The National Investor Pr. J.S.C.

Consolidated financial statements
For the year ended 31 December 2023

Principal business address:
P. O. Box 47435
Abu Dhabi
United Arab Emirates

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Consolidated financial statements
For the Year Ended 31 December 2023

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المستثمر الوطني
The National Investor

Mezzanine Floor, Block B
Corniche Tower, Al Khalidiya
P. O. Box 47435, Abu Dhabi, U.A.E

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Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of The National Investor for the fiscal year 2023.

2023 witnessed a period of considerable volatility, despite these challenges, we managed to deliver full year consolidated revenues of AED 22.7 million (FY 2022: AED 21.6 million). Overall, the group delivered consolidated net losses attributable to the parent of AED 9.1 million (FY 2022: net loss of AED 27.1 million). Such losses were mainly due to the impairment exercise that was performed at our portfolio company (NCC group). Collectively, the recognized impairment charges during the year amounted to AED 8.6 million and were necessary to reflect the fair value of our assets.

Consolidated assets stood at AED 336 million compared to AED million 374 million in the previous year. Our most recent current asset base includes a healthy consolidated cash position. The total liabilities to equity ratio at a consolidated level decreased to 7.7% at year-end compared to 8.7% last year and total equity attributable to the company stood at AED 272 million compared to AED 305 million in the previous year. This decline was mainly attributable to the capital reduction plan that was approved in our last Annual General Assembly held during Q2 2023 amounting to AED 25 million.

We'd like to share with you the performance of our main assets during FY 2023 together with our vision:

1. Mafraq Hotel:

Despite the continued pressure on industry margins, Mafraq Hotel managed to deliver a positive EBITDA of AED 9.0 million (FY 2022: AED 8.8 million) on the back of improved levels in revenue per average room rates which witnessed an increase of 7.2% when compared to the prior year. Year to date average occupancy rates were stable at 66%.

Moreover, and during mid-March 2023, we took over the management and operations of the Hotel following the departure of Millennium and Copthorne Middle East Holdings Limited (the operator). Some of the immediate initiatives included the appointment of a seasoned General Manager to manage the property and a few department heads to reinforce the management team, especially in revenue related segments. We also rebranded the Hotel from its previous name (Millennium Central Mafraq) to Metropolitan Al Mafraq Hotel.

We always seek to improve the Hotel's performance and prepare it for a potential exit at the best valuation possible during the next few years.

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2. Real estate portfolio:

With respect to the Company's corporate office floor in Sky Tower - Reem Island, our annual average occupancy remained at 100% with a net average yield of approximately 6% and we expect a gradual improvement in these rental yields as and when the lease contracts are due for renewal. We are also preparing a feasibility study on the two plots that we have in the ADNEC Exhibitions area; such a study will cover a sale option or a development option.

3. Investment in associate:

As for our investment in NCC (National Catering Company Group), the group's revamped leadership team is working on certain initiatives that will improve top line performance and in return increase the return on shareholders' equity. Such initiatives include consolidating the support functions, closing non-performing segments, and improving the overall gross margin profile of catering and facilities management related services. By doing so, we expect an overall improvement in valuation levels and profitability in the future.

On behalf of the Board of Directors, I would like to thank you for your continued trust in TNI. I am optimistic about our future and confident in our ability to deliver incremental value to our shareholders.

Chairman of the BOD

Mr. Saeed Mohamed Al Masoud

المستثمر الوطني
The National Investor

Grant Thornton Audit
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Independent Auditor's Report
To the Shareholders of The National Investor Pr. J.S.C.

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **The National Investor Pr. J.S.C.** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the related consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended , and notes to the consolidated financial statements including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (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 *Auditors' responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial instruments

Refer to note 10 and 11 of the consolidated financial statements.

The valuation of the Group's financial instruments was a key area of focus as the fair value of financial instruments is determined through the application of valuation techniques which at some instances involves the exercise of judgement and the use of assumptions and estimates. Due to the significance of financial instruments and the related uncertainty, this is considered a key audit matter.

Independent Auditor's Report (continued)
To the Shareholders of The National Investor Pr. J.S.C. (continued)

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

Key Audit Matters (continued)

Valuation of financial instruments (continued)

How our audit addressed the key audit matter:

Our audit approach included the following:

- understanding the basis of valuation used by the management for the level 2 and level 3 financial assets and ensured the valuation basis are in compliance with the requirement of IFRS 13: Fair Value Measurement;
- obtaining evidence from third party sources for the data used by the management for the valuation and ensured that accuracy and reliability of the source documents;
- assessing the reasonableness and appropriateness of the methodology and assumptions used; and
- determining the adequacy of the disclosure in the consolidated financial statements.

Valuation of investment properties

Refer to note 6 of the consolidated financial statements.

The valuation of the investment properties is a significant judgment and is driven by a number of key assumptions. The judgment applied is supported by independent valuations by experienced valuers. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the carrying value, whether deliberate or not, could lead to an understatement/overstatement of consolidated profit or loss and other comprehensive income for the year. Due to the significance of these properties and the impact on the consolidated statement of profit or loss and related estimation uncertainty, this is considered a key audit matter.

How our audit addressed the key audit matter:

Our audit approach included the following:

- assessing the competence, independence and integrity of the external valuers and reading their terms of engagement with the Group to evaluate whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- obtaining the external valuation reports for the investment properties and assessing whether the valuation was suitable for use in determining the carrying value in the consolidated statement of financial position;
- assessing the appropriateness of the key assumptions and methodologies used; and
- determining the adequacy of the disclosure in the consolidated financial statements.

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Independent Auditor's Report (continued)
To the Shareholders of The National Investor Pr. J.S.C. (continued)

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

Key Audit Matters (continued)

Impairment Assessment of Mafraq Hotel

Refer to note 5 of the consolidated financial statements.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use. Due to the significance of Mafraq Hotel property and the impact on the consolidated statement of profit or loss, this is considered a key audit matter.

How our audit addressed the key audit matter:

Our audit approach included the following:

- assessing the competence, independence and integrity of the external valuers of the Group, and assess their competency to evaluate whether there were any matters that might have affected their objectivity or quality of valuation outcome;
- obtaining the valuation report for the hotel and assessing whether the valuation was suitable for use in determining the carrying value in the consolidated statement of financial position;
- assessing the appropriateness of the key assumptions and methodologies used and
- determining the adequacy of the disclosure in the consolidated financial statements.

Impairment loss on investments in associates

Refer to note 7 of the consolidated financial statements.

The Group has recongised impairment loss on investments in associates by amount of AED 8.2 million (31 Dec 2022: AED 8.9 million). The annual impairment testing of investments in associates is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amounts which has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimated future cash flows, operating costs, terminal value growth rates and weighted average cost of capital (discount rate).

How our audit addressed the key audit matter:

Our audit approach included the following:

- Engaging our internal valuation specialists to assess the appropriateness of the impairment model;
- Evaluating whether the impairment model used by management to calculate the recoverable amount of investments in associates complies with the requirements stipulated in IAS 36;
- Assessing the appropriateness of the key assumptions and methodologies used;
- Assessing the mathematical accuracy of the impairment models; and
- Determining the adequacy of the disclosure in the consolidated financial statements.

Independent Auditor's Report (continued)
To the Shareholders of The National Investor Pr. J.S.C. (continued)

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

Other Information

Management is responsible for the other information contained in the consolidated financial statements which comprises the information included in the Chairman's Report, but which does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 on Commercial Companies, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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Independent Auditor's Report (continued)
To the Shareholders of The National Investor Pr. J.S.C. (continued)

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

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

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

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

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

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

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

We communicate with 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

Independent Auditor's Report (continued)
To the Shareholders of The National Investor Pr. J.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

- The Group has maintained proper books of account;

- The consolidated financial information included in the Chairman's report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

- As disclosed in notes 10 to the consolidated financial statements, the Group has purchased and sold shares during the year ended 31 December 2023;

- There were no social contribution made during the year.

- Note 9 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 on Commercial Companies or in respect of the Company's Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2023.

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GRANT THORNTON

Dr. Osama El-Bakry
Registration No: 935
Abu Dhabi, United Arab Emirates
Date: 27 March 2024

Consolidated statement of financial position
As at 31 December 2023

	Note	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property, fixtures and equipment	5	**142,885**	151,360
Intangible assets		**148**	-
Investment properties	6	**117,090**	114,041
Investments in associates	7	**36,613**	45,729
		296,736	311,130
Current assets			
Other assets	8	**5,755**	5,699
Amounts due from related parties	9	**129**	139
Investments at fair value through profit or loss	10	**9,600**	10,000
Investments at fair value through other comprehensive income	11	**483**	476
Assets related to companies under liquidation	32	**-**	14,698
Cash and cash equivalents	12	**22,810**	31,790
		38,777	62,802
TOTAL ASSETS		**335,513**	373,932
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Term loans	13	**9,004**	15,480
End of services benefits	14	**832**	1,120
		9,836	16,600
Current liabilities			
Term loans	13	**4,514**	4,145
Other liabilities	15	**6,313**	5,520
Amounts due to related parties	9	**438**	100
Liabilities related to companies under liquidation	32	**-**	216
		11,265	9,981
TOTAL LIABILITIES		**21,101**	26,581
EQUITY			
Share capital	16	**285,000**	310,000
Legal reserve	17	**62,101**	62,101
Optional reserve	18	**3,678**	3,678
Fair value reserve		**(15,293)**	(16,175)
Accumulated losses		**(63,493)**	(54,382)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**271,993**	305,222
Non-controlling interests	19	**42,419**	42,129
TOTAL EQUITY		**314,412**	347,351
TOTAL LIABILITIES AND EQUITY		**335,513**	373,932

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024, and signed on their behalf by:

The notes from 1 to 33 form an integral part of these consolidated financial statements.

Mr. Saeed Mohamed Almasoud
Chairman

TNI
المستثمر الوطني
The National Investor

Mr. Rami Hurieh
Managing Director

Consolidated statement of profit or loss
For the year ended 31 December 2023

	Note	**2023**	2022
		AED'000	AED'000
Fee and service income	21	**27,087**	25,966
Net income from investments at fair value through profit or loss	22	**2,136**	1,204
Net income from investments at fair value through other comprehensive income		**-**	187
Share of results of associates	7	**(1,217)**	(1,596)
Impairment loss on investments in associates	7	**(8,200)**	(8,931)
Fair value loss on financial instruments at fair value	10	**(400)**	-
Interest income	23	**862**	634
Other income	24	**2,512**	4,115
		22,780	21,579
Operating expenses		**(9,024)**	(7,606)
General and administrative expenses	25	**(9,730)**	(10,112)
Selling and marketing expenses		**(686)**	(615)
Staff costs	26	**(4,570)**	(5,391)
Depreciation and amortization		**(6,498)**	(6,950)
Interest expense	27	**(1,167)**	(990)
Impairment loss on property, fixtures and equipment	5	**-**	(18,727)
Impairment losses on trade receivables	8	**(44)**	(1,919)
		(31,719)	(52,310)
Loss for the year from continuing operations		**(8,939)**	(30,731)
Profit/(Loss) for the year from discontinued	32	**118**	(2,488)
Loss for the year		**(8,821)**	(33,219)
Attributable to:			
Shareholders of the Parent Company		**(9,111)**	(27,155)
Non-controlling interests	19	**290**	(6,064)
		(8,821)	(33,219)
Basic and diluted loss per share (AED)	28	**(0.031)**	(0.082)

The notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
Loss for the year		**(8,821)**	(33,219)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Fair value loss on financial assets at fair value through other comprehensive income		**-**	(732)
Change in fair value of property, fixtures and equipment transferred to investment properties	6	**567**	-
Share of other comprehensive income/(loss) movement from associate		**315**	(395)
Total other comprehensive income /(loss)		**882**	(1,127)
Total comprehensive loss		**(7,939)**	(34,346)
Attributable to:			
Shareholders of the Parent Company		**(8,229)**	(28,282)
Non-controlling interests		**290**	(6,064)
		(7,939)	(34,346)

The notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2023

	Share capital AED'000	Legal reserve AED'000	Optional reserve AED'000	Fair value reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Equity attributable to the share-holders of Parent Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance as at 1 January 2022	377,500	62,101	3,678	(60,784)	18,509	401,004	48,193	449,197
Loss for the year	-	-	-	-	(27,155)	(27,155)	(6,064)	(33,219)
Other comprehensive loss	-	-	-	(280)	(847)	(1,127)	-	(1,127)
Return of capital to shareholders (note 16)	(67,500)	-	-	-	-	(67,500)	-	(67,500)
Cumulative fair value loss – transferred to retained earnings	-	-	-	44,889	(44,889)	-	-	-
Balance as at 31 December 2022	310,000	62,101	3,678	(16,175)	(54,382)	305,222	42,129	347,351
Balance as at 1 January 2023	**310,000**	**62,101**	**3,678**	**(16,175)**	**(54,382)**	**305,222**	**42,129**	**347,351**
Loss for the year	**-**	**-**	**-**	**-**	**(9,111)**	**(9,111)**	**290**	**(8,821)**
Other comprehensive income	**-**	**-**	**-**	**882**	**-**	**882**	**-**	**882**
Return of capital to shareholders (note 16)	**(25,000)**	**-**	**-**	**-**	**-**	**(25,000)**	**-**	**(25,000)**
Balance as at 31 December 2023	**285,000**	**62,101**	**3,678**	**(15,293)**	**(63,493)**	**271,993**	**42,419**	**314,412**

The notes from 1 to 33 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2023

	Note	2023 AED'000	2022 AED'000
Operating activities			
Loss for the year		**(8,939)**	(30,731)
Adjustments for:			
Depreciation of property, fixtures and equipment	5	**6,498**	6,950
Share of results of associates	7	**1,217**	1,596
Change in fair value of investments carried at fair value through profit or loss	10	**(1,530)**	(599)
Fair value loss on financial instruments at fair value	10	**400**	
Impairment loss on trade receivables	8	**44**	1,919
Impairment loss on property, fixtures and equipment	5	**-**	18,727
Impairment loss on investment in associates	7	**8,200**	8,931
Interest income from sukuk, time deposits and call accounts	22,23	**(1,468)**	(1,239)
Interest expense	27	**1,167**	990
Provision for employees' end-of-service benefits	14	**296**	257
Dividend income from investments at fair value through other comprehensive income		**-**	(187)
		5,885	6,614
Changes in:			
Amounts due from related parties		**10**	847
Other assets		**(100)**	(3,876)
Other liabilities		**793**	(5,699)
Amounts due to related parties		**338**	52
Employees' end of service benefits paid	14	**(584)**	(272)
Net cash from/(used in) continuing operations		**6,342**	(2,334)
Net cash used in discontinued operations	32	**(24)**	(179)
Net cash from/(used in) operating activities		**6,318**	(2,513)
Investing activities			
Purchase of property, fixtures and equipment and intangible		**(653)**	(975)
Proceeds from sale of investments at fair value through profit or loss	10	**7,641**	3,137
Purchase of investments at fair value through profit or loss	10	**(6,111)**	(2,543)
Proceeds from sale of investment at fair value through other comprehensive income		**-**	9,612
Proceeds from distribution of investment at fair value through other comprehensive income	11	**-**	490
Proceeds from profit distribution of investment in associate		**-**	1,000
Term deposits		**11,109**	10,785
Interest income received		**1,468**	1,239
Dividend income received from investments carried at fair value through other comprehensive income		**-**	187
Collection of sale consideration receivable		**-**	50,000
Net cash from continuing operations		**13,454**	72,932
Net cash from discontinued operations	32	**-**	14,634
Net cash from investing activities		**13,454**	87,566
Financing activities			
Return of capital to equity holders of the parent	16	**(25,000)**	(67,500)
Interest expense paid		**(1,160)**	(990)
Repayment of term loans		**(6,107)**	(4,125)
Net cash used in continuing operations		**(32,267)**	(72,615)
Net cash used in discontinued operations	32	**-**	-
Net cash used in financing activities		**(32,267)**	(72,615)
Net (decrease)/increase in cash and cash equivalents		**(12,495)**	12,438
Cash and cash equivalents as at 1 January		**35,305**	22,867
Cash and cash equivalents as at 31 December	12	**22,810**	35,305

The notes from 1 to 33 form an integral part of these consolidated financial statements.

1 Legal status and principal activities

The National Investor Pr. J.S.C. (the "Company") is registered in Abu Dhabi, United Arab Emirates ("UAE") and is listed on the Abu Dhabi Securities Exchange as a Private Joint Stock Company since 2014.

The Company is subject to the Federal Law No. 32 of 2021 on Commercial Companies which came into legal effect on 2 January 2022 and in replacement of Federal Law No. 2 of 2015 and the executive Ministry of Economy Decision No. 539 of 2017 concerning private joint stock companies. In 2001, the Company received approval from the Central Bank of the UAE to conduct financial investment business as an investment company in accordance with the Central Bank's Board of Directors' Resolution No. 164/8/94 dated 18 April 1995 regarding the regulations for investment companies and banking and investment consultation companies. The Company was also licensed and regulated by the UAE Securities and Commodities Authority (SCA) for conducting Financial Advisory activity since 2012, Investment Management activity since 2017 and Management activity since 2018. The Company ceased all financial activities since the end of 2019 and applied for voluntary cancellation of its SCA licenses.

On 6 May 2020, SCA released its Decision 22 RT/2020 concerning the approval on voluntary cancellation of TNI's Financial Analysis License. On 8 May 2020, the SCA issued approval for the voluntary cancelation of the management license. The Investment Management SCA license is under cancellation.

The Company and its subsidiaries (together referred as the "Group") are managed as an integrated investment and financial services company.

The principal activities of the Group are private equity, real estate investment and provision of consultancy, economic feasibility consultancy and studies, commercial agencies and hospitality.

The registered head office of the Company is at P.O. Box 47435, Abu Dhabi, United Arab Emirates.

These consolidated financial statements of the Group were authorised and approved for issue by the Board of Directors on 27 March 2024.

2 Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and applicable requirements of the UAE Federal Law No. 32 of 2021 on Commercial Companies.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values as explained in the accounting policies below.

2 Basis of preparation (continued)

Functional and reporting currency

The consolidated financial statements are presented in United Arab Emirates Dirham (AED) which is the functional and reporting currency of the Group and all values are rounded to the nearest AED thousands, except when otherwise indicated.

3 Basis of consolidation

The accompanying consolidated financial statements comprise of financial statements of the Company and its subsidiaries (together referred to as the "Group"). The details of the Company's subsidiaries and their principal activities are as follows:

	Country of incorporation	Ownership interest % 31 December 2023	31 December 2022	Principal activity
Operating entities				
Mainland Management LLC	U.A.E.	67	67	Real estate investments
Mainland Investment LLC	U.A.E.	100	100	Real estate investments
Mafraq Hotel – a subsidiary of Mainland Investment LLC	U.A.E.	100	100	Hospitality services
Uptown Management LLC	U.A.E.	100	100	Real estate investments
Uptown Investment LLC	U.A.E.	100	100	Real estate investments
Al Jeyoun Limited*	U.A.E.	-	100	Real estate investments, investments in PJSCs
Fidelity Trust LLC – a subsidiary of Al Jeyoun Limited*	U.A.E.	-	100	Real estate investments, investments in PJSCs
Special purpose entities				
United Capital LLC	U.A.E.	100	100	Asset Management
Fidelity Invest LLC (owned by The National Investor Pr. J.S.C. One Man Company LLC)	U.A.E.	100	100	Asset Management
Al Dhafra Capital LLC	U.A.E.	100	100	Asset Management
TNI Capital Partners Limited	Cayman Islands	100	100	Private Equity Funds
TNI General Partners Limited	Cayman Islands	100	100	Private Equity Funds

* During the year ended 31 December 2022, the Group management resolved to liquidate "Al Jeyoun Limited" and its subsidiary "Fidelity Trust LLC". Accordingly, the Group management established a plan to liquidate these subsidiaries and legal formalities were completed on 14 March and 30 June 2023 (note 32).

3 Basis of consolidation (continued)

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

Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

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

4 Material accounting policies and changes in accounting policies and disclosures

Changes in accounting policies and disclosures

New and amended standards and interpretations

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts and Amendments to IFRS 17
IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately. The Accounting Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Definition of Accounting Estimates amends IAS 8. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
Disclosure of Accounting Policies amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

IAS 12 Income Taxes
Deferred Tax related to Assets and Liabilities arising from a Single Transaction amends IAS 12 Income Taxes. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations.

Standards, amendments and interpretations issued but not yet effective

The Group has not early adopted the following standards, interpretations or amendments that have been issued but not yet effective. These are not expected to have any material impact on the Group's consolidated financial statements.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)
- Lack of Exchangeability (Amendments to IAS 21) (effective from 1 January 2025).

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Standards, amendments and interpretations issued but not yet effective (continued)

Further, on 26 September 2023, the International Sustainability Standards Board (ISSB) published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:
• IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information - IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of generalpurpose financial reports in making decisions relating to providing resources to the entity.
• IFRS S2 Climate-related Disclosures - IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and consolidated financial statements.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statements of the Group.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

Summary of material accounting policies

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- It is 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 assets.
A liability is current when:

- It is expected to be settled in the 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 Group classifies all other liabilities as non-current liabilities.

Recognition of income and expenses

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Fee and service income

Fee and income from services provided by the Group during the year are recognised on an accrual basis when the services are rendered, and no significant uncertainties remain regarding the recovery of consideration due. Fees that are earned on the execution of a significant act are recognised as revenue when the significant act has been completed

Interest income and expenses

Interest income comprises income on call, sukuk and time deposit accounts and is recognised in the consolidated statement of profit or loss as it accrues using the effective interest method. Interest expense is comprised of borrowing costs on loans and recognised in statement of profit or loss using the effective interest method. Borrowing costs on qualifying assets are capitalised in the cost of qualifying asset.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Other Income

Other income is composed of rental income and other miscellaneous income.

Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Additional disclosures are provided in note 32. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

Foreign currencies

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

Special purpose vehicles ('SPVs')

Special purpose vehicles are entities that are created to accomplish a narrow and well-defined objective such as the securitization of assets, or the execution of a specific financing transaction. An SPV is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPV's risk and rewards, the Group concludes that it controls the SPV.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investment becomes an associate. Under the equity method, an investment in associates is initially recognised in the consolidated statement of financial position at cost, including transaction cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates.

When the Group's share of losses of associates exceeds the Group's interest in those associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

The requirements of International Financial Reporting Standards are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment and charged to consolidated statement of profit or loss. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate. When the Group retains its interest in the former associate and the retained interest is financial asset, the Group measures the retained interest at fair value at that date and this fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Upon disposal of associates that results in the Group losing significant influence over those associates, the Group measures and recognises any retained investment at its fair value. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to the associates on the same basis as would be required if the associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the associates would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associates.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate is recognised in the Group consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are initially measured at cost. Subsequently, investment properties are measured at fair value basis, with changes in fair value recognised under profit and loss.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the property is derecognised. Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, any difference resulting between the carrying amount and the fair value as at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the consolidated profit or loss statement.

Property, fixtures and equipment

Property, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost over their estimated useful lives using the straight-line method as follows:

Leasehold improvements	3 - 4 years
Buildings	30 years
Furniture and fixtures	3 - 7 years
Office equipment	2 - 10 years
Motor vehicles	3 - 5 years

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Property, fixtures and equipment (continued)

Freehold land is not depreciated. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property, fixtures and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the consolidated statement of comprehensive income when the asset is derecognized.

Assets under construction are recorded at cost and represents costs based on contractual payments for the design, development, construction and commissioning of the Group and those other costs incurred during the development stage directly attributable to the construction of the Group. Assets under construction are transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and commissioned.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position compromise of cash at banks, cash on hand and term deposits.

For the purpose of consolidated statement of cash flows, cash and bank balances consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less.

Financial assets and financial liabilities

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Financial assets and financial liabilities (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income – debt investment; Fair value through other comprehensive income – equity investment; or Fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair value through profit or loss:

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

A debt investment is measured at Fair value through other comprehensive income if it meets both of the following conditions and is not designated as at Fair value through profit or loss:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through Other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Financial assets and financial liabilities (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets - Business Model Assessment (continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial instruments and contract assets

The group recognises loss allowances for ECLs on:

- Trade receivables and other financial receivables;
- Deposits for markets guarantee; and
- Due from securities markets and bank balances.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)
Financial assets and financial liabilities (continued)

Financial instruments and contract assets (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Derecognition

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

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

On derecognition of a financial asset that is classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve in equity is not reclassified to the consolidated statement of profit or loss but is transferred to retained earnings within equity.

Offsetting

Financial assets and liabilities are offset and reported net in the consolidated financial position only when there is a legally enforceable right to set off the recognised amounts and when the Group intends to settle either on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions. The Group is party to a number of arrangements, including master netting agreements that give it the right to offset financial assets and financial liabilities but where it does not intend to settle the amounts net or simultaneously and therefore the assets and liabilities concerned are presented on a gross basis.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Financial assets and financial liabilities (continued)

Financial liabilities (continued)

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments. Refer to note 29 on business segment reporting.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is reasonably certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Employees' benefits

Short term employee benefits

Short-term employee obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably. The Group is in compliance to recognise the Short-term employee benefits in accordance with new labor law which effective from 2 February 2022.

Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components an account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis a those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Summary of material accounting policies (continued)

Leases (continued)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

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

Classification of investments in subsidiaries and associates

Management performed an assessment on the extent of control or influence over the entities considered subsidiaries and associates. Management is satisfied that the investments are appropriately classified after consideration of the Group's control or influence over the operational and financial policies of these entities.

Classification of property, fixtures and equipment and investment properties

Property, fixtures and equipment includes tangible items that are expected to be used in more than one reporting period and that are used in production, for rental, or for administration while investment properties is land or a building or both that is held to earn rentals or for capital appreciation or both, not owner-occupied, not used in production or supply of goods and services, or for administration and not held for sale in the ordinary course of business. In order to distinguish between what are the uses of each of the properties of the Group, the management of the Group has exercised significant judgements to determine the proper classification.

Determining the lease term of contracts with renewal and termination options – Group as lessee

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

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

Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Estimates and assumptions (continued)

Impairment of investments in associates

Management regularly reviews its investments in associates for indicators of impairment. This determination of whether investments in associates impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability is to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of the investment is recognised as an expense in profit or loss. During the year, the Group recognized an impairment loss amounting to AED 8.2 million (31 December 2022: AED 8.9 million) for one of its investments in associates after performing an assessment of the investment's recoverable amount. This loss is recognized in the consolidated financial statement of profit or loss for the year.

Impairment of trade and other receivables and amounts due from related parties

An estimate of the collectible amount of trade and other receivables and amounts due from related parties is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails Management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with legal department and review of current economic environment and ECL calculation. Management believes that the recorded provision is sufficient to cover anticipated losses.

At the consolidated statement of financial position date, gross trade receivables and amounts due from related parties were AED 10.3 million and AED 0.1 million respectively *(2022: AED 10.4 million and AED 0.1 million respectively)*, with allowance for expected credit loss amounting to AED 7.8 million (*2022: AED 7.8 million)*. Any difference between the amounts actually collected in future periods and the amounts expected to be recovered will be recognized in the consolidated statement of profit or loss.

Valuation of unquoted equity investments

Valuation of unquoted equity investments at fair value through other comprehensive income and at fair value through profit or loss are normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. Management believes that the unquoted equity investments are appropriately stated at fair value as of 31 December 2023.

Fair value of investment properties

In order to assess the fair value of investment properties, the Group engages the services of professional appraisers. Management believes that the appraised value reflects the true fair value of properties considering current economic situations. The total fair value of investment properties at 31 December 2023 amounted to AED 117 million (31 December 2022: AED 114 million).

4 Material accounting policies and changes in accounting policies and disclosures (continued)

Significant accounting judgements, estimates and assumptions (continued)
Estimates and assumptions (continued)

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. As of 31 December 2023, the Group did not recognize an impairment loss on Mafraq Hotel (31 December 2022: AED 18.7 million) based on the valuation report prepared by an independent external valuator engaged by the Group.

Notes to the consolidated financial statements (continued)
For the year ended 31 December 2023

5 Property, fixtures and equipment

`	Freehold land AED'000	Buildings AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Work in Progress AED'000	Total AED'000
Cost							
As at 1 January 2023	57,851	189,626	8,696	22,174	1,002	-	279,349
Additions	-	55	160	224	47	19	505
Disposals	-	-	-	-	(37)	-	(37)
Revaluation of building reclassified to investment properties (Note6-a)	-	567	-	-	-	-	567
Transfers to investment property (Note 6-a)	-	(3,626)	-	-	-	-	(3,626)
As at 31 December 2023	**57,851**	**186,622**	**8,856**	**22,398**	**1,012**	**19**	**276,758**
Accumulated depreciation and impairment							
As at 1 January 2023	-	98,801	8,670	19,561	957	-	127,989
Charge for the year	-	5,751	22	707	18	-	6,498
Reclass	-	-	-	5	(5)	-	-
Disposals	-	-	-	-	(37)	-	(37)
Transfers to investment property (Note 6-a)	-	(577)	-	-	-	-	(577)
As at 31 December 2023	**-**	**103,975**	**8,692**	**20,273**	**933**	**-**	**133,873**
Net carrying amount							
As at 31 December 2023	**57,851**	**82,647**	**164**	**2,125**	**79**	**19**	**142,885**

5 Property, fixtures and equipment (continued)

	Freehold land AED'000	Buildings AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Motor vehicles AED'000	Work in Progress AED'000	Total AED'000
Cost							
As at 1 January 2022	57,851	191,864	8,667	21,257	1,075	-	280,714
Additions	-	29	29	917	-	--	975
Disposals	-	-	-	-	(73)		(73)
Transfers to investment property (Note 6-a)	-	(2,267)	-	-	-	-	(2,267)
As at 31 December 2022	57,851	189,626	8,696	22,174	1,002	-	279,349
Accumulated depreciation and impairment							
As at 1 January 2022	-	74,646	8,667	18,443	988	-	102,744
Charge for the year	-	5,787	3	1,118	42	-	6,950
Impairment*	-	18,727	-	-	-	-	18,727
Disposals	-	-	-	-	(73)	-	(73)
Transfers to investment property (Note 6-a)	-	(359)	-	-	-	-	(359)
As at 31 December 2022	-	98,801	8,670	19,561	957	-	127,989
Net carrying amount							
As at 31 December 2022	57,851	90,825	26	2,613	45	-	151,360

* As at 31 December 2022, the Group recognized an impairment loss on Mafraq Hotel amounting to AED 18.7 million based on the valuation report prepared by an independent external valuator engaged by the Group. The valuation report was done in line with the Al Masraf Bank requirements regarding the loan agreement as Al Mafraq Hotel is considered a first-degree mortgage (note 13). Also, management performed the valuation due to the performance of the hotel. Level 3 of fair value measurement was used for the valuation and discount rate for valuation is 8.55%

6 Investment properties

	2023 AED'000	2022 AED'000
Balance as at 1 January	**114,041**	128,833
Transfers from property ,fixture and equipment during the year (Note 6-a)	**3,049**	1,908
Disposals during the year (Note 6-b)	**-**	(16,700)
Balance as at 31 December	**117,090**	114,041

The Group owns two plots of land for which the Group has the intention to construct investment properties, in addition to owning an office floor in a commercial tower that is held to earn rental income

6-a On 1 February 2023, the Group transferred a carrying amount of AED 2.48 million from property, fixtures and equipment to investment properties due to a change in the use of the asset from business operations to property leased out to customers and the lease was started on 1 February 2023. The Group relied on a valuation performed on 15 December 2022 by an external independent property valuer, who has appropriate recognized professional qualifications and experience in the location and category of the property being valued. Management believes that there is no material change in fair value between valuation date and the transfer date. The fair value was determined by the amount of AED 3.05 million and the Group recognized a gain of AED 0.57 million in other comprehensive income.

6-b In 2022, the Group sold the plot of land located in Masdar for a total consideration of AED 14.6 million. The book value of the property is AED 16.7 million and this transaction resulted in a loss of AED 2.1 million which is recognized in the consolidated statement of profit or loss as part of the loss for the year from discontinued operations (Note 32).

Fair value measurement:
Investment properties are stated at fair value, which were determined by reference to a valuation carried out by an independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards, was arrived at by considering the market (sale comparable) method of valuation for each of the land plots and office floor respectively.

6 Investment Properties (Continued)

The following illustrates the analysis of investment properties recorded at fair value by level of hierarchy:

	Date of valuation	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2023					
Investment properties – plots of land	**31 Dec 2023**	**88,390**	**-**	**-**	**88,390**
Investment properties – office units	**31 Dec 2023**	**28,700**	**-**	**-**	**28,700**
		117,090	**-**	**-**	**117,090**
31 December 2022					
Investment properties – plots of land	17 Feb and 21 Feb 2023	88,390	-	-	88,390
Investment properties – office units	17 Feb 2023	25,651	-	-	25,651
		114,041	-	-	114,041

Description of valuation techniques used and key inputs to valuation of investment properties:

Investment property	Valuation technique	Significant unobservable inputs	31 December 2023	31 December 2022
Plot C13 –Mixed use	**Market (sale comparable) approach**	**Sales rate on GFA**	**AED155/sq. ft.**	AED155/sq. ft.
		Sales rate on Plot	**AED1,955/sq. ft.**	AED1,955/sq. ft.
Plot C7 – Commercial – Offices	**Market (sale comparable) approach**	**Sales rate on GFA**	**AED150/sq. ft.**	AED150/sq. ft.
		Sales rate on Plot	**AED1,785/sq. ft.**	AED1,785/sq. ft.
Office units	**Market (sale comparable) approach**	**Sales rate (unit 2401)**	**AED1,050/sq. ft.**	AED1,050/sq. ft.
		Sales rate (unit 2402)	**AED1,300/sq. ft.**	AED1,300/sq. ft.
		Sales rate (unit 2403)	**AED1,325/sq. ft.**	AED1,325/sq. ft.
		Sales rate (unit 2404)	**AED1,250/sq. ft.**	AED1,250/sq. ft.
		Sales rate (unit 2405)	**AED1,300/sq. ft.**	AED1,300/sq. ft.
		Sales rate (unit 2406)	**AED1,325/sq. ft.**	AED1,325/sq. ft.

The Market (sale comparable) approach is the valuation method accepted by the Royal Institution of Chartered Surveyors for valuing developments and opportunities which take time to come to fruition. This valuation approach is normally taken as a first-consideration method of valuation used to value such properties and is an approach adopted by local markets.

7 Investments in associates

The Group has the following investments in associates which are accounted for using the equity method.

Company Name	Country of incorporation	Ownership interest % 2023	Ownership interest % 2022	Principal activity
National Entertainment LLC	U.A.E.	40%	40%	Entertainment services
Growth Capital Fund	Cayman Islands	30.56 %	30.53 %	Asset management
National Catering Company LLC*	U.A.E.	10 %	10 %	Catering services and facility management

Summarised financial information of the associates is set out below.

	2023 AED'000	2022 AED'000
Associates' statement of financial position		
Assets	**547,806**	547,544
Liabilities	**(222,306)**	(222,140)
Net assets	**325,500**	325,404
Group's share of net assets	**53,618**	54,660
Less: accumulated impairment loss (a)	**(17,005)**	(8,931)
Carrying amount of investment in associates	**36,613**	45,729
Associates' revenue and profit:		
Revenue	**533,334**	509,153
Profit/(Loss) for the year	**11,111**	(4,254)
Share of profit/(loss) for the year	**1,035**	(1,596)
Reconciled items pertaining to associate	**(2,252)**	-
Group's share of loss for the year	**(1,217)**	(1,596)

(a) During the year ended 31 December 2023, the Group recognized an impairment loss amounting to AED 8.2 million (31 December 2022: AED 8.9 million) on its investment in National Catering Company after performing an evaluation of the recoverable amount of its investment based on the latest performance and financial position of the investee Group. This impairment loss is recognized in the consolidated statement of profit or loss for the year.

During the year ended 31 December 2022, the Group received distribution from National Catering Company (NCC) amounting to AED 1 million and no distribution occurred in 2023.

As of 31 December 2023, the Group's share of the contingent liabilities of associates (corporate guarantees) amounted to AED nil (31 December 2022: AED nil).

Associate legal claim:

During the year, a legal case amounting to AED 11.9 million was filed by a third party against one of the group associates (National Entertainment LLC), and the court decision was not in the associate's favour. Based on the Group's assessment after taking appropriate legal advice that there is no legal or constructive obligation for the Group to fund the associate's operations or make payments on behalf of the associate, the Group accordingly did not recognize any provision against the legal claim of the associate.

8 Other assets

	2023	2022
	AED'000	AED'000
Trade receivables	**10,374**	10,436
Prepaid expenses	**1,511**	952
Accrued income	**318**	421
Due from employees	**96**	132
Others	**1,303**	1,561
	13,602	13,502
Less: allowance for expected credit loss	**(7,847)**	(7,803)
	5,755	5,699

Movement in allowance for expected credit loss is as follows:

	2023	2022
	AED'000	AED'000
Balance at 1 January	**7,803**	5,884
Charge for the year	**44**	1,919
Balance at 31 December	**7,847**	7,803

As at 31 December 2023, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired			
	Total AED'000	**Neither past due nor impaired AED'000**	**< 30 days AED'000**	**31 – 60 days AED'000**	**61 – 90 days AED'000**	**> 90 days AED'000**
31 December 2023	**10,374**	**-**	**1,966**	**484**	**169**	**7,755**
31 December 2022	10,436	-	3,769	452	291	5,924

9 Related party transactions

Related parties represent associates, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

The year end balances in respect of related parties included in the consolidated statement of financial position are as follows:

	2023	2022
	AED'000	AED'000
Amounts due from related parties		
Special purpose vehicle	**129**	139
	129	139
Amounts due to related parties		
Associates	**438**	100
	438	100
Loan obtained from Finance House - shareholder (note 13)	**4,733**	4,733

Significant transactions with related parties during the year were as follows:

	2023	2022
	AED'000	AED'000
Guarantees issued on behalf of the Company	**15,002**	25,988
Short term benefits of key management		
Salaries, benefits, and bonus	**642**	1,675
Board fees (Note 25)	**2,307**	2,447
Interest expense on loan obtained from Finance House	**192**	192

10 Investments at fair value through profit or loss

	2023 **AED'000**	2021 AED'000
Investment in Sukuk*	**9,600**	10,000

Movement in financial investments at fair value through profit or loss:

	2023 **AED'000**	2022 AED'000
Balance at the beginning of the year	**10,000**	10,000
Additions during the year (a)	**6,111**	2,543
Change in fair value during the year (a)	**1,530**	599
Fair value loss on investment in Sukuk (b)	**(400)**	-
Disposal during the year	**(7,641)**	(3,142)
Balance at the end of the year	**9,600**	10,000

* During the year, the Group had interest income from its investment in sukuk amounting AED 0.65 million (31 December 2022: AED 0.6 million) (note 22).

(a) During the year, the Group subscribed to Four Initial Public Offerings (IPOs) of listed entities with amount of AED 6.11 million and subsequently sold the shares with value of AED 7.64 million resulting in a realized gain on sale of AED 1.53 million (note 22).

(b) As of 31 December 2023, the Group has recognized a fair value loss on its investment in sukuk amounting to AED 0.4 million (31 December 2022: Nill) based on the valuation report prepared by the Group management.

11 Investments at fair value through other comprehensive income

	2023 **AED'000**	2022 AED'000
Investment in equity funds	**483**	476
	483	476

Movement in financial investments at fair value through other comprehensive income

`	**2023** **AED'000**	2022 AED'000
Balance at 1 January	**476**	11,347
Disposal during the year	**-**	(10,383)
Distribution during the year	**-**	(490)
Change in fair value during the year	**7**	2
Balance at 31 December	**483**	476

12 Cash and cash equivalents

	2023 AED'000	2022 AED'000
Cash in hand	**53**	58
Call and current accounts with banks	**11,330**	7,905
Term deposits	**11,427**	23,827
Cash and cash equivlant	**22,810**	31,790
Less: term deposits with maturities over three months	**-**	(11,109)
Cash and cash equivalent from continuing operations	**22,810**	20,681
Cash and cash equivalent from discontinued operations (Note 32)	**-**	14,624
Cash and cash equivalent for cash flow purpose	**22,810**	35,305

Bank deposits carry interest rates ranging from 1.5% to 5.5% (31 December 2022: 1.25% to 4.30%) per annum.

13 Term loans

	2023 AED'000	2022 AED'000
Term loan 1 (note 9)	**4,733**	4,733
Term loans 2 (note 9)	**8,785**	14,892
	13,518	19,625

Classified in the statement of financial position as follows:

	2023 AED'000	2022 AED'000
<u>**Non-current liabilities**</u>		
Term loan 1	**4,733**	4,733
Term loan 2	**4,271**	10,747
	9,004	15,480
<u>**Current liabilities**</u>		
Term loan 2	**4,514**	4,145

Term loan 1: Mainland Management entered into a bridge loan agreement with Finance House PJSC, a related party, on 26 March 2007, amounting to AED 17 million. During 2014, the outstanding amount was converted into an additional capital contribution to Mainland Management and subsequently an amount of AED 4.7 million was lent to Mainland Management. Interest is charged at 4% per annum (31 December 2022: 4% per annum). The payment term is on demand and not based on fixed installments. No movement incurred on the principal balance of the loan during the current period as well as the previous year and only interest accrued.

Term loans 2: During May 2018, the Group acquired two loans from "Arab Bank for Investment and Foreign Trade" (Al Masraf Bank). The interest rate for both loans is EIBOR + 3% per annum or 5% per annum whichever is higher. These loans are repayable over 32 quarterly instalments starting on 2 August 2018. In May 2020, these loans have been re-scheduled in which there were deferral of two quarterly instalments for both loans and the tenor increased from 8 years to be 8 years and 6 months. The interest continued to accrue during the period of deferral. The facility is secured by demand promissory note and corporate guarantee of the group covering the total outstanding facility amount and first-degree mortgage over the land and building of Mafraq Hotel. Management negotiated the pricing terms of the loan during the third quarter of 2021 and the new revised terms are 3.5% minimum floor p/a (down from 5% p/a). The reduced interest rate was applied from October 2021 and all other terms remained the same.

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14 End of service benefits

	2023	2022
	AED'000	AED'000
Balance as at 1 January	**1,120**	1,135
Provision during the year	**296**	257
Payments during the year	**(584)**	(272)
Balance as at 31 December	**832**	1,120

15 Other liabilities

	2023	2022
	AED'000	AED'000
Trade payables	**2,110**	1,827
Staff payables	**116**	130
Accrued expenses	**2,519**	2,293
Other payables	**1,568**	1,270
	6,313	**5,520**

16 Share capital

	2023	2022
	AED'000	AED'000
Authorised, issued and fully paid		
285,000 thousand shares of AED 1 each (31 December 2022: 310,000 thousand shares of AED 1 each)	**285,000**	310,000

On 28 April 2023, the shareholders approved a special resolution to reduce the Group's share capital by cancelling 25 million shares at a value of AED 25 million. The reduced balance was refunded to shareholders based on each shareholder's ownership percentage.

17 Legal reserve

As required by the UAE Federal Decree Law No. 32 of 2021 and the articles of association of the parent company and its subsidiaries, 5% of the profit for the year, on an individual basis, must be transferred to legal reserve. The parent company and its subsidiaries may resolve to discontinue such transfers when the reserve equals 50% of the share capital. The legal reserve is not available for distribution.

No transfer has been made to this reserve during the years 31 December 2023 and 2022 as the Group incurred losses..

18 Optional reserve

In accordance with the parent company and its subsidiaries' articles of association, 10% of the profit for the year shall be transferred to optional reserve. The parent company and its subsidiaries may resolve to discontinue such transfers when the optional reserve equals 50% of the share capital.

No transfer has been made to this reserve during the years 31 December 2023 and 2022 as the Group incurred losses.

19 Non-controlling interests

Financial information of subsidiaries that have material non-controlling interests are provided below:

Portion of equity interest held by non-controlling interests

	2023	2022
Mainland Management LLC	**33.33%**	33.33%

Accumulated balances of non-controlling interest

	2023	2022
	AED'000	AED'000
Mainland Management LLC	**42,419**	42,129

Income / (loss) allocated to material non-controlling interests

	2023	2022
	AED'000	AED'000
Mainland Management LLC	**290**	(6,064)
	290	(6,064)

The table below shows the summarized financial information of the subsidiary which have non-controlling interest:

Mainland Management LLC

	2023	2022
	AED'000	AED'000
Total assets	**182,573**	182,569
Total liabilities	**55,318**	56,184
Total equity	**127,255**	126,385
Profit /(Loss) for the year	**870**	(18,192)

20 Commitments and contingent liabilities

	2023	2022
	AED'000	AED'000
Corporate guarantees	**9,906**	15,892
Bank guarantees	**5,096**	10,096
	15,002	25,988

21 Fee and service income

	2023 AED'000	2022 AED'000
Revenue from hotel services	**27,087**	25,966
	27,087	25,966

Contract balances

As at 31 December 2023 and 31 December 2022, the Group did not have any contract assets or liabilities related to the services provided.

22 Net income from investments at fair value through profit or loss

	2023 AED'000	2022 AED'000
Gain on disposal (note 10)	**1,530**	599
Interest income from Sukuk (note 10)	**606**	605
	2,136	1,204

23 Interest income

	2023 AED'000	2022 AED'000
Time deposits	**858**	599
Call accounts	**4**	35
	862	634

24 Other income

	2023 AED'000	2022 AED'000
Rent income	**2,375**	2,050
Refund of hotel cluster and service charges	**-**	1,886
Miscellaneous	**137**	179
	2,512	4,115

25 General and administrative expenses

	2023	2022
	AED'000	AED'000
Utilities	**2,321**	2,386
Board fees	**2,307**	2,447
Professional fees	**1,147**	479
Rent expense	**929**	882
IT and telecommunication	**105**	632
Insurance	**64**	152
Bank charges	**68**	82
Others	**2,789**	3,052
	9,730	10,112

26 Staff costs

	2023	2022
	AED'000	AED'000
Staff costs – corporate	**1,402**	1,983
Staff costs – subsidiaries	**3,168**	3,408
	4,570	5,391

27 Interest expense

	2023	2022
	AED'000	AED'000
Term loans (Note 13)	**1,167**	987
Others	**-**	3
	1,167	990

28 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the Shareholders of the Parent Company by the number of shares outstanding during the year.

	2023	2022
Loss for the year (AED'000)	(9,111)	(27,155)
Total number of ordinary shares ('000)	285,000	310,000
Weighted average number of ordinary shares ('000)	292,301	332,500
Loss per share (AED)	(0.031)	(0.082)

There were no potentially dilutive securities as at 31 December 2023 or 31 December 2022, and accordingly, diluted earnings per share are the same as basic earnings per share.

29 Segment information

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision-makers of the Group in order to allocate resources to the segment and to assess its performance. The group stopped reporting segment information as the net operating results come from its principal investment only which includes investments in associates, joint ventures, investments at fair value through profit or loss and other comprehensive income and investment properties.

30 Risk management

Introduction

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to market risk which composes of interest rate risk, currency risk and equity price risk. Further, the Group is exposed to credit risk, liquidity risk and operational risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Board of Directors

The overall risk management responsibility lies with the Board of Directors of the Group. It provides the direction, strategy and oversight of all the activities through various committees.

Audit Committee

The Audit Committee comprises three members in which two members represent the Board of Directors of the Group and one member is independent from the Group. The Audit Committee has the overall responsibility of assessing the internal audit findings, directing implementation of audit recommendations and overseeing the internal audit activities undertaken within the internal control environment and regulatory compliance framework of the Group. Duties and responsibilities of the Audit Committee are governed by a formally approved Audit Committee Charter.

Management Committee

The Management Committee is responsible for identifying, measuring, monitoring and controlling the risks arising out of various activities in the Group.

Risk measurement and reporting systems

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept, with additional emphasis on selected industries. In addition, the Group monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

30 Risk management (continued)

Risk management framework (continued)

Market risk

Market risk is the risk that the fair value and future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to interest rate risk on its interest-bearing assets and liabilities.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant, of the Group's result for the year.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2023.

	Effect on profit AED'000
31 December 2023	
+100 increase in basis point	**114**
-100 decrease in basis point	**(114)**
31 December 2022	
+100 increase in basis point	238
-100 decrease in basis point	(238)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk is limited since a significant proportion of the Group's transactions, monetary assets and liabilities are denominated in U.A.E. Dirhams and U.S. Dollars. As the U.A.E. Dirham is pegged to the U.S. Dollar, balances in U.S. Dollars are not considered to represent significant currency risk.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments at fair value through other comprehensive income at 31 December 2022) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows.

30 Risk management (continued)

Equity price risk (continued)

	Assumed level of equity change	Impact on equity 31 December 2023	Impact on equity 31 December 2022
	%	AED'000	AED'000
Investments at fair value through other comprehensive income	**5%**	**24**	**24**

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position.

	2023	2022
	AED'000	AED'000
Cash and cash equivlants	**22,810**	31,790
Amounts due from related parties	**129**	139
Debt instruments at fair value through profit or loss	**9,600**	10,000
Other assets	**12,091**	12,550
	44,630	54,479

Liquidity risk and funding management

Liquidity risk is the risk that Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or a credit downgrade which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2023 based on contractual undiscounted payments:

31 December 2023	Less than 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Term loans	**1,092**	**3,422**	**9,004**	-	**13,518**
Other liabilities	-	**6,313**	-	-	**6,313**
Amounts due to related parties	-	**438**	-	-	**438**
Total liabilities	**1,092**	**10,173**	**9,004**	-	**20,269**

30 Risk management (continued)

Liquidity risk and funding management (continued)

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December 2022 based on contractual undiscounted payments:

	Less than 3 months AED'000	3 months to 1 year AED'000	1 year to 5 years AED'000	Over 5 years AED'000	Total AED'000
Term loans	1,009	3,136	15,480	-	19,625
Other liabilities	-	5,520	-	-	5,520
Amounts due to related parties	100	-	-	-	100
Total liabilities	1,109	8,656	15,480	-	25,245

Operational risk

Operational risk is the risk of direct or indirect loss arising from inadequate or failed internal processes, systems failure, human error, fraud or external events. When required controls fail, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. While the Group cannot expect to eliminate all operational risks, through a control framework and by continuous monitoring and responding to potential risks, the Group is able to manage these risks. Controls include effective segregation of duties, appropriate access, authorization and reconciliation procedures, staff training and robust assessment processes. The processes are reviewed on an ongoing basis.

Other price risk

The Group is exposed to price risk arising from its investment properties which are measured at fair value. The sensitivity analysis below shows the effect of price changes in investment properties:

A 5% increase in the fair value of investment properties as at the reporting date would have increased equity by AED 5.85 million (2022: AED 5.7 million). An equal change in the opposite direction would have decreased equity by AED 5.85 million (2022: AED 5.7 million).

Capital management

Capital includes equity attributable to the Owners of the Group. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies for managing capital during the year ended 31 December 2023 and 31 December 2022.

31 Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of investments at fair value through other comprehensive income, investments at fair value through profit or loss, amounts due from related parties, bank balances and cash and some other assets. Financial liabilities consist of term loans, amounts due to related parties and some other liabilities.

In the opinion of management, the estimated carrying values and fair values of financial assets and liabilities that are not carried at fair value in the consolidated financial statements are not materially different, since assets and liabilities are either short term in nature or are re-priced on a frequent basis.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 December 2023:

	Level 1	**Level 2**	**Level 3**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
Financial assets				
At fair value through profit or loss				
Investments in Sukuk	-	-	**9,600**	**9,600**
	-	-	**9,600**	**9,600**
At fair value through other comprehensive income				
Investment in equity funds	-	**483**	-	**483**
	-	**483**	-	**483**

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy for the year ended 31 December 2022:

	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
Financial assets				
At fair value through profit or loss				
Investments in Sukuk	-	-	10,000	10,000
	-	-	10,000	10,000
At fair value through other comprehensive income				
Investment in equity funds	-	476	-	476
	-	476	-	476

31 Fair value of financial instruments (continued)

Transfers between categories

During the reporting year ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

32 Discontinued operations

On 22 November 2022, the Group executed an agreement for sale of a plot of land located in Masdar which was owned by one of the subsidiaries, "Fidelity Trust owned by Al Jeyoun Limited – One Man Company Sole Proprietorship LLC". As a result of the sale, the Group management established plan to liquidate these subsidiaries and legal formalities had been completed on 14 March and 30 June 2023.
Revenue, expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

The result of operations of Al Jeyoun limited and Fidelity Trust LLC (liquidated companies) are as follows:

	2023 **AED'000**	2022 AED'000
Revenue	**-**	-
Direct costs	**-**	-
Gross profit	**-**	-
General and administrative expenses	**(8)**	(422)
Interest income	**171**	66
Loss on liquidation / sale of assets	**(45)**	(2,132)
Profit/(loss) for the year from discontinued operations	**118**	(2,488)
Profit/(Loss) per share (AED)	**0.0004**	(0.007)

Basic and diluted earnings per share for discontinued operations

Basic earnings per share are calculated by dividing the profit or loss from discounted operations for the year attributable to the Shareholders of the Parent Company by the number of shares outstanding during the year.

	2023	2022
Profit /(Loss) for the year (AED'000)	**118**	(2,488)
Total number of ordinary shares ('000)	**285,000**	310,000
Weighted average number of ordinary shares ('000)	**292,301**	332,500
Basic and diluted earnings/(loss) per share (AED)	**0.0004**	(0.007)

There were no potentially dilutive securities as at 31 December 2023 or 31 December 2022, and accordingly, diluted earnings per share are the same as basic earnings per share.

32 Discontinued operations (continued)

The carrying amounts of assets and liabilities of Al Jeyoun limited and Fidelity Trust LLC (liquidated companies) are as follows:

	2023 AED'000	2022 AED'000
Property, fixtures and equipment	-	-
Right to use asset	-	-
Goodwill	-	-
Total non-current assets	-	-
Cash and cash equivalents	-	14,624
Trade and other receivables	-	74
Total current assets	-	14,698
Employees' end of service benefit	-	-
Lease liabilities	-	-
Total non-current liabilities	-	-
Current portion of lease liabilities	-	-
Trade and other payables	-	216
Amounts due to related parties	-	-
Total current liabilities	-	-

Cash flows generated by discontinued operations of Al Jeyoun limited and Fidelity Trust LLC (liquidated companies) for the reporting periods presented are as follows:

	2023 AED'000	2022 AED'000
Operating activities	(24)	(179)
Investing activities	-	14,634
Financing activities	-	-
Net cash flows used in discontinued operations	(24)	14,455

33 Deferred tax disclosure

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

The UAE Cabinet of Ministers ("Cabinet") Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the Company will be subject to current tax for the first time during the year ending 31 December 2024.

Based on the assessment conducted by Management, it has been determined that the CT Law might have an impact on the deferred tax recognition in the financial statements for the period ending on 31 December 2023. Moving forward, the Company intends to continue to assess the potential influence of the CT Law on its financial statements, particularly focusing on both current and deferred tax implications, in light of any further explanations and instructions regarding the application of the CT Law.