Binghatti Holding Limited and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Ernst & Young Middle East
(Dubai Branch)
P.O. Box 9267
ICD Brookfield Place, Ground Floor
Al-Mustaqbal Street
Dubai International Financial Centre
Emirate of Dubai
United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com

PL No. 108937

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the accompanying consolidated financial statements of Binghatti Holding Limited (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023 and the 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 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 SHAREHOLDER OF BINGHATTI HOLDING LIMITED (continued)

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

Key Audit Matters (continued)

Revenue recognition on sale of development properties ("properties")

Key Audit Matter	**How the Key Audit Matter was addressed in our Audit**
The Group recognizes revenue on sale of properties in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises revenue on sale of properties either at point in time or over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction. Specifically, where revenue is recognised over time, the Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period by applying the input method. The Group recognised 2,085 million of property development revenue and 1,144 million of property development costs for the year ended 31 December 2023. Revenue recognition on the sale of properties has been identified as a key audit matter due to the inherent complexity and judgment involved in: • Assessing whether the Group's performance obligations, as stipulated in property sales contracts, are satisfied over time or at a point in time in accordance with IFRS 15; and • Estimating the total costs to complete the projects, which impacts the value and timing of revenue and profit recognition throughout the project lifecycle, requires significant judgment.	We performed the following audit procedures: - We gained an understanding of the Group's revenue recognition process, and evaluated its compliance with the principles outlined in IFRS 15; - We selected a sample of property sales contracts to determine the Group's performance obligations and assessed whether these obligations are satisfied over time or at a point in time, in accordance with the criteria established by IFRS 15; - We obtained an understanding of design and implementation of relevant controls to revenue recognition process; - Where the Group's performance obligations are satisfied over time, we examined a sample of construction projects to assess the appropriateness of the percentage of completion. This assessment was based on the comparison of costs incurred to date against the total estimated costs; - For a sample of projects, we assessed the adequacy of total estimated costs to complete construction projects, drawing on reports from management's appointed cost consultants, supporting contractual agreements, retrospective budget evaluations, and other pertinent data; - For costs recognized to date, we performed tests on a sample basis for significant cost components. This involved verifying the occurrence and accuracy measurement of the costs by comparing them to relevant supporting documentation, such as payment certificates and invoices; and - We assessed the adequacy of disclosures made in the consolidated financial statements is in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED (continued)

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BINGHATTI HOLDING LIMITED (continued)

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

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

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

We also provide those charged 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 or 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.

Report on Other Legal and Regulatory Requirements
We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Group or on its financial position.

Ernst & Young

28 May 2024

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	***2023*** ***AED***	*2022* *AED*
Revenue from contracts with customers	3	**2,132,226,698**	1,046,229,096
Cost of sales	4	**(1,181,109,963)**	(630,904,096)
GROSS PROFIT		**951,116,735**	415,325,000
Other income	5	**16,907,664**	18,976,499
Selling, general and administrative expenses	6	**(194,499,873)**	(119,319,507)
Finance costs	7	**(47,225,309)**	(10,864,308)
PROFIT FOR THE YEAR		**726,299,217**	304,117,684
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**726,299,217**	304,117,684

The attached Notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	***2023 AED***	*2022 AED*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**262,120,305**	64,340,483
Intangible assets	9	**1,218,678**	1,481,917
Right of use assets	10	**48,316,672**	39,122,309
		311,655,655	104,944,709
Current assets			
Development properties	11	**1,502,864,753**	679,748,693
Inventories	12	**23,307,999**	8,066,383
Trade and other receivables	13	**786,619,718**	629,301,939
Due from related parties	23	**-**	63,861,747
Bank balances and cash	14	**1,635,021,780**	585,945,272
Construction work-in-progress		**-**	837,506
		3,947,814,250	1,967,761,540
TOTAL ASSETS		**4,259,469,905**	2,072,706,249
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**3,675,000**	3,675,000
Retained earnings		**1,336,834,456**	783,001,317
Additional shareholder contribution	16	**-**	92,604,255
Statutory reserve	17	**10,012,641**	10,012,641
Total equity		**1,350,522,097**	889,293,213
Non-current liabilities			
Employees' end of service benefits	18	**12,972,195**	8,063,440
Long term portion of loans and borrowings	21	**744,038,787**	315,030,146
Lease liabilities	10	**32,232,499**	29,446,390
		789,243,481	352,539,976

The attached Notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	***2023 AED***	*2022 AED*
Current liabilities			
Short term portion of loans and borrowings	21	**321,682,418**	49,209,094
Accounts payable and accruals	19	**567,923,077**	244,266,614
Contract liabilities	20	**1,197,373,375**	489,980,727
Due to related parties	23	**3,200,000**	3,200,000
Lease liabilities	10	**17,782,946**	9,372,424
Bank overdraft	14	**11,742,511**	34,844,201
		2,119,704,327	830,873,060
Total liabilities		**2,908,947,808**	1,183,413,036
TOTAL EQUITY AND LIABILITIES		**4,259,469,905**	2,072,706,249

The consolidated financial statements were approved and authorised by the Board of Directors on ____________ and were signed on its behalf by:

Shehzad Janab
Chief Financial Officer

Katralnada Hussain Al Jbori
Deputy CEO

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	***2023*** ***AED***	*2022* *AED*
OPERATING ACTIVITIES			
Profit for the year		**726,299,217**	304,117,684
Adjustments for:			
Depreciation of property and equipment	8	**25,909,067**	11,470,214
Depreciation of right-of-use-assets	10	**18,049,355**	12,789,300
Interest on lease liabilities	7&10	**3,021,982**	1,642,895
Finance costs excluding interest on lease liabilities	7	**44,203,327**	9,221,413
Provision for employees' end of service benefits	18	**6,071,052**	2,528,774
Amortisation of intangible assets	9	**267,525**	204,333
Write off related parties balances		**-**	2,005,737
(Gain) on remeasurement of lease liabilities	10	**-**	(29,173)
Impairment on lease termination	10	**-**	688,039
Impairment of property and equipment	8	**-**	7,140,331
		823,821,525	351,779,547
Working capital changes:			
Development properties		**(823,116,060)**	(552,768,571)
Inventories		**(15,241,616)**	4,967,246
Trade receivables and prepayments		**(157,317,779)**	(126,421,655)
Construction work-in-progress		**837,506**	(837,506)
Amounts due from related parties		**63,861,747**	-
Accounts payable and accruals		**323,656,463**	73,135,039
Contract liabilities		**707,392,648**	387,853,242
Amounts due to related parties		**(265,070,333)**	-
Cash flows from operations		**658,824,101**	137,707,342
Finance cost paid		**(44,203,327)**	(9,221,413)
Employees' end of service benefits paid	18	**(1,162,297)**	(1,497,998)
Net cash flows from operating activities		**613,458,477**	126,987,931
INVESTING ACTIVITIES			
Purchase of property and equipment	8	**(223,688,889)**	(41,761,156)
Acquisition of intangible assets	9	**(4,286)**	(336,059)
Movement in restricted escrow account	14	**(411,122,094)**	(261,922,592)
Net cash flows (used in) investing activities		**(634,815,269)**	(304,019,807)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**955,883,737**	482,556,400
Repayment of loans and borrowings		**(254,401,772)**	(155,100,100)
Due from related parties		**-**	78,207,807
Repayment of lease liabilities	10	**(19,069,069)**	(13,045,636)
Net cash flows from financing activities		**682,412,896**	392,618,471
NET INCREASE IN CASH AND CASH EQUIVALENTS		**661,056,104**	215,586,595
Cash and cash equivalents at 1 January		**289,178,479**	73,591,884
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	**950,234,583**	289,178,479

Non-cash transactions:

Amount due from related party amounting to AED 63,861,747 and amount due to related party amounting to AED 265,070,333 as disclosed in Note 23 to the financial statements being non-cash item has not been disclosed in the statement of cash flows with the corresponding impact on retained earnings.

The attached Notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 December 2023

	Share capital AED	*Retained earnings AED*	*Additional contribution AED*	*Statutory reserve AED*	*Total AED*
Balance at 1 January 2022	3,675,000	478,896,274	92,604,255	10,000,000	585,175,529
Profit for the year	-	304,117,684	-	-	304,117,684
Other comprehensive income for the year	-	-	-	-	-
Statutory reserve	-	(12,641)	-	12,641	-
Balance at 31 December 2022	3,675,000	783,001,317	92,604,255	10,012,641	889,293,213
Profit for the year	-	726,299,217	-	-	726,299,217
Write off of balances among related parties under common control	-	-	(92,604,255)	-	(92,604,255)
Dividends (note 16)	-	(172,466,078)	-	-	(172,466,078)
Balance at 31 December 2023	**3,675,000**	**1,336,834,456**	**-**	**10,012,641**	**1,350,522,097**

The attached Notes 1 to 28 form part of these consolidated financial statements.

1 BACKGROUND

1.1 Corporate information

Binghatti Holding Limited ("BHL") (the "Company" or "Parent Company") is a limited liability company registered and incorporated in the Dubai International Financial Centre ("DIFC"). The Parent Company has the status of a company limited by shares in and under the laws promulgated by the DIFC. The shares are 100% owned by Dr. Hussain Ghati Ghaib Al Jbori, ultimate shareholder of the Company.

The principal activities of the Parent Company are to consolidate the family businesses of the Al Jbori family, create an institution through which correct family business governance can be exercised. The address of the Parent Company's registered office is P.O. Box 482010, Gate Village, Building 6, DIFC, Dubai, UAE.

The Parent Company through its subsidiaries (collectively the "Group") are under common management and control of Parent Company.

The consolidated financial statements of the Group as of and for the year ended 31 December 2023 comprise of the following:

Place of incorporation	***Incorporated year***	***Company Name***	***Ownership 2023***	*2022*	***Principal activity***
Dubai Silicon Oasis Authority	2014	Binghatti Developers FZE	**100%**	100%	Real Estate Development & Management
Dubai International Financial Center	2018	Binghatti Brands Holding Ltd (formerly known as Raubi of London Holdings)	**100%**	100%	Holding Company
Dubai Silicon Oasis Authority	2018	Binghatti Hospitality FZCO*	**100%**	100%	Restaurant Management
Dubai Silicon Oasis Authority	2018	Binghatti Industries FZCO	**100%**	100%	Civil Works & Fit Out
Abu Dhabi Free Zone	2018	Binghatti Beverage Manufacturing LLC	**100%**	100%	Beverage Manufacturing
Dubai Dept. of Economic Development	2018	Binghatti Investments LLC	**100%**	100%	Investment in Commercial Enterprise & Management
Dubai Dept. of Economic Development	2004	Granada Europe Eng. Const. LLC	**100%**	100%	Construction & Engineering
Dubai Dept. of Economic Development	2022	Masaken Luxury Services LLC	**100%**	100%	Facilities Management Services
Dubai International Financial Center	2022	Binghatti Properties Investment Limited	**100%**	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 2 Limited	**100%**	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 3 Limited	**100%**	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 4 Limited	**100%**	100%	Investment in Real Estate
Dubai International Financial Center	2022	Binghatti Properties Investment 5 Limited	**100%**	100%	Investment in Real Estate

1 BACKGROUND (continued)

1.1 Corporate information (continued)

Place of incorporation	*Incorporated year*	*Company Name*	*Ownership* ***2023***	*2022*	*Principal activity*
Dubai International Financial Center	2022	Argenti Properties Investments Limited	**100%**	100%	Investment in Real Estate
Dubai Dept. of Economic Development	2022	Binghatti Development LLC	**100%**	100%	Real Estate Development
Dubai Dept. of Economic Development	2022	Express Quality Car Services LLC	**100%**	100%	Car polish, wash and cleaning services and auto fitting accessories
Dubai Dept. of Economic Development	2022	Binghatti Productions LLC	**100%**	100%	Aerial Photography Services
Dubai Dept. of Economic Development	2022	Masaken Luxury Real Estate Management LLC	**100%**	100%	Leasing Property brokerage agent, Real Estate Management supervision services and Real Estate buying and selling brokerage
Dubai Dept. of Economic Development	2022	Binghatti Hotels Management LLC	**100%**	100%	Hotel Management
Dubai Dept. of Economic Development	2022	Stealth Owner Association Management Services LLC	**100%**	100%	Jointly Owned Property Management Service
Dubai Dept. of Economic Development	2022	Binghatti Building Materials LLC	**100%**	100%	Building & Construction Materials Trading and general trading
Dubai International Financial Center	2023	Binghatti Properties Investment 6 Limited	**100%**	-	Real Estate Development
Dubai International Financial Center	2023	Binghatti Properties Investment 7 Limited	**100%**	-	Real Estate Development
Dubai International Financial Center	2023	Binghatti Properties Investment 8 Limited	**100%**	-	Real Estate Development
Dubai Economy and Tourism	2022	Binghatti Building Materials LLC	**100%**	100%	General Trading
Dubai International Financial Center	2023	Binghatti Foundation	**100%**	-	Charitable Trust

1 BACKGROUND (continued)

1.1 Corporate information (continued)

Place of incorporation	*Incorporated year*	*Company Name*	*Ownership*		*Principal activity*
			2023	*2022*	
Dubai International Financial Center	2023	Binghatti Investment-DIFC Limited	**100%**	-	Real Estate Development
Dubai Economy and Tourism	2023	Masaken Homes LLC	**100%**	-	Vacation homes rentals
Dubai International Financial Center	2023	Masaken Holding	**100%**	-	Holding company
Sharjah Economic Development Department	2001	Al-Baynah	**100%**	100%	General Trading
Dubai International Financial Center	2023	Binghatti Sukuk SPC Limited**	**100%**	-	Qualifying purpose of structured Financing

* 1% interest is being beneficially held by Dr Hussain Ghati Ghaib Al Jbori on behalf of Binghatti Hospitality FZCO
** The shares are beneficially held by Maples Fund Services (Middle East) Limited as Trustee Administrator.

1.2 Going concern

The Group's management have assessed the Group's ability to continue as a going concern and are satisfied that the Group has adequate financial resources to continue in business for the foreseeable future. Further, the Group's management and Board of Directors are not aware of any material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The primary source of funding is currently advance payments from customers which will be drawn from escrow accounts, refer to note 14 for escrow accounts, and as mentioned in note 26 the Group has issued bonds subsequent to year end.

2 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED") being the presentation and functional currency of the Parent Company.

Certain comparative amounts have been reclassified to conform to the presentation used in these consolidated financial statements.

2.2 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.3 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Group. 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2023 as mentioned below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new standards and interpretations are disclosed below.

New and amended standards effective for annual period beginning on or after 1 January 2023
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new and amended standards and interpretations did not have any material impact on the financial statements of the Company.

- IFRS 7 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

Standards issued but not yet effective
The 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 standards, if applicable, when they become effective. . Majority of the amendments below are not expected to have a material impact on the Company's consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective from annual periods beginning on or after 1 January 2024 and must be applied retrospectively)
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted, and that fact must be disclosed)
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is still permitted and must be disclosed)
- Lack of exchangeability – Amendments to IAS 21 (The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue recognition

Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15;

Step 1. Identify the contracts(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 the 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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 will allocate 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.

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

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

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

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligations is satisfied. When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of considerations received from a customer exceeds the amount of revenue recognized 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 assess its revenue arrangements against specific criteria to determine if it is acting a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements. Revenue is recognized in the consolidated statement of comprehensive income to the extent that 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 property

A sale of completed property is generally a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers and upon completion of legal requirements. Transactions are settled by payment terms specified in the contract, usually in advance with percentage retained as retention.

The Group assesses each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time. Where this is not the case, revenue is recognised at a point in time.

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the asset that is the subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets, this is generally when the consideration for the unit has been substantially received and there are no impediments to handing over the unit to the customer.

Sale of goods (food and beverage from restaurant and coffee shops)

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on delivery of the goods to the customer. Transactions are settled by cash, or in case of corporate, within the credit term of 90 days.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Group concluded that there was no other separate performance obligation.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental income
Rental income arising from operating leases on real estate property investments is accounted for on a straight-line basis over the lease term.

Royalty fee (franchise income)
Royalty fees / franchising income is recognised based on the contractual percentage applied to the volume of franchisee sales during the period. Other franchising income including territory or unit fees are recognised when performance obligations are fulfilled including at time of grant of the rights.

Contract balances
Contract assets
When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Upon completion and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Value-added tax (VAT)
Expenses, and assets are recognized 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; and/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.

Property, plant and equipment
Property, plant and equipment, except buildings is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is recognized in profit or loss.
Land is not depreciated. The estimated useful lives of assets for the current and comparative years are as follows:

Building	25 years
Furniture	3 to 4 years
Fixtures, fittings and equipment	2 to 4 years
Crockery items	2 years
Vehicles	4 to 8 years
Leasehold improvements	4 years or lease term whichever is shorter

Capital work-in-progress in not depreciated.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. 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.

An item of property and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

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

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

The assets are amortised using the straight-line method over their estimated useful economic lives of 10 years.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as determined on a weight average basis.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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.

Group as a 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.

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 asset are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

Restaurants and cafes	2 - 3 years
Lease buildings	3 - 4 years
Factory building and lands	10 - 30 years

If ownership of the leased assets is transferred 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 asset is also subject to impairment.

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 its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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 of office equipment that are considered to be low value. 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Properties held by the Group for the purpose of earning rentals or for capital appreciation or both are classified as investment properties. This also includes properties which are in the course of construction or development for future use as investment properties. Investment properties including investment properties under construction are initially measured at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided on all investment properties, other than freehold land, which is determined to have an indefinite life. Labor camps are depreciated over a period of 20 years. The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of investment properties that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

An item of investment properties is derecognised upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

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 carrying 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 properties

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and are stated at lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Planning and design costs, costs of site preparation, professional fees for legal services, construction overheads and other related costs.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in consolidated statement of comprehensive income is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale. The cost of development properties recognised in the consolidated statement of comprehensive income on sale is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. The management reviews the carrying values of the development properties on an annual basis.

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 to sell and its value in use and 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. Where 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 pre-tax 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to the other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

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

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.

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

The Group's financial assets include bank balances, trade and other receivables and due from related parties.

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

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

The Group does not have any financial assets subsequently measured at fair value.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortised costs includes bank balances, trade and other receivables and due from related parties.

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

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

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

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

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

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).

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

i. Financial assets (continued)

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

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

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 loans and borrowings, bank overdraft, accounts payables, accruals, lease liabilities and due to related parties.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Accounts payable
These are initially recognised at fair value including transaction costs and subsequently remeasured at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Due to related parties
Due to related parties are recognised for amounts to be paid in the future for goods or services received, whether billed by the related party or not.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (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 comprehensive income.

This category applies to loans and borrowings, accounts payables and accruals and due to related parties.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (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.

Fair value measurement
The Group measures factory building, at fair value at each reporting date.

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

a) In the principal market for the asset or liability, or
b) 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 categorised 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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

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

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary, 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.

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

The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Foreign currencies
Transactions in currencies other than the Company's functional currency are recorded at the prevailing rate of exchange at the date of the transaction. At the year end, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the rate of exchange at the date of the initial transaction. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the rate of exchange at the date the fair value was determined. All foreign exchange gains and losses are taken to the consolidated statement of comprehensive income.

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 be 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 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognised in the consolidated financial statements) are as follows:

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories 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 is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories amounted to AED 23,307,999 (2022: AED 8,066,383) and the provisions for slow-moving inventories amounted to Nil (2022: Nil). Any difference between the amounts actually realised in a future period and the amounts expected, will be recognised in the consolidated statement of comprehensive income in that year.

Provision for expected credit losses of trade receivables, bank balances and amounts due from related parties
The Group uses a provision matrix to calculate ECLs for trade receivables and others, contract assets, bank balances and due from related parties. In determining whether the ECL provisions should be recognised in the statement of consolidated comprehensive income, the Group uses provision matrix to measure the ECLs of due from a related party and trade and other receivables from individual customers.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. 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. Refer to note 24 for detail information about the ECLs.

Useful lives and depreciation of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Management has not considered any residual value as it is deemed to be immaterial.

Transfer of control in contracts with customers
In cases where the Group determines that performance obligations are satisfied at point in time, revenue is recognized when control over the asset that is the subject of the contracts is transferred to the customer. In the case of the contracts to sell real estate assets this is generally when the consideration for the unit has been substantially received and there are no impediments in the handing over the unit to the customer.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Timing of satisfaction of performance obligations
The Group is required to access each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant law and regulations, where contacts are entered into to provide real estate assets to customers, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognizes revenue over time. Where this is not the case revenue is recognized at a point in time.

Consideration of warranties
Contracts for the sale of property contain certain warranties covering a period of up to one year after completion of the property, such as the property meeting specific operational performance requirements (e.g., insulation, energy efficiency, etc.). The Group assessed that these conditions represent 'assurance-type' warranties that are legally required to be provided as quality guarantees and are therefore accounted for under IAS 37.

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, property and equipment or development property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and development property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 40, IAS 16 and IAS 2, and in particular, the intended usage of property as determined by the management.

Consideration of significant financing component in a contract
For some contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history or have a history of late payments.

Measurement of progress when revenue is recognized over time
The Group has elected to apply the input method to measure the progress of performance obligations where revenue is recognized over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of the performance obligation provides the best reference of the revenue actually earned. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognized.

Cost to complete the projects
The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual to the customers.

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2 MATERIAL ACCOUNTING POLICIES (continued)

2.6 USE OF ESTIMATES AND JUDGEMENTS (continued)

Impairment of non-financial assets
The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Determining the lease term of contracts with renewal and termination options – The 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.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, 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 or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) which received from bank and is required to make certain entity-specific estimates (where applicable).

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

	2023	*2022*
	AED	*AED*
Development and unit sales	**2,087,172,802**	1,003,078,310
Sale of food and beverages from restaurants	**38,959,238**	40,470,457
Revenue from services	**6,094,658**	2,680,329
	2,132,226,698	1,046,229,096
Period of recognition		
Revenue recognized at a point in time	**38,959,238**	40,470,457
Revenue recognized over time	**2,093,267,460**	1,005,758,639
	2,132,226,698	1,046,229,096
Geographical markets		
United Arab Emirates	**2,132,226,698**	1,046,229,096

3 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

3.2 Contract balances

	2023	*2022*
	AED	*AED*
Trade receivables (note 13)	**393,755,188**	54,009,671
Contract assets (note 13)	**40,726,198**	444,714,855
Contract liabilities (note 20)	**1,197,373,375**	489,980,727
Construction work in progress	**-**	837,506

The Group has not recognized any revenue during the current year from performance obligations satisfied during the previous periods.

The Group bills and receives payments from customers based on the billing schedule and terms of payment agreed with the customers as mentioned in the contracts with the customers. Contract liabilities relates to payments received in advance of performance under the contract.

During the year, the Group has not recognized any charge towards the provision for expected credit losses.

As at 31 December 2023, the Group had capital commitments of AED 729,009,215 (2022: AED 254,500,499) to complete the construction of the work in progress.

4 COST OF SALES

	2023	*2022*
	AED	*AED*
Cost of development and unit sales	**1,144,626,287**	591,411,928
Cost of sale from food and beverages from restaurants	**32,480,145**	38,046,871
Cost of revenue from services	**4,003,531**	1,445,297
	1,181,109,963	630,904,096

5 OTHER INCOME

	2023	*2022*
	AED	*AED*
Other income**	**16,618,130**	17,285,382
Scrap sales	**289,534**	1,153,508
Royalty fees*	**-**	537,609
	16,907,664	18,976,499

* Royalty fees represent revenue-based franchise fees from a license agreement in respect of the 'Aghatti' trademark with Qurba Company for Real Estate Investment.

**Other income mainly consists of penalty, admin and facilitating fees charged to customers.

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2023 AED	*2022 AED*
Salaries and other benefits	**64,105,305**	33,372,263
Selling and marketing expenses	**44,886,637**	36,727,307
Visa, licensing and insurance expense	**24,319,141**	1,437,576
Government, legal and professional fees	**20,752,029**	17,178,526
Depreciation on property and equipment (note 8)	**5,270,721**	4,306,885
Depreciation on right of use assets	**4,428,710**	-
Utilities expenses	**3,455,319**	637,478
Printing and IT related expenses	**2,464,717**	626,193
Rent expense (note 10)	**2,371,089**	1,885,842
Bank charges	**1,813,054**	3,122,985
Audit and review fees	**1,340,463**	730,200
Impairment losses on property, plant and equipment (note 8)	**-**	7,140,331
Write off of related party balances	**-**	2,005,737
Impairment losses on right-of-use assets	**-**	688,039
Others*	**19,292,688**	9,460,145
	194,499,873	119,319,507

* Includes AED 5 million annual charity contribution in Shaikh Mohamed Bin Rashed (1 billion meal project).

7 FINANCE COSTS

	2023 AED	*2022 AED*
Interest on borrowings	**44,203,327**	9,221,413
Interest on lease liabilities (note 10)	**3,021,982**	1,642,895
	47,225,309	10,864,308

8 PROPERTY, PLANT AND EQUIPMENT

	Capital Work-in-progress AED	*Land and Building AED*	*Furniture AED*	*Fixtures fittings and equipment AED*	*Crockery items AED*	*Vehicles AED*	*Leasehold improvements AED*	*Total AED*
Cost:								
At 1 January 2023	12,404,954	31,108,333	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	129,737,134
Addition	-	162,868,752	1,641,644	51,264,154	61,992	7,816,537	35,810	223,688,889
Transfer during the year	(12,404,954)	12,404,954	-	-	-	-	-	-
At 31 December 2023	**-**	**206,382,039**	**4,263,117**	**103,829,008**	**1,891,381**	**24,634,256**	**12,426,222**	**353,426,023**
Depreciation:								
At 1 January 2023	-	6,808,333	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	65,396,651
Charge for the year	-	1,777,459	766,239	17,091,626	12,185	5,377,758	883,800	25,909,067
At 31 December 2023	**-**	**8,585,792**	**2,444,517**	**55,419,095**	**1,784,556**	**11,256,637**	**11,815,121**	**91,305,718**
Net carrying amount:								
At 31 December 2023	-	**197,796,247**	**1,818,600**	**48,409,913**	**106,825**	**13,377,619**	**611,101**	**262,120,305**

Capital work-in-progress represented construction of a new factory building on plot no 382, Dubai Industrial City. The construction of the building has been completed in 2023.

Depreciation charged to:

	2023 AED	*2022 AED*
Cost of Sales	**20,638,346**	7,163,329
General and Admin expenses	**5,270,721**	4,306,885
	25,909,067	11,470,214

During the year the Group has obtained a loan from a bank of AED: 87.5 million to finance the purchase of vacant plots (# 845 & # 827) at Manara Dubai valued at AED 125 million, secured by the following:

1) Mortgage over land located on plot # 827 in Al Manara Dubai for AED 105 million.
2) Assignment of all contractors all risk Islamic insurance policy (Takaful) in favour of the bank upon the start of construction.

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Capital Work-in-progress AED	*Factory Building AED*	*Furniture AED*	*Fixtures fittings and equipment AED*	*Crockery items AED*	*Vehicles AED*	*Leasehold improvements AED*	*Total AED*
Cost:								
At 1 January 2022	-	38,000,000	1,826,849	37,421,269	1,634,597	4,500,060	12,738,793	96,121,568
Addition	12,404,954	-	794,624	15,143,585	194,792	12,317,659	905,542	41,761,156
Impairment	-	(6,891,667)	-	-	-	-	(248,664)	(7,140,331)
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	12,404,954	31,108,333	2,621,473	52,564,854	1,829,389	16,817,719	12,390,412	129,737,134
Depreciation:								
At 1 January 2022	-	4,908,333	1,367,759	33,273,882	1,612,900	4,158,495	9,610,327	54,931,696
Charge for the year	-	1,900,000	310,519	5,053,587	159,471	1,720,384	2,326,253	11,470,214
Write-off	-	-	-	-	-	-	(1,005,259)	(1,005,259)
At 31 December 2022	-	6,808,333	1,678,278	38,327,469	1,772,371	5,878,879	10,931,321	65,396,651
Net carrying amount:								
At 31 December 2022	12,404,954	24,300,000	943,195	14,237,385	57,018	10,938,840	1,459,091	64,340,483

9 INTANGIBLE ASSETS

Intangible assets represent trademark registration of the following brands: (a) Cupaghawa; (b) Aghatti; (c) Milkster; (d) Fruitastic; and (e) Raubi.

	2023 AED	*2022 AED*
Cost:		
At 1 January	**2,352,894**	2,016,835
Additions	**4,286**	336,059
At 31 December	**2,357,180**	2,352,894
Accumulated amortisation:		
At 1 January	**870,977**	666,644
Charge for the year	**267,525**	204,333
At 31 December	**1,138,502**	870,977
Net carrying value:		
At 31 December	**1,218,678**	1,481,917

Intangible assets are amortised on a straight line over a period of 10 years.

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right of Use Assets

	Lease of Buildings AED*	*Factory building and lands AED*	*Restaurants / Cafes AED*	*Total AED*
At 1 January 2023	-	28,540,599	10,581,710	39,122,309
Modification	-	(6,416,467)	-	(6,416,467)
Additions	-	33,660,185	-	33,660,185
Depreciation	-	(11,335,200)	(6,714,155)	(18,049,355)
At 31 December 2023	**-**	**44,449,117**	**3,867,555**	**48,316,672**

	Lease of buildings AED	*Factory building AED*	*Restaurants / Cafes AED*	*Total AED*
At 1 January 2022	559,934	17,707,442	11,592,909	29,860,285
Modification	-	-	7,783,790	7,783,790
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(1,499,394)	(1,499,394)
Depreciation	(559,934)	(3,054,389)	(9,174,977)	(12,789,300)
At 31 December 2022	-	28,540,599	10,581,710	39,122,309

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities

	Lease of Buildings AED*	*Factory building and lands AED*	*Restaurants / Cafes AED*	*Total AED*
At 1 January 2023	-	29,081,852	9,736,962	38,818,814
Additions	-	33,660,185	-	33,660,185
Modification	-	(6,416,467)	-	(6,416,467)
Accretion of interest	-	2,096,763	925,219	3,021,982
Payments	-	(11,885,321)	(7,183,748)	(19,069,069)
At 31 December 2023	**-**	46,537,012	3,478,433	50,015,445

	Lease of buildings AED	*Factory building AED*	*Restaurants / Cafes AED*	*Total AED*
At 1 January 2022	-	18,099,177	9,412,188	27,511,365
Modification	-	-	7,783,790	7,783,790
Remeasurement	-	-	(29,173)	(29,173)
Additions	-	13,887,546	1,879,382	15,766,928
Lease termination	-	-	(811,355)	(811,355)
Accretion of interest	-	1,083,507	559,388	1,642,895
Payments	-	(3,988,378)	(9,057,258)	(13,045,636)
At 31 December 2022	**-**	29,081,852	9,736,962	38,818,814

Set out below is classification of lease liabilities:

2023	*Lease of buildings* AED*	*Factory building and lands AED*	*Restaurant / Cafe AED*	*Total AED*
Non-current	-	31,839,443	393,056	32,232,499
Current	-	14,697,569	3,085,377	17,782,946
	-	**46,537,012**	**3,478,433**	**50,015,445**
2022				
Non-current	-	25,993,651	3,452,739	29,446,390
Current	-	3,088,201	6,284,223	9,372,424
	-	29,081,852	9,736,962	38,818,814

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following are the amounts recognised in the consolidated statement of comprehensive income:

	2023 ***AED***	*2022* *AED*
Depreciation expense of right-of-use assets	**13,620,645**	12,789,300
Interest expense on lease liabilities (note 7)	**3,021,982**	1,642,895
Expenses relating to short term leases and variable lease payments (note 6)	**2,371,089**	1,885,842
Impairment on lease termination*	**-**	(688,039)
(Gain)/loss on remeasurement of lease	**1,311,192**	(29,173)
	20,324,908	15,600,825

*The Group discontinued the building lease with Binghatti Sapphire in January 2022.

11 DEVELOPMENT PROPERTIES

Movement in development properties is as follows:

	2023 ***AED***	*2022* *AED*
Balance at the beginning	**679,748,693**	126,980,122
Add: Costs incurred during the year	**1,530,951,954**	698,509,154
Less: Costs transferred to cost of sales during the year	**(707,835,894)**	(145,740,583)
Balance at the end of the year	**1,502,864,753**	679,748,693

Development properties include land parcels for development projects amounting to AED 625,355,501 (2022: AED 605,179,165). These land parcels are carried at cost. These land parcels are partially mortgaged against loans taken amounting to AED 735,126,951 (2022: 265,680,000) (Refer note 21).

12 INVENTORIES

	2023 ***AED***	*2022* *AED*
Raw materials	**14,647,225**	7,006,630
Finished goods	**8,068,212**	346,351
Supplies	**562,423**	648,223
Consumables	**30,139**	65,179
	23,307,999	8,066,383

During the year inventory amounting to AED 51,316,650 has been charged to cost of sales on account of materials used for the manufacture of aluminium and glass works.

13 TRADE AND OTHE RECEIVABLES

	2023	*2022*
	AED	*AED*
Trade receivables	**393,755,188**	54,009,671
Contract assets	**40,726,198**	444,714,855
Deferred expenses *	**162,712,185**	38,668,071
Advances	**118,721,794**	33,780,169
Prepaid expenses	**12,981,366**	31,618,818
VAT receivables	**40,899,794**	11,849,946
Refundable deposits	**14,700,486**	11,218,520
Other receivables	**2,122,707**	3,441,889
	786,619,718	629,301,939

The Group has not recognised any expected credit losses on trade receivables in 2023, 2022. This is because the Group receives advance payments in the form of post-dated cheques on all projects and title deeds to the properties are not released until the full amount has been recovered.

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

* This represents sales commission paid to sales agents and staff, which will be recognised “in cost of sales" over the period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of the revenue.

14 BANK BALANCES AND CASH

	2023	*2022*
	AED	*AED*
Cash in bank	**5,233,430**	38,479,548
Escrow account*	**1,628,442,235**	546,944,348
Cash on hand	**1,346,115**	521,376
	1,635,021,780	585,945,272
Less: Balance held in escrow account*	**(673,044,686)**	(261,922,592)
Less: Bank overdrafts	**(11,742,511)**	(34,844,201)
Cash and cash equivalents for the purpose of consolidated financial statement of cash flows	**950,234,583**	289,178,479

* Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority (“RERA”), Dubai, United Arab Emirates. The use of this balance is subject to the development progress of the specific projects by the Group to which such amounts relate. The advance collection relates to projects completed less than 30% has been considered as restricted cash for the purposes of cash and cash equivalents in cashflows statement.

15 SHARE CAPITAL

	2023	*2022*
	AED	*AED*
Authorised capital:		
USD 100,000,000 (1 USD: AED 3.675)	**367,500,000**	367,500,000
Issued and fully paid:		
USD 1,000,000 represented by 100 shares	**3,670,500**	3,670,500

16 DIVIDENDS

	2023 *AED*	*2022* *AED*
Dividend declared on ordinary shares:		
Final dividends for 2023: AED per share (2022: Nil per share)	**1,724,661**	-

During the year, dividends totalling AED 172,466,078 were announced. This amount reflects the net dividends after offsetting an additional contribution from shareholder of AED 92,604,255 and a net payable balance to shareholder amounting to AED 79,861,823.

17 STATUTORY RESERVE

This represents the legal reserve held per U.A.E legislation in Granada Europe Eng. Const. LLC comprising AED 10,000,000 (2022; AED 10,000,000) and Masaken Luxury Services LLC AED 12,641 (2022: AED 12,641).

18 EMPLOYEES' END OF SERVICE BENEFITS

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

	2023 *AED*	*2022* *AED*
Provision as at 1 January	**8,063,440**	7,032,664
Provision during the year	**6,071,052**	2,528,774
End of service benefits paid	**(1,162,297)**	(1,497,998)
Provision as at 31 December	**12,972,195**	8,063,440

19 ACCOUNTS PAYABLE AND ACCRUALS

	2023 *AED*	*2022* *AED*
Trade payables	**296,232,145**	97,179,209
Payable for units registration	**105,751,490**	62,841,350
Accrued expenses and other payables	**165,939,442**	84,246,055
	567,923,077	244,266,614

20 CONTRACT LIABILITIES

	2023 *AED*	*2022* *AED*
Deferred liabilities	**1,087,329,338**	357,128,729
Advance from customers	**109,712,037**	132,701,998
Advance rent collection	**332,000**	150,000
	1,197,373,375	489,980,727

21 LOANS AND BORROWINGS

	2023	*2022*
	AED	*AED*
Letter of credit Murabaha	**70,201,461**	46,705,012
Mortgage loan*	**735,126,951**	265,680,000
Vehicle loans	**11,692,793**	7,154,228
Working Capital Facility	**200,000,000**	-
Loan from others**	**48,700,000**	44,700,000
	1,065,721,205	364,239,240
Less: due within one year	**(321,682,418)**	(49,209,094)
Due after one year	**744,038,787**	315,030,146

The facility Letter of credit Murabaha is secured by the following:

1) Undertaking to deposit rental income of one plot owned by the Shareholder with the bank and undertaking not to release this plot registered in the name of the bank, until the full and final settlement of all the liabilities.
2) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
3) Personal guarantee from the shareholder.
4) Mortgage over light vehicles for AED 254,101 (2022: AED 528,501).

At 31 December 2023, the facility is repayable through monthly/bullet payment and carries minimum interest at 2.5% or EIBOR plus 2.5% to 3% per annum (2022: 4.5% or EIBOR plus 3% per annum).

Vehicle loans were used to acquire vehicles and are subject to interest rate of 4% per annum payable in 60 monthly instalments. These are secured by mortgage of vehicles.

* During the year the Group obtained additional funding under the existing facility from a bank amounting to AED 296 million (2022: AED 265 million), secured by the following:

1) Debit authority letter from the shareholder to recover any shortfall in instalment amounts from his personal account with the bank.
2) Personal guarantee from the shareholder.
3) Mortgage over land located on plot # 83 & # 319, Municipality no. 346-6814 & 345-387 in Business Bay Community for AED 239 million (31 December 2022: AED 239 million).

At 31 December 2023, the facility was repayable by in 4 years and carries interest at EIBOR plus 2.5% per annum.

During the year the Group has obtained a loan from a bank of AED: 87.5 million to finance the purchase of vacant plots (# 845 & # 827) at Manara Dubai, secured by the following:

1) Mortgage over land located on plot # 827 in Al Manara Dubai for AED 105 million.
2) Assignment of all contractors all risk Islamic insurance policy (Takaful) in favour of the bank upon the start of construction.

At 31 December 2023 the facility was repayable through monthly/bullet payment after three years from the date of loan and carries interest at 3 Months EIBOR plus 3% payable quarterly.

During the year the Group has obtained a loan from a bank of AED: 285.9 million to finance the purchase of vacant plots no. 272 at Business Bay Dubai, secured by the following:
1) Mortgage over land located on plot # 272 (Municipality no. 346-507) in Business Bay, Dubai for AED 357.4 million.
2) Personal guarantee of Mr. Hussain Ghati Ghaib aljbori is provided.
At 31 December 2023 the facility was repayable through monthly/bullet payment after three years from the date of loan and carries interest at 3 Months EIBOR plus 2% payable quarterly.

**During the year, the Group obtained loan of AED 4,000,000 (2022:44,700,000) from Dr. Othman Abdullah O Alswayeh. The loan is interest-free, unsecured and callable by the lender at any time and is repayable on or before 31 January 2024.

22 CONTINGENCIES AND COMMITMENTS

As at 31 December 2023, the Group had capital commitments of AED 734,009,215 (2022: AED 254,500,499) to complete projects under development. Additionally, corporate guarantees are issued in normal course of business.

23 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group, affiliated companies where the shareholders of the Group have ownership interests, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	2023		*2022*	
	Payables AED	***Receivables AED***	*Payables AED*	*Receivables AED*
Shareholder's account	**-**	**-**	-	63,861,747
Advances from key management personnel	**3,200,000**	**-**	3,200,000	-
	3,200,000	**-**	3,200,000	63,861,747

Due from related parties represents shareholder's account which is used for withdrawals/additional funds made by the shareholder. The balance does not have any fixed repayment schedule.

Movement in the balance of the shareholder's account during the year was as follows:

	2023 AED	*2022 AED*
Balance as at 1 January	**63,861,747**	113,726,319
Additions made during the year	**974,323,989**	1,271,573,819
Drawdown made during the year	**(773,115,403)**	(1,321,438,391)
Additional contribution from shareholder- netted off	**(92,604,255)**	-
Dividends	**(172,466,078)**	-
Balance as at 31 December	**-**	63,861,747

Compensation of key management personnel
The key management personnel, represented by the shareholder, chief executive officer, deputy chief executive officer, chief financial officer and director, have received short term benefits for the period amounting to AED 16,067,548 (AED 2022: 4,096,000).

24 RISK MANAGEMENT

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

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market value rates. The Group is exposed to interest rate risk on its interest-bearing liabilities (loans and borrowings).

24 RISK MANAGEMENT (continued)

Interest rate risk (continued)
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loan and borrowings. With all other variables held constant, the Group's profit is affected through the impact on floating rate borrowings, as follows:

	Increase / (decrease) in interest rate	*Effect on profit for one year increase / (decrease) AED*
2023	**1%**	**10,170,212**
	(1%)	**(10,170,212)**
2022	1%	4,227,697
	(1%)	(4,227,697)

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, due from a related party, advance paid on behalf of a related party and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to related parties by regularly assessing the related parties credit worthiness and making provisions if required.

Credit risk is limited to the carrying values of financial assets recognised at the reporting date, as summarised below:

	2023 AED	*2022 AED*
Trade receivables	**393,755,188**	54,009,671
Contract assets	**40,726,198**	444,714,855
Due from related parties	**-**	63,861,747
Bank balance	**1,635,021,781**	585,423,896
Refundable deposits	**14,700,486**	11,218,520
Other receivables	**2,122,707**	3,441,889
	2,086,326,360	1,162,670,578

As at 31 December, the ageing of unimpaired accounts receivable is as follows:

			Past due but not impaired		
	Total AED	*Neither past due nor impaired AED*	*31-60 days AED*	*61-90 days AED*	*Above 90 days AED*
2023	**393,755,188**	**295,132,772**	**35,281,962**	**40,978,736**	**22,361,718**
2022	54,009,671	50,602,443	1,762,826	1,644,402	-

There were no expected credit losses recognised in 2023, 2022.

24 RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables and contract assets
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Since the Group usually receives cash in advance or can withhold transfer of property, Management view credit risk as low and no material provision is required

Bank balances
With respect to credit risk arising from the other financial assets of the Group, which include bank balances, 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.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Given this, management does not expect these banks to fail on their obligations to the Group.

Due from related parties
Amount due from related parties is not considered to represent significant credit risk because this amount is due from Group under common shareholder and are guaranteed by the shareholder.

Liquidity risk
The Group limits is liquidity risk by retaining sufficient funds generated from operations and ensuring funds from the shareholders are available.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2023

	Less than 3 months AED	***3 to 12 months AED***	***1 to 10 years AED***	***Total AED***
Loans and borrowings	**98,522,849**	**223,159,569**	**744,038,787**	**1,065,721,205**
Lease liabilities	**5,171,841**	**13,534,878**	**31,308,726**	**50,015,445**
Accrued expenses and other payables	**161,228,811**	**4,708,631**	**-**	**165,937,442**
Trade payables	**163,190,318**	**133,041,827**	**-**	**296,232,145**
Payable to government agency	**105,751,490**	**-**	**-**	**105,751,490**
Due to related parties	**3,200,000**	**-**	**-**	**3,200,000**
	585,765,309	**374,444,905**	**775,347,513**	**1,686,857,727**

At 31 December 2022

	Less than 3 months AED	*3 to 12 months AED*	*1 to 10 years AED*	*Total AED*
Loans and borrowings	27,236,792	44,106,805	371,358,853	442,702,450
Lease liabilities	3,411,359	9,634,961	27,323,406	40,369,726
Accrued expenses and other payables	83,238,712	1,007,343	-	84,246,055
Trade payables	64,783,018	32,396,191	-	97,179,209
Payable to government agency	62,841,350	-	-	62,841,350
Due to related parties	3,200,000	-	-	3,200,000
	244,711,231	87,145,300	398,682,259	730,538,790

24 RISK MANAGEMENT (continued)

Foreign currency risk

Foreign Currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The functional and presentation currency of the Company is AED.

The Group is not exposed to any significant currency risk as most of its transactions and balances are denominated in either US Dollars or AED, which is pegged to the US Dollars.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and liquidity. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 31 December 2022. Capital comprises share capital, additional contribution and retained earnings and is measured at AED 1,350,522,097 as at 31 December 2023 (2022: AED 889,293,213).

25 FAIR VALUES

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and cash, trade and other receivables and due from related parties. Financial liabilities consist of accounts payable, accruals, loans and borrowings, lease liabilities and due to related parties.

The fair values of the financial assets and liabilities are not materially different from their carrying values.

The Group has no financial instruments carried at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

26 SUBSEQUENT EVENTS

Corporate tax
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 Company.

26 SUBSEQUENT EVENTS (continued)

Corporate tax (continued)
Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the financial statements for the period beginning 1 January 2024. Following assessment of the potential impact of the UAE CT Law on the balance sheet, the Company has not identified any potential deferred tax assets or liabilities as at the reporting date.

The Company will continue to monitor the publication of subsequent Decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

Bond issue
Following the close of the reporting period, the Group successfully issued Sukuk valued at USD 300 million, which have been listed on both the Nasdaq Dubai and the London Stock Exchange.

Purchase of the factory
Subsequent to year end, The Group has acquired a state-of-the-art factory from Al Jumaih holding for a purchase consideration of AED 12 million. The newly acquired factory will operate in tandem with Binghatti's in-house manufacturing facilities for commercial façade and building steel structure and guided by its dedicated team of in-house engineers, interior designers and architects.

27 SEGMENT INFORMATION

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

Business segments
For management purposes, the Group is organized into three major segments, namely, real estate (Develop, Construction, joinery and Industry and Maintenance), hospitality (develop and maintain in house F&B brands). Other segments include businesses that individually do not meet the criteria for a reportable segment as per IFRS 8 Operating Segments.

	Year ended 31 December 2023			
	Real Estate & Related AED	***Hospitality AED***	***Corporate AED***	***TOTAL AED***
Revenue	2,093,267,460	38,959,238	-	2,132,226,698
Result				
Profit/(loss)	766,108,563	(2,974,063)	(36,835,283)	726,299,217
Other segment information				
Capital expenditure	93,327,127	179,801	130,181,961	223,688,889
Depreciation	22,750,547	2,065,990	1,092,531	25,909,068
Assets & liabilities				
Segment assets				
Right-of- use assets	44,281,826	4,034,846	-	48,316,672
Other segmental assets	2,479,827,396	17,108,930	1,714,216,907	4,211,153,233
Total assets	**2,524,109,222**	**21,143,776**	**1,714,216,907**	**4,259,469,905**
Total liabilities	**971,716,064**	**20,217,067**	**1,917,014,677**	**2,908,947,808**

27 SEGMENT INFORMATION (continued)

Business segments (continued)

	Year ended 31 December 2022			
	Real Estate & Related AED	*Hospitality AED*	*Corporate AED*	*TOTAL AED*
Revenue	1,005,758,639	40,470,457	-	1,046,229,096
Result				
Profit/(loss)	326,645,456	(7,588,104)	(14,939,668)	304,117,684
Other segment information				
Capital expenditure	39,076,742	1,870,479	813,935	41,761,156
Depreciation	5,447,021	3,992,449	130,744	9,570,214
Assets & liabilities				
Segment assets				
Right-of- use assets	28,540,599	10,581,710	-	39,122,309
Other segmental assets	1,962,509,718	16,121,437	54,952,785	2,033,583,940
Total assets	1,991,050,317	26,703,147	54,952,785	2,072,706,249
Total liabilities	1,103,011,905	25,602,875	54,798,256	1,183,413,036

28 COMPARITIVE INFORMATION

Certain corresponding figures for previous year have been reclassified in order to conform to the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholder's equity. These changes summarized below have been made to improve the quality of information presented:

Statement of Financial Position:

	Year ended 31 December 2023		
	Previously reported AED	*Reclassification AED*	*Reported now AED*
Property, plant and equipment	40,040,483	24,300,000	64,340,483
Investment Property	24,300,000	(24,300,000)	-