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FAKHRUDDIN PROPERTIES DEVELOPMENT L.L.C
Dubai - United Arab Emirates

Financial Statements and
Independent Auditor's Report
For the year ended December 31, 2023

**Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates**

**Financial Statements and Independent Auditor's Report
For the year ended December 31, 2023**

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DIRECTOR'S REPORT

I am presenting the audited financial statements of **Fakhruddin Properties Development L.L.C** (the Company) for the year ended December 31, 2023.

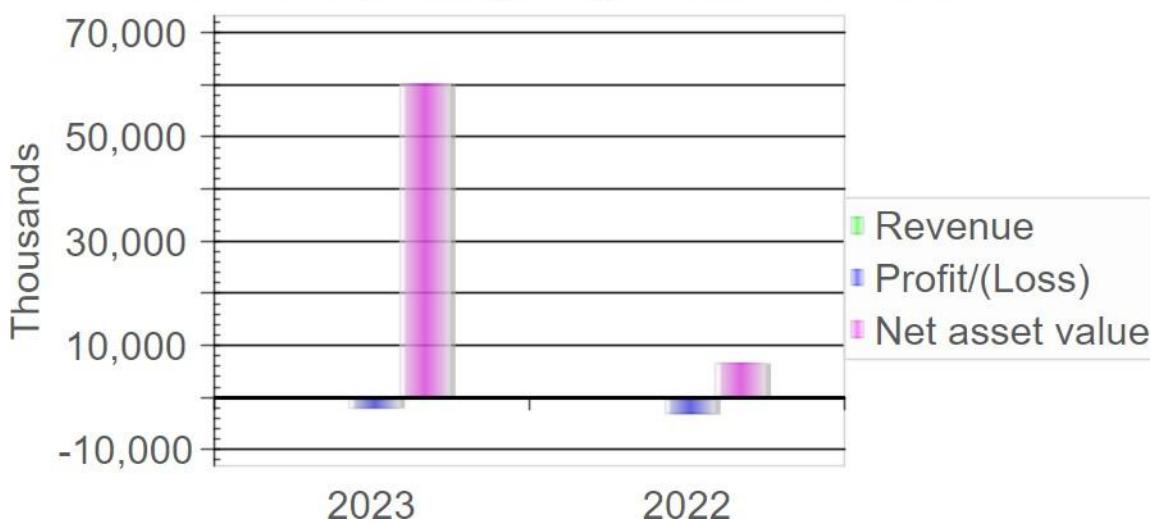
Principal activities

During the year ended December 31, 2023, **Fakhruddin Properties Development L.L.C** was mainly engaged in the business of real estate development.

Financial results

| | <u>2023</u> <u>AED'000</u> | <u>2022</u> <u>AED '000</u> |
|---|-------------------------------|--------------------------------|
| Profit/(loss) for the year | (1,955) | (3,146) |
| E/(L)BIDA (Earnings/(loss) before interest, depreciation and amortization) for the year | (202) | (2,325) |
| Net asset value | 60,183 | 6,678 |
| Working capital | (261,105) | (21,010) |
| Current ratio | 0.78:1 | 0.67:1 |

Revenue, Profit/(Loss) & Net Asset Value



Year ahead

The Director has noted the business results for the last financial year of the Company and is optimistic about the prospects for the coming years. The Director also realizes that there is a lot of business potential in this market and expects the performance of the Company to improve substantially, even though facing tight competition.

The shareholders intend to provide adequate financial support to the Company as may be required from time to time to continue its operations in the foreseeable future.

Director's Report (continued)

Director's responsibilities

The Company Law requires the Director to prepare the financial statements for each financial year, which provide a true and fair view of the state of affairs of the Company and the net profit or loss for the year.

The Director is responsible for maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and enable him to ensure that the financial statements comply with the UAE Federal Law No. (32) of 2021 and the applicable provisions of the Articles of Association.

Events after the reporting period

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

Shareholders and their interests

The shareholders and their interests in the Company are disclosed in Note 1 to the financial statements.

Director

The Director who served during the year is:

Qutbuddin Siraj Husain Dholfar Manager

Auditors

HLB HAMT Chartered Accountants were the auditors of the Company for the year ended December 31, 2023, and have expressed their willingness to continue as auditors for the year ending December 31, 2024.

Qutbuddin Siraj Husain Dholfar

Manager

May 30, 2025

Independent Auditor's Report

To

**The Shareholders of Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Fakhruddin Properties Development L.L.C** (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

1. We draw your attention to Note 3.4 to the financial statements; these financial statements have been prepared under the going concern concept despite the fact that the Company has a working capital deficit of AED 36,218,566/- as at December 31, 2023. The validity of the going concern assumption is dependent upon the shareholders introducing additional funds as and when required to enable the Company to meet its liabilities as they fall due and the Company generating sufficient profits to make its future operations commercially viable.

2. We draw your attention to Note 23 to the financial statements related to the restatement of previous year financial statements as a result of prior period errors and omissions.

Independent Auditor's Report (continued)

Other matters

- a) The financial statements of the Company for the year ended December 31, 2022, were audited by other auditors whose report expressed an adverse opinion on the same at January 10, 2025.
- b) We refer to Note 25 to the financial statements; these financial statements provide the financial results of the Company for the year ended December 31, 2023. The comparative information presented is for the period from September 29, 2021 to December 31, 2022. Hence, the comparative information is not directly comparable to the current financial year.

Other Information

The Director is responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), UAE Federal Decree Law No. (32) of 2021 and the applicable provisions of the Memorandum of Association and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

Further, we report that:

- (i) We have obtained all the information we considered necessary for the purpose of our audit.
- (ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and the Memorandum of Association of the Company.
- (iii) The Company maintained proper books of accounts.
- (iv) The financial information included in the Director's Report is consistent with the books of accounts and records of the Company.
- (v) Based on the information that has been made available to us, the Company has not purchased or invested in any shares or stocks during the financial year ended December 31, 2023.
- (vi) Note 13 presents the disclosures relating to related party transactions and the terms under which they were conducted.
- (vii) No social contributions were made by the Company during the year.
- (viii) The accumulated losses of the Company exceed 50% of its share capital on December 31, 2023. As per article 301 of the UAE Federal Decree Law No. (32) of 2021, under such circumstances, the Company's Directors are required to refer dissolution of the Company to the General Assembly. The Directors have not referred to the dissolution of the Company as of the date of the report and have confirmed continuing support to the Company.

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (ix) Based on the information that has been made available to us, except for the matter described in Emphasis of Matters section above, nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended December 31, 2023, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and the Memorandum of Association which would materially affect its activities or its financial position as at December 31, 2023.

Dubai
May 30, 2025

Ref: HAMT/MYD/2024/XXX

For HLB HAMT Chartered Accountants
Vijay Anand
Partner
[Reg. No. 654]
[Firm Reg. No. LC0075-01]

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Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Statement of Financial Position
As at December 31, 2023
(In Arab Emirates Dirhams)

| | <u>Note</u> | <u>2023</u> | <u>2022</u> |
|---|-------------|--------------------|--------------------|
| | | | (Restated) |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 2,465,843 | 2,160,287 |
| Right-of-use assets | 6.1 | 6,082,310 | 6,797,875 |
| Development properties | 7 | 543,175,608 | <u>248,391,383</u> |
| Total non-current assets | | 551,723,761 | <u>257,349,545</u> |
| Current assets | | | |
| Other receivables | 8 | 6,913,038 | 2,591,388 |
| Cash and cash equivalents | 9 | 120,838,302 | <u>39,655,001</u> |
| Total current assets | | 127,751,340 | <u>42,246,389</u> |
| Total Assets | | 679,475,101 | <u>299,595,934</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 1 | 300,000 | 300,000 |
| Accumulated deficit | | (5,101,062) | (3,145,874) |
| Shareholders' current account | 10 | 64,983,883 | <u>9,523,843</u> |
| Total Equity | | 60,182,821 | <u>6,677,969</u> |
| Non-current liabilities | | | |
| Lease liabilities | 6.2 | 7,181,937 | 6,527,817 |
| Long-term payables | 13.1 | 223,133,451 | 223,133,451 |
| Provision for employees' end of service indemnity | 11 | 120,880 | - |
| Total non-current liabilities | | 230,436,268 | <u>229,661,268</u> |
| Current liabilities | | | |
| Accounts and other payables | 12 | 162,693,530 | 56,388,415 |
| Lease liabilities | 6.2 | 601,211 | 842,511 |
| Due to related parties | 13.2 | 225,561,271 | <u>6,025,771</u> |
| Total current liabilities | | 388,856,012 | <u>63,256,697</u> |
| Total Liabilities | | 619,292,280 | <u>292,917,965</u> |
| Total Equity and Liabilities | | 679,475,101 | <u>299,595,934</u> |

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

The financial statements on pages 8 - 47 were approved by the management on May 30, 2025 and signed on its behalf by:

Qutbuddin Siraj Husain Dholfar

Manager

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Statement of Comprehensive Income
For the year ended December 31, 2023
(In Arab Emirates Dirhams)

| | <u>Note</u> | <u>Year ended December 31, 2023</u> | Period from September 29, 2021 to December 31, 2022 |
|--|-------------|---|---|
| Income from penalty charges | 14 | 3,622,545 | 6,500 |
| General and administrative expenses | 15 | (856,597) | (519,176) |
| Depreciation | 17 | (1,249,559) | (556,057) |
| Staff cost | 16 | (3,000,466) | (1,812,639) |
| Profit/(loss) from operations | | (1,484,077) | (2,881,372) |
| Finance cost | 18 | (471,111) | (264,502) |
| Profit/(loss) for the year/period | | (1,955,188) | (3,145,874) |
| Other comprehensive income/(loss) for the year/period | | - | - |
| Total comprehensive income/(loss) for the year/period | | (1,955,188) | (3,145,874) |

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

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Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Statement of Changes in Equity
For the year ended December 31, 2023
(In Arab Emirates Dirhams)

| | <u>Share capital</u> | <u>Accumulated deficit</u> | <u>Shareholders' current account</u> | <u>Total</u> |
|---|------------------------|----------------------------|--------------------------------------|---------------------------------|
| Capital introduced | 300,000 | - | - | 300,000 |
| Total comprehensive income/(loss) for the period | - | (3,145,874) | - | (3,145,874) |
| Net movements in current account | <u> </u> <u>-</u> | <u> </u> <u>-</u> | <u> </u> <u>9,523,843</u> | <u> </u> <u>9,523,843</u> |
| Balance as at December 31, 2022 (Restated) | 300,000 | (3,145,874) | 9,523,843 | 6,677,969 |
| Total comprehensive income/(loss) for the year | - | (1,955,188) | - | (1,955,188) |
| Net movements in current account | <u> </u> <u>-</u> | <u> </u> <u>-</u> | <u> </u> <u>55,460,040</u> | <u> </u> <u>55,460,040</u> |
| Balance as at December 31, 2023 | <u>300,000</u> | <u>(5,101,062)</u> | <u>64,983,883</u> | <u>60,182,821</u> |

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

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Statement of Cash Flows
For the year ended December 31, 2023
(In Arab Emirates Dirhams)

| | <u>Note</u> | <u>Year ended December 31, 2023</u> | <u>Period from September 29, 2021 to December 31, 2022</u> |
|--|-------------|---|--|
| Cash flows from operating activities | | | <u>(Restated)</u> |
| Profit/(loss) for the year | | (1,955,188) | (3,145,874) |
| Adjustments for: | | | |
| Depreciation | 5 | 1,249,559 | 556,057 |
| Finance cost | 18 | 471,111 | 264,502 |
| Provision for employees' end of service indemnity | 11 | 120,880 | - |
| Operating cash flows before changes in working capital | | (113,638) | (2,325,315) |
| Working capital changes: | | | |
| Other receivables | 8 | (4,321,650) | (2,591,388) |
| Accounts and other payables | 12 | 106,305,115 | <u>56,388,415</u> |
| Net cash generated from/(used in) operating activities | | 101,869,827 | <u>51,471,712</u> |
| Cash flows from investing activities | | | |
| Additions to property, plant and equipment | 5 | (839,550) | (2,358,561) |
| Movements in development properties | 7 | (294,784,225) | (248,391,383) |
| Net cash generated from/ (used in) investing activities | | (295,623,775) | <u>(250,749,944)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issuing shares | 1 | - | 300,000 |
| Finance cost | 18 | (58,291) | (49,832) |
| Due to related parties | 13.2 | 219,535,500 | 6,025,771 |
| Repayment of lease liabilities | 6.2 | - | - |
| Loan from shareholders | 13.1 | - | 232,657,294 |
| Net movements in shareholders' current account | 10 | 55,460,040 | - |
| Net cash generated from/(used in) financing activities | | 274,937,249 | <u>238,933,233</u> |
| Net increase/(decrease) in cash and cash equivalents | | 81,183,301 | 39,655,001 |
| Cash and cash equivalents at the beginning of the year/period | | 39,655,001 | - |
| Cash and cash equivalents at the end of the year/period | 9 | 120,838,302 | <u>39,655,001</u> |

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

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Notes to the Financial Statements
For the year ended December 31, 2023

1. Establishment and operations

Fakhruddin Properties Development L.L.C (the Company) was registered with the Department of Economy and Tourism, as a Limited Liability Company, Dubai - United Arab Emirates, under License No. 979005 on September 29, 2021.

The authorized, issued and paid-up share capital of the Company is AED 300,000/- divided into 300 shares of AED 1,000/- each.

The shareholders and their shareholdings are as follows:

| <u>Sl. No.</u> | <u>Shareholders</u> | <u>Nationality</u> | <u>Shares</u> | <u>Amount AED</u> | <u>%</u> |
|-----------------------|----------------------------|---------------------------|----------------------|--------------------------|-----------------|
| 1. | Fakhruddin Holdings L.L.C. | U.A.E | 270 | 270,000 | 90 |
| 2. | Hamid Properties Limited | U.A.E | 30 | 30,000 | 10 |
| | Total | | 300 | 300,000 | 100 |

The address of the registered office of the Company is P.O. Box 1299, Dubai, United Arab Emirates.

The principal activity of the Company is real estate development.

There was no revenue generated from the principal activities of the Company.

2. Adoption of new and revised International Financial Reporting Standards and Interpretations

2.1. Standards and interpretations effective in the current year

The Company has adopted the following new and amended IFRS that are effective for the year ended December 31, 2023:

| | <u>Effective for annual periods beginning</u> |
|---|--|
| IFRS 17 - Insurance Contracts | January 01, 2023 |
| Amendments to IAS 8 - Definition of Accounting Estimates | January 01, 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies | January 01, 2023 |
| Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 01, 2023 |
| Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules | January 01, 2023 |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

(a) IFRS 17 - Insurance Contracts:

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the combined financial statements.

(b) Amendments to IAS 8-Definition of Accounting Estimates:

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no material impact on the combined financial statements.

(c) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies:

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the combined financial statements.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

2. Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

2.1. Standards and interpretations effective in the current year (continued)

(d) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction:

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the combined financial statements.

(e) Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules:

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the combined financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception, the use of which is required to be disclosed - applies immediately.

The remaining disclosure requirements apply for annual reporting periods beginning on or after January 01, 2023, but not for any interim periods ending on or before December 31, 2023.

2.2. New and revised IFRS in issue but not effective and not early adopted

The following standards, amendments thereto and interpretations have been issued prior to December 31, 2023, but their effective dates of adoption are for future periods:

| | <u>Effective for annual periods beginning</u> |
|---|---|
| Amendments to IFRS 16: Lease Liability in a Sale and Leaseback | January 01, 2024 |
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | January 01, 2024 |
| Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements | January 01, 2024 |
| IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information | January 01, 2024 |
| IFRS S2 Climate-related Disclosures | January 01, 2024 |
| Amendments to IAS 21: Lack of exchangeability | January 01, 2025 |
| Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Indefinitely deferred |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies

3.1. Statement of compliance

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the requirements of UAE Federal Decree Law No. (32) of 2021.

3.2. Basis of measurement

These financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3.3. Functional and presentation currency

These financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency.

3.4. Going concern

These financial statements have been prepared under the going concern concept despite the fact that the Company has a working capital deficit of AED 36,218,566/- as at December 31, 2023. It is the intention of the shareholders to provide adequate financial support to the Company as may be required from time to time to continue its operations in the foreseeable future.

3.5. Foreign currency translation

3.5.1. 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 outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are recognized in the statement of comprehensive income. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.6. Property, plant and equipment

Property, plant and equipment are carried at historical cost, less accumulated depreciation and impairment.

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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are recognized in the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method, at rates calculated to allocate the cost of assets less their estimated residual value over their expected useful lives as follows:

| | |
|------------------------|---------|
| Leasehold improvements | 5 years |
| Office equipment | 5 years |
| Furniture and fixtures | 5 years |
| Motor vehicles | 5 years |

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets, and adjusted prospectively, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

3.7. Right of use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (Note 3.11). Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|------------|----------|
| • Building | 10 years |
|------------|----------|

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of non-financial assets' policy (Note 3.8).

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.8. Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels, for which there are mostly independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for a possible reversal on each reporting date.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For more extended periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in the income statement in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

3.9. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit or loss.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.9.2. Classification of financial assets

Financial assets at amortized cost:

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

The Company's financial assets at amortized cost consist of other receivables (excluding prepayments, deferred cost and VAT receivables) and cash and cash equivalents.

Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI):

(a) Debt instruments classified as at FVTOCI:

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Equity instruments classified as at FVTOCI:

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.2. Classification of financial assets (continued)

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment.

The Company designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

The Company does not hold any financial assets at FVTOCI.

Financial assets at Fair Value Through Profit and Loss (FVTPL):

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

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

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

The Company does not hold any financial assets at FVTPL.

3.9.3. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.3. Amortised cost and effective interest method (continued)

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

3.9.4. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on accounts and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognizes lifetime ECL for accounts and other receivables, and related party balances. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.4. Impairment of financial assets (continued)

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

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

Investments in equity instruments designated as investments at FVTPL and FVTOCI are not subject to impairment.

3.9.5. Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Company's core operations.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.5. Significant increase in credit risk (continued)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

3.9.6. Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable;

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3.9.7. Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.8. Write off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3.9.9. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.9.10. De-recognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains all the risks and rewards of ownership of a transferred financial asset substantially, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.11. Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below:

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

The Company's financial liabilities include accounts and other payables, retention payables, due to related parties and lease liabilities.

Statement of Cash Flows
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.9. Financial instruments (continued)

3.9.11. Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities

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

3.9.12. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.10. Value added tax

Output value-added tax related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis – unless the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

3.11. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is or contains a lease if the contracts convey the right to control the use of an identified asset for the Company for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether:

- The contract involves the use of an identified asset -this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.11. Leases (continued)

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

However, where the contract is not separable into a lease and non-lease component then the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company determines the lease term as the non – cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.11.1. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located and lease payments made at or before the commencement date less any lease incentives received unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.11. Leases (continued)

3.11.1. Right-of-use assets (continued)

The recognised right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Also, the right-of-use assets are periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

3.11.2. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.11.3. Lease liability

The lease liability is initially recognised at the present value of the lease payments that are not paid in the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company used its incremental borrowing rate.

After initial recognition, the lease liability is measured by:

- a) Increasing the carrying amount to reflect interest on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where,

- a) There is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or
- b) There is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the contract of a purchase option, the Company remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Company determined the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.11. Leases (continued)

3.11.3. Lease liability (continued)

- c) There is a change in the amounts expected to be payable under a residual value guarantee; or
- d) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review. The Company remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating interest rates. In such case, the Company use a revised discount rate that reflects a change in the interest rate.

The Company recognises the amount of the re-measurements of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, and there is a further deduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in profit or loss.

The Company accounts for a lease modification as a separate lease if both:

- a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) The consideration for the lease increase by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the context.

For lease modifications that are not accounted for as a separate lease, the Company, at the effective date of the lease modification:

- a) Allocates the consideration in the modified contract;
- b) Determines the lease term of the modified lease; and
- c) Remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective rate of the modification, if the interest rate implicit in the lease cannot be readily determined.

3.12. Current and non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.12. Current and non-current classification (continued)

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3.13. Revenue recognition

Revenue is recognized to the extent that the economic benefits will probably flow to the entity and can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account the contractually defined terms of payment and excluding discounts, rebates, returns, price adjustments and other transaction taxes or duties. The following specific recognition criteria must also be met before revenue is recognized:

3.13.1. Revenue from contracts with customers

Revenue from contracts with customers is considered in line with IFRS 15; which outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes A five-step model to recognize 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.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

3. Basis of presentation and significant accounting policies (continued)

3.13. Revenue recognition (continued)

3.13.1. Revenue from contracts with customers (continued)

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue as and when the entity satisfies a performance obligation at a point or over time.

The Company recognizes revenue over time if any one of the following criteria is met:

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

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the costs to complete the projects in order to determine the amount of revenue to be recognized.

When the Company satisfies a performance obligation by delivering the promised goods and 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 recognized, this gives rises to a contract liability.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

4. Significant judgments and estimation uncertainty

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates 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.

4.1. Judgments

In the process of applying the Company's accounting policies, management has made the following judgments apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

4.1.1. Revenue recognition

Management considers recognizing revenue over time; if one of the following criteria is met, otherwise, revenue will be recognized at a point in time:

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

4.1.2. Judgements in determining the timing of satisfaction of performance obligations

The Company generally recognise revenue over time as it performs continuous transfer of control of goods/services to the customers. Because customers simultaneously receive and consume the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer/completion of the transfer of each performance obligation. In determining the method of measuring progress for these performance obligations, the Company considers the nature of these goods and services as well as the nature of its performance.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

4. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.3. Determination of transaction prices

In the process of determining transaction prices in respect of its contracts with customers, the Company assesses the impact of any variable consideration in the contract due to discounts, penalties, the existence of any significant financing component or any non-cash consideration. In determining the impact of variable consideration, the Company uses the most likely amount method under IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

4.1.4. Transfer of control in contracts with customers

In cases where the Company determines that performance obligations are satisfied at a point in time, revenue is recognized when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer.

When evaluating whether a customer obtains control of an asset, the Company considers its present right to payment for the asset, the customer's legal title to the asset, physical possession of the asset, significant risks and rewards related to the ownership of the asset, the acceptance of the asset by the customer and also any agreements to repurchase the assets.

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

4.1.5. Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) including the consideration of the life of underlying assets on the premises.

4.1.6. Contingencies

Contingent assets and liabilities are not recognized in the financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, a legal and constructive obligation; and the amount can be reliably estimated. Else, they are disclosed unless the possibility of an inflow or outflow, respectively of resources embodying economic benefits is remote.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

4. Significant judgments and estimation uncertainty (continued)

4.1. Judgments (continued)

4.1.7. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

4.1.8. Impairment of financial assets

In measuring the expected credit loss allowance for financial assets measured at amortised cost, management uses the Expected Credit Loss (ECL) model and assumptions about future economic conditions and credit behaviour such as likelihood of customer defaulting. Management considers the following judgements and estimates:

- Development of ECL model, including formula and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments;
- The segmentation of financial assets when the ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

4.2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, which 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:

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

4. Significant judgments and estimation uncertainty (continued)

4.2. Key sources of estimation uncertainty (continued)

4.2.1. *Useful life of property, plant and equipment*

Property, plant and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors.

The management has not considered any residual value as it is deemed immaterial.

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Notes to the Financial Statements (continued)
For the year ended December 31, 2023

5. Property, plant and equipment

December 31, 2023

| | <u>Leasehold improvements</u> <u>AED</u> | <u>Office equipment</u> <u>AED</u> | <u>Furniture and fixtures</u> <u>AED</u> | <u>Vehicles</u> <u>AED</u> | <u>Total</u> <u>AED</u> |
|-------------------------------------|---|---|---|-------------------------------|----------------------------|
| Cost | | | | | |
| As at December 31, 2022 | 2,017,311 | 129,778 | 63,848 | 147,624 | 2,358,561 |
| Additions | 782,795 | 28,627 | 28,128 | - | 839,550 |
| As at December 31, 2023 | 2,800,106 | 158,405 | 91,976 | 147,624 | 3,198,111 |
| Accumulated depreciation | | | | | |
| As at December 31, 2022 | (169,587) | (10,910) | (5,367) | (12,410) | (198,274) |
| Depreciation for the year (Note 17) | (457,353) | (30,263) | (16,772) | (29,606) | (533,994) |
| As at December 31, 2023 | (626,940) | (41,173) | (22,139) | (42,016) | (732,268) |
| Carrying amount: | | | | | |
| As at December 31, 2023 | 2,173,166 | 117,232 | 69,837 | 105,608 | 2,465,843 |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

5. Property, plant and equipment (continued)

December 31, 2022

| | <u>Leasehold improvements</u> <u>AED</u> | <u>Office equipment</u> <u>AED</u> | <u>Furniture and fixtures</u> <u>AED</u> | <u>Vehicles</u> <u>AED</u> | <u>Total</u> <u>AED</u> |
|---------------------------------------|---|---|---|-------------------------------|----------------------------|
| Cost | | | | | |
| Additions | 2,017,311 | 129,778 | 63,848 | 147,624 | 2,358,561 |
| As at December 31, 2022 | 2,017,311 | 129,778 | 63,848 | 147,624 | 2,358,561 |
| Accumulated depreciation | | | | | |
| Depreciation for the period (Note 17) | (169,587) | (10,910) | (5,367) | (12,410) | (198,274) |
| As at December 31, 2022 | (169,587) | (10,910) | (5,367) | (12,410) | (198,274) |
| Carrying amount: | | | | | |
| As at December 31, 2022 | 1,847,724 | 118,868 | 58,481 | 135,214 | 2,160,287 |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

6. Right of use assets

6.1. Right of use asset

| | <u>Building</u> <u>(Restated)</u> |
|---------------------------------------|--|
| Cost | |
| As at December 31, 2021 | - |
| Additions | 7,155,658 |
| As at December 31, 2022 | 7,155,658 |
| Additions | - |
| As at December 31, 2023 | 7,155,658 |
| Accumulated depreciation | |
| As at December 31, 2021 | - |
| Depreciation for the period (Note 17) | (357,783) |
| As at December 31, 2022 | (357,783) |
| Depreciation for the year (Note 17) | (715,565) |
| As at December 31, 2023 | (1,073,348) |
| Carrying amount | |
| As at December 31, 2023 | 6,082,310 |
| As at December 31, 2022 | 6,797,875 |

6.2. Lease liabilities

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> <u>(Restated)</u> |
|--|---|---|
| Opening balance | 7,370,328 | - |
| Additions during the year | - | 7,155,658 |
| Add: interest on lease liabilities (Note 18) | 412,820 | 214,670 |
| | 7,783,148 | 7,370,328 |

Presented in the statement of financial position as:

| | | |
|-------------|------------------|------------------|
| Current | 601,211 | 842,511 |
| Non-current | 7,181,937 | 6,527,817 |
| | 7,783,148 | 7,370,328 |

The average lease term is 10 years and the average effective borrowing rate is 6% for the year ended December 31, 2023. All leases are on a fixed repayment basis, and no arrangements have entered in to for additional contingent rental payments.

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

7. Development properties

Maimoon Gardens*

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> (Restated) |
|----------------------------------|---------------------------|---|
| Opening balance | 248,391,383 | - |
| Additions during the year/period | <u>294,784,225</u> | <u>248,391,383</u> |
| | <u>543,175,608</u> | <u>248,391,383</u> |

*Certain initial expenditure under this category is billed on the name of "Hamid Properties Limited" as it is the landowner. However, Hamid properties has submitted the declaration that such expenditure is solely towards the development of the project "Maimoon Gardens".

During the period ended 31 December 2022, Fakhruddin Properties Development LLC entered into a Joint Venture Agreement with Hamid Properties Limited for the development of Plot No. 1075 in Dubai, UAE, measuring 6,417.69 square meters. The project involves the construction of a building for sale or lease. Under the agreement, Fakhruddin Properties Development LLC is responsible for the project's development and management, while Hamid Properties will receive 30% of the net profit generated from the sale or lease of the units. The contract is for a period of 4 periods, with a minimum of 36 months allocated for construction.

8. Other receivables

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> (Restated) |
|----------------------|---------------------------|---|
| Advance to suppliers | 333,380 | - |
| Refundable deposits | 2,000 | 1,998 |
| Prepayments | - | 32,795 |
| Staff advances | 11,270 | - |
| Deferred cost | 3,387,989 | 1,619,733 |
| VAT receivable | 3,018,806 | 830,865 |
| Others | <u>159,593</u> | <u>105,997</u> |
| | <u>6,913,038</u> | <u>2,591,388</u> |

9. Cash and cash equivalents

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> |
|-----------------------------|---------------------------|---------------------------|
| Cash in hand | 356,714 | 26,131 |
| Bank balance: | | |
| In current accounts | 17,916,613 | 12,284,646 |
| Cash held in escrow account | <u>102,564,975</u> | <u>27,344,224</u> |
| | <u>120,838,302</u> | <u>39,655,001</u> |

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

10. Shareholders' current account

| | <u>2023</u> | <u>2022</u> |
|---------------------------|-------------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| | | (Restated) |
| Fakhruddin Holdings L.L.C | <u>58,485,495</u> | 8,571,459 |
| Hamid Properties Limited | <u>6,498,388</u> | 952,384 |
| | <u>64,983,883</u> | 9,523,843 |

Since the balance in the shareholders' current account is being maintained as long-term for future period, this is treated as part of equity in the financial statements.

10.1. Movements

Fakhruddin Holdings L.L.C

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Opening Balance | <u>8,571,459</u> | - |
| Net movements in current account | <u>49,914,036</u> | 8,571,459 |
| | <u>58,485,495</u> | 8,571,459 |

Hamid Properties Limited

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|------------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Opening balance | <u>952,384</u> | - |
| Net movements in current account | <u>5,546,004</u> | 952,384 |
| | <u>6,498,388</u> | 952,384 |

11. Provision for employees' end of service indemnity

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|----------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Charge for the year (Note 16) | <u>120,880</u> | - |

Fakhruddin Properties Development L.L.C
Dubai - United Arab Emirates

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

12. Accounts and other payables

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> (Restated) |
|---------------------------------|---------------------------|---|
| Payable to suppliers | 7,262,841 | 1,446,708 |
| Advance received from customers | 152,200,989 | 44,313,111 |
| Registration fees payable | 2,340,466 | 10,410,760 |
| Accruals | 39,000 | 23,500 |
| Management fees payable | 780,000 | - |
| Others | <u>70,234</u> | <u>194,336</u> |
| | <u>162,693,530</u> | <u>56,388,415</u> |

13. Related party transactions

13.1. Long-term payables:

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> |
|---------------------------|---------------------------|---------------------------|
| Hamid Properties Ltd, UAE | <u>223,133,451</u> | <u>223,133,451</u> |

13.2. Due to related parties

| | <u>2023</u> <u>AED</u> | <u>2022</u> <u>AED</u> |
|--|---------------------------|---------------------------|
|--|---------------------------|---------------------------|

To entities under common management and control:

| | | |
|-------------------------------------|--------------------|-----------|
| Fakhruddin Properties, UAE | 6,325,771 | 6,025,771 |
| Al Anwar Investments Limited, U.A.E | <u>219,235,500</u> | - |

To Shareholders:

| | | |
|--------------------------------|------------------|----------------|
| Fakhruddin Holdings L.L.C, UAE | 58,485,495 | 8,571,459 |
| Hamid Properties Limited, UAE | <u>6,498,388</u> | <u>952,384</u> |

Presented in the statement of financial position as:

| | | |
|--|---------------------------|---------------------------|
| Shareholders current account (Note 10) | 64,983,883 | 9,523,843 |
| Long-term payables | 223,133,451 | 223,133,451 |
| Due to related parties | <u>225,561,271</u> | <u>6,025,771</u> |
| | <u>513,678,605</u> | <u>238,683,065</u> |

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

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

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

13. Related party transactions (continued)

| | <u>Year ended</u> | Period from |
|---|--------------------------|--|
| | <u>December 31, 2023</u> | September 29, 2021 to December 31, 2022 |
| | <u>AED</u> | <u>AED</u> |
| <i>With entities under common management and control:</i> | | |
| Movement in shareholders' account (Note 10.1) | 55,460,040 | 9,823,843 |
| Net funding to from associates | 300,000 | 229,179,522 |
| Management fee (Note 12) | <u>780,000</u> | <u>780,000</u> |

14. Income from penalty charges

| | <u>Year ended</u> | Period from |
|------------------------------|--------------------------|--|
| | <u>December 31, 2023</u> | September 29, 2021 to December 31, 2022 |
| | <u>AED</u> | <u>AED</u> |
| Income from penalty charges* | | |
| | <u>3,622,545</u> | <u>6,500</u> |

*An amount of penalty represents AED 5,000/- for the first month of default, and AED 10,000/- for each subsequent month until the invoice is fully paid.

15. General, selling and administrative expenses

| | <u>Year ended</u> | Period from |
|-------------------------------|--------------------------|--|
| | <u>December 31, 2023</u> | September 29, 2021 to December 31, 2022 |
| | <u>AED</u> | <u>AED</u> |
| (Restated) | | |
| Short-term lease (Note 19) | 20,000 | 10,000 |
| License and professional fees | 124,002 | 63,103 |
| Advertising | 90,356 | - |
| Office expenses | 213,411 | 285,772 |
| Utilities | 142,825 | 29,958 |
| Other expenses | <u>266,003</u> | <u>130,343</u> |
| | <u>856,597</u> | <u>519,176</u> |

16. Staff cost

| | <u>Year ended</u> | Period from |
|----------------------------------|--------------------------|--|
| | <u>December 31, 2023</u> | September 29, 2021 to December 31, 2022 |
| | <u>AED</u> | <u>AED</u> |
| | | |
| Salaries and allowances | 2,028,844 | 1,032,639 |
| Director's salary and allowances | 780,000 | 780,000 |
| Staff benefits (Note 11) | 120,880 | - |
| Others | <u>70,742</u> | <u>-</u> |
| | <u>3,000,466</u> | <u>1,812,639</u> |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

17. Depreciation

| | <u>Year ended</u> <u>December 31, 2023</u> | Period from September 29, 2021 to December 31, 2022 |
|--|---|---|
| | <u>AED</u> | <u>AED</u> |
| | | (Restated) |
| Depreciation on property, plant and equipment (Note 5) | 533,994 | 198,274 |
| Depreciation of right-of-use assets (Note 6.1) | <u>715,565</u> | <u>357,783</u> |
| | <u>1,249,559</u> | <u>556,057</u> |

18. Finance cost

| | <u>Year ended</u> <u>December 31, 2023</u> | Period from September 29, 2021 to December 31, 2022 |
|--|---|---|
| | <u>AED</u> | <u>AED</u> |
| Bank charges | 58,291 | 49,832 |
| Interest on lease liabilities (Note 6.2) | <u>412,820</u> | <u>214,670</u> |
| | <u>471,111</u> | <u>264,502</u> |

19. Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

| | <u>Year ended</u> <u>December 31, 2023</u> | Period from September 29, 2021 to December 31, 2022 |
|----------------------------|---|---|
| | <u>AED</u> | <u>AED</u> |
| Short-term lease (Note 15) | <u>20,000</u> | <u>10,000</u> |

20. Contingent liabilities

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------------|-------------|
| | <u>AED</u> | <u>AED</u> |
| Performance guarantee* | 54,669,401 | - |
| Capital commitment | <u>325,000</u> | <u>-</u> |
| | <u>54,994,401</u> | <u>-</u> |

*Performance guarantee represents a financial commitment by Commercial Bank International P.S.C. to unconditionally pay up to AED 32,000,000 to the Company upon notice of Al Oroba Contracting Company L.L.C's failure to fulfill contractual obligation.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

21. Financial instruments

Significant accounting policies

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

Categories of financial instruments

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

| | <u>2023</u> | <u>2022</u> |
|--|---------------------------|--------------------------|
| | <u>AED</u> | <u>AED</u> |
| <u>Financial assets</u> | | |
| <i>Measured at amortised cost:</i> | | |
| Cash and cash equivalents | 120,838,302 | 39,655,001 |
| Other receivables (less prepayments, deferred cost and VAT receivable) | <u>172,863</u> | <u>107,995</u> |
| | <u>121,011,165</u> | <u>39,762,996</u> |

Financial liabilities

Accounts and other payables

| | | |
|-----------------------------|---------------------------|---------------------------|
| Accounts and other payables | 10,492,541 | 12,075,304 |
| Retention payables | 152,200,989 | 44,313,111 |
| Due to related parties | 448,694,722 | 229,159,222 |
| Lease liabilities | <u>7,783,148</u> | <u>7,370,328</u> |
| | <u>619,171,400</u> | <u>292,917,965</u> |

22. Financial and other risk management

Management reviews overall financial and other risks covering specific areas, such as capital risk, liquidity risk, credit risk and market risk.

The Company's profile concerning exposure to financial risks identified below continues to be consistent.

22.1. Capital risk management

The capital is being managed by the Company in such a way that it is able to continue as a going concern while maximizing returns to investor. The Company's overall strategy remains unchanged from previous year.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

22. Financial and other risk management (continued)

22.1. Capital risk management (continued)

The capital structure of the Company consists of equity of attributable to the shareholders' of the Company; comprising of share capital, accumulated deficit and shareholders' current account as disclosed in the statement of changes in equity.

22.2. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

22.3. Foreign currency risk

The Company's currency risk exposure relates to the exposure to the fluctuations in the foreign currency rates. There is no significant impact on USD as the UAE Dirham is pegged to the USD.

22.4. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company and arises principally from the Company's other receivables and bank balances. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries.

The concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have identical economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. All balances with banks represent local commercial banks.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Other receivables and balances with banks are not secured by any collateral.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

22. Financial and other risk management (continued)

22.5. Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves and sufficient cash and cash equivalents to ensure that funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| <u>As at December 31, 2023</u> | <u>Within 1 year</u> | <u>AED</u> |
|---|---------------------------|------------|
| <i>Measured at amortised cost:</i> | | |
| Accounts and other payables (less advances) | 10,492,541 | |
| Due to related parties | 225,561,271 | |
| Lease liabilities | <u>601,211</u> | |
| | <u>236,655,023</u> | |
| <u>As at December 31, 2022</u> | <u>Within 1 year</u> | <u>AED</u> |
| <i>Measured at amortised cost:</i> | | |
| Accounts and other payables (less advances) | 12,075,304 | |
| Due to related parties | 6,025,771 | |
| Lease liabilities | <u>842,511</u> | |
| | <u>18,943,586</u> | |

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

23. Prior-period errors and omissions

Statement of financial position

| | <u>As previously reported</u> | <u>Adjustments</u> | <u>Impact of correction of error</u> |
|---------------------------------|-------------------------------|--------------------|--------------------------------------|
| | <u>AED</u> | <u>AED</u> | <u>AED</u> |
| As at 31 December 2022 | | | |
| Property, plant and equipment | 1,984,143 | 176,144 | 2,160,287 |
| Right-of-use assets | - | 6,797,875 | 6,797,875 |
| Development properties | 223,133,451 | 25,257,932 | 248,391,383 |
| Inventory | 25,257,932 | (25,257,932) | - |
| Contract asset | 28,370,266 | (28,370,266) | - |
| Other receivables | 1,171,658 | 1,419,730 | 2,591,388 |
| Long-term payables | (238,983,066) | 15,849,615 | (223,133,451) |
| Lease liabilities - Non-Current | - | (6,527,817) | (6,527,817) |
| Accounts and other payables | (12,765,306) | 690,002 | (12,075,304) |
| Lease liabilities - Current | - | (842,511) | (842,511) |
| Contract liability | (7,268,337) | 7,268,377 | 40 |
| Retentions payable | - | (44,313,111) | (44,313,111) |
| Due to related parties | - | (6,025,771) | (6,025,771) |
| Retained earnings | 4,859,298 | (1,713,424) | 3,145,874 |
| Shareholder's current account | <u>300,000</u> | <u>(9,823,843)</u> | <u>(9,523,843)</u> |

Statement of comprehensive income

| | <u>As previously reported</u> | <u>Adjustments</u> | <u>Impact of correction of error</u> |
|-------------------------------------|-------------------------------|---------------------------|--------------------------------------|
| | <u>AED</u> | <u>AED</u> | <u>AED</u> |
| For the year ended 31 December 2022 | | | |
| General and administrative expenses | 3,408,909 | (2,889,733) | 519,176 |
| Staff cost | 1,032,639 | 780,000 | 1,812,639 |
| Depreciation | 374,418 | 181,639 | 556,057 |
| Finance cost | <u>49,832</u> | <u>214,670</u> | <u>264,502</u> |
| Profit for the year | <u>4,865,798</u> | <u>(1,713,424)</u> | <u>3,152,374</u> |

24. Implementation of Corporate Tax in UAE

On December 09, 2022, the Ministry of Finance in the UAE issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax law, CT) in the UAE regime, marking a significant milestone as it sets a general corporate income tax for the first time.

Notes to the Financial Statements (continued)
For the year ended December 31, 2023

24. Implementation of Corporate Tax in UAE (continued)

The CT Law will become effective for financial years beginning on or after June 01, 2023. The Cabinet of Ministers Decision No. 116 of 2022 provides clear and comprehensive guidelines, specifying the income threshold (AED 375,000/-) over which the 9% tax rate would apply and a rate of 0% on qualifying income of free zone entities. Accordingly, the Law is now substantively enacted for accounting purposes.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning January 01, 2024. In accordance with IAS 12 Income Taxes, the Company has assessed the deferred tax implications for the year ended December 31, 2023, where the carrying amount differs from the tax base and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions, ministerial decisions, and transition rules; it has been concluded that deferred tax implications are not material.

25. Comparative figures

These financial statements provide the financial results of the Company for the year ended December 31, 2023. As the comparative information presented is for the period from September 29, 2021 to December 31, 2022, and hence not directly comparable to the current financial year.