income for the year (increase/decrease)	**1,577**	1,882

Liquidity risk
Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The maturity profile of financial liabilities is monitored by management to ensure adequate liquidity is maintained.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debts financing plans, covenant compliance and compliance with internal consolidation statement of financial position targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 3 months AED'000	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*> 5 years years AED'000*	*Total AED'000*
At 31 December 2023					
Trade payables	**476,423**	**-**	**132,044**	**-**	**608,467**
Amounts due to related parties	**620,045**	**-**	**-**	**-**	**620,045**
Loans and borrowings	**56,621**	**270,954**	**1,990,198**	**139,190**	**2,456,963**
Lease liabilities	**26,620**	**7,500**	**37,500**	**169,657**	**241,277**
	1,179,709	**278,454**	**2,159,742**	**308,847**	**3,926,752**
At 31 December 2022					
Trade payables	621,276	-	-	-	621,276
Amounts due to related parties	559,918	-	-	-	559,918
Loans and borrowings	33,964	259,065	1,717,120	181,144	2,191,293
Lease liabilities	26,620	7,500	37,499	169,701	241,320
	1,241,778	266,565	1,754,619	350,845	3,613,807.

35 FINANCIAL RISK MANAGEMENT continued

Interest rate risk
The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and liabilities held at 31 December 2022.

	(Decrease) increase in profit for the year AED'000
2023	
+ 100 increase in basis points	**9,381**
- 100 decrease in basis points	**(9,381)**
2022	
+ 100 increase in basis points	(6,308)
- 100 decrease in basis points	6,308

36 COMPARATIVE INFORMATION

The comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported profit or retained earnings of the Group.

37 SUBSEQUENT EVENTS

As at 30 November 2023, the Group and ADQ Real Estate and Hospitality Investments L.L.C ("ADQRE"), a wholly owned subsidiary of Abu Dhabi Developmental Holding Company PJSC("ADQ"), and IHC Capital Holding LLC ("IHC Capital") have signed a Share purchase Agreement to combine Modon Properties PJSC, Abu Dhabi National Exhibition Company (ADNEC) PJSC, and other assets, with Q Holding. The Shareholders of the Group have approved the transaction during its General Assembly meeting held on 28 November 2023. As at 31 December 2023, the transaction was not finalized due to non-satisfaction of the associated conditions precedents.