# Aurum (Cayman) Limited

## Consolidated financial statements
## for the year ended 31 December 2022

# Aurum (Cayman) Limited

## Consolidated financial statements for the year ended 31 December 2022


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# Independent auditor's report to the shareholders of Aurum (Cayman) Limited

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aurum (Cayman) Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

**What we have audited**

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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.

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Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy



# Independent auditor's report to the shareholders of Aurum (Cayman) Limited (continued)

## Responsibilities of management and those charged with governance for the consolidated financial statements (continued)

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

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# Independent auditor's report to the shareholders of Aurum (Cayman) Limited (continued)

## Auditor's responsibilities for 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 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.

PricewaterhouseCoopers

27 April 2023
Dubai, United Arab Emirates

# Aurum (Cayman) Limited

## Consolidated statement of financial position

| | Note | As at 31 December 2022 AED | 2021 AED |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 5 | 722,617,373 | 700,773,976 |
| Right-of-use asset | 6 | 9,748,200 | 3,498,124 |
| Intangible assets | 7 | 447,706,888 | 490,963,571 |
| Trade and other receivables | 10 | 143,908,255 | 32,456,358 |
| | | 1,323,980,716 | 1,227,692,029 |
| **Current assets** | | | |
| Development and trading properties | 8 | 755,973,401 | 828,635,897 |
| Due from related parties | 9 | 13,669,957 | 9,024,021 |
| Trade and other receivables | 10 | 861,160,078 | 596,044,812 |
| Cash and bank balances | 11 | 240,915,383 | 206,187,604 |
| | | 1,871,718,819 | 1,639,892,334 |
| **Total assets** | | 3,195,699,535 | 2,867,584,363 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 12 | 179,898 | 178,062 |
| Treasury share | | 3,602 | 5,438 |
| Statutory reserve | 12 | 400,000 | 400,000 |
| Share based payment reserve | 14 | 10,480,510 | 7,769,530 |
| Revaluation reserve | | 234,862,111 | 240,031,230 |
| Retained earnings | | 319,549,476 | 34,063,574 |
| **Total equity** | | 565,475,597 | 282,447,834 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provision for employees' end of service benefits | 15 | 22,119,085 | 19,488,722 |
| Trade and other payables | 17 | 396,279,716 | 437,248,096 |
| Lease liabilities | 18 | 5,287,310 | - |
| Borrowings | 19 | 11,477,196 | 18,571,635 |
| Payable for acquisition of subsidiaries | 21 | 493,583,575 | 434,801,846 |
| Sukuk notes | 20 | 371,081,250 | 371,081,250 |
| | | 1,299,828,132 | 1,281,191,549 |
| **Current liabilities** | | | |
| Advances from customers | 16 | 396,963,349 | 473,516,364 |
| Trade and other payables | 17 | 797,681,843 | 695,424,084 |
| Lease liabilities | 18 | 4,048,966 | 3,718,539 |
| Borrowings | 19 | 7,094,439 | 6,678,784 |
| Due to related parties | 9 | 913,459 | 913,459 |
| Sukuk notes | 20 | 123,693,750 | 123,693,750 |
| | | 1,330,395,806 | 1,303,944,980 |
| **Total liabilities** | | 2,630,223,938 | 2,585,136,529 |
| **Total equity and liabilities** | | 3,195,699,535 | 2,867,584,363 |

These consolidated financial statements were approved by the board of directors on 27 April 2023 and signed on their behalf by:

.....
Amer Jabr
Vice President of Finance

## Aurum (Cayman) Limited

## Consolidated statement of comprehensive income

| | Note | Year ended 31 December 2022 AED | 2021 AED |
|---|---|---|---|
| **Income** | | | |
| Revenue | 22 | 1,152,094,589 | 673,409,058 |
| Other income | 23 | 325,046,583 | 66,385,346 |
| **Total income** | | 1,477,141,172 | 739,794,404 |
| **Expenses** | | | |
| Direct cost | 24 | (573,959,496) | (325,725,550) |
| Operating expenses | 25 | (448,633,046) | (289,539,905) |
| Loss allowance on trade and unbilled receivables | 10 | (87,051,743) | (123,583,508) |
| Share based compensation expense | 14 | (2,710,980) | (2,710,980) |
| **Total expenses** | | (1,112,355,265) | (741,559,943) |
| **Operating income/(loss)** | | 364,785,907 | (1,765,539) |
| Gain on remeasurement of liabilities | 17 | 79,911,656 | - |
| Finance costs | 27 | (164,380,780) | (153,814,062) |
| **Profit/(loss) for the year** | | 280,316,783 | (155,579,601) |
| Other comprehensive income | | - | - |
| **Total comprehensive income/(loss) for the year** | | 280,316,783 | (155,579,601) |
| **Earnings per share** | | | |
| Basic and diluted earnings/(loss) per share | 13 | 2,883 | (1,614) |

# Aurum (Cayman) Limited

## Consolidated statement of changes in equity

| | Share capital AED | Treasury shares AED | Statutory reserve AED | Share based payment reserve AED | Revaluation reserve AED | Retained earnings AED | Total equity AED |
|---|---|---|---|---|---|---|---|
| **As 1 January 2021** | 176,556 | 6,944 | 400,000 | 5,058,550 | 245,200,349 | 184,474,056 | 435,316,455 |
| Loss for the year | - | - | - | - | - | (178,628,076) | (178,628,076) |
| Total comprehensive loss for the year | - | - | - | - | - | (155,579,601) | (155,579,601) |
| *Other movements:* | | | | | | | |
| Transfer of revaluation surplus on property and equipment to retained earnings | - | - | - | - | (5,169,119) | 5,169,119 | - |
| Share based compensation expense | - | - | - | 2,710,980 | - | - | 2,710,980 |
| Shares awarded | 1,506 | (1,506) | - | - | - | - | - |
| **At 31 December 2021** | 178,062 | 5,438 | 400,000 | 7,769,530 | 240,031,230 | 34,063,574 | 282,447,834 |
| Total comprehensive income for the year | - | - | - | - | - | 280,316,783 | 280,316,783 |
| *Other movements:* | | | | | | | |
| Transfer of revaluation surplus on property and equipment to retained earnings | - | - | - | - | (5,169,119) | 5,169,119 | - |
| Share based compensation expense | - | - | - | 2,710,980 | - | - | 2,710,980 |
| Shares awarded | 1,836 | (1,836) | - | - | - | - | - |
| **At 31 December 2022** | 179,898 | 3,602 | 400,000 | 10,480,510 | 234,862,111 | 319,549,476 | 565,475,597 |

# Aurum (Cayman) Limited

## Consolidated statement of cash flows

| | Note | Year ended 31 December 2022 AED | 2021 AED |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the year | | 280,316,783 | (155,579,601) |
| **Adjustments for:** | | | |
| Depreciation | 5,6 | 22,533,157 | 18,485,627 |
| Amortisation | 7 | 43,305,780 | 43,444,138 |
| Loss allowance on trade receivables | 10 | 87,051,743 | 123,583,508 |
| Provision for employees' end of service benefits | 15 | 6,560,026 | 3,470,978 |
| Share based payment expense | 14 | 2,710,980 | 2,710,980 |
| Finance costs | 27 | 164,380,780 | 153,814,062 |
| Gain on remeasurement of liabilities | 17 | (79,911,656) | - |
| Loss on disposal of property and equipment | 5 | - | 240,864 |
| **Operating cash flows before changes in working capital and payment of end of service benefits** | | 526,947,593 | 190,170,556 |
| Payment of employees' end of service benefits | 15 | (3,929,663) | (3,195,393) |
| **Changes in working capital:** | | | |
| Development and trading properties, including amount transferred to property and equipment | | 49,640,124 | 17,970,804 |
| Trade and other receivables | | (463,618,906) | (81,826,967) |
| Due from related parties | | (4,645,936) | 437,773 |
| Advances from customers | | (76,553,015) | (16,856,189) |
| Trade and other payables | | 93,286,338 | (162,345,154) |
| **Net cash generated from/(used in) operating activities** | | 121,126,535 | (55,644,570) |
| **Cash flows from investing activities** | | | |
| Additions to property and equipment | 5 | (17,417,103) | (3,542,709) |
| Proceeds from disposal of property and equipment | 5 | - | 248,014 |
| Additions to intangible assets | 7 | (49,097) | - |
| **Net cash used in investing activities** | | (17,466,200) | (3,294,695) |
| **Cash flows from financing activities** | | | |
| Net proceeds from sale of sukuk certificates | 20 | - | 23,071,194 |
| Repayment of borrowings | 19 | (6,678,784) | (3,218,936) |
| Lease payments – principal and interest element | | (4,759,058) | (3,143,950) |
| Interest paid | | (57,494,714) | (51,976,923) |
| **Net cash used in financing activities** | | (68,932,556) | (35,268,615) |
| **Net increase/(decrease) in cash and cash equivalents** | | 34,727,779 | (94,207,880) |
| Cash and cash equivalents, beginning of the year | | 201,087,604 | 295,295,484 |
| **Cash and cash equivalents, end of the year** | 11 | 235,815,383 | 201,087,604 |

# Notes to the consolidated financial statements for the year ended 31 December 2022

## 1 Legal status and principal activities

Aurum (Cayman) Limited (the "Company") is a limited liability company registered in Cayman Islands. The Company was incorporated on 24 January 2017. The Company's registered address is PO Box 309, Ugland House, Grand Cayman, KY1-1104.

The Company is 30% owned by Opus JV (Cayman) Limited and 70% owned by Palladium Limited ("Shareholders").

The principal activity of the Company is that of a holding company. The Company and its subsidiaries are referred to as (the "Group"). The activities of the Company's principal subsidiaries are detailed below:

| Name of entity | Principal activity |
|---|---|
| Primum SPC Limited* | Holding company of subsidiaries engaged primarily in the development and management of real estate properties and sale of food and beverage. |
| TFG Corporate Holdings Limited* | Holding company of subsidiaries engaged primarily in the sale of real estate properties and facilities management and marketing research. |

*Wholly owned subsidiary of the Company as on 31 December 2022 and 31 December 2021.

## 2 Summary of significant accounting policies

The significant accounting policies adopted by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost convention as modified by the revaluation of property and equipment.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

**New standards, amendments and interpretations**

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements.

The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods:

- amendment to IAS 16 (effective 1 January 2022);
- amendment to IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022); and
- annual improvements to IAS 41, IFRS 1, IFRS 9 and IFRS 16 (effective 1 January 2022).

*New and revised IFRS issued but not yet effective and not early adopted*

- IFRS 17, 'Insurance contracts' (deferred until accounting periods starting on 1 January 2023);
- amendments to IAS 12 (effective 1 January 2023);
- amendments to IAS 1 (effective 1 January 2023); and
- amendments to IAS 8 (effective 1 January 2023).

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

### 2.2 Consolidation

*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

## 2 Summary of significant accounting policies (continued)

### 2.2 Consolidation (Continued)

*(a) Subsidiaries* (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Transactions with owners acting in their capacity as owners are recorded in the consolidated statement of changes in equity.

*(b) Eliminations on consolidation*

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2 Summary of significant accounting policies (continued)

### 2.2 Consolidation (continued)

*(c) Changes in ownership interests in subsidiaries without change in control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*(d) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.3 Revenue recognition

IFRS 15 'Revenue from contracts with customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a new five-step model that applies to revenue arising from contracts with customers.

Step 1: Identify the contract 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 each of those rights and obligations.

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.3 Revenue recognition (continued)

Step 5: Recognise revenue as and when the Group satisfies a performance obligation.

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

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 entity 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 recognised at the point in time at which the performance obligation is satisfied.

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

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

Revenue is recognised in the 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.

The sales commission paid where applicable, is recognised as prepaid commission and is amortised to the statement of comprehensive income over time upon fulfilment of the related performance obligation.

*(a) Revenue from sale of units*

The Group constructs the projects (which are buildings with individual apartments and serviced apartments) while it is in the customers control, hence revenue from construction of the projects is recognised over time, as and when the construction progresses.

All costs incurred that are attributable to unsold portions of land and/or property, including the cost of infrastructure land, are included in work-in-progress within property held for development and sale until the land and/or property is sold.

## 2 Summary of significant accounting policies (continued)

### 2.3 Revenue recognition (continued)

*(a) Revenue from sale of units* (continued)

The sales commission paid where applicable, is recognised as prepaid commission and is amortised to the statement of comprehensive income over time upon fulfilment of the related performance obligation.

The Group has an enforceable right to payment for performance completed to date. The Group has established additional criteria for revenue recognition, whereby a project must be at a 5% or more completion stage to qualify for revenue recognition, and the Group must have a signed sales agreement and receive payment of 10% or more from a customer to recognise revenue. Management believes that these percentages represent the thresholds above which it is probable that economic benefits will flow to the Group.

The revenue from project construction is a multiple of management's total estimated cost for the construction and a percentage of completion confirmed for each project.

Management estimates the cost to complete for construction of the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of constructing the projects, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

Upon recognition of revenue against a certain project, the infrastructure cost allocated to the plot of land is released to the consolidated statement of comprehensive income, as cost of revenue.

*(b) Commission and management fee income*

Revenue from services and management charges from facilities, property and project management and commission on sale of third parties' properties are recognised in the accounting period in which the services are rendered. Revenue from commission and management income are recognised at a point of time.

*(c) Food and beverage income*

Group revenue from food, beverages is recognised when goods are sold and services are rendered. Amounts are recognised net of discounts and municipality fees where applicable. Revenue from food and beverage income is recognised at a point of time.

## 2 Summary of significant accounting policies (continued)

### 2.3 Revenue recognition (continued)

*(d) Other income*

Forfeited/cancellation income is recognised in the consolidated statement of comprehensive income when a customer walks away from a pending sale or does not fulfil the contractual payment term, in accordance with the regulation and contractual terms.

### 2.4 Foreign currencies

*(a) Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and the presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within profit or loss in the consolidated statement of comprehensive income.

Balances and transactions denominated in US Dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

Foreign exchange gains and losses that relate to 'borrowings' and 'cash and bank balances' are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income or expenses'.

*(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;
(ii) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and
(iii) All resulting exchange differences are recognised in other comprehensive income.

## 2 Summary of significant accounting policies (continued)

### 2.4 Foreign currencies (continued)

*(c) Group companies* (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to the consolidated statement of comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in consolidated statement of comprehensive income.

### 2.5 Property and equipment

Buildings and capital-work-in-progress to be classified as buildings upon commissioning are stated at fair value, based on valuations by external independent valuers less subsequent depreciation and impairment. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings and capital work-in-progress are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the consolidated statement of comprehensive income. The revaluation reserve included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognised.

Capital work-in-progress is transferred to the appropriate category of property and equipment and depreciated in accordance with the Group's policy.

## 2 Summary of significant accounting policies (continued)

### 2.5 Property and equipment (continued)

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Leasehold improvements | 5 years |
| Vehicles | 5 years |
| Computer equipment | 3 years |
| Furniture and fixtures | 4-5 years |
| Gym equipment | 3 years |
| Office space/shops | 30 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognised in the consolidated statement of comprehensive income. When revalued assets are sold, the amounts included in revaluations reserves are transferred to retained earnings.

When commissioned, capital work-in-progress is transferred to the respective category, and depreciated in accordance with the Group's policy.

### 2.6 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and the cost or fair value of the asset can be measured reliably.

*(a) Brand*

The brands acquired by the Group are carried at cost and have been assessed to have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of the brand over its estimated useful life of 25 years.

*(b) Customer relationship*

The acquired customer relationship amount is arrived at by calculating the present value of the expected future economic benefits arising from long established relationships with an average relationship of 6 years after deducting a contributory asset charge. Amortisation is calculated using the straight-line method over its estimated useful life of 6.

*(c) Customer contracts*

The acquired customer contracts represent the value of rights that arise from contractual agreements. These represents long term contracts spanning over a period of 20 years with a renewal option available. Customer contracts amount is arrived at by calculating the present value of the expected future economic benefits arising from contracts after deducting a contributory asset charge. Amortisation is calculated using the straight-line method over its estimated useful life of 40 years.

## 2 Summary of significant accounting policies (continued)

### 2.6 Intangible assets (continued)

*(d) Licenses*

Licenses acquired by the Group are carried at cost and have been assessed to have a finite useful life. Amortisation is calculated using the straight-line method to allocate the cost of the licenses over its estimated useful life of 5 years.

### 2.7 Development and trading 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 the lower of cost or net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, less costs to completion and the estimated costs of sale.

The cost of development properties recognised within profit and loss 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.

Properties that have been constructed and completed for the purpose of being sold are stated at lower of cost and net realizable value. Cost includes the cost of land and development rights, construction costs, infrastructure costs and other related direct costs, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.

### 2.8 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss for an asset other than goodwill shall be recognised immediately in the consolidated statement of comprehensive income. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in future periods to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

## 2 Summary of significant accounting policies (continued)

### 2.9 Financial assets

(i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains or losses together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

## 2 Summary of significant accounting policies (continued)

### 2.9 Financial assets (continued)

(iii) Measurement (continued)

*Debt instruments* (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains or losses, and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains or losses in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains or losses in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## 2 Summary of significant accounting policies (continued)

### 2.9 Financial assets (continued)

(iv) Impairment (continued)

*Trade and other receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, which is adjusted for expected cash flows from the realisation of the assets' collateral, if any and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against trade and unbilled receivables and other receivables Note 10 disclosed the impact on the consolidated financial statements.

### 2.10 Financial liabilities

The Group initially recognizes debt securities issued on the date that they originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Non-derivative financial liabilities comprise loans and borrowings, sukuk notes and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## 2 Summary of significant accounting policies (continued)

### 2.12 Cash and bank balances

Cash and cash equivalents comprise current accounts and all bank deposits which have an original maturity of three months or less, less bank deposits which have an original maturity of more than three months.

### 2.13 Advances from customers

Instalments received from buyers, for sales of land and/or buildings, prior to meeting the revenue recognition criteria, are recognised as advances from customers or contract liability. These are subsequently released to the consolidated statement of comprehensive income once the revenue recognition criteria are met.

Advances from customers may also be released to revenue or other income, when a customer defaults on its contractual obligations.

### 2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as finance cost.

## 2 Summary of significant accounting policies (continued)

### 2.16 Employees' benefits

An accrual is made for the estimated liability for employees' entitlements to leave passage as a result of services rendered by the employees up to the consolidated statement of financial position date. A provision is also made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the consolidated statement of financial position date. The accrual relating to leave passage is included in trade and other payables, while the provision relating to employees' end of service benefits is disclosed separately as a non-current liability.

### 2.17 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest rate method. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

Finance costs related to borrowings are charged within profit and loss in the consolidated statement of comprehensive income.

### 2.18 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to account for all leases under a single lessee accounting model.

Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

The Group leases offices and vehicles. The rental contracts are typically made for fixed periods of 1 to 2 years, with no specific clauses for extension and termination of the lease. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenants.

## 2 Summary of significant accounting policies (continued)

### 2.18 Leases (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group has initially measured assets and liabilities on a present value basis. In determining the lease liabilities, the Group has included the net present value of the fixed lease payments, less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

These liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Incremental borrowing rate is that rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases of offices and vehicles are recognised on a straight-line basis as an expense in statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

### 2.19 Equity compensation benefits

The Group grants bonus shares to its employees under an equity compensation plan. The Group recognises an employee benefit expense in the consolidated statement of comprehensive income, representing the fair value of bonus share granted. A corresponding credit to equity is raised for equity-settled plans.

The fair value of the options at the date of grant under equity-settled plans is charged to the consolidated statement of comprehensive income over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. A bonus share scheme is considered equity-settled when the transaction is settled through the issue of equity instruments of Aurum (Cayman) Limited. On the final vesting date of equity-settled plans, the Group transfers the accumulated balance relating to vested shares from the share-based compensation reserve to retained earnings.

## 2 Summary of significant accounting policies (continued)

### 2.20 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit/(loss) attributable to the ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

### 2.21 Treasury shares

Treasury shares are the outstanding stock repurchased from stockholders by the issuing Parent Company. These shares are issued but not outstanding and are not included in the calculation of dividends or earnings per share.

### 2.22 Segment reporting

Segment results that are operated to the Board of Directors include items directly attributable to a segment as well those that can be allocated on a reasonable basis.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

*(a) Market risk*

(i) Foreign exchange risk

The Group has low exposure to foreign currency risks as the majority of transactions are denominated in UAE Dirham, US Dollars or currencies pegged to the US Dollar.

(ii) Cash flow 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 market interest rates. The Group's interest rate risk arises from borrowings. The Group does not hedge the risk arising from interest variations risk.

As at 31 December 2022, Sukuk notes amounting to AED 495 million (2021: AED 495 million) issued by the Group carries fixed interest rate of 10.5% p.a. (2021: 10.5% p.a.).

At 31 December 2022, if interest rates on borrowings excluding Sukuk notes had been 1% higher/lower with all other variables held constant, profit for the year would have been higher/lower by AED 0.25 million (2021: AED 0.5 million).

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

*(a) Market risk* (continued)

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all the instruments traded in the market. The Group has no significant exposure to price risk as it does not hold any listed equity securities or commodities.

*(b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises from 'trade receivables', 'cash and cash equivalents' held at banks and 'due from related parties'. Credit risk is mainly attributable to the sales contracts with customers. Trade receivables are made to customers with an appropriate credit history.

Bank deposits are held with various financial institutions. The table below shows the balances with major banks (based on Moody's rating) at the consolidated statement of financial position date.

| | Rating | 2022<br>AED | 2021<br>AED |
|---|---|---|---|
| Counterparty 1 | A2 | 213,640,939 | 180,761,847 |
| Counterparty 2 | A2 | 10,127,199 | 14,226,075 |
| Counterparty 3 | Baa2 | 187,483 | 1,657,446 |
| Counterparty 4 | A3 | 75,273 | 361,413 |
| Others | N/A | 8,206,116 | 1,485,868 |
| | | 232,237,010 | 198,492,649 |

The table above excludes cash on hand amounting to AED 3.6 million (2021: AED 2.6 million) and margin deposits of AED 5.1 million (2021: AED 5.1 million).

*(c) Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity through availability of funding from the shareholders to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

*(c) Liquidity risk* (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the consolidated statement of financial position to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows:

| | Less than 1 year AED | 1 to 5 Years AED | More than 5 years AED | Total AED |
|---|---|---|---|---|
| **At 31 December 2022** | | | | |
| Trade and other payables | 797,681,843 | 532,042,861 | - | 1,329,724,704 |
| Lease liability | 4,555,888 | 5,676,182 | - | 10,232,070 |
| Due to related parties | 913,459 | - | - | 913,459 |
| Sukuk notes | 175,645,125 | 401,386,219 | - | 577,031,344 |
| Payable for acquisition of subsidiaries | - | 430,000,000 | 324,635,616 | 754,635,616 |
| Borrowings including interest payable | 7,094,439 | 11,477,196 | - | 18,571,635 |
| | 985,890,754 | 1,380,582,458 | 324,635,616 | 2,691,108,828 |

| | Less than 1 year AED | 1 to 5 Years AED | More than 5 years AED | Total AED |
|---|---|---|---|---|
| **At 31 December 2021** | | | | |
| Trade and other payables | 695,424,084 | 532,042,861 | - | 1,227,466,945 |
| Lease liability | 4,042,500 | - | - | 4,042,500 |
| Due to related parties | 913,459 | - | - | 913,459 |
| Sukuk notes | 175,645,125 | 453,337,594 | - | 628,982,719 |
| Payable for acquisition of subsidiaries | - | 430,000,000 | 324,635,616 | 754,635,616 |
| Borrowings including interest payable | 6,678,784 | 18,571,635 | - | 25,250,419 |
| | 882,703,952 | 1,433,952,090 | 324,635,616 | 2,641,291,658 |

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

*(c) Liquidity risk* (continued)

The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these and maintaining debt financing plans as required.

As at 31 December 2022, the Group has an outstanding Sukuk note of AED 494.8 million which pays a profit of 10.5% per annum. The Sukuk instalment plan was amended on 28 July 2022 such that AED 24.7 million is payable on 7 February 2023, AED 99.0 million is payable on 7 August 2023, AED 99.0 million is payable on 7 February 2024, and the remaining AED 272.1 million is payable on 7 August 2024 (Note 20).

The Group expects to be able to meet its liabilities disclosed above and continue its operations without significant curtailment having considered the following:

- The Group have generated cashflow from operations for the year ended 31 December 2022 of AED 121.1 million and estimate positive cash flow projections for the period ending 30 June 2024 based on assumptions with regards to number of units sold, average unit sales price, profitability margins, and collectability of receivables;
- Advanced discussions between the Group and financial institutions to refinance the Sukuk notes with a new long-term facility with more favourable terms to the Group;
- Full year impact of savings from cost optimisation measures introduced by the Group as part of an efficiency plan mandated by the Board of Directors.

### 3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of profit distributed to shareholder or manage its working capital requirements. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt (excluding is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) plus Sukuk notes less cash and bank balances (including short term deposits).

## 3 Financial risk management (continued)

### 3.2 Capital risk management (continued)

Total capital is calculated as 'Total equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios (excluding payable for acquisition of subsidiaries) of the Group was as follows:

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Borrowings (Note 19) | 18,571,635 | 25,250,419 |
| Sukuk notes (Note 20) | 494,775,000 | 494,775,000 |
| Less: cash and cash equivalents (Note 11) | (235,815,383) | (201,087,604) |
| Net debt | 277,531,252 | 318,937,815 |
| Total equity | 565,475,597 | 282,447,834 |
| Total | 843,006,849 | 601,385,649 |
| Gearing ratio | 33% | 53% |

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or avail of additional funding from related parties or shareholders.

### 3.3 Fair value estimation

The financial instruments carried at fair value by valuation method are categorised as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group does not carry any financial asset or liability that is measured at fair value at 31 December 2022 and 2021. The Group's non-financial assets carried at fair value at 31 December 2022 and 2021 are disclosed in Note 5.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## 4 Critical accounting estimates and judgements (continued)

### Critical accounting estimates and assumptions

*a) Impairment of financial assets*

The impairment of trade receivables and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 2.9 (iv).

*b) Revenue from contracts with customers*

The Group uses the input method (percentage-of-completion method) in accounting for its revenue from sale of properties held for development and sale. Using proportion of costs incurred to the date to the estimated costs of the project method requires the Group to estimate the obligations performed to date as a proportion of the total obligation to be performed from contracts with customer for sale of properties held for development and sale.

Were the estimated project cost to complete increases by 5% from management's estimates with all other variables held constant, the amount of revenue recognised for the year would be decreased by AED 174.2 million (2021: AED 135.6 million). Were the estimated project cost to complete decreases by 5% from management's estimates with all other variables held constant, the amount of revenue recognised for the year would be increased by AED 151.2 million (2021: AED 134.9 million).

*c) Revaluation of property and equipment*

Management conducts a revaluation of property and equipment every 3 years or earlier if there is a material change in the market conditions (Note 5). The previous revaluation was conducted as at 31 December 2020. Management estimates that the carrying amount of the Group's property and equipment did not differ materially from that which would be determined using fair value as at 31 December 2022 and 31 December 2021 when compared to 31 December 2020. Accordingly no further revaluation was conducted for the years ended 31 December 2022 and 2021 as there has not been a material change in the market conditions.

*d) Impairment of intangible assets*

For all intangible assets, the Group assesses impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include evidence that no profits or cash flows will be generated from the related asset. Impairment provisions are determined as the difference between the carrying value of the intangible assets (before impairment charge) and the recoverable amount. The recoverable amount of a CGU is determined on the basis of its "value in use". These calculations use cash flow and discount rate as set out below in Note 7, the cash flow projections are based on financial budgets approved by management. As at 31 December 2022 and 31 December 2021, the intangible assets are deemed fully recoverable and hence no impairment was recorded for the years ended 31 December 2022 and 2021. The results of sensitivity analysis performed by management in relation to the key assumptions used in the value-in-use calculations are disclosed in Note 7.

## 5 Property and equipment

| | Leasehold improvements AED | Vehicles AED | Computer equipment AED | Furniture and fixtures AED | Gym equipment AED | Office space/ shops AED | Work in progress AED | Total AED |
|---|---|---|---|---|---|---|---|---|
| **Cost or revaluation** | | | | | | | | |
| **As 1 January 2021** | 4,639,963 | 822,442 | 6,249,081 | 2,414,177 | 1,413,645 | 333,408,729 | 499,331,518 | 848,279,555 |
| Additions | - | - | 446,912 | 67,437 | - | 3,025,280 | 3,080 | 3,542,709 |
| Transfer from development properties (Note 8) | - | - | - | - | - | - | 17,248,025 | 17,248,025 |
| Disposals | - | (75,000) | (3,549) | - | - | (485,329) | - | (563,878) |
| **At 31 December 2021** | 4,639,963 | 747,442 | 6,692,444 | 2,481,614 | 1,413,645 | 335,948,680 | 516,582,623 | 868,506,411 |
| Additions | 531,306 | 708,000 | 1,936,318 | 905,865 | 11,715 | 3,748,345 | 9,575,554 | 17,417,103 |
| Transfers from work in progress | - | - | - | - | - | 96,581,245 | (96,581,245) | - |
| Transfer from development properties (Note 8) | - | - | - | - | - | 2,353,234 | 20,669,138 | 23,022,372 |
| **At 31 December 2022** | 5,171,269 | 1,455,442 | 8,628,762 | 3,387,479 | 1,425,360 | 438,631,504 | 450,246,070 | 908,945,886 |
| **Accumulated depreciation and impairment** | | | | | | | | |
| **As 1 January 2021** | 924,286 | 440,626 | 5,925,294 | 1,512,769 | 1,413,645 | 78,998,312 | 63,861,671 | 153,076,603 |
| Charge for the year (Note 25) | 158,328 | 149,488 | 377,607 | 259,343 | - | 13,771,993 | 14,073 | 14,730,832 |
| Disposals | - | (75,000) | - | - | - | - | - | (75,000) |
| **At 31 December 2021** | 1,082,614 | 515,114 | 6,302,901 | 1,772,112 | 1,413,645 | 92,770,305 | 63,875,744 | 167,732,435 |
| Charge for the year (Note 25) | 56,991 | 287,155 | 619,611 | 311,532 | 1,627 | 17,270,396 | 48,766 | 18,596,078 |
| **At 31 December 2022** | 1,139,605 | 802,269 | 6,922,512 | 2,083,644 | 1,415,272 | 110,040,701 | 63,924,510 | 186,328,513 |
| **Net book value** | | | | | | | | |
| **At 31 December 2022** | 4,031,664 | 653,173 | 1,706,250 | 1,303,835 | 10,088 | 328,590,803 | 386,321,560 | 722,617,373 |
| **At 31 December 2021** | 3,557,349 | 232,328 | 389,543 | 709,502 | - | 243,178,375 | 452,706,879 | 700,773,976 |

Capital work-in-progress is mainly attributed to cost of land and constructions costs of retail outlets of projects under construction. Office space/shops assets with a carrying amount of AED 136.5 million (2021: AED 132.5 million) are pledged as security for the Group's bank facility and
Sukuk notes (Notes 19 and 20).

## 5 Property and equipment (continued)

**Fair values of capital work-in-progress and buildings**

Every 3 years or earlier if required, the Group engages an external, independent and qualified valuation to determine the fair value of the Group's property. The external independent valuer in discussion with the Group's management, determines these inputs based on the current market rates, specific conditions and comparable food and market retail income in the corresponding market.

The Group performed a valuation assessment on the property and equipment as at 31 December 2020 and assessed that the fair values of the Group's property and equipment have not differed materially from their carrying values as at 31 December 2022 and 31 December 2021.

For all property and equipment, the current use of the property is its highest and best use. The valuation technique uses significant unobservable inputs. Accordingly, the fair value was classified to level 3.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the chief executive officer ("CEO"). Discussions of valuation processes and results are held between the CEO and CFO.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

If food and beverage and retail outlets, offices and capital work-in-progress were stated on the historical cost basis, the amounts would be as follows:

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Net book value | 320,180,868 | 278,486,991 |

## 6 Right-of-use asset

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| **At 1 January** | 3,498,124 | 2,973,220 |
| Additions during the year | 10,187,155 | - |
| Lease modification | - | 4,279,699* |
| Charge for the year (Note 25) | (3,937,079) | (3,754,795) |
| **At 31 December** | 9,748,200 | 3,498,124 |

*During the year ended 31 December 2021, the existing lease for vehicles was increased in scope by the lessor providing the right to the Group to use an increased number of vehicles. The consideration for the lease increased proportionately to the increase in number of vehicles and hence, the modification is treated as a separate lease under IFRS 16.

## 7 Intangible assets

| | Brand<br>AED | Customer relationships<br>AED | Customer contracts<br>AED | Licenses<br>AED | Website<br>AED | Total<br>AED |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As 1 January 2021 and 31 December 2021 | 191,800,000 | 168,700,000 | 416,600,000 | 552,090 | 672,729 | 778,324,819 |
| Additions | - | - | - | - | 49,097 | 49,097 |
| **At 31 December 2022** | 191,800,000 | 168,700,000 | 416,600,000 | 552,090 | 721,826 | 778,373,916 |
| **Accumulated depreciation** | | | | | | |
| As 1 January 2021 | 82,100,000 | 103,224,247 | 58,100,000 | 156,500 | 336,363 | 243,917,110 |
| Charge for the year (Note 25) | 5,152,654 | 28,116,667 | 9,878,754 | 71,820 | 224,243 | 43,444,138 |
| **At 31 December 2021** | 87,252,654 | 131,340,914 | 67,978,754 | 228,320 | 560,606 | 287,361,248 |
| Charge for the year (Note 25) | 5,152,654 | 28,116,667 | 9,878,754 | 44,220 | 113,485 | 43,305,780 |
| **At 31 December 2022** | 92,405,308 | 159,457,581 | 77,857,508 | 272,540 | 674,091 | 330,667,028 |
| **Net book value** | | | | | | |
| **At 31 December 2022** | 99,394,692 | 9,242,419 | 338,742,492 | 279,550 | 47,735 | 447,706,888 |
| **At 31 December 2021** | 104,547,346 | 37,359,086 | 348,621,246 | 323,770 | 112,123 | 490,963,571 |

## 7 Intangible assets (continued)

In accordance with the International Accounting Standard 36 (impairment of assets), the Group is required to carry out an impairment assessment whenever there is an indication that the asset may be impaired. The calculations use cash flow projections and discount rate based on financial budgets approved by management covering the useful lives of the assets.

**Brand**

Brand was valued using the relief from royalty methodology. Revenue was forecasted using a long-term growth of 1% (2021: 1%) for 20 years (remaining useful life). Key assumptions used in the valuation calculation are as follows:

- Royalty rate after deducting brand maintenance cost of 1.6% (2021: 1.6%)
- Discount rate of 13.0% (2021: 13.5%)

The Brand intangible asset was deemed fully recoverable as a result of the impairment assessment as on 31 December 2022 and 2021. No change to impairment assessment is estimated as a result of the sensitivity analysis conducted as on 31 December 2022 and 2021.

**Customer contracts**

The contracts were valued by an external valuer using Multi-Period Excess Earnings Method ("MEEM") approach. MEEM examines the economic returns contributed by tangible and intangible assets utilised in generating earnings, and then isolates the excess return attributed only to the specific asset being valued through Contributory Asset Charges ('CACs') on those earnings.

Key assumptions used in the valuation calculation are as follows:

- the projected revenue and earnings attributed to existing customer contracts;
- earnings before interest and tax ("EBIT") after CACs; and
- Discount rate of 11.0%% (2021: 11.5%)

The customer contracts intangible asset was deemed fully recoverable as a result of the impairment assessment as on 31 December 2022 and 2021. No change to impairment assessment is estimated as a result of the sensitivity analysis conducted as on 31 December 2022 and 2021.

## 7 Intangible assets (continued)

**Customer relationships**

The customer relationships were valued by an external valuer using Multi-Period Excess Earnings Method ("MEEM") approach. MEEM examines the economic returns contributed by tangible and intangible assets utilised in generating earnings, and then isolates the excess return attributed only to the specific asset being valued through Contributory Asset Charges ('CACs') on those earnings.

Key assumptions used in the valuation calculation are as follows:

- the projected revenue and earnings attributed to existing customer relationships;
- the expected attrition rate for these relationships;
- earnings before interest and tax ("EBIT") after CACs at 35% (2021: 35%); and
- the risk adjusted discount rate of 11.0% (2021: 11.5%)

The customer relationships intangible asset was deemed fully recoverable as a result of the impairment assessment as on 31 December 2022 and 2021. No change to impairment assessment is estimated as a result of the sensitivity analysis conducted as on 31 December 2022 and 2021.

## 8 Development and trading properties

| | AED |
|---|---|
| At 1 January 2021 | 863,854,726 |
| Additions during the year | 277,244,156 |
| Transfer to property and equipment (Note 5) | (17,248,025) |
| Recognised as cost of units sold during the year (Note 24) | (295,214,960) |
| **At 31 December 2021** | 828,635,897 |
| Additions during the year | 478,587,107 |
| Transfer to property and equipment (Note 5) | (23,022,372) |
| Recognised as cost of units sold during the year (Note 24) | (528,227,231) |
| **At 31 December 2022** | 755,973,401 |

Development properties at December 2022 and 2021 comprises of land costs and design and development costs for projects at various locations in United Arab Emirates. Trading properties at December 2022 and 2021 represent completed residential units and serviced apartments of certain projects at various locations. Development and trading properties are carried at the lower of cost or net realisable value, including the cost of land determined based on square feet of the properties completed to a ratio of total square feet of the project. The net realisable value of the completed properties is higher than their carrying amounts based on the recently concluded sales transactions. As on 31 December 2022, development and trading properties of AED 138.2 million (2021: AED 138.2 million) are secured against the Sukuk (Note 20).

## 9 Related party transactions and balances

Related parties include the Shareholders, ultimate shareholders, key management personnel, subsidiaries, directors and businesses which are controlled directly or indirectly by the ultimate shareholders or directors, or over which they exercise significant management influence ("Affiliates").

## 9 Related party transactions and balances (continued)

**Transactions with related parties:**

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

| | 2022 AED | 2021 AED |
|---|---|---|
| **Key management compensation** | | |
| Salaries and other benefits | 46,871,885 | 14,120,269 |
| End of service benefits | 475,291 | 475,291 |

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

| | 2022 AED | 2021 AED |
|---|---|---|
| **Due from related parties** | | |
| Affiliates | 13,669,957 | 9,024,021 |

| | 2022 AED | 2021 AED |
|---|---|---|
| **Due to related parties** | | |
| Affiliates | 913,459 | 913,459 |

The carrying amounts of amounts due from/ to related parties approximate their fair value. The fair values are within level 3 of the fair value hierarchy.

## 10 Trade and other receivables

| | 2022 AED | 2021 AED |
|---|---|---|
| Trade receivables | 417,611,680 | 294,632,605 |
| Unbilled receivables | 399,446,336 | 151,067,803 |
| Less: loss allowance | (21,128,683) | (21,128,683) |
| | 795,929,333 | 424,571,725 |
| Deferred sales and marketing expenses (i) | 84,071,696 | 85,102,377 |
| Advances to suppliers | 63,242,053 | 52,782,395 |
| Prepayments | 12,909,912 | 9,075,406 |
| Security deposit | 982,092 | 982,092 |
| Other receivables | 47,933,247 | 55,987,175 |
| | 1,005,068,333 | 628,501,170 |
| Less: non-current portion of trade receivables | (143,908,255) | (32,456,358) |
| | 861,160,078 | 596,044,812 |

The Group has a broad base of customers with no concentration of credit risk within trade and unbilled receivables at 31 December 2022 and 31 December 2021. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The carrying amounts of trade and other receivables approximate their fair values which are within level 3 of the fair value hierarchy.

## 10 Trade and other receivables (continued)

Management is of the opinion that this concentration of credit risk will not result in a loss to the Group since these customers have an established record of meeting their financial commitments to the Group.

The loss allowance of trade and unbilled receivables as at 31 December 2022 was determined as follows:

| Ageing | Gross carrying amount AED | Expected credit loss rate (%) | Loss allowance on trade and unbilled receivables AED |
|---|---|---|---|
| Current and unbilled receivables | 652,506,723 | 1% | 1,876,212 |
| 1-90 days past due | 20,542,863 | 4% | 869,059 |
| 91-180 days past due | 26,231,361 | 6% | 1,632,227 |
| More than 180+ days | 117,309,437 | 14% | 16,283,553 |
| Specific provisions | 467,632 | 100% | 467,632 |
| **Total** | 817,058,016 | | 21,128,683 |

The loss allowance of trade and unbilled receivables as at 31 December 2021 was determined as follows:

| Ageing | Gross carrying amount AED | Expected credit loss rate (%) | Loss allowance on trade and unbilled receivables AED |
|---|---|---|---|
| Current and unbilled receivables | 268,079,475 | 1% | 1,635,057 |
| 1-90 days past due | 13,578,449 | 4% | 482,166 |
| 91-180 days past due | 27,847,797 | 8% | 2,208,857 |
| More than 180+ days | 135,727,055 | 12% | 16,334,971 |
| Specific provisions | 467,632 | 100% | 467,632 |
| **Total** | 445,700,408 | | 21,128,683 |

The movement in the loss allowance is as follows:

| | 2022 AED | 2021 AED |
|---|---|---|
| At 1 January | 21,128,683 | 102,789,713 |
| Charge for the year | 87,051,743 | 123,583,508 |
| Written off during the year | (87,051,743) | (205,244,538) |
| At 31 December | 21,128,683 | 21,128,683 |

## 10 Trade and other receivables (continued)

The carrying amounts of the Group's trade and other receivables are mainly denominated in AED.

(i) The Group has deferred the sales commissions incurred to obtain or fulfil contracts with the customers and amortised it over the period of satisfying the performance obligations where applicable.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

## 11 Cash and bank balances

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Cash on hand | 3,578,373 | 2,594,955 |
| Cash at banks | 232,237,010 | 198,492,649 |
| Other bank deposits | 5,100,000 | 5,100,000 |
| | 240,915,383 | 206,187,604 |

Cash and cash equivalents balances include the following for the consolidated statement of cash flows:

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Cash and bank balances | 240,915,383 | 206,187,604 |
| *Less restricted cash:* | | |
| Other bank deposits | (5,100,000) | (5,100,000) |
| Cash and cash equivalents | 235,815,383 | 201,087,604 |

The carrying amounts of cash and bank balances approximate their fair value. The fair values are within level 3 of the fair value hierarchy. Restricted cash comprise of deposits subject to restrictions by the bank and are therefore not available for general use by the Group.

## 12 Equity

*Share capital and treasury share*

The Company was incorporated with a total share capital of AED 183,500 (2021: AED 183,500) divided in to 5 million shares of AED 0.0367 (2021: AED 0.0367) each.

Statutory reserve

In accordance with the Article 103 of UAE Federal Decree Law No.32 of 2001, 5% of the profit for the year in each UAE limited liability registered company is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital of the respective companies.

## 12 Equity (continued)

*Statutory reserve* (continued)

Transfers to the legal reserve have accordingly been made by the individual entities within the Group. Consequently, the cumulative balance of legal reserve exceeds 50% of the paid up share capital of the Company.

## 13 Earnings per share

Basic and diluted earnings per share are calculated on the basis of the net profit for the year attributable to the shareholder of the Company divided on the weighted average number of the issued outstanding shares after deducting the weighted average number of the treasury shares outstanding during the year as follows:

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Net profit/(loss) for the year attributable to the shareholders of the Company | 280,316,783 | (155,579,601) |
| Weighted average number of issued shares | 100,000 | 100,000 |
| Weighted average number of treasury shares | (2,756) | (3,613) |
| Weighted average number of outstanding shares | 97,244 | 96,387 |
| Earnings/(loss) per share attributable to the shareholders of the Company | 2,883 | (1,614) |

There is no significant impact on earnings per share on adoption of new accounting standards for the years ended 31 December 2022 and 31 December 2021.

## 14 Share based compensation

In October 2019, the Group established TFG LSOP Private Trust Company (the "Trustee") to administer the Group's Leadership Share Ownership Plan ("LSOP") on which 4.99% of the total share capital was transferred to the Trustee.

The establishment of the Group's LSOP was approved by shareholders on October 2019. The LSOP is designed to provide long-term incentives for certain key employees to deliver long-term shareholder returns. Under the plan, participants are granted bonus shares which vest in full or in part depending the service period. Participation in the plan is at the shareholder's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of bonus shares that will vest depends on the Group's total shareholder return ("TSR"), including share price growth, dividends and capital returns, ranking within a peer group of selected companies based on geographic presence. Once vested, the bonus shares are awarded.

Bonus shares are granted under the plan for no consideration and carry no dividend or voting rights.

## 14 Share based compensation (continued)

| | Number of units | |
|---|---|---|
| | 2022 | 2021 |
| Total shares in LSOP | 499,000 | 499,000 |
| At 1 January | 182,378 | 144,422 |
| Granted during the year | 85,000 | 140,000 |
| Forfeitures upon cessation of employment | - | (20,000) |
| Awarded | (100,044) | (82,044) |
| At 31 December | 167,334 | 182,378 |

Total expenses arising from share-based payment transactions recognised as at 31 December 2022 as part of employee benefit expense amounted to AED 2.7 million (2021: AED 2.7 million).

## 15 Provision for employees' end of service benefits

| | 2022 AED | 2021 AED |
|---|---|---|
| As at 1 January | 19,488,722 | 19,213,137 |
| Charge for the year (Note 26) | 6,560,026 | 3,470,978 |
| Payments during the year | (3,929,663) | (3,195,393) |
| As at 31 December | 22,119,085 | 19,488,722 |

In accordance with the provisions of IAS 19 'Employee Benefits', management has carried out an exercise to assess the present value of its obligations as at 31 December 2021, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method an assessment has been made of the employees' expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment costs of 3% (2021: 3%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.79% (2021: 1.18%).

## 16 Advances from customers

Advances from customers represents instalments received from customers towards purchases of properties, prior to the revenue recognition criteria being met.

| | 2022 AED | 2021 AED |
|---|---|---|
| At 1 January | 473,516,364 | 490,372,553 |
| Receipts during the year | 593,597,517 | 360,172,243 |
| Recognised as gain on cancellations | (65,882,444) | (25,257,772) |
| Recognised as revenue from additions during the year | (604,268,088) | (351,770,660) |
| At 31 December | 396,963,349 | 473,516,364 |

## 16 Advances from customers (continued)

The aggregate amount of sale price allocated to performance obligations that are unsatisfied/partially satisfied as at 31 December 2022 amounted to AED 397.0 million (2021: AED 473.5 million).

The Group expects to recognise revenue from these unsatisfied performance obligations over a period of 1 to 5 years. Revenue recognised from the balance during 2022 amounts to AED 670.2 million (2021: AED 377.0 million).

## 17 Trade and other payables

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Trade and project payables | 582,308,022 | 556,139,806 |
| Accruals | 593,139,451 | 566,887,575 |
| Other payables | 18,514,086 | 9,644,799 |
| | 1,193,961,559 | 1,132,672,180 |
| *Analysed as follows:* | | |
| Current portion | 797,681,843 | 695,424,084 |
| Non-current portion* | 396,279,716 | 437,248,096 |
| | 1,193,961,559 | 1,132,672,180 |

* In 2018, The Group entered into an agreement to purchase a land with an external party. The full amount to be paid would earn the external party a non-compounded interest of 15%. The agreement stipulates that payments commence once the Group obtains the building completion certificate on the project being developed on the land and when there is excess project funds.

On 12 December 2019, the Group modified the terms of the agreement by deferring the payment date with a fixed interest of AED 168.4 million. Subsequently, during the year 2022, the Group revised its expected date of repayment from 31 December 2023 to 31 December 2025. The agreement subjects the Group to non-compounded interest of 10% per annum on any unpaid portion of the original principal amount of AED 363 million commencing from 31 December 2025. The Group remeasured the liability at the revised incremental borrowing rate of 10.31%, resulting in a gain on remeasurement of liabilities of AED 79,911,656 for the year ended 31 December 2022.

The carrying amounts of trade payables approximate their fair value. The fair values are within level 3 of the fair value hierarchy.

## 18 Lease liabilities

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Current | 4,048,966 | 3,718,539 |
| Non-current | 5,287,310 | - |
| | 9,336,276 | 3,718,539 |

## 19 Borrowings

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Bank borrowings* | 18,571,635 | 25,250,419 |
| | 18,571,635 | 25,250,419 |

The following table presents the movement in borrowings:

| | AED |
|---|---|
| At 1 January 2021 | 28,469,355 |
| Repayment made during the year | (3,218,936) |
| At 31 December 2021 | 25,250,419 |
| Repayments made during the year | (6,678,784) |
| At 31 December 2022 | 18,571,635 |

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| *Analysed as follows:* | | |
| Current portion | 7,094,439 | 6,678,784 |
| Non-current portion | 11,477,196 | 18,571,635 |
| | 18,571,635 | 25,250,419 |

On 26 September 2019, the Group obtained a long-term loan facility amounting to AED 30 million. The loan facility carries interest at three-month Emirates Interbank Offered Rate ("EIBOR") + 3.5%. The duration of the long-term loan is 5 years.

The Group pledged the following as securities against the borrowings:

*(a)* Office space/shops assets with a carrying amount of AED 101.7 million as on 31 December 2022 (2021: AED 97.2 million) are pledged as security for the Group's bank facility.

*(b)* Assignment of fire insurance policy of the above-mentioned properties in favour of the Bank (minimum value of AED 68.4 million)

*(c)* Cheque covering the principal and profits amount drawn on the account of Grand Central Commercial Brokers LLC.

*(d)* Collection of rentals from the Group in respect of the above-mentioned properties in case of default

The Group has complied with the financial covenants of its borrowing facilities during the years 2022 and 2021.

The carrying amounts of borrowings approximate their fair value. The fair values are within level 3 of the fair value hierarchy.

## 20 Sukuk notes

| | AED |
|---|---|
| At 1 January 2021 | 471,703,806 |
| Additions (29 Sukuk notes of USD 200,000 each)* | 23,071,194 |
| At 31 December 2021 and 31 December 2022 | 494,775,000 |

On August 2019, the Company issued a five year trust certificates ("Sukuk") of USD 135 million through TFG Sukuk I Limited (the "Trustee"), a structured entity formed for the issuance of Sukuk. The Sukuk are listed on London Stock Exchange's International Stock Market which is a non regulated market. The Sukuk pay a profit rate of 10.5% per annum payable semi-annually on 7 February and 7 August in each year. The Sukuk was initially redeemable in three instalments as follows: (a) 25% is redeemable on 7 August 2022, (b) 25% is redeemable on 7 August 2023, and (c) the final 50% is redeemable on 7 August 2024. On 28 July 2022, the Sukuk instalment plan was amended such that: (a) 5% is redeemable on 7 February 2023, (b) 20% is redeemable on 7 August 2023, (c) 20% is redeemable on 7 February 2024, and (d) 55% is redeemable on 7 August 2024.

*TFG Real Estate LLC ("TFGRE"), a subsidiary of the Group, acquired 68 Sukuk notes amounting to AED 50.9 million (USD 13.7 million). Such transaction is eliminated in the Group's consolidated financial statements..

During 2021, TFGRE sold 29 Sukuk notes amounting to AED 23.1 million (USD 6 million) to an external party resulting in an increase of AED 23.1 million in its Sukuk notes liability as at 31 December 2021 (2020: sold 39 Sukuk notes amounting to AED 27.8 million to an external party).

The Sukuk program is structured as an Ijara. The terms of the arrangement include transfer of certain identified assets (the Ijara assets) of the Group through the trustee. The Ijara assets remain in control of the Group and shall continue to be serviced by the Group. As on 31 December 2022 property and equipment with a carrying value of AED 34.8 million (2021: AED 35.3 million) and development and trading properties of AED 138.2 million (2021: AED 138.2 million) are secured against the Sukuk (Notes 5 and 8).

The Sukuk financing instrument has certain covenants on the Group. These covenants state that the Group will ensure that the following financial ratios are met:

*(a)* Security Cover is not less than 125%.
*(b)* Periodic Distribution Service Cover Ratio is not less than 1.2:1
*(c)* Projected Periodic Distribution Service Coverage Ratio is not less than 2.0:1

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Current portion | 123,693,750 | 123,693,750 |
| Non-current portion | 371,081,250 | 371,081,250 |
| At 31 December | 494,775,000 | 494,775,000 |

## 21 Payable for acquisition of subsidiaries

| | 2022 AED | 2021 AED |
|---|---|---|
| 1 January | 434,801,846 | 383,020,535 |
| Unwinding of interest (Note 27) | 58,781,729 | 51,781,311 |
| At 31 December | 493,583,575 | 434,801,846 |

| | 2022 AED | 2021 AED |
|---|---|---|
| Non-current portion | 493,583,575 | 434,801,846 |
| At 31 December | 493,583,575 | 434,801,846 |

On 17 April 2017, the Group acquired The First Group International Limited and its subsidiaries from its previous shareholders for a deferred consideration of USD 178 million (AED 652 million). The fair value of the consideration payable as at 31 December 2022 is AED 493.6 million (2021: AED 434.8 million). The consideration is subordinated to the Group's existing debt.

## 22 Revenue

| | 2022 AED | 2021 AED |
|---|---|---|
| Revenue from sale of units (i) | 990,633,012 | 592,867,692 |
| Food and beverage income | 94,763,202 | 54,923,351 |
| Asset management fees | 50,188,172 | 20,792,510 |
| Others | 16,510,203 | 4,825,505 |
| | 1,152,094,589 | 673,409,058 |

Timing of revenue recognition is as follows:

| | 2022 AED | 2021 AED |
|---|---|---|
| At a point in time | 161,461,577 | 80,541,366 |
| Over time | 990,633,012 | 592,867,692 |
| | 1,152,094,589 | 673,409,058 |

(i) Revenue is recognised on the basis of proportion of the cost incurred to the date to the total estimated cost of the projects. The reconciliation of revenue for the year is as follows:

| | AED |
|---|---|
| Total value of contracts signed, net of discounts provided as at 31 December 2022 | 10,929,274,895 |
| Revenue recognised prior to 1 January 2022 on percentage of completion | (8,679,209,055) |
| Revenue recognised for the year ended 31 December 2022 on percentage of completion | (990,633,012) |
| Revenue to be recognised up to the completion of the projects | 1,259,432,828 |
| Total value of contracts signed, net of discounts provided as at 31 December 2021 | 9,857,174,266 |
| Revenue recognised prior to 1 January 2021 on percentage of completion | (8,086,341,363) |
| Revenue recognised for the year ended 31 December 2021 on percentage of completion | (592,867,692) |
| Revenue to be recognised up to the completion of the projects | 1,177,965,211 |

## 22 Revenue (continued)

The reconciliation of the cost incurred for the year is as follows:

| | 2022 AED | 2021 AED |
|---|---|---|
| Costs incurred to date | 4,708,490,510 | 4,299,785,014 |
| Estimated costs to complete | 506,707,616 | 867,655,096 |
| Total estimated costs | 5,215,198,127 | 5,167,440,110 |

## 23 Other income

| | 2022 AED | 2021 AED |
|---|---|---|
| Gain on cancellations* | 265,051,434 | 60,391,282 |
| Recovery of pre-opening costs from unit owners** | 35,211,594 | - |
| Administrative income | 24,783,555 | 5,994,064 |
| | 325,046,583 | 66,385,346 |

* Pertains to the buyback of previously sold development and trading properties ("units") from customers that have entered into cancellations with the Group. The return of each unit to the Group is measured at its market fair value on the date of cancellation. The resulting gain on the recognition of the units and retention of advances from customers that are non-refundable (Note 16) are recorded in the statement of comprehensive income as other income.

** Pertains to recharges of costs incurred by the Group towards the fit-out, set-up and upgrade of real estate projects before commencement of operations ("pre-opening costs"). Such pre-opening costs are contractually claimable and have been recharged to the customers who have purchased units in the respective real estate projects.

## 24 Direct costs

| | 2022 AED | 2021 AED |
|---|---|---|
| Cost of units sold during the year (Note 8) | 528,227,231 | 295,214,960 |
| Food and beverages | 22,131,860 | 13,516,704 |
| Other construction related costs | 12,169,384 | 11,049,306 |
| Staff costs (Note 26) | 6,164,984 | 5,944,580 |
| Others | 5,266,037 | - |
| | 573,959,496 | 325,725,550 |

**Notes to the consolidated financial statements for the year ended 31 December 2022** (continued)

## 25 Operating expenses

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Staff costs (Note 26) | 206,326,954 | 118,160,958 |
| Marketing expenses | 96,226,158 | 66,434,885 |
| Amortization (Note 7) | 43,305,780 | 43,444,138 |
| Depreciation on property and equipment (Note 5) | 18,596,078 | 14,730,832 |
| Professional and legal fees | 12,248,300 | 10,026,682 |
| Communication | 9,581,747 | 5,351,054 |
| Information technology costs | 5,915,586 | 4,238,212 |
| Depreciation on right-of-use asset (Note 6) | 3,937,079 | 3,754,795 |
| Rent | 3,641,625 | 3,319,884 |
| Bank charges | 5,416,103 | 4,479,616 |
| Travel and transportation | 3,192,924 | 1,593,092 |
| Others | 40,244,712 | 14,005,757 |
| | 448,633,046 | 289,539,905 |

## 26 Staff costs

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Salaries | 175,311,151 | 100,421,420 |
| Other staff benefits | 30,620,761 | 20,213,140 |
| Employees' end of service benefits (Note 15) | 6,560,026 | 3,470,978 |
| | 212,491,938 | 124,105,538 |
| *Analysed as follows:* | | |
| Operating expenses (Note 25) | 206,326,954 | 118,160,958 |
| Direct costs (Note 24) | 6,164,984 | 5,944,580 |
| | 212,491,938 | 124,105,538 |

## 27 Finance costs

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Unwinding on payable for acquisition of subsidiaries | 58,781,729 | 51,781,311 |
| Unwinding on payable for land acquisition | 38,943,276 | 40,861,846 |
| Interest expense/profit on sukuk notes | 62,388,075 | 56,678,322 |
| Interest on bank facilities | 993,665 | 1,015,278 |
| Transactions and other finance costs | 3,084,395 | 3,079,541 |
| Interest expense on lease liability | 189,640 | 397,764 |
| | 164,380,780 | 153,814,062 |

## 28 Financial instruments by category

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| **Financial assets as per consolidated statement of financial position** | | |
| ***Loans and receivables*** | | |
| Trade and other receivables (excluding prepayments and advances to suppliers and contract assets) (Note 10) | 928,916,368 | 566,643,369 |
| Cash and bank balances (Note 11) | 240,915,383 | 206,187,604 |
| Due from related parties (Note 9) | 13,669,957 | 9,024,021 |
| | 1,183,501,708 | 781,854,994 |

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| **Financial liabilities as per consolidated statement of financial position** | | |
| ***Other financial liabilities at amortized cost*** | | |
| Trade and other payables (excluding VAT payable) (Note 17) | 1,191,240,494 | 1,130,743,435 |
| Sukuk notes (Note 20) | 494,775,000 | 494,775,000 |
| Payable for acquisition of subsidiaries (Note 21) | 493,583,575 | 434,801,846 |
| Borrowings (Note 19) | 18,571,635 | 25,250,419 |
| Lease liabilities (Note 18) | 9,336,276 | 3,718,539 |
| Due to related parties (Note 9) | 913,459 | 913,459 |
| | 2,208,420,439 | 2,090,202,698 |

## 29 Commitments

The Group has project commitments related to the below projects. These commitments represent the value of contracts issued as at 31 December net of advances recorded and accruals as of that date.

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| **Projects** | | |
| Ciel | 256,941,023 | 454,690,564 |
| The One JVT | 10,164,261 | 10,164,261 |
| | 267,105,284 | 464,854,825 |

The Group has the following bank guarantee as at 31 December 2022 and 2021:

- AED 5 million bank guarantee issued to the benefit of the Dubai Department of Economic Development (DED).

## Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

## 30 Net debt reconciliation

| | 2022<br>AED | 2021<br>AED |
|---|---|---|
| Cash and cash equivalents | 235,815,383 | 201,087,604 |
| Sukuk notes | (494,775,000) | (494,775,000) |
| Lease liabilities | (9,336,276) | (3,718,539) |
| Borrowings – repayable within one year | (7,094,439) | (6,678,784) |
| Borrowings – repayable after one year | (11,477,196) | (18,571,635) |
| Net debt | (286,867,528) | (322,656,354) |

| | Liabilities from financing activities | | | Other assets | |
|---|---|---|---|---|---|
| | **Borrowings (Note 19)**<br>AED | **Sukuk notes (Note 20)**<br>AED | **Lease liabilities**<br>AED | **Cash and cash equivalents (Note 11)**<br>AED | **Total**<br>AED |
| Net debt as at 1 January 2022 | (25,250,419) | (494,775,000) | (3,718,539) | 201,087,604 | (322,656,354) |
| Payment of borrowing | 6,678,784 | - | - | - | 6,678,784 |
| Principal and interest elements of lease payments | - | - | 4,759,058 | - | 4,759,058 |
| New leases | - | - | (10,187,155) | - | (10,187,155) |
| Cashflows, net | - | - | - | 34,727,779 | 34,727,779 |
| Others | - | - | (189,640) | - | (189,640) |
| Net debt as at 31 December 2022 | (18,571,635) | (494,775,000) | (9,336,276) | 235,815,383 | (286,867,528) |

## Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

## 30 Net debt reconciliation (continued)

| | Liabilities from financing activities | | | Other assets | |
|---|---|---|---|---|---|
| | Borrowings (Note 19) AED | Sukuk notes (Note 20) AED | Lease liabilities AED | Cash and cash equivalents (Note 11) AED | Total AED |
| Net debt as at 1 January 2021 | (28,469,355) | (471,703,806) | (2,582,790) | 295,295,484 | (207,460,467) |
| Payment of borrowing | 3,218,936 | - | - | - | 3,218,936 |
| Additions to sukuk (Note 20) | - | (23,071,194) | - | - | (23,071,194) |
| Principal and interest elements of lease payments | - | - | 3,143,950 | - | 3,143,950 |
| New leases | - | - | (4,279,699) | - | (4,279,699) |
| Cashflows, net | - | - | - | (94,207,880) | (94,207,880) |
| Net debt as at 31 December 2021 | (25,250,419) | (494,775,000) | (3,718,539) | 201,087,604 | (322,656,354) |

## 31 Segment information

The Group has broadly three reportable segments as discussed below, which are the Group's strategic business units. The strategic business units operate in different sectors. The following summary describes the operation in each of the Group's reportable segments.

| Segment | Operations |
|---|---|
| Sales and marketing: | *Selling and marketing operations* |
| Real estate development: | *Development of real estate for sale* |
| Food and beverage: | *Restaurant and retail operations* |
| Asset management: | *Real estate management and supervision services* |

Information regarding the operations of each segment is included hereafter. Performance is measured based on segment revenue and profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries.

## Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

## 31 Segmental information (continued)

There are a few transactions between the segments and such transaction are carried out on arm's length basis and are eliminated on consolidation.

| | Sales and Marketing | | Real estate development | | Food and beverage | | Asset management | | Intercompany eliminations | | Totals | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 AED | 2021 AED | 2022 AED | 2021 AED | 2022 AED | 2021 AED | 2022 AED | 2021 AED | 2022 AED | 2021 AED | 2022 AED | 2021 AED |
| Revenue | - | - | 990,633,012 | 592,867,692 | 94,763,202 | 54,923,351 | 50,188,171 | 20,792,510 | - | - | 1,135,584,385 | 668,583,553 |
| Selling and marketing income | 334,500,742 | 194,292,082 | - | - | - | - | - | - | (334,500,742) | (193,595,238) | - | 696,844 |
| Other income | 867,076 | 716,962 | 288,967,914 | 65,605,138 | - | 63,246 | 35,211,594 | - | - | - | 325,046,584 | 66,385,346 |
| Total income | 335,367,818 | 195,009,044 | 1,279,600,926 | 658,472,830 | 94,763,202 | 54,986,597 | 85,399,765 | 20,792,510 | (334,500,742) | (193,595,238) | 1,460,630,969 | 735,665,743 |
| Direct cost | - | (9,393,454) | (530,842,952) | (296,160,838) | (22,131,860) | (13,516,705) | (6,164,984) | (3,466,312) | (223,602) | (2,478,268) | (559,363,398) | (325,015,577) |
| Operating expenses | (325,849,468) | (193,955,099) | (288,052,664) | (149,048,630) | (64,407,011) | (44,381,147) | (7,911,212) | (7,310,513) | 299,045,531 | 165,174,422 | (387,174,824) | (229,520,967) |
| Loss allowance on trade and unbilled receivables | - | - | (87,051,743) | (123,583,508) | - | - | - | - | - | - | (87,051,743) | (123,583,508) |
| Total expenses | (325,849,468) | (203,348,553) | (905,947,359) | (568,792,976) | (86,538,871) | (57,897,852) | (14,076,196) | (10,776,825) | 298,821,929 | 162,696,154 | (1,033,589,965) | (678,120,052) |
| Finance income | - | 897,914 | 79,911,656 | 18,572,504 | - | - | - | - | - | (19,470,418) | 79,911,656 | - |
| Finance costs | (507,120) | (15,370,585) | (41,468,154) | (43,363,851) | - | (3,610,000) | - | - | - | 19,470,418 | (41,975,274) | (42,874,018) |
| **Profit/(loss) for the year** | 9,011,230 | (22,812,180) | 412,097,069 | 64,888,507 | 8,224,331 | (6,521,255) | 71,323,569 | 10,015,685 | (35,678,813) | (30,899,084) | 464,977,386 | 14,671,673 |
| **Assets** | 556,875,733 | 513,045,189 | 2,037,105,448 | 1,694,923,416 | 245,687,012 | 241,847,670 | 312,535,165 | 221,816,093 | (755,479,665) | (597,996,355) | 2,396,723,693 | 2,073,636,013 |
| **Liabilities** | 470,178,926 | 436,056,457 | 1,313,268,415 | 1,383,183,444 | 681,609 | 5,066,598 | 119,958,213 | 100,562,712 | (355,255,910) | (322,713,454) | 1,548,831,253 | 1,602,155,757 |

The Group does not have any operations outside of UAE and has no major external customers amounting to 10% or more of the segment's revenue.

## Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

### 31 Segment information (continued)

The following are the reconciliation to show consolidated balances with reportable segments:

| | 2022 AED | 2021 AED |
|---|---|---|
| Total profit of reportable segments | 464,977,386 | 14,671,673 |
| Loss of all other segments | (5,392,124) | (2,170,492) |
| Finance cost | (122,405,506) | (110,940,044) |
| Adjustments* | (54,151,993) | (54,429,758) |
| Share based payment expense | (2,710,980) | (2,710,980) |
| Profit for the year | 280,316,783 | (155,579,601) |

** adjustments resulting from acquisition of subsidiaries in 2017*

| | 2022 AED | 2021 AED |
|---|---|---|
| Total assets of reportable segments | 2,396,723,693 | 2,073,636,013 |
| Assets of all other segments | 89,483,010 | 30,700,295 |
| Adjustments* | 709,492,832 | 763,248,055 |
| Total assets as at 31 December | 3,195,699,535 | 2,867,584,363 |

** balances resulting from acquisition of subsidiaries in 2017, revaluation of property and equipment and impairment*

| | 2022 AED | 2021 AED |
|---|---|---|
| Total liabilities of reportable segments | 1,548,831,253 | 1,602,155,757 |
| Liabilities of all other segments | 79,777,298 | 40,147,113 |
| Sukuk notes | 494,775,000 | 494,775,000 |
| Adjustments* | 506,840,387 | 448,058,659 |
| Total liabilities as at 31 December | 2,630,223,938 | 2,585,136,529 |

** balances resulting from acquisition of subsidiaries in 2017*

### 32 Taxation

*United Arab Emirates: Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes in relation to the operations in the UAE*

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 regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance).

## 32 Taxation (continued)

However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – *Income Taxes*. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – *Income Taxes*. In relation to its operations in the UAE, the Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.