Al Khaleej Investment P.J.S.C. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

BOARD OF DIRECTOR REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

Dear Shareholders

Greeting!

On the Behalf of Board of Directors of AL Khaleej Investments PJSC. We feel immense pleasure to present the consolidated financial statement of AL Khaleej Investment PJSC with its Subsidiaries for the year ended December 31, 2020.

GENERAL OVERVIEW

Since the beginning of 2020, the real estate sector has shown a downward curve, especially in the first half of the year with a relatively steady state look in the second half, as a result of the negative impact of the COVID19 virus pandemic on most sectors and economic activities in the country. Therefore, there was a chance to exploit such circumstances in speeding up the completion of some maintenance activities in some buildings to be ready for the enhancement in the economic activity in the near future.

As for investment activities, despite of the general decline in the shares' prices of the market indexes in general, trading activities have made a remarkable profit. Efforts are intensified to make an overachievement in investment portfolio in the coming future.

FINANCIAL PERFORMACE

The comparison of reviewed consolidated accounts for the year ended December 31, 2020 with the corresponding period of fiscal year 2019 are given below:

	CONSOLIDATED	
	December 31, 2020	December 31, 2019
	Million (AED)	
Revenue	19.27	23.04
Gross Profit	16.14	18.77
Loss from the Investment held at Fair value through P&L	(5.28)	(22.6)
Loss in revaluation of investment properties	(35.21)	(25.45)
Net Profit	(30.34)	(34.92)
Earnings per share	(0.29)	(0.33)
Shareholders' Equity	247.68	278.36
Occupancy	77.32%	85.84%

Revenues for the year ended in December 31, 2020 were AED. 19.27 million Compared to AED. 23.04 million In the previous fiscal year. Main contributors for such reduction in revenues were the reduction of occupancy because of COVID19 pandemic in addition to the stoppage of facility management subsidiary company (cease to exist now). Gross profit was AED. 16.14 million As compared to AED. 18.77 million in the corresponding period.

Gross profit has declines as result of the same reasons reduced the revenues. As a percentage of Revenue, gross profit slightly increased from 81.47% in the corresponding period to 83.76% in the current period. Recorded comparative Losses were mainly in investment held at fair value through P&L during 2020 with a value of 5.28 million which is because of clumsiness of market caused by COVID 19 witch compared to last year loss 22.6 million and around -10 million incremental fair revaluation losses in investment properties.

All of the above mentioned contributed in incurring a net loss of AED 30.34 million in the current year compared to a net loss of AED 34.92 million in the same period last year. Basic earnings per share was -0.29 fils compared to negative -0.33 fils in the comparative year.

FUTURE OUTLOOK

The main contributor for 2020 full year under performance vs previously budgeted performance is the incurred loss from investment held at fair value though P&L. in addition to the unrealized fair valuation loss resulted from investment properties valuation. BOD expects the continuation of upward slopping in trading activities will decrease the loss from the investment held at fair value though P&L, which in turn will enhance the investment portfolio outlook in particular, and the P&L as well.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support by its shareholders, valued customers, government agencies and financial institutions which enabled the company to survive during these difficult time. The board would also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the executives and all the staff members of the company and hope that they will continue with the same spirit in future. On behalf of the Board

Abdulaziz Abdulla Salem Jasem Al Zaabi	Chairman
Ahmed Salem Abdulla Salem Alhosani	Vice Chairman
Abdulrahman Jasem Obaid Alabdouli	Managing Director
Mohammed Hasan Mohammed Alshamsi Alawadhi	Board Member
Haytham Ahmed Essa Ahmed Alnaeem	Board Member
Abdullateef A R Alzeer	Board Member
Sultan Khalfan Alghaith Almarri	Board Member

Abdulrahman Jasem Al Abdouli
Managing Director

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.J.S.C

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Al Khaleej investment PJSC (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant 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 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 18 to the consolidated financial statements which describes that undistributed dividends include dividends amounting to AED 48.4 million payable to a former member of the Board of Directors of the Company and his related parties (collectively referred to as the "Defendants"), which are withheld due to ongoing legal proceedings. Note 18 further describes that the Criminal court has passed judgement with respect to the concerned case, however, the Company has not been notified regarding the status of the shares owned by the Defendants and the dividends payable on those shares withheld by the Company up to the approval date of these consolidated financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters (continued)

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the Group's investment properties in the context of the Group's consolidated financial statements as a whole, and because significant judgement is involved in determining the inputs used in the valuation. As at 31 December 2020, the Group's investment properties amounted to AED 228.3 million which represented 71.4% of the Group's total assets and a loss on revaluation of investment properties amounting to AED 35.2 million was recognised in profit or loss for the year then ended. The Group's investment properties are stated at fair value based on valuations carried out by an independent qualified valuer (the "Valuer"). The valuation was dependent on certain key estimates which requires significant judgement, including yield rates, contractual lease rents and forecasted operating expenses, which are influenced by prevailing market forces and specific characteristics such as property location and income returns of each property in the portfolio. Details of the valuation methodologies and key inputs used in the valuations are disclosed in note 10 to the consolidated financial statements.	We have performed the following procedures in relation to the valuation of investment properties: • we reviewed the competence, capabilities, objectivity of the independent valuer; • We assessed the completeness and consistency of information provided by the Group to the Valuer; and evaluated the reasonableness of the key inputs used in the valuation on a sample basis; • we assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuation on a sample basis. We involved our internal property valuation specialists to assist in the assessments process; and • We reviewed the appropriateness of disclosures in the financial statements with respect to valuation of investment properties.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.J.S.C (continued)

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

Other Information

Other information consists of the information included in the Directors' Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether 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, 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 the Management and the 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 IFRSs and in compliance with the applicable provisions of the Company's Article of Association and UAE Federal Law No. (2) of 2015, and for such internal controls 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.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)
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL KHALEEJ INVESTMENT P.J.S.C (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Articles of Association of the Company;

iii) The Group has maintained proper books of account;

iv) The financial information included in the Directors' report is consistent with the books of account of the Group.

v) The Group's investment in shares or stocks during the year ended 31 December 2020 are disclosed in notes 11 to the consolidated financial statements.

vi) Note 22 to the consolidated financial statements reflects material related parties' transactions, and the terms under which they were conducted;

vii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2020; and

viii) Note 7 to the consolidated financial statements reflects the social contribution made during the year.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

9 March 2021

Dubai, United Arab Emirates

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	***2020 AED***	*2019 AED*
Revenue	5	**19,265,188**	23,038,657
Cost of revenue	5	**(3,128,832)**	(4,264,955)
GROSS PROFIT		**16,136,356**	18,773,702
Dividend income	6	**1,239,882**	1,152,383
Net loss from investments carried at fair value through profit and loss	6	**(5,284,483)**	(22,600,255)
Loss on revaluation of investment properties	10	**(35,207,306)**	(25,452,091)
General and administrative expenses	7	**(7,373,275)**	(7,228,970)
Other income		**196,789**	227,653
Finance income		**14,126**	271,981
Foreign exchange loss		**(61,280)**	(66,951)
LOSS FOR THE YEAR		**(30,339,191)**	(34,922,548)
Loss attributable to:			
Owners of the Company		**(30,339,191)**	(34,922,548)
BASIC EARNINGS PER SHARE FOR THE YEAR	20	**(0.29)**	(0.33)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	***2020 AED***	*2019 AED*
Loss for the year		**(30,339,191)**	(34,922,548)
Other comprehensive (loss) / income:			
Items to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(26,276)**	66,869
		(26,276)	66,869
Items not to be reclassified to profit or loss in subsequent periods:			
Net change in fair value of investments measured at FVTOCI	11.1	**(409,094)**	518,310
Net gain on sale of investments measured at FVTOCI		**89,263**	332,138
		(319,831)	850,448
Other comprehensive (loss) / income for the year		**(346,107)**	917,317
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(30,685,298)**	(34,005,231)
Total comprehensive loss attributable to:			
Owners of the Company		**(30,685,298)**	(34,005,231)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	*31 December 2020 AED*	*31 December 2019 AED*
ASSETS			
Non-current assets			
Property and equipment	8	**640,519**	784,599
Intangible assets	9	**19,711**	14,623
Investment properties	10	**228,308,968**	262,100,625
Investments carried at fair value through other comprehensive income (FVTOCI)	11.1	**3,808,120**	4,231,502
Investments carried at amortised cost	11.3	**2,227,050**	-
		235,004,368	267,131,349
Current assets			
Investments carried at fair value through profit or loss (FVTPL)	11.2	**48,596,400**	46,107,974
Trade and other receivables	12	**6,989,942**	5,306,517
Bank balances and cash	13	**29,366,296**	34,817,671
		84,952,638	86,232,162
TOTAL ASSETS		**319,957,006**	353,363,511
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**105,000,000**	105,000,000
Statutory reserve	15	**52,500,000**	52,500,000
Voluntary reserve	16	**50,000,000**	50,000,000
Other reserve		**344,663**	344,663
Fair value reserve		**2,892,448**	3,446,065
Foreign currency translation reserve		**9,024**	35,300
Retained earnings		**36,930,289**	67,035,694
Total equity		**247,676,424**	278,361,722
Non-current liability			
Employees' end of service benefits	17	**913,993**	915,589
Current liabilities			
Undistributed dividends	18	**68,138,687**	68,716,488
Trade and other payables	19	**3,227,902**	5,369,712
		71,366,589	74,086,200
Total liabilities		**72,280,582**	75,001,789
TOTAL EQUITY AND LIABILITIES		**319,957,006**	353,363,511

These consolidated financial statements were authorised for issue by the Board of Directors and signed by:

Abdulaziz Abdulla Alzaabi
Chairman

Abdulrahman Jasem Alabdouli
Managing Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital AED	*Statutory reserve AED*	*Voluntary reserve AED*	*Other reserve AED*	*Fair value reserve AED*	*Foreign currency translation reserve AED*	*Retained earnings AED*	*Total AED*
Balance at 1 January 2020	105,000,000	52,500,000	50,000,000	344,663	3,446,065	35,300	67,035,694	278,361,722
Loss for the year	-	-	-	-	-	-	(30,339,191)	(30,339,191)
Other comprehensive income for the year	-	-	-	-	(409,094)	(26,276)	89,263	(346,107)
Total comprehensive loss for the year	-	-	-	-	(409,094)	(26,276)	(30,249,928)	(30,685,298)
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	(144,523)	-	144,523	-
Balance at 31 December 2020	**105,000,000**	**52,500,000**	**50,000,000**	**344,663**	**2,892,448**	**9,024**	**36,930,289**	**247,676,424**

No dividend was declared during the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2020

	Share capital AED	*Statutory reserve AED*	*Voluntary reserve AED*	*Other reserve AED*	*Fair value reserve AED*	*Foreign currency translation reserve AED*	*Retained earnings AED*	*Total AED*
Balance at 1 January 2019	105,000,000	52,500,000	50,000,000	344,663	4,739,569	(31,569)	110,903,953	323,456,616
Loss for the year	-	-	-	-	-	-	(34,922,548)	(34,922,548)
Other comprehensive income for the year	-	-	-	-	518,310	66,869	332,138	917,317
Total comprehensive (loss)/income for the year	-	-	-	-	518,310	66,869	(34,590,410)	(34,005,231)
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	(1,811,814)	-	1,811,814	-
Board of Directors' remuneration	-	-	-	-	-	-	(589,663)	(589,663)
Dividend distributions *	-	-	-	-	-	-	(10,500,000)	(10,500,000)
Balance at 31 December 2019	105,000,000	52,500,000	50,000,000	344,663	3,446,065	35,300	67,035,694	278,361,722

*At the Annual General Meeting held on 4 April 2019, a cash dividend of AED 10.5 million (AED 0.10 per share) was approved by the shareholders of the Company related to 2018.

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2020

	Notes	***2020 AED***	*2019 AED*
OPERATING ACTIVITIES			
Loss for the year		**(30,339,191)**	(34,922,548)
Adjustments for:			
Depreciation of property and equipment	8	**212,428**	248,870
Amortisation of intangible assets	9	**10,537**	10,331
Allowance for expected credit losses	12	**1,098,258**	198,561
Bad debts written off during the year	7	**-**	162,278
Provision for employees' end of service benefits	17	**172,768**	179,908
Dividend income	6	**(1,239,882)**	(1,152,383)
Unrealised loss on investments carried at FVTPL	11.2	**8,079,697**	23,398,814
Loss on revaluation of investment properties	10	**35,207,306**	25,452,091
Loss/ (gain) on sale of property and equipment		**452**	(3,998)
Finance income		**(14,126)**	(271,981)
Gain on sale of investments carried at FVTPL	6	**(2,795,214)**	(798,559)
		10,393,033	12,501,384
Working capital adjustments:			
Trade and other receivables		**(2,767,557)**	237,379
Trade and other payables		**(2,141,810)**	(1,224,140)
Cash generated from operating activities		**5,483,666**	11,514,623
Employees' end of service benefits paid	17	**(174,364)**	(227,681)
Net cash from operating activities		**5,309,302**	11,286,942
INVESTING ACTIVITIES			
Dividend income received	6	**1,239,882**	1,152,383
Additions to investment properties	10	**(1,415,649)**	(434,485)
Proceeds from sale of property and equipment		**-**	4,000
Proceeds from disposal of investments carried at FVTOCI		**356,298**	3,698,076
Purchase of investment carried at FVTOCI	11.1	**(269,635)**	-
Purchase of investments carried at amortised cost	11.3	**(2,227,050)**	-
Fixed deposits with maturity of more than 3 months	13	**(115,000)**	-
Proceeds from sale of investments carried at FVTPL		**31,287,999**	20,939,644
Purchase of investments carried at FVTPL	11.2	**(39,041,582)**	(24,878,717)
Purchase of intangible assets	9	**(15,625)**	-
Purchase of property and equipment	8	**(68,800)**	(307,145)
Finance income received	13	**-**	271,981
Net cash (used in)/from investing activities		**(10,269,162)**	445,737
FINANCING ACTIVITIES			
Dividends paid		**(577,801)**	(7,693,907)
Board of Directors' remuneration paid		**-**	(589,663)
Cash used in financing activities		**(577,801)**	(8,283,570)
NET (DECREASE) / INCREASE IN CASII AND CASII EQUIVALENTS		**(5,537,661)**	3,449,109
Cash and cash equivalents at 1 January	13	**34,817,671**	31,306,495
Effects of exchange rate changes on the balances held in foreign currencies		**(28,714)**	62,067
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**29,251,296**	34,817,671

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

1 ACTIVITIES

Al Khaleej Investment P.J.S.C (previously known as Gulf Livestock P.S.C.) (the "Company") is a public joint stock company registered and incorporated under license No. 6061 issued by the Department of Economic Development in Ras Al Khaimah. The Company has commenced its operations on 2 July 1982. The Company is listed on the Abu Dhabi Securities Market. The address of the Company's registered office is P.O. Box 5662, Ras Al Khaimah, United Arab Emirates.

The Company comprises Al Khaleej Investment P.J.S.C. and its subsidiaries (Note 3.2).

The principal activities of the Group are real estate and commercial enterprises investments, building maintenance and service management over real estates.

The Company carries out its operation through its branches in Ras Al Khaimah and Sharjah.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

The consolidated financial statements have been approved by the Board of Directors on 8 March 2021.

2 CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments thereof, adopted by the Group
The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

2 CHANGES IN ACCOUNTING POLICIES (continued)

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

2.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. These amendments are not applicable to the Group.

2 CHANGES IN ACCOUNTING POLICIES (continued)

2.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

2 CHANGES IN ACCOUNTING POLICIES (continued)

2.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (continued)
the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of the UAE Federal Law No. (2) of 2015.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties and investments in equity instruments measured at fair value or investments carried at amortised cost as explained in the accounting policies below.

The consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional and reporting currency of the Group.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Al Khaleej Investment P.J.S.C (the "Company") and its subsidiaries as at 31 December 2020. 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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of consolidation (continued)

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 consolidated 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Any investment retained is recognised at fair value.

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

Subsidiaries:
Details of the Company's subsidiaries at 31 December 2020 and 2019 are as follows:

Name of subsidiary	*Country of incorporation*	*Proportion of beneficial ownership interest*		*Principal activities*
		2020	*2019*	
Masila Beach General Trading L.L.C*	Kuwait	**100%**	100%	Investment activities
Al Khaleej Facilities Management Services (KFM) L.L.C.**	UAE	**100%**	100%	Facility management services

*** Going concern assessment of Masila Beach General Trading L.L.C**
During the year ended 31 December 2019, the subsidiary transferred majority of its assets and liabilities to the Company, closed bank account, didn't record lease and salaries expenses and terminated majority of its employees.

During the year ended 31 December 2020, the Company agreed to sell the license of the subsidiary to a third party for AED 30,000, subject to completion of legal formalities for the transfer of license which were completed subsequent to year ended 31 December 2020.

**** Going concern assessment of Al Khaleej Facilities Management Services (KFM) LLC**
During the year, the Board of Directors has resolved to transfer the operations of Al Khaleej Facilities Management Services (KFM) LLC to the Company and initiated the liquidation the subsidiary subsequent to year end.

As the operations of the above subsidiaries are transferred to the Company, the results for the year and balances as of 31 December 2020 related to these subsidiaries are not material to be reported.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Business combination

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

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

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

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

3.4 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

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

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment.

3.4.1 Rental income
Rental income is recognised in the consolidated financial statements on a straight-line basis over the term of the lease to the extent that it is probable that the economic benefits will flow to the Group.

3.4.2 Dividend income
Dividend income from investment is recognised when the Group's right to receive the payment has been established.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue recognition (continued)

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under the section *Financial instruments – initial recognition and subsequent measurement.*

Contract liabilities

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

3.5 Leases

Group as a lessee

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

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

i) Right-of-use assets

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

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Leases (continued)

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

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

3.6 Foreign currencies

The Group's consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is also the Parent company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Foreign currencies (continued)

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3.7 Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives using the straight-line method. 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 following useful lives are used in the calculation of depreciation:

	Years
Motor vehicles	3-5
Furniture and fixtures	5-10
Office equipment	3-5

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

3.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives considered in the calculation of amortization is 3 years.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect, if any. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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

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

3.10 Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Employee benefits

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

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

An accrual is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the year.

The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

3.12 Provision

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

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. Where 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, (where the effect of time value of money is material).

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 virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Financial instruments

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

i) Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

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

The Group's financial assets at amortised cost includes trade and other receivables, bank balances and cash.

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

The Group's does not have investments in debt instruments as at 31 December 2020.

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

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

Investments carried at fair value through other comprehensive income (FVTOCI) represent investments that the Group intends to hold for the long term for strategic purposes. The Group elected to classify irrevocably its listed equity investments under available for sale category as financial assets designated at fair value through OCI.

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

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as gain on investments in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Investments carried at fair value through profit or loss account (FVTPL) represent investments that the Group intends to hold for collecting the contractual cash flows and sell. The Group has designated these investments as measured at FVTPL.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

Impairment and uncollectibility of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has elected to measure provision for expected credit losses for its financial instruments that are not measured at FVTPL at an amount equal to life time ECLs.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities

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

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

The Group's financial liabilities include trade and other payables and undistributed dividends.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

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

Trade payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

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

iii) Offsetting of financial instruments

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 14 Fair value measurement

The Group measures financial instruments at fair value at each statement of financial position date.

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

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

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

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

3. 14 Fair value measurement

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

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

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

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

3.15 Value-added Tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

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

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

3. 16 Contingencies

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 17 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

3.18 Dividend distribution

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3. 19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and short term deposits with an original maturity of three months or less.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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 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:

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Classification of properties
In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and property under development. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 16 – Property, Plant and Equipment, and IAS 40 – Investment Property, with regards to the intended use of the property.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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

Revaluation of investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. The properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2020 for the investment properties.

Allowance for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 12 and 26.

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

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

Impairment of property and equipment
The Group reviews its equipment and vehicles to assess, if there is an indication of impairment. In determining whether impairment losses should be reported in consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a reduction in the carrying value of equipment and vehicles. Accordingly, an allowance for impairment is made where there is an identified loss, event or condition which, based on previous experience, is evidence of a reduction in the carrying value of equipment and vehicles.

5 REVENUE AND COST OF REVENUE

Revenue:

	2020 AED	*2019 AED*
Property rentals	**19,246,354**	21,912,442
Service contracts with customers	**18,834**	1,126,215
	19,265,188	23,038,657
Geographical markets		
United Arab Emirates	**19,265,188**	23,038,657
Timing of revenue recognition		
Property rentals over time	**19,246,354**	21,912,442
Services at a point in time	**18,834**	1,126,215
	19,265,188	23,038,657

Cost of revenue:

	2020 AED	*2019 AED*
Rental cost	**3,128,832**	3,322,922
Cost of provision of services	**-**	942,033
	3,128,832	4,264,955

Cost of revenue includes staff costs of AED 421,832 (2019: AED 873,393).

There are no contract assets as at 31 December 2020 (2019: nil). Contract liabilities amounting to AED 571,841 are recognised as at 31 December 2020 (2019: 2,284,567) (note 19).

6 RESULTS FROM INVESTMENTS

Net loss from investments carried at fair value through profit or loss:

	2020 AED	*2019 AED*
Unrealised loss on revaluation of investments (note 11.2)	**(8,079,697)**	(23,398,814)
Gain on sale of investments	**2,795,214**	798,559
	(5,284,483)	(22,600,255)

Dividend income from investments

Dividend income	**1,239,882**	1,152,383

7 GENERAL AND ADMINISTRATIVE EXPENSES

	2020 AED	*2019 AED*
Staff costs	**3,607,838**	4,027,755
Allowance for expected credit losses (note 12)	**1,098,258**	198,561
Legal and professional fees	**612,079**	458,728
Insurance	**401,372**	339,572
Government expenses	**398,416**	661,700
Executive committee expenses	**276,182**	167,102
Depreciation of property and equipment (note 8)	**212,428**	248,870
Telephone, fax, and postage	**124,931**	145,706
Water and electricity	**92,123**	104,171
Repair and maintenance	**67,490**	65,013
Bank charges	**58,780**	47,187
Sales and marketing	**52,485**	66,250
Printing and stationery	**41,000**	36,360
Amortisation of intangible assets (note 9)	**10,537**	10,331
Bad debts written off during the year	**-**	162,278
Other expenses	**319,356**	489,386
	7,373,275	7,228,970

The Group has not made any social contribution during the year ended 31 December 2020.

8 PROPERTY AND EQUIPMENT

	Motor vehicles AED	*Furniture and fixtures AED*	*Office equipment AED*	*Total AED*
Cost:				
At 1 January 2019	352,850	476,627	825,006	1,654,483
Additions	262,541	19,389	25,215	307,145
Disposals	(29,600)	-	-	(29,600)
At 31 December 2019	585,791	496,016	850,221	1,932,028
Additions	-	5,052	63,748	68,800
Disposals	-	(1,812)	-	(1,812)
At 31 December 2020	**585,791**	**499,256**	**913,969**	**1,999,016**
Accumulated depreciation				
At 1 January 2019	190,570	113,150	624,437	928,157
Charge for the year	87,795	63,129	97,946	248,870
Elimination on disposal	(29,598)	-	-	(29,598)
At 31 December 2020	248,767	176,279	722,383	1,147,429
Charge for the year	102,037	63,700	46,691	212,428
Elimination on disposal	-	(1,360)	-	(1,360)
At 31 December 2020	**350,804**	**238,619**	**769,074**	**1,358,497**
Carrying amount:				
At 31 December 2020	**234,987**	**260,637**	**144,895**	**640,519**
At 31 December 2019	337,024	319,737	127,838	784,599

All property and equipment are located in United Arab Emirates.

9 INTANGIBLE ASSETS

	AED
Cost:	
At 1 January 2019 and 31 December 2019	424,088
Additions	15,625
At 31 December 2020	**439,713**
Accumulated amortisation	
At 1 January 2019	399,134
Charge for the year	10,331
At 31 December 2019	409,465
Charge for the year	10,537
At 31 December 2020	**420,002**
Carrying amounts	
At 31 December 2020	**19,711**
At 31 December 2019	14,623

Intangible assets mainly comprises of the computer software bought and used by the Group.

10 INVESTMENT PROPERTIES

	2020 ***AED***	*2019* *AED*
Balance at the beginning of the year	**262,100,625**	287,118,231
Additions during the year	**476,681**	434,485
Net decrease in fair value during the year	**(35,207,306)**	(25,452,091)
Balance at the end of the year	**227,370,000**	262,100,625
Capital work-in-progress	**938,968**	-
	228,308,968	262,100,625

The Group's investment properties consist of lands, commercial and residential properties in Sharjah, Ras Al Khaimah and Ajman, UAE. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Capital work-in-progress represents renovation work on one of investment properties which is expected to be completed during 2021.

As at 31 December 2020, the fair values of the properties are based on valuations performed by an independent valuer who is a specialist in valuing these types of investment properties.

The fair values have been determined by taking into consideration the Direct Comparison approach or Income Capitalisation approach. The Direct Comparison approach involves making adjustments to the sale price of comparable properties to account for differences in location, plot area and shape, potential built-up areas allowance, height allowance, date of sale, potential views and other characteristics. The Income Capitalisation approach involves capitalisation of net rental income, that is the income stream after deduction for the associated operating expenses of the property. The capitalisation rate adopted depends on the type of property, its location, its economic life and the quality, quantity and duration of the income stream.

10 INVESTMENT PROPERTIES (continued)

The capitalisation rate adopted is made by reference to the yield rates observed of similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

Accordingly, based on the above valuation, a loss of AED 35,207,306 (2019: valuation loss of AED 25,452,091) has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2020.

The Company's Board of Directors has reviewed the assumptions and methodologies used by the independent registered valuer, and in its opinion, these assumptions and valuation methodology are appropriate and prudent as at the reporting date.

Any significant movement in the assumptions used for the fair valuation of investment properties would result in significantly lower/higher fair values of those assets.

There has been no significant change to the valuation technique during the year.

At 31 December 2020 and 2019, the Group's investment properties are classified as Level 3 in the fair value hierarchy.

Details of the Group's investment properties and their fair values are as follows:

	2020 AED	*2019 AED*
Plots of land located in U.A.E.	**16,430,000**	17,900,625
Buildings located in U.A.E.	**211,878,968**	244,200,000
	228,308,968	262,100,625

11 INVESTMENTS

11.1 Investments carried at fair value through other comprehensive income (FVTOCI)

	2020 AED	*2019 AED*
Balance at the beginning of the year	**4,231,502**	7,077,530
Purchases made during the year	**269,635**	-
Sold during the year	**(267,035)**	(3,365,938)
Net (decrease)/increase in fair value	**(409,094)**	518,310
Change in foreign currencies exchange rate	**(16,888)**	1,600
At the end of the year	**3,808,120**	4,231,502

The category of investments in financial asset is as follows:

	2020 AED	*2019 AED*
Quoted equity instruments – at fair value	**3,808,120**	4,231,502

The geographical distribution of financial asset is as follows:

	2020 AED	*2019 AED*
In Kuwait	**3,808,120**	4,231,502

11 INVESTMENTS (continued)

11.2 Investments carried at fair value through profit or loss (FVTPL)

	2020 ***AED***	*2019* *AED*
At the beginning of the year	**46,107,974**	64,765,954
Purchases made during the year	**39,041,582**	24,878,717
Sold during the year	**(28,492,785)**	(20,141,085)
Decrease in fair value	**(8,079,697)**	(23,398,814)
Change in foreign currencies exchange rate	**19,326**	3,202
At the end of the year	**48,596,400**	46,107,974

	2020 ***AED***	*2019* *AED*
Equity Quoted	**48,596,400**	45,197,775
Equity Unquoted	**-**	910,199
	48,596,400	46,107,974
In United Arab Emirates	**45,863,740**	42,893,691
In Kuwait	**2,732,660**	3,214,283
	48,596,400	46,107,974

11.3 Investments carried at amortised cost

	2020 ***AED***	*2019* *AED*
Sukuk bonds	**2,227,050**	-

Investments carried at amortised cost represents the Group's investment in Dubai Islamic Bank's TIER 1 SUKUK, with face value of AED 2,205,000 (USD 600,000) which carries interest of 4.625% per annum. The interest is payable semi-annually and redeemable period is 4.5 years. During the year ended 31 December 2020, the Group accrued interest amount to AED 13,965 (2019: Nil) on these Sukuk.

The geographical distribution of financial asset is as follows:

	2020 ***AED***	*2019* *AED*
In United Arab Emirates	**2,241,176**	-

12 TRADE AND OTHER RECEIVABLES

	2020	*2019*
	AED	*AED*
Trade receivables	**8,114,333**	8,112,043
Allowance for expected credit losses	**(5,493,591)**	(4,662,975)
	2,620,742	3,449,068
Prepayments	**377,301**	250,655
Other receivables	**3,991,899**	1,606,794
	6,989,942	5,306,517

The movement in allowance for expected credit losses is as follows:

	2020	*2019*
	AED	*AED*
Balance at the beginning of the year	**4,662,975**	5,498,923
Amount written off	**(267,642)**	(1,034,509)
Allowance for the year	**1,098,258**	198,561
Balance at the end of the year	**5,493,591**	4,662,975

The average credit period on rental income is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the allowance for expected credit losses for trade receivables at an amount equal to life time ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for expected credit losses based on past due status is not further distinguished between the Group's different customer base.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

13 CASH AND CASH EQUIVALENTS

	2020	*2019*
	AED	*AED*
Bank balances:		
Current accounts	**29,251,296**	34,817,671
Fixed deposits*	**115,000**	-
	29,366,296	34,817,671
Less: fixed deposits having maturity of more than 3 months	**(115,000)**	-
Cash and cash equivalents for the purpose of statement of cash flows	**29,251,296**	34,817,671
In U.A.E	**122,133**	31,117,246
In other GCC countries	**29,244,163**	3,700,425
	29,366,296	34,817,671

During the year, the Group earned finance income of AED 161 (2019: AED 271,981) from fixed deposits. Fixed deposit as of 31 December 2020 are held under lien for credit card facility granted by bank.

14 SHARE CAPITAL

	2020	*2019*
	AED	*AED*
Issued and fully paid:		
105 million (2019: 105 million) ordinary shares of AED 1 each	**105,000,000**	105,000,000

15 STATUTORY RESERVE

According to the Company's Articles of Association and the requirements of the UAE Federal Law No. (2) of 2015, 10% of the profit for each year is required to be transferred to the statutory reserve. The transfer to statutory reserve may be suspended when its balance reaches 50% of the paid-up share capital. The statutory reserve is not available for distribution except as stipulated by the Law. There were no transfers made during the years 2020 and 2019 as statutory reserve already reached 50% of the capital.

16 VOLUNTARY RESERVE

The Company in earlier years has transferred upto10% of the profits to voluntary reserve. There were no transfers to voluntary reserve during the years 2020 and 2019.

17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision for employees' end of service benefits was as follows:

	2020	*2019*
	AED	*AED*
Balance at the beginning of the year	**915,589**	963,362
Charged during the year	**172,768**	179,908
Paid during the year	**(174,364)**	(227,681)
Balance at the end of the year	**913,993**	915,589

18 UNDISTRIBUTED DIVIDENDS

	2020	*2019*
	AED	*AED*
Undistributed dividends	**68,138,687**	68,716,488

Undistributed profits include approximately AED 48.4 million payable to a former board member and his related parties based on investigations conducted by the Attorney General of Ras Al-Khaimah against the board member and related parties (the "defendants"). The Attorney General resolved to halt trading in shares owned by defendants, bar them from voting in the General Assembly and refrain them from dealing on their shares in any way till a final judgment is issued on the subject complaint. As a result of the above, The Company has withheld dividends payable to the defendants. The case was referred to the court and was sentenced on October 9, 2018, for the criminal case and was dismissed. The Attorney-General registered the case with a different case number and referred the matter to the Criminal Court for consideration. The Criminal Court issued a preliminary ruling in case No. 2787/2019, Ras Al Khaimah Criminal, on 26/6/2019 against the defendants for illegal acquisition of shares, noting that the number of shares in question is indefinite, and the financial benefits of that cannot be determined at this time.

As at December 31, 2020, the company's accounting books showed dividends of AED 48.4 million (December 31, 2019, about AED 48.4 million) payable to these defendants, which also included dividends announced for the year ended December 31, 2019 in the amount of AED 4,029,000 related to the defendant's shares.

19 TRADE AND OTHER PAYABLES

	2020 AED	*2019 AED*
Trade accounts payable	**549,026**	528,256
Contract liabilities - rent received in advance	**571,841**	2,284,567
Tenants' refundable deposits	**1,267,450**	1,475,686
Notes payable	**12,352**	14,782
Accrued expenses and other payables	**827,233**	1,066,421
	3,227,902	5,369,712

20 BASIC EARNINGS PER SHARE

	2020	*2019*
Loss for the year (AED)	**(30,339,191)**	(34,922,548)
Number of shares	**105,000,000**	105,000,000
Basic loss per share (AED)	**(0.29)**	(0.33)

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding at the end of the reporting year. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

21 CONTINGENCIES AND COMMITMENTS

Capital commitments
At 31 December 2020, the Group had capital commitments of AED 2,011,032 (2019: Nil) relating to capital work-in-progress on an investment property (Note 10).

Contingent liabilities
At 31 December 2020, the Group had no contingent liabilities (2019: Nil).

22 RELATED PARTIES TRANSACTIONS

Related parties represent 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.

Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2020 AED	*2019 AED*
Executive committee fees	**196,052**	167,102

Further, there were no Board of Director's remuneration paid during the year 2020 while AED 589,663 was paid during 2019.

22 RELATED PARTIES TRANSACTIONS (continued)

Compensation of key management personnel:
The remuneration of directors and other key members of management during the year was as follows:

	2020 ***AED***	*2019* *AED*
Short term benefits	**420,000**	561,935

23 FINANCIAL INSTRUMENTS

Financial assets of the Group include investments at FVTPL, investments at FVTOCI, trade and other receivables, and cash in hand and at bank. Financial liabilities of the Group include undistributed dividend, trade and other payables. Accounting policies of financial assets and financial liabilities are disclosed under note 3.

Categories of financial instruments

	2020 ***AED***	*2019* *AED*
Financial assets		
At amortised cost	**38,205,987**	39,873,533
At fair value	**52,404,520**	50,339,476
	90,610,507	90,213,009
Financial liabilities		
At amortised cost	**70,794,748**	71,801,633

24 FAIR VALUE

Management assessed that the fair values of cash and bank balances, trade receivables, trade payables and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of financial assets and liabilities:

- The fair values of the quoted equity investments are based on price quotations at the reporting date.
- The fair value of unquoted equity investments are based on last traded price in inactive market.
- There is an active market for the Company’s listed equity investments and quoted debt instruments.
- The fair values of investment property are based on direct comparison approach or income capitalisation approach.

The following table provides the fair value measurement hierarchy of the Group’s assets that are carried at fair value.

24 FAIR VALUE (continued)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial and non-financial instruments by valuation technique:

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

31 December 2020	***Level 1 AED***	***Level 2 AED***	***Level 3 AED***	***Total AED***
FVTPL				
Quoted equity instruments	**48,596,400**	**-**	**-**	**48,596,400**
FVTOCI				
Quoted equity instruments	**3,808,120**	**-**	**-**	**3,808,120**
Investment properties	**-**	**-**	**228,308,968**	**228,308,968**
	52,404,520	**-**	**228,308,968**	**280,713,488**

During the year, the quoted equity instrument which was valued at level 3 on 31 December 2019 (being suspended for trading) has been reclassified to level 1 since it started trading in active market. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

31 December 2019	*Level 1 AED*	*Level 2 AED*	*Level 3 AED*	*Total AED*
FVTPL				
Quoted equity instruments	45,197,775	-	-	45,197,775
Unquoted equity instruments	-	-	910,199	910,199
FVTOCI				
Quoted equity instruments	4,231,502	-	-	4,231,502
Investment properties	-	-	262,100,625	262,100,625
	49,429,277	-	263,010,824	312,440,101

There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

The movement in fair values of items categorised under level 3 represent changes in fair values except for additions of AED 1,415,649 (2019: AED 434,485) in investment properties.

25 SEGMENT REPORTING

The Group's activities comprise three main business segments: 1) real estate, 2) investments and 3) services. The details of segment revenue, result, assets and liabilities have been provided below:

	31 December 2020				
	Real estate AED	***Investments AED***	***Services AED***	***Elimination AED***	***Consolidated AED***
Rental revenue	**19,246,354**	**-**	**-**	**-**	**19,246,354**
Revenue from contract with customers	**-**	**-**	**18,834**	**-**	**18,834**
Dividend income	**-**	**1,239,882**	**-**	**-**	**1,239,882**
Net loss from investments carried at fair value through profit and loss	**-**	**(5,284,483)**	**-**	**-**	**(5,284,483)**
Finance income		**14,126**	**-**	**-**	**14,126**
Other income	**196,789**	**-**	**-**	**-**	**196,789**
	19,443,143	**(4,030,475)**	**18,834**	**-**	**15,431,502**
Cost of revenue	**(3,128,832)**	**-**	**-**	**-**	**(3,128,832)**
Loss on revaluation of investment properties	**(35,207,306)**	**-**	**-**	**-**	**(35,207,306)**
General and administrative expenses	**(6,957,233)**	**(275,368)**	**(140,674)**	**-**	**(7,373,275)**
Foreign exchange loss	**-**	**(61,280)**	**-**	**-**	**(61,280)**
	(45,293,371)	**(336,648)**	**(140,674)**	**-**	**(45,770,693)**
Segment loss	**(25,850,228)**	**(4,367,123)**	**(121,840)**	**-**	**(30,339,191)**
Total assets	**266,211,601**	**54,631,570**	**-**	**(886,165)**	**319,957,006**
Total liabilities	**72,280,582**	**886,165**	**-**	**(886,165)**	**72,280,582**

	31 December 2019				
	Real estate AED	*Investments AED*	*Services AED*	*Elimination AED*	*Consolidated AED*
Rental revenue	21,912,442	-	-	-	21,912,442
Revenue from contract with customers	-	-	1,877,239	(751,024)	1,126,215
Dividend income	-	1,152,383	-	-	1,152,383
Net loss from investments carried at fair value through profit and loss	-	(22,600,255)	-	-	(22,600,255)
Finance income	-	271,981	-	-	271,981
Other income	227,653	-	-	-	227,653
	22,140,095	(21,175,891)	1,877,239	(751,024)	2,090,419
Cost of revenue	(4,073,946)	-	(942,033)	751,024	(4,264,955)
Loss on revaluation of investment properties	(25,452,091)	-	-	-	(25,452,091)
General and administrative expenses	(6,036,354)	(252,217)	(940,399)	-	(7,228,970)
Foreign exchange loss	-	(66,951)	-	-	(66,951)
	(35,562,391)	(319,168)	(1,882,432)	751,024	(37,012,967)
Segment loss	(13,422,296)	(21,495,059)	(5,193)	-	(34,922,548)
Total assets	303,705,745	50,339,476	1,204,617	(1,886,327)	353,363,511
Total liabilities	74,919,175	-	1,968,941	(1,886,327)	75,001,789

26 RISK MANAGEMENT

The Group's principal financial liabilities comprise undistributed dividend, trade and other payables. The Group's principal financial assets include trade receivables and cash and bank balances that derive directly from its operations. The Group also holds investments in equity instruments. The Group's finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports. These risks include market risk (including currency risk, fair value risk and price risk), credit risk and liquidity risk.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include equity investments.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's is not exposed to the risk of changes in market interest rates as it does not carry any significant floating rate assets or liabilities.

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's investment activities.

There are no significant exchange rate risks as substantially all monetary assets and monetary liabilities of the Group are denominated in the local currencies of the countries where the Group operates.

Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Group has not hedged their foreign currency exposure.

Equity price risk
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVOCI at 31 December 2020, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	2020		*2019*	
Market index	***Change in market prices %***	***Effect on equity (fair value reserve) AED***	*Change in market prices %*	*Effect on equity (fair (value reserve) AED*
Boursa Kuwait	**+5%**	**190,406**	+5%	211,575
	- 5%	**(190,406)**	- 5%	(211,575)

26 RISK MANAGEMENT (continued)

Market risk (continued)

Equity price risk (continued)
The effect on consolidated income statement as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVTPL at 31 December 2020, due to reasonably possible changes in the prices of these quoted shares held by the Group, with all other variables held constant, is as follows:

	2020		*2019*	
Market index	***Change in market prices %***	***Effect on consolidated income statement AED***	*Change in market prices %*	*Effect on consolidated income statement AED*
Boursa Kuwait	**+5%**	**136,633**	+5%	115,204
	-5%	**(136,633)**	-5%	(115,204)
Abu Dhabi Securities Exchange	**+5%**	**2,258,434**	+5%	1,774,440
	-5%	**(2,258,434)**	-5%	(1,774,440)
Dubai Financial Market	**+5%**	**34,753**	+5%	370,245
	-5%	**(34,753)**	-5%	(370,245)

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including banks balances and other financial instruments.

Trade receivables
The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group obtains information about counterparties credit worthiness from publicly available financial information and its own trading records. The Group's exposure and the credit quality of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved periodically by the management.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the allowance for expected credit losses at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 12 includes further details on the allowance for expected credit losses for trade receivables.

31 December 2020			***Days past due***			
	30 days current AED	***31-365 days AED***	***1-2 years AED***	***2-3 years AED***	***>3 years AED***	***Total AED***
Expected credit loss rate	**3.60%**	**6.62%**	**80.00%**	**100.00%**	**100.00%**	**67.70%**
Estimated total gross carrying amount at default	**563,743**	**2,030,270**	**906,710**	**1,305,597**	**3,308,013**	**8,114,333**
Expected credit loss	**20,295**	**134,318**	**725,368**	**1,305,597**	**3,308,013**	**5,493,591**

26 RISK MANAGEMENT (continued)

Credit risk (continued)
Trade receivables (continued)

31 December 2019			*Days past due*			
	30 days current AED	*31-365 days AED*	*1-2 years AED*	*2-3 years AED*	*>3 years AED*	*Total AED*
Expected credit loss rate	2.27%	6.67%	70.00%	100.00%	100.00%	57.48%
Estimated total gross carrying amount at default	732,572	2,462,814	1,448,646	879,887	2,588,124	8,112,043
Expected credit loss	16,634	164,278	1,014,052	879,887	2,588,124	4,662,975

Financial instruments and bank balances
The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks.

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

The Group limits its liquidity risk by ensuring adequate internally generated cash loans and funds from shareholders are available.

The Group's terms of billings require amounts to be paid within 30 to 90 days of the date of billings.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2020, based on contractual payment dates.

31 December 2020

	Within one year AED	***After one year AED***	***Total AED***
Financial liabilities			
Undistributed dividends	**68,138,687**	**-**	**68,138,687**
Trade and other payables	**2,656,061**	**-**	**2,656,061**
	70,794,748	**-**	**70,794,748**

31 December 2019

	Within one year AED	*After one year AED*	*Total AED*
Financial liabilities			
Undistributed dividends	68,716,488	-	68,716,488
Trade and other payables	3,085,145	-	3,085,145
	71,801,633	-	71,801,633

27 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group entities will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debts and equity balance.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising share capital, reserves and retained earnings.

The Group reviews the capital structure on a semi-annual basis. As part of this review, the Group considers the cost of capital and the risks associated with capital. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective.

28 COVID-19

The Covid-19 outbreak was first reported near the end of 2019. Covid-19 has significantly impacted the world economy. Many countries have imposed travel bans on millions of people and additionally people in many locations are subject to quarantine measures. Businesses are dealing with lost revenue and disrupted supply chains. While some countries have started to ease the lockdown, the relaxation has been gradual and, as a result of the disruption to businesses, millions of workers have lost their jobs. The Covid-19 pandemic has also resulted in significant volatility in the financial and commodities markets worldwide. Numerous governments have announced measures to provide both financial and non-financial assistance to the affected entities.

Businesses, including those of the Group (e.g. demand and rentals for its properties and value of its investments), could be impacted by any continuing lock-down or government action as a response to COVID-19 developments.