ALPHA DHABI HOLDING PJSC

Reports and consolidated financial statements for the year ended 31 December 2022

ALPHA DHABI HOLDING PJSC

Reports and consolidated financial statements
for the year ended 31 December 2022

Directors' report
for the year ended 31 December 2022

The Directors have pleasure in submitting their report together with the audited consolidated financial statements of Alpha Dhabi Holding PJSC ("the Company") and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2022.

Principal activities

The Group is one of the fastest growing Abu Dhabi based investment holding conglomerates, with businesses spread across healthcare, real estate, construction, and hospitality, amongst others. The Group is a strategic contributor to the UAE economy and is committed to driving continuous growth for its stakeholders through investments in strong businesses, which support innovation and diversity.

Results and appropriation of profits

Revenue for the year was AED 40,050 million (2021: AED 18,669 million) and profit attributable to the Owners of the Company for the year was AED 7,342 million (2021: AED 3,182 million). The major movements in retained earnings for the year were:

	AED '000
At 1 January 2022	**3,964,433**
Profit for the year attributable to the Owners of the Company	**7,341,651**
Transfer to statutory reserve	**(367,083)**
Transfer to non-controlling interests on dilution of ownership	**(359,937)**
Transfer from non-controlling interests on dilution of ownership	**326,407**
Others	**(742,057)**
At 31 December 2022	**10,163,414**

Directors

The Directors of the Company are as follows:

Mr. Mohamed Thani Murshed Alrumaithi	Chairman
Mr. Syed Basar Shueb	Vice Chairman
Mr. Hamad Salem Alameri	Managing Director
Mr. Sultan Dahi Alhemeiri	Member
Ms. Sofia Lasky	Member

Release

The Directors release the management and the external auditor from any liability in connection with their duties for the year ended 31 December 2022.

Directors' report
for the year ended 31 December 2022 (continued)

Auditors

Deloitte and Touché (M.E.) have expressed their willingness to be re-appointed as external auditor of the Group for the year ending 31 December 2023.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 3 March 2023.

Acknowledgement

To the best of our knowledge, the financial information included in these consolidated financial statements presents fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of, and for, the years presented therein.

for and on behalf of the Board of Directors

Managing Director

Deloitte & Touche (M.E.)
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Abu Dhabi Global Market Square
Al Maryah Island
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Alpha Dhabi Holding PJSC ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2022, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were discussed 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. The key audit matters are stated below:

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC (continued)

Key audit matters (continued)

<table>
<tr><th>Revenue recognition</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
The Group recognised revenue of AED 40,050 million for the year ended 31 December 2022. Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations.
The Group's business involves entering into contractual relationships with customers to provide a range of services with a significant proportion of the Group's revenues and profits derived from long term contracts. Also, revenue is quantitatively significant to the consolidated financial statements and requires management to apply significant judgements and make significant estimates when determining the amount of revenue to be recognised.
The significant judgements applied and estimates made include determining the stage of completion, the timing of revenue recognition and the calculation of the percentage of completion in applying the Group's revenue recognition policies to long-term contracts entered into by the Group.
The nature of these judgements results in them being susceptible to management override and risk that revenue recognised is incorrect.
The Group's revenue recognition accounting policy is included in Note 2 to the consolidated financial statements. Critical accounting judgements and key sources of estimation uncertainty are disclosed in Note 4 and details of the amount of revenue recognised during the year are included in Note 32.
</td><td>
We performed the following procedures, inter alia, in respect of revenue recognition

We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
We assessed the key controls over revenue to determine if they had been designed and implemented appropriately and tested controls, for significant revenue streams and, where we planned to reply on controls, we determined if they were operating effectively;
We performed a range of audit procedures which included obtaining a sample of contracts, reviewing for variation orders, retrospectively reviewing estimated profit and costs to complete and enquiring of key personnel regarding potential contract losses;
For material contracts identified, we have reviewed the contract terms and verified assumptions made in determining the amount of revenue to be recognised, including consideration of discounts, performance penalties and other cost implications of the contract;
We performed analytical procedures by comparing the current year project margins for certain projects with their prior year margin. If we identified an unexpected margin, we carried out more focused testing on these contracts;
We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and is in accordance with the Group's accounting policy and the requirements of IFRSs;
We performed testing over manual journal entries posted to revenue to assist us in identifying unusual or irregular transactions; and
We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRSs.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC (continued)

Key audit matters (continued)

Recoverability and impairment of trade receivables and contract assets	How our audit addressed the key audit matters
At 31 December 2022, gross trade receivables and contract assets were AED 10,181 million and AED 7,268 million respectively against which expected credit loss ("ECL") allowances of AED 604 million and AED 82 million respectively were recorded. These assets represent 13% of the total assets presented in the consolidated financial statements and include trade receivable balances of AED 2,534 million which has been outstanding for more than 120 days. Further, contract assets include balances of AED 621 million relating to unsigned or verbal contracts. The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied the simplified approach for measurement of ECL allowances for trade receivables and contract assets. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade collections experience. The directors exercise significant judgement when determining both when and how much to record as the ECL allowance. Because of the significance of these judgements and the size of trade receivables and contract assets, the audit of the allowance for ECL is a key area of focus. We have considered the above matter as a Key Audit Matter due to the identification of significant delays in the collection of receivables which results in the application of significant auditor judgement regarding the accounting estimates made by management in determining the ECL allowance. The Group disclosures are included in Notes 2 and 4 of consolidated financial statements which outline the accounting policy and critical estimates made and judgements applied for determining the allowance for ECL.	We performed the following procedures in relation to the allowance for expected credit loss: • We obtained an understanding of the process and identified the relevant controls over the measurement and determination of the allowance for ECL; • We assessed the design of these controls and determined if they had been implemented appropriately; • We compared the ECL model developed by management against the requirements of IFRS 9 and reviewed the methodology against accepted best practice; • We tested the arithmetical accuracy of the model; • We performed procedures on individually significant projects, such as substantiating transactions with underlying documents, including contracts and third-party correspondence, final settlement agreements, requests submitted for extension of time, to obtain evidence for the accuracy and valuation of the recorded receivables. • We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward-looking factors to reflect the impact of future events on expected credit losses; • We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC (continued)

Key audit matters (continued)

<table>
<tr><th>Business acquisitions and purchase price allocation</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>
During the year, the Group gained control over Aldar Properties PJSC ('Aldar'). This has been treated as a step acquisition in accordance with the requirements of IFRS 3 Business Combinations. Consequently, the investment in Aldar was measured at fair value at the date of derecognition as an associate, with the difference between the fair value and the previous carrying amount of AED 2,621 million being recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value was determined with reference to quoted market prices as Aldar is a listed entity. This investment has now been consolidated as a subsidiary. Refer to Note 42 in the consolidated financial statements for more details relating to this matter.
An independent external valuation specialist ("valuer") was engaged by the Group to perform the purchase price allocation exercise which required them to determine the fair value of assets acquired and liabilities assumed. This included identifying and determining the fair value of any assets and liabilities that were not recorded in the accounting records of the acquirees.
Based on the purchase price allocation for the Aldar acquisition, the Group recognised goodwill of AED 2,177 million and intangible assets of AED 2,022 million comprising a brand, customer relationships and contracts of AED 1,732 million, AED 359 million and AED 176 million respectively and intangible write off of AED 245 million. In addition, the tangible assets of Aldar were increased by AED 4,359 million and fair value of liabilities were reduced by AED 60 million.
We have identified the acquisition of Aldar, as a key audit matter due to the size of the transaction and the following significant judgements applied and estimates made by management:

allocation of purchase price to the identifiable assets acquired and liabilities assumed;
fair valuation of the assets acquired including the valuation of intangible assets and goodwill; and
adjustments made to align accounting policies of the newly acquired assets with those of the Group.

The key judgements and estimates involved are described in more detail in Note 4 to the consolidated financial statements.
</td><td>
We performed the following procedures in relation to the business acquisitions and purchase price allocation;

We assessed the design and implementation of controls over the accounting of the transactions and the determination of the fair values of assets acquired and liabilities assumed;
We assessed whether management's assumptions in relation to the accounting for the transactions are in accordance with the requirements of IFRS 3;
We recalculated the fair value of the investment in Aldar prior to derecognition and determined that the resultant gain had been correctly calculated.
We agreed the fair values of the assets and liabilities determined by management to the amounts presented in the consolidated financial statements;
As part of our audit procedures in respect of the purchase price allocation, we have:

assessed the completeness and accuracy of the assets acquired and liabilities assumed in the purchase price allocation;
evaluated, with involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets;
assessed, with involvement of our internal experts, the fair values of a sample of the assets acquired and liabilities assumed;
analysed the fair value adjustments recognised by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS 3;
assessed, with involvement of our internal experts, the goodwill and intangible assets recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS 3;
assessed the skills, competence, objectivity and independence of the valuers engaged by the Group to perform the purchase price allocation exercise; and
reviewed the terms of engagement between the valuers and the Group to determine if the scope of their work was sufficient for audit purposes.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC (continued)

Key audit matters (continued)

Business acquisitions and purchase price allocation (continued)	**How our audit addressed the key audit matters**
	• We assessed the disclosures made in the consolidated financial statements in this area against the requirements of IFRSs.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report, and the Group Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we will read the Group's Annual Report, if we conclude that there is material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exits in terms of the auditing standards, which must be reported.

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

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

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with ISAs, we exercise professional 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- 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; and
- 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 the 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.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALPHA DHABI HOLDING PJSC (continued)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements of the Group have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of accounts;
- The financial information included in the Directors' report is consistent with the Group's books of account;
- Note 2, 10 and 12 to the consolidated financial statements discloses the purchases and investments in shares made by the Group during the financial year ended 31 December 2022;
- Note 18 to the consolidated financial statements of the Group discloses material related party balances, transactions and the terms under which they were conducted;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2022; and
- Note 34 reflects the disclosure related to social contributions made during the year.

Deloitte and Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
3 March 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2022

	Notes	2022 AED '000	2021 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	**5**	**14,342,991**	6,365,210
Intangible assets	**6**	**5,519,512**	1,211,193
Goodwill	**7**	**4,007,444**	451,672
Biological assets		**27,008**	25,273
Investment properties	**8**	**23,062,483**	434,713
Right-of-use assets	**9**	**2,429,330**	588,642
Investment in associates and joint ventures	**10**	**4,714,276**	11,688,648
Investment in financial assets	**12**	**1,209,831**	1,650
Contract assets	**13**	**-**	687,978
Trade and other receivables	**15**	**832,929**	52,713
Total non-current assets		**56,145,804**	21,507,692
Current assets			
Investment in financial assets	**12**	**5,384,806**	1,000,424
Contract assets	**13**	**7,186,319**	5,055,762
Trade and other receivables	**15**	**20,667,141**	6,717,679
Inventories	**16**	**10,377,725**	697,981
Development work-in-progress	**17**	**4,139,938**	147,012
Due from related parties	**18**	**1,639,393**	1,326,790
Cash and bank balances	**19**	**25,488,098**	7,755,403
Total current assets		**74,883,420**	22,701,051
Assets of group held-for-sale	**38**	**-**	3,138,608
		74,883,420	25,839,659
Total assets		**131,029,224**	47,347,351
EQUITY AND LIABILITIES			
Equity			
Share capital	**20**	**10,000,000**	10,000,000
Statutory reserve	**21**	**685,408**	318,325
Merger reserve	**22**	**11,539,393**	8,723,368
Other reserves	**23**	**(493,604)**	10,880
Retained earnings		**10,163,414**	3,964,433
Equity attributable to the Owners of the Company		**31,894,611**	23,017,006
Hybrid equity instruments	**24**	**1,815,646**	-
Non-controlling interests		**36,328,703**	2,954,575
Total equity		**70,038,960**	25,971,581

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

Consolidated statement of financial position as at 31 December 2022 (continued)

	Notes	2022 AED '000	2021 AED '000
Non-current liabilities			
Lease liabilities	9	**2,365,898**	545,581
Provision for employees' end of service benefits	26	**2,542,495**	658,645
Bank borrowings	27	**13,210,294**	4,277,302
Non-convertible sukuk	28	**3,644,812**	-
Trade and other payables	31	**1,698,307**	58,552
Total non-current liabilities		**23,461,806**	5,540,080
Current liabilities			
Lease liabilities	9	**141,989**	41,858
Due to related parties	18	**2,019,205**	749,811
Bank borrowings	27	**1,305,266**	1,306,425
Non-convertible sukuk	28	**37,104**	-
Contract liabilities	30	**9,940,067**	1,634,318
Trade and other payables	31	**24,084,827**	9,914,951
Total current liabilities		**37,528,458**	13,647,363
Liabilities of group held-for-sale	38	-	2,188,327
		37,528,458	15,835,690
Total liabilities		**60,990,264**	21,375,770
Total equity and liabilities		**131,029,224**	47,347,351

Group Chief Financial Officer **Managing Director** **Chairman**

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

Consolidated statement of profit or loss
for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Revenue	**32**	**40,049,989**	18,669,200
Direct costs	**33**	**(30,312,280)**	(13,047,877)
Gross profit		**9,737,709**	5,621,323
General, administrative and selling expenses	**34**	**(4,844,375)**	(986,478)
Share of results of associates and joint ventures	**10**	**(357,555)**	9,300
Impairment of financial and other assets		**(372,100)**	(408,169)
Other income	**35**	**1,139,869**	1,022,561
Income from government grants	**36**	**1,423,331**	-
Gain on bargain purchase of subsidiaries	**42**	**416,372**	-
Gain on derecognition and partial disposal of investment in associates	**10**	**3,879,900**	-
Finance costs, net	**37**	**(347,245)**	(85,082)
Profit before tax		**10,675,906**	5,173,455
Income tax	**14**	**(68,532)**	(6,086)
Profit for the year		**10,607,374**	5,167,369
Profit for the year attributable to:			
Owners of the Company		**7,341,651**	3,181,752
Non-controlling interests		**3,265,723**	1,985,617
		10,607,374	5,167,369
Basic and diluted earnings per share (AED)	**39**	**0.73**	0.45

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

Consolidated statement of comprehensive income
for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Profit for the year		**10,607,374**	5,167,369
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on debt instruments measured at FVTOCI		**(20,243)**	(3,931)
Fair value gain arising on hedging instruments		**120,226**	5,523
Exchange differences arising on translation of foreign operations		**(830,744)**	9,936
Share of other comprehensive loss of associates and joint ventures	**10**	**(21,323)**	**-**
Net gains on debt instruments, hedging instruments and translation of foreign operations reclassified to profit or loss		**18,053**	**-**
Items that will not be reclassified subsequently to profit or loss:			
Fair value (loss) / gain on investments in equity instruments designated as FVTOCI		**(75,784)**	354,965
Remeasurement loss on defined benefit plans	**26**	**(35,748)**	**-**
Share of other comprehensive loss of associates and joint ventures	**10**	**(3,256)**	**-**
Total other comprehensive (loss) / income		**(848,819)**	366,493
Total comprehensive income for the year		**9,758,555**	5,533,862
Total comprehensive income for the year attributable to:			
Owners of the Company		**6,826,838**	3,525,239
Non-controlling interests		**2,931,717**	2,008,623
		9,758,555	5,533,862

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

Consolidated statement of changes in equity for the year ended 31 December 2022

	Attributable to the Owners of the Group								
	Share capital AED '000	**Statutory reserve AED '000**	**Merger reserve AED '000**	**Other reserves AED '000**	**Retained earnings AED '000**	**Total AED '000**	**Hybrid equity instruments AED '000**	**Non-controlling interests AED '000**	**Total equity AED '000**
Balance at 1 January 2021	300	150	214,335	72,379	727,819	1,014,983	-	30,477	1,045,460
Profit for the year	-	-	-	-	3,181,752	3,181,752	-	1,985,617	5,167,369
Other comprehensive income for the year	-	-	-	343,487	-	343,487	-	23,006	366,493
Total comprehensive income for the year	-	-	-	343,487	3,181,752	3,525,239	-	2,008,623	5,533,862
Equity arising from business combinations under common control (Note 41)	-	-	17,183,306	-	-	17,183,306	-	2,639,770	19,823,076
Acquisition of non-controlling interests (Note 43)	-	-	452,087	-	1,345	453,432	-	(452,468)	964
Increase in share capital (Note 20)	9,999,700	-	(9,966,406)	-	(33,294)	-	-	-	-
Non-controlling interests arising from business combinations under common control (Note 41)	-	-	-	-	-	-	-	212,525	212,525
Transfer of fair value reserve of equity instruments designated at FVTOCI	-	-	-	(332,607)	332,607	-	-	-	-
Dividend	-	-	-	-		-	-	(1,957,772)	(1,957,772)
Transfer to statutory reserve	-	318,175	-	(72,379)	(245,796)	-	-	-	-
Non-controlling interests arising on incorporation of a subsidiary	-	-	-	-	-	-	-	59	59
Payment to non-controlling interests towards contributed capital	-	-	-	-	-	-	-	(20,000)	(20,000)
Contribution in kind from a shareholder (Note 42)	-	-	840,046	-	-	840,046	-	493,361	1,333,407
Balance at 31 December 2021	10,000,000	318,325	8,723,368	10,880	3,964,433	23,017,006	-	2,954,575	25,971,581

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

Consolidated statement of changes in equity
for the year ended 31 December 2022 (continued)

	Attributable to the Owners of the Group								
	Share capital AED '000	Statutory reserve AED '000	Merger reserve AED '000	Other reserves AED '000	Retained earnings AED '000	Total AED '000	Hybrid equity instruments AED '000	Non-controlling interests AED '000	Total equity AED '000
Balance at 1 January 2022	10,000,000	318,325	8,723,368	10,880	3,964,433	23,017,006	-	2,954,575	25,971,581
Profit for the year	-	-	-	-	7,341,651	7,341,651	-	3,265,723	10,607,374
Other comprehensive loss for the year	-	-	-	(500,890)	(13,923)	(514,813)	-	(334,006)	(848,819)
Total comprehensive (loss) / income for the year	-	-	-	(500,890)	7,327,728	6,826,838	-	2,931,717	9,758,555
Equity arising from business combinations under common control (Note 41)	-	-	741,360	-	-	741,360	-	305,345	1,046,705
Acquisition of assets from entities under common control (Note 22)	-	-	754,820	-	-	754,820	-	-	754,820
Non-controlling interests arising from business combinations under common control (Note 41)	-	-	-	-	-	-	-	70,360	70,360
Non-controlling interests arising from acquisition of subsidiaries (Note 42)	-	-	-	-	-	-	-	23,934,613	23,934,613
Non-controlling interests arising from acquisition of assets	-	-	-	-	-	-	-	192,600	192,600
Hybrid equity instruments arising on acquisition of a subsidiary (Note 24)	-	-	-	-	-	-	1,126,639	-	1,126,639
Hybrid equity instruments issued during the year (Note 24)	-	-	-	-	-	-	689,007	-	689,007
Coupon paid on hybrid equity instrument (Note 24)	-	-	-	-	(51,645)	(51,645)	-	-	(51,645)
Transfer to non-controlling interests on dilution of ownership (Note 43)	-	-	(1,120,678)	-	(359,937)	(1,480,615)	-	1,480,615	-
Proceeds from disposal to non-controlling interests in subsidiaries (Note 43)	-	-	-	-	(46,371)	(46,371)	-	3,309,736	3,263,365
Contribution in kind from a shareholder (Note 42)	-	-	2,440,523	-	-	2,440,523	-	3,825,105	6,265,628
Transfer from non-controlling interests on dilution of ownership (Note 43)	-	-	-	-	326,407	326,407	-	(326,407)	-
Acquisition of non-controlling interests (Note 43)	-	-	-	-	(633,712)	(633,712)	-	(166,288)	(800,000)
Dividend	-	-	-	-	-	-	-	(1,947,127)	(1,947,127)
Transfer to statutory reserve	-	367,083	-	-	(367,083)	-	-	-	-
Movement in non-controlling interests on disposal of subsidiaries (Note 38)	-	-	-	-	-	-	-	(216,433)	(216,433)
Payment to non-controlling interests towards contributed capital	-	-	-	-	-	-	-	(20,000)	(20,000)
Transfer of fair value reserve of equity instruments designated at FVOCI				(3,594)	3,594	-	-	-	-
Non-controlling interests arising from formation of a subsidiary	-	-	-	-	-	-	-	292	292
Balance at 31 December 2022	**10,000,000**	**685,408**	**11,539,393**	**(493,604)**	**10,163,414**	**31,894,611**	**1,815,646**	**36,328,703**	**70,038,960**

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

Consolidated statement of cash flows
for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Cash flows from operating activities			
Profit before tax		**10,675,906**	5,173,455
Adjustment for non-cash charges:			
Depreciation of property, plant and equipment	**5**	**1,157,860**	512,019
Amortisation of intangible assets	**6**	**236,986**	93,263
Depreciation of right-of-use assets	**9**	**128,892**	31,625
Depreciation of investment properties	**8**	**488,103**	10,217
Provision for employees' end of service benefits	**26**	**256,167**	122,876
Re-measurement of biological assets		**(1,153)**	(5,314)
Share of results of associates and joint ventures	**10**	**357,555**	(9,300)
Gain on disposal of associates	**10**	**(3,879,900)**	-
Interest expense on lease liabilities	**37**	**61,172**	15,760
Gain on disposal of property, plant and equipment		**(272,018)**	(1,531)
(Gain) / loss on lease modifications and cancellations	**9**	**(3,341)**	2,446
Net changes in fair value of derivative financial instruments		**(23,150)**	(4,611)
Net changes in fair value of financial investments		**198,105**	(232,042)
Gain on disposal of investment properties		**(22,252)**	-
Finance income	**37**	**(236,553)**	(23,277)
Finance costs	**37**	**522,626**	101,597
Impairment of property, plant and equipment	**5**	**(299,935)**	32,021
Impairment of intangible assets	**6**	**569**	-
Impairment of development work-in-progress	**17**	**73,333**	-
Impairment of associates and joint ventures	**10**	**135,729**	-
Impairment of right-of-use-assets and investment properties		**-**	4,148
Gain on bargain purchase of subsidiaries	**42**	**(416,372)**	-
Fair value gain arising on re-measurement of an associate	**10**	**(116,430)**	-
Dividend income		**(324,775)**	-
Write off of property, plant and equipment	**5**	**23,432**	-
Goodwill impairment	**7**	**265**	-
Intangible assets written-off	**6**	**6,441**	-
Development work-in-progress written-off	**17**	**37,714**	-
Land-held-for-sale written-off		**71,191**	-
Provision for slow moving and obsolete inventories	**16**	**6,168**	2,902
Amortisation of borrowing costs		**(4,868)**	799
Gain on disposal of subsidiaries	**38**	**(107,449)**	-
Other gains		**(32,998)**	6,658
Impairment loss on financial assets		**372,170**	470,895
Operating cashflows before movement in working capital		**9,069,190**	6,304,606

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

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Notes	2022 AED '000	2021 AED '000
Movement in working capital			
Inventories		**847,803**	(11,413)
Trade and other receivables		**3,333,442**	3,410,932
Contract assets		**(803,112)**	(283,078)
Due from related parties		**(372,911)**	100,190
Islamic financing assets		**-**	(606,342)
Development work-in-progress		**(617,502)**	(252)
Contract liabilities		**5,984,169**	585,416
Trade and other payables		**(4,687,639)**	399,640
Due to related parties		**929,160**	(1,678,674)
Deferred tax		**(38,378)**	(3,492)
Margins against letters of guarantee		**-**	(257,941)
Cash generated from operating activities		**13,644,222**	7,959,592
Employees' end of service benefits paid	**26**	**(171,561)**	(129,673)
Income tax paid		**(110,029)**	(15,439)
Net cash generated from operating activities		**13,362,632**	7,814,480
Cash flows from investing activities			
Purchases of property, plant and equipment	**5**	**(3,299,894)**	(410,321)
Cash acquired on business combinations		**12,541,920**	1,732,524
Disposal of property, plant and equipment		**321,281**	14,376
Purchases of investment properties		**(4,904,358)**	-
Disposal of investment properties		**176,744**	-
Disposal of investments in financial assets		**400,836**	104,948
Purchases of intangible assets	**6**	**(70,900)**	(3,465)
Purchases of biological assets		**(582)**	(114)
Dividend income received		**329,099**	2,455
Purchases of investments in associates and joint ventures		**(1,647,964)**	(248,211)
Disposal of investments in associates and joint ventures		**41,314**	18,800
Purchases of investments in financial assets	**12**	**(5,644,276)**	(324,174)
Net cash outflow on disposal of subsidiaries		**(139,303)**	-
Purchase of right-of-use assets		**-**	(1,943)
Deposit placed with banks		**(2,365,988)**	(211,460)
Net movement in restricted cash		**(5,502,339)**	(38,274)
Finance income received		**185,650**	23,017
Cash paid on acquisition of subsidiaries	**42**	**(542,645)**	(22,690)
Cash received on reduction of capital of associates	**10**	**32,000**	-
Net cash (used in) / generated from investing activities		**(10,089,405)**	635,468

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

Consolidated statement of cash flows
for the year ended 31 December 2022 (continued)

	Notes	2022 AED '000	2021 AED '000
Cash flows from financing activities			
Repayment of bank borrowings		**(5,774,151)**	(1,051,592)
Bank borrowings		**10,533,804**	850,076
Dividend paid to holders of non-controlling interests		**(1,645,877)**	(1,201,772)
Coupon paid on hybrid equity instruments		**(51,645)**	-
Issue of hybrid equity instruments	**24**	**689,007**	-
Repayment of loan to holders of non-controlling interests		**(20,000)**	1,023
Disposal of non-controlling interests in subsidiaries		**3,263,365**	-
Finance costs paid		**(402,254)**	(66,664)
Payment of lease liabilities	**9**	**(126,374)**	(39,053)
Repayment of contributed capital		**-**	(20,000)
Payment for derivative financial instruments		**(13,840)**	(16,925)
Net cash generated from / (used in) financing activities		**6,452,035**	(1,544,907)
Net increase in cash and cash equivalents		**9,725,262**	6,905,041
Effect of foreign exchange rate changes		**252,871**	9,936
Cash and cash equivalents at the beginning of the year		**6,967,049**	52,072
Cash and cash equivalents at the end of the year	**19**	**16,945,182**	6,967,049
Non-cash transactions:			
Net assets transferred under common control business combinations	**41**	**1,046,705**	19,823,076
Dividend declared to non-controlling interests		**87,511**	756,000
Consideration receivable on disposal of subsidiaries	**38**	**760,330**	**-**
Consideration payable on acquisition of controlling interest in a subsidiary	**43**	**800,000**	**-**
Contribution by a shareholder	**42**	**6,236,347**	1,333,407

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

1 General information

Alpha Dhabi Holding PJSC (the "Company") is a public joint stock company registered in the Emirate of Abu Dhabi, United Arab Emirates. Its parent company is International Holding Company PJSC. The Company's registered address is P.O. Box 111059, Abu Dhabi, United Arab Emirates and its ordinary shares are listed on the Abu Dhabi Securities Exchange.

The principal activities of the Company and its subsidiaries (together referred to as "the Group") carried out both in the UAE and abroad include:

- Medical services including management of hospitals, testing laboratories and medical clinics;
- Development, sale, investment, leasing, management and associated services for real estate;
- Engineering and construction contracting of buildings, infrastructure, earth and civil works;
- Engineering, procurement and dredging contracts and associated land reclamation works in the territorial waters of different countries;
- Oil and gas engineering, construction and operation management services;
- Tourism and hospitality-related investments, development and management;
- Industrial production-related investments, development and management;
- Forestry and natural vegetation management including farming, agricultural investments and management;
- Production and supply of ready-mix concrete;
- Investment in a diverse range of industries;
- Manufacturing, supply, installation and fabrication of aluminium and glass panels;
- Security services;
- Manufacturing of motor vehicles;
- Facilities management services;
- Renewable energy power plant installation and maintenance of energy equipment;
- Digital banking services; and
- Health insurance solutions.

2 Significant accounting policies

2.1 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of U.A.E. Federal Decree Law No. (32) of 2021.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company has applied the requirements of the New Companies Law during the year ended 31 December 2022.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Accounting convention

These consolidated financial statements have been prepared on the historical cost basis except for financial assets carried at fair value through other comprehensive income, fair value through profit and loss, derivative financial instruments and biological assets that have been measured at fair value at the end of each reporting period, as explained in the accounting polices given below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value (‘NRV’) in IAS 2 or value in use in IAS 36.

Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (AED) which is the functional and presentation currency of the Group and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved where the Company has:

- power over the investee;
- is exposed, or has rights, to variable returns from its involvement; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not it's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in consolidated statement of comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified consolidated statement of to profit or loss or transferred to another category of equity as specified / permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

These consolidated financial statements include the financial performance and position of the following subsidiaries, all of which are incorporated in the UAE:

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Alpha Dhabi Commercial Investment – Sole Proprietorship LLC	**100%**	100%	Investment holding
Alpha Dhabi Construction Holding LLC	**100%**	100%	Investment holding
Alpha Dhabi Health Holding LLC	**100%**	100%	Investment holding
Alpha Dhabi Hospitality Holding LLC	**100%**	100%	Investment holding
Alpha Dhabi Industries Holding LLC	**100%**	100%	Investment holding
Alpha Dhabi Partners Holding LLC	**100%**	100%	Investment holding
Alpha Dhabi Investment Management LLC	**100%**	-	Management services
Alpha Dhabi Energy Holding LLC	**100%**	-	Investment holding
Trojan Construction Group – Sole Proprietorship LLC	**100%**	100%	Investment holding
Murban Energy Limited	**100%**	100%	Investment holding
Mawarid Holding Investment LLC (“MHI”)	**90%**	70%	Investment holding
Aldar Properties PJSC (“Aldar”)	**32%**	-	Real estate and investment holding
Sogno Commercial Investment – Sole Proprietorship LLC	**100%**	100%	Investment holding

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
W A S Two Commercial Investment – Sole Proprietorship LLC	**100%**	100%	Investment holding
Sublime Commercial Investment – Sole Proprietorship LLC	**100%**	100%	Investment holding
Pure Health Holding LLC ("PHH")	**39%**	-	Health care investments
C D Properties - Sole Proprietorship LLC	**100%**	100%	Investment holding
Emirates Gateway Securities Services LLC	**95%**	95%	Security services
Sublime Two Investment Sole Proprietorship LLC	**100%**	100%	Investment holding
Sogno Two Sole Proprietorship LLC	**100%**	100%	Investment holding
Sogno Three Sole Proprietorship LLC	**100%**	100%	Investment holding
Trojan General Contracting LLC	**100%**	100%	Construction contracting
National Projects and Construction LLC	**100%**	100%	Infrastructure construction and related projects
Royal Advance Electromechanical LLC	**100%**	100%	Electromechanical services
Al Maha Modular Industries LLC	**100%**	100%	Pre-cast structure manufacturing
Hi-Tech Concrete Products LLC	**100%**	100%	Building of projects and general contracting
Reem Emirates Aluminum LLC	**100%**	100%	Manufacture and installation of aluminium and glass products
Phoenix Timber Factory LLC	**100%**	100%	Manufacture of timber products
Reem Ready Mix LLC	**60%**	60%	Concrete mixing and supply
Trojan Property Investments LLC	**100%**	100%	Real estate investments
7E - Sole Proprietorship LLC	**100%**	-	Building, project management, property management services, design services and security systems consultancy

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Etihad International Hospitality LLC – Sole Proprietorship LLC	**100%**	100%	Hospitality services, cleaning services, gas field facilities services and catering
Abu Dhabi United Hospitality – Sole Proprietorship LLC	**100%**	100%	Tourism investments, restaurants management and catering
St. Regis Saadiyat Island Resort – Abu Dhabi	**100%**	100%	Hotels and resort ownership
Al Wathba A Luxury Collection Desert Resort & Spa – Sole Proprietorship LLC	**100%**	100%	Hotel and resort ownership
Le Noir Cafe – Sole Proprietorship LLC	**100%**	100%	Catering, hospitality services and restaurants
Int'l Fresh Harvest Fruits and Vegetables Trading - Sole Proprietorship LLC	**100%**	100%	Trading of foodstuff
Barari Natural Resources LLC	**90%**	70%	Forest and park management, parks construction and maintenance
Barari Natural Resources LLC - Dubai Branch	**90%**	70%	Forest and park management, parks construction and maintenance
Telal Resort LLC	**90%**	70%	Management of resorts and operation of recreational preservations
Aqua Power Technology LLC	**90%**	70%	Trading in agricultural machinery and equipment
Campaign Facilities Management Services LLC	**90%**	70%	Facilities management
Dicon Investment LLC	**90%**	70%	Administrative and business services

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership 2022	Effective ownership 2021	Principal activities
Best Twasol Government Services LLC	**90%**	70%	Administrative and business services
Twasol Business Men Service LLC – Br Abu Dhabi	**90%**	70%	Administrative and business services
Twasol Business Men Service LLC – Dubai	**90%**	70%	Administrative and business services
Al Forsan Tadbeer Center LLC – Dubai	**90%**	70%	Administrative and business services
Al Forsan Tadbeer Center LLC – Abu Dhabi	**90%**	70%	Administrative and business services
Al Twasol Al Mutamiz Guidance LLC - Abu Dhabi	**90%**	70%	Administrative and business services
Al Tawasol Al Mutamiz Guidance LLC	**90%**	70%	Administrative and business services
Emirates Safety Laboratory LLC	**90%**	70%	Compliance certification for building construction products
Mawarid Al Mutahida Investment owned by Mawarid Holding Investment – Sole Proprietorship L.L.C.	**90%**	70%	Investment and management of tourist enterprises and agricultural enterprises.
Mawarid Hotels and hospitality LLC	**90%**	70%	Management of hotels, tourist resorts and hotel apartments
Mawarid Services Company LLC	**90%**	70%	Facilities management services, agricultural land cultivation, wholesale of plants and trees.
Al Ain Fodder Factory LLC	**90%**	-	Manufacture animal feed
Aldar Education - Sole Proprietorship LLC	**32%**	-	Education services
Aldar Hotels and Hospitality LLC	**32%**	-	Hospitality services
Aldar Marinas LLC	**32%**	-	Managing and operating marinas, sports clubs and marine machinery
Provis Real Estate Management - Sole Proprietorship LLC	**32%**	-	Management and leasing of real estate

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership 2022	Effective ownership 2021	Principal activities
Provis Real Estate Brokers LLC	**32%**	-	Real estate brokerage
Yas Links LLC	**32%**	-	Ownership and management of golf courses and golf clubs
Pivot Engineering & General Contracting Co. (WLL)	**21%**	-	Engineering and general construction works
Aldar Investment Properties LLC	**28%**	-	Real estate services and the operation of hotels
Aldar Investment Holding Restricted Limited ("AIHR")	**28%**	-	Special purpose vehicle, proprietary asset management company
Khidmah - Sole Proprietorship LLC	**32%**	-	Management and leasing of real estate
Saadiyat Accommodation Village LLC	**32%**	-	Accommodation services
Cloud Spaces - Sole Proprietorship LLC	**32%**	-	Real estate lease and management services
Eastern Mangroves Marina - Sole Proprietorship LLC	**32%**	-	Managing and operating marinas
Marsa Al Bateen - Sole Proprietorship LLC	**32%**	-	Managing and operating marinas
Advanced Real Estate Services - Sole Proprietorship LLC	**32%**	-	Real estate services
Aldar Investments Limited	**32%**	-	Investment holding
Pacific Owners Association Management Services LLC	**32%**	-	Management of owners' associations
Aldar Ventures International Holding RSC Limited	**32%**	-	Investment holding
Aldar Projects LLC	**32%**	-	Project management services
Tasareeh Engineer Services - Sole Proprietorship LLC	**32%**	-	Development consultancy
Aldar Investment Management Limited	**32%**	-	Assets management
Asteco Property Management LLC	**32%**	-	Property management services

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Aldar Logistics - Sole Proprietorship LLC	**32%**	-	Real estate lease and management services
The Gateway Engineering Services - Sole Proprietorship LLC	**32%**	-	Development consultancy
Al Seih Real Estate Management LLC	**29%**	-	Investment management and leasing of real estate.
Seih Sdeirah Real Estate LLC	**29%**	-	Property rental and management; real estate projects investment
Saadiyat Grove - Sole Proprietorship LLC	**32%**	-	Real estate development
Aldar Logistics Holding Limited	**32%**	-	Investment holding
Twafq Projects Development Property LLC	**22%**	-	Real estate lease and management services
Abu Dhabi Business Hub LLC - Sole Proprietorship L.L.C.	**22%**	-	Real estate lease and management services
Aldar Lifestyle - Sole Proprietorship LLC	**32%**	-	Hospitality services
Al Shohub Private School - Sole Proprietorship L.L.C.	**32%**	-	Educational services
Pactive Sustainable Solutions LLC	**32%**	-	Facilities management
Mace Macro Technical Services L.L.C.	**32%**	-	Facilities management
Spark Security Services – LLC	**32%**	-	Security services
Aldar Island Hotel - Sole Proprietorship L.L.C.	**32%**	-	Hospitality services
Double Tree by Hilton Resort & SPA Marjan Island LLC	**32%**	-	Hospitality services
Confluence Partners (HQ) RSC LTD	**32%**	-	Managing real estate
Aldar Hansel SPV Restricted SPV LTD (“AHSPV”)	**16%**	-	Real estate development
Saga International Owners Association Management Services LLC	**32%**	-	Property management services

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Saga OA DMCC	**32%**	-	Property management services
Al Maryah Property Holding Limited	**19%**	-	Real estate holding
Bab Resorts LLC	**32%**	-	Hospitality services
Enigma Commercial Investment - Sole Proprietorship LLC	**100%**	-	Investment holding
Pure Lab LLC	**39%**	63%	Healthcare services
One Health LLC	**39%**	63%	Healthcare services
The Medical Office Facilities Management LLC	**39%**	63%	Healthcare services
Rafed Healthcare Supplies L.L.C	**39%**	63%	Wholesale storage and supply of medical equipment and medication
Union 71 Medical Facilities Management LLC	**39%**	63%	Management of medical laboratories
Pure Health Medical Supplies LLC (“PHMS”)	**39%**	63%	Healthcare services
Tamouh Healthcare LLC	**39%**	-	Healthcare services
Yas Clinics Group Sole Proprietorship LLC	**39%**	-	Healthcare services
Abu Dhabi Stem Cells Center Sole Proprietorship LLC	**39%**	-	Healthcare research centers
National Health Insurance Company – PJSC (Daman)	**39%**	-	Health insurance provider
Abu Dhabi Health Services Company – PSC (SEHA)	**39%**	-	Healthcare services
The Life Corner LLC	**39%**	-	Pharmacy management services
Protect 7 Healthcare – Sole Proprietorship LLC	**39%**	-	Retail sale of medical equipment
Somerian Health LLC (formerly Medi Q Healthcare & Clinic LLC)	**31%**	-	Healthcare services
American Crescent Health Care Centre – Sole Proprietorship LLC	**31%**	-	Healthcare services

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Genqore Drug Store L.L.C	**28%**	-	Pharmaceutical products trading
Yas Clinic Al Mushrif – Sole Proprietorship LLC	**39%**	-	Operation and management of medical complex
Yas Clinic Center – Al Ain Sole Proprietorship LLC	**39%**	-	Operation and management of medical complex
Yas Clinic Khalifa City – Sole Proprietorship LLC	**39%**	-	General hospital, management of medical facilities, pharmacy and ambulance services.
Yas Clinic One Day Surgery – Sole Proprietorship LLC	**39%**	-	Healthcare services
Medlife – Sole Proprietorship LLC	**39%**	-	Management of medical facilities
AIC Medical Center Sole Proprietorship LLC	**39%**	-	Operation and management of medical complex
ALD Medical Clinic Sole Proprietorship LLC	**39%**	-	Supply of general medicine
AMH Medical Clinic – Sole Proprietorship LLC	**39%**	-	Supply of general medicine
CHC Medical Clinic – Sole Proprietorship LLC	**39%**	-	Supply of general medicine
HHC Medical Clinic – Sole Proprietorship LLC	**39%**	-	Supply of general medicine
ILLC Medical Clinic – Sole Proprietorship LLC	**39%**	-	Supply of general medicine
AMC Medical Clinic – Sole Proprietorship LLC	**39%**	-	Supply of general medicine
Sehaty Medical Center – Sole Proprietorship LLC	**39%**	-	Operation and management of medical complex
Golden Health Medical Mobile – Sole Proprietorship LLC	**39%**	-	Mobile medical services
Al Haneen Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
Good Care Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Healing Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
Med Care Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
YAS Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
YAS Pharmacy Ladies Club – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
Yas Clinic Hospital – Sole Proprietorship LLC	**39%**	-	Healthcare services
Yas City Pharmacy – Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
ADSCC Pharmacy Sole Proprietorship LLC	**39%**	-	Supply of pharmaceutical products
Independent Healthcare Information Technology Services L.L.C	**39%**	-	Information technology related services.
Plus International Medical Center – Sole Proprietorship L.L.C	**39%**	-	Natural and rehabilitation medical centre related services
National Marine Dredging Company PJSC (“NMDC”)	**68%**	68%	Engineering, procurement and construction contracting, dredging contracts and associated land reclamation works
National Petroleum Construction Company PJSC (“NPCC”)	**68%**	68%	Engineering, procurement and construction contracts
Emarat Europe Fast Building Technology System Factory LLC	**68%**	68%	Manufacturing and supply of precast concrete
ADEC Engineering Consultancy LLC	**68%**	68%	Civil, architectural, drilling and marine engineering consultancy services
Sandstorm Motor Vehicles Manufacturing LLC	**65%**	65%	Motor vehicles manufacturing
W Solar Investment LLC	**75%**	-	Renewable energy power plant installation and maintenance

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

These consolidated financial statements also include the financial performance and position of the following overseas subsidiaries:

Name of subsidiaries	Effective ownership		Place of incorporation	Principal activities
	2022	2021		
Branch of Trojan General Contacting LLC	**100%**	100%	Russia	Hospitality services
Churcill LLC	**100%**	100%	Russia	Hospitality services
Trojan Egypt Contracting	**100%**	100%	Egypt	Construction contracting
Hi-Tech Concrete Products LLC	**100%**	100%	Saudi Arabia	Construction contracting
Murban Investment Limited	**100%**	100%	British Virgin Islands	Investment holding
I&T Management Private Limited	**100%**	100%	Maldives	Tourist resort operation
Hill View (Seychelles) Limited	**100%**	100%	Seychelles	Hotel resort holding
Daman Healthcare Solutions GmbH	**39%**	**-**	Germany	Provision of services in international healthcare management.
Abu Dhabi Marine Dredging Co S.P.C.	**68%**	68%	Bahrain	Offshore reclamation, marine and excavation contracts
National Marine and Infrastructure India (Private) Limited	**68%**	68%	India	Dredging and associated land reclamation works, civil engineering, port contracting and marine construction
National Petroleum Construction Co. (Saudi) LTD.	**68%**	68%	Saudi Arabia	Engineering, construction and procurement
NPCC Engineering Limited	**68%**	68%	India	Engineering, construction and procurement
ANEWA Engineering Private Limited	**55%**	55%	India	Engineering, construction and procurement

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Place of incorporation	Principal activities
	2022	2021		
Aldar Sukuk (No. 1) Ltd.	**32%**	-	Cayman Island	Special purpose entity for sukuk issuance
Aldar Sukuk (No. 2) Ltd.	**32%**	-	Cayman Island	Special purpose entity for sukuk issuance
Aldar Sukuk (No. 3) Ltd.	**32%**	-	Cayman Island	Special purpose entity for sukuk issuance
Six October for Development and Investment Co. S.A.E. (SODIC)	**19%**	-	Egypt	Real estate development
Transcend Blocker LLC	**100%**	-	USA	Investment holding

The Group includes the follow dormant subsidiaries, which had no operations in the current or prior year:

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Trojan Development LLC	**100%**	100%	Real estate investment
Reem Emirates General Contracting LLC- Dubai	**100%**	100%	Real estate investment
Ersa General Contracting LLC	**100%**	100%	Building projects contracting
Hi-Tech Line Building Construction LLC	**100%**	100%	Building projects contracting
Hi-Tech Emirates for General Contracting LLC	**100%**	100%	Building projects contracting
Murban BVI Holding Inc. (BVI)	**100%**	100%	Investment holding company
Sitax Investment Ltd (BVI)	**100%**	100%	Investment holding company
Sitax Holding Ltd (BVI)	**100%**	100%	Investment holding company
M Commodities - Sole Proprietorship LLC	**100%**	100%	General commodity trading

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership **2022**	Effective ownership 2021	Principal activities
Lindere Villas (Seychelles) Limited	**100%**	100%	Investment holding company
Mawarid Centre for Research and Scientific Laboratories LLC	**90%**	70%	Environmental consultancy, studies and research
Mawarid International Development Company LLC	**90%**	70%	Real estate investment and management
Mawarid Nurseries LLC	**90%**	70%	Wholesale supply of plants
Mawarid Security Services LLC.	**90%**	70%	Public security guarding services
Gulf Fire Nanotechnology LLC	**90%**	70%	Firefighting and safety equipment trading
Mawarid International Investment LLC	**90%**	70%	Investment holding
Dicon Business LLC	**90%**	70%	Administrative services for businessmen
Dicon of Twafouq Services LLC	**90%**	70%	Operating Twafouq service centres
Khattar Restaurant & Café - Sole Proprietorship LLC	**90%**	70%	Tourism and restaurant services
Desert Gate Restaurant - Sole Proprietorship LLC	**90%**	70%	Tourism and restaurant services
Desertology Spa - Sole Proprietorship LLC	**90%**	70%	Relaxation and wellness centre
Desertology - Sole Proprietorship LLC	**90%**	70%	Women's wellness and health club
Barari International Limited Company	**90%**	70%	Land preparation, irrigation systems works and maintenance
Aafaq Enterprise LLC	**90%**	70%	Management services
Spark Security Services – Sole Proprietorship LLC	**32%**	-	Security services
Pure Investment LLC	**39%**	63%	Healthcare services
Pure Health Capital LLC	**39%**	63%	Healthcare services
Union Health Facilities Management LLC	**39%**	63%	Healthcare services
Dawak Healthcare Supplies LLC	**39%**	63%	Healthcare services
Telldoc Technology LLC	**39%**	63%	Healthcare services
Medclaim Billing Services LLC	**39%**	63%	Healthcare services

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Pure Health Facilities Management LLC	**39%**	63%	Healthcare services
Pure Care Facilities Management LLC	**39%**	63%	Healthcare services
Pure Health Investment – Sole Proprietorship L.L.C	**39%**	63%	Healthcare services
Society Travel L.L.C.	**39%**	-	Healthcare services
INOCHI Healthcare Sole Proprietorship LLC	**39%**	-	Healthcare services
Medi Q Healthcare LLC	**20%**	-	Healthcare services
Yas Clinic Saadiyat – Sole Proprietorship LLC	**39%**	-	Operation and management of medical complex
Yas Clinic Emirates – Sole Proprietorship LLC	**39%**	-	Healthcare services
Qemmat Al Shumookh Properties – Sole Proprietorship L.L.C	**39%**	-	Real estate investment
National Marine Dredging Company (Industrial)	**68%**	68%	Investment holding
NPCC Services Malaysia SDN	**68%**	68%	Engineering, procurement and construction
Abu Dhabi for Construction Projects	**68%**	68%	Engineering, procurement and construction

The Group has disposed the following companies during the year:

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Pure Capital Investments LLC	**-**	63%	Investment in commercial enterprises
Pure Health (FZE)	**-**	63%	Trading in pharmaceuticals and related products
Pure Health Medical Supplies (FZE)	**-**	63%	General trading including pharmaceuticals related products
Pure CS IT Infrastructure LLC	**-**	63%	IT Infrastructure
Pure Health Medical Billing Services LLC	**-**	63%	Medical billing services

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of subsidiaries	Effective ownership		Principal activities
	2022	2021	
Magenta International Investment LLC	-	56%	Holding company
Magenta Pharma Medical Holding LLC	-	56%	Trading of medical and surgical products
Magenta Investments LLC	-	56%	Healthcare enterprises and management
Magenta Medical Investments LLC	-	56%	Investment in healthcare enterprises development
Magenta Medical Requisites Trading LLC	-	56%	Trading of medical and surgical products
Two Five 55 Healthcare Investment LLC	-	63%	Investment in commercial healthcare enterprises
Aafaq Islamic Finance P.S.C.	-	56%	Islamic financing and investing activities
National Bank of Sudan	-	56%	Islamic financing and investing activities
Al Forsan Tadbeer Center L.L.C - Ajman	-	70%	Administrative and businessmen
Twasol Businessmen Service LLC – Ajman	-	63%	Administrative and businessmen
M H I Investment LLC	-	63%	Investment in commercial enterprises
Info Nine Smart Solutions LLC	-	63%	Designing computer systems and communication equipment

The following associates, joint ventures, and joint operations together with their ownership is detailed below, with their results reflected in these consolidated financial statements.

Name of associates	Percentage of ownership		Country of incorporation	Principal activities
	2022	2021		
Q Holding PJSC (“Q Holding”)	**20%**	25%	U.A.E.	Real estate and hospitality
Canal Sugar S.A.E. “Canal Sugar”	**33%**	33%	Egypt	Sugar farming and production

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

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of associates	Percentage of ownership		Country of incorporation	Principal activities
	2022	2021		
Response Plus Holding PrJSC ("RPM")	**36%**	36%	U.A.E.	Emergency healthcare services
Century Real Estate Management LLC	**13%**	13%	U.A.E.	Management of labour camps and accommodation
Abu Dhabi Mountain Gate Property Investment LLC (under liquidation)	**13%**	13%	U.A.E.	Real estate investment
Safeen Survey and Subsea Services LLC	**49%**	-	U.A.E.	Marine services related to oil industries
Al Jazira Technical Solutions and Consulting LLC	**35%**	35%	U.A.E.	Consulting in computer devices and equipment
Principia SAS	**33%**	33%	France	Engineering and consultancy
B G I for Commercial Investment LLC	**30%**	30%	Mozambique	Project management
Abu Dhabi Finance PJSC	**32%**	-	U.A.E.	Real estate finance company
Al Sdeirah Real Estate Investment LLC	**30%**	-	U.A.E.	Real estate investment
Iskandar Holdings Limited	**19%**	-	Cayman Islands	Real estate investment
Royal Gardens for Investment Property Co.	**20%**	-	Egypt	Real estate development
PAL 4 Solar Energy LLC ("PAL 4 Solar")	**20%**	-	U.A.E.	Maintenance of energy equipment
Gordon Technologies LLC ("Gordon")	**25%**	-	U.S.A.	Sale of directional drilling equipment, technology and services to oil and gas drilling industries.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of joint ventures	Percentage of ownership 2022	2021	Country of incorporation	Principal activities
China Railway Construction Corporation Abu Dhabi Branch (‘CRCC’) and National Projects Construction LLC (‘NPC’) Joint venture CRCC-NPC JV” (‘CRCC-NPC’)	**49%**	49%	U.A.E.	Construction project entity
The Challenge Egyptian Emirates Egypt Marine Dredging Company (“CEEMDC”)	**49%**	49%	Egypt	Construction project entity
Ssangyong Engineering and Construction Co Ltd and Trojan General Contracting Joint venture	**40%**	40%	U.A.E.	Construction project entity
Trojan General Contracting and Six Construct Limited – Guggenheim Museum	**50%**	50%	U.A.E.	Construction project entity
Trojan General Contracting and Six Construct Limited –Zayed National Museum	**50%**	50%	U.A.E.	Construction project entity
Royal House LLC	**50%**	-	U.A.E.	Hotel operating company
Al Raha International Integrated Facilities Management LLC (under liquidation)	**50%**	-	U.A.E.	Facilities management company
Galaxy Building Materials LLC (under liquidation)	**45%**	-	U.A.E.	Building materials supply
Palmyra SODIC Real Estate Development	**50%**	-	Syria	Real estate development
WIO Holding Restricted Limited (“WIO Holding”)	**51%**	-	U.A.E.	Investment holding
MICAD Credit JV RSC Ltd	**20%**	-	U.A.E.	Investment holding
Munich Health Daman Holding Limited (“Munich Health Daman”)	**49%**	-	U.A.E.	Healthcare services

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

Name of joint ventures	Percentage of ownership		Country of incorporation	Principal activities
	2022	2021		
MW Energy Limited ("MW Energy")	**50%**	-	U.A.E.	Renewable energy investment
Mawarid Desert Control L.L.C.	**50%**	-	U.A.E.	Land irrigation system installation and maintenance

Name of joint operations	Percentage of ownership		Principal activities
	2022	2021	
Technip – NPCC Satah Full Field	**50%**	50%	Construction project
NPCC – Technip UZ-750 (EPC-1)	**40%**	40%	Construction project
NPCC – Technip UL -2	**50%**	50%	Construction project
NPCC – Technip AGFA	**50%**	50%	Construction project
NPCC – Technip JV – US GAS CAP FEED	**50%**	50%	Construction project
NPC-ATC JV	**50%**	50%	Construction project
NPC-BCEG JV	**50%**	50%	Construction project

There are certain joint operations which are inoperative and have insignificant balances at year end.

2.2 Summary of significant accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in the consolidated statement of profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except:

- Deferred tax assets or liabilities in accordance with IAS 12;
- Assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 19;
- Liabilities or equity instruments related to share-based payment arrangements measured in accordance with IFRS 2; and
- Assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), then the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in the consolidated statement of profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of comprehensive income are reclassified to the consolidated statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Business combinations under common control

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that control is not transitory.

Transactions giving rise to transfer of interests in entities, which are under the common control of the Group are accounted for using the pooling of interest method at the date of transfer. Such transactions are presented without restatement of prior periods and are outside the scope of IFRS 3. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity at the transfer date. The components of equity of the acquired entities are added to the same components within Group equity, except those which are eliminated on consolidation. Any difference between the consideration paid and capital of the acquiree is recognised directly in merger reserve.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment is its purchase cost together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of the property, plant and equipment using the straight-line method over their estimated useful lives as follows:

	Years
Buildings and base facilities	5-47
Dredgers, machinery and equipment	1-30
Barges, support vessels and vehicles	1-40
Furniture, equipment and leasehold improvements	2-20

Land is not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Capital work-in-progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the asset including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for its intended use, the cost is transferred to the appropriate asset category and is depreciated in accordance with the Group's accounting policies.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised on a straight-line basis over the assets estimated useful lives as follows:

	Years
Software	3-10
Customer related intangibles	5-20
Trademarks	3-8
Brand	10

The estimated useful life and amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. Customer related intangibles include customer relationships and customer contracts.

Intangible assets with indefinite useful lives i.e., brand that are acquired separately are tested for impairment and carried at cost less accumulated impairment losses, if any.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date.

Subsequent to initial recognition, they are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected to arise. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in consolidated statement of profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Borrowing costs (continued)

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Biological assets

Biological assets are measured on initial recognition and at end of each reporting period at fair value less estimated costs to sell, unless at initial recognition that fair value cannot be measured reliably. In such cases, the entity measures the biological asset at historic cost less any accumulated depreciation and any accumulated impairment losses unless / until fair value becomes reliably measurable. The fair values are determined based on current market prices of similar type of assets. Costs to sell include commission to brokers and dealers.

A gain or loss on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of biological assets shall be included in the consolidated statement of profit or loss in the period in which it arises.

Goodwill

Goodwill is initially recognised and measured as mentioned in the business combination policy.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Investment properties

Investment property, which is property held to earn rental income and / or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs.

Depreciation is calculated using the straight-line method over their expected useful life which ranges from 15 to 47 years. The estimated useful life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The value right-of-use assets comprise the initial measurement of the corresponding lease liability, plus lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the asset. If a lease transfers ownership of the underlying asset or the cost of the asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation is charged so as to write off the cost of the assets using the straight-line method over their estimated useful lives or lease term, whichever is shorter, as follows:

	Years
Buildings	1-50
Land	1-65
Machinery	1-7

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Leases (continued)

Right-of-use assets (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses ("ECL") on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Impairment of non-financial assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its non-financial assets including property, plant and equipment, investment property, right-of-use assets and intangible assets to determine whether there is any indication that those non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease with any excess impairment loss recognised in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

In addition, the Group accounts for all amounts previously recognised in the consolidated statement of comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in the consolidated statement of comprehensive income by that associate or joint venture would be reclassified to the consolidated statement of profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated statement of profit or loss (as a reclassification adjustment) at that time.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, it reclassifies to the consolidated statement of profit or loss the proportion of gain or loss previously recognised in the consolidated statement of comprehensive income relating to that reduction in ownership, if that gain or loss would be reclassified to the consolidated statement of profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from it are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which forms part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operations; and
- its expenses, including its share of any expenses incurred jointly.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Interests in joint operations (continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the applicable IFRSs. When a Group entity transacts with a joint operation in which a group entity is a joint operator (such a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operations, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation it does not recognise its share of the gains or losses.

Insurance contracts

Classification
The Group issues contracts that transfer insurance risk.

Contracts under which the Group accepts significant insurance risk from another party *(the policy holder)* by agreeing to compensate the policyholder if a specified uncertain future event *(the insured event)* adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Group to pay significant additional benefits due to occurrence of the insured event as compared to non – occurrence. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Premium and unearned premium reserve
The contracts allow the Group's policy holders to obtain healthcare coverage and protect them against medical expenditures and related costs in accordance with an agreed medical plan. The healthcare coverage pays for medical and surgical expenses that are incurred by the insured customers. For all these insurance contracts, premiums are recognised as revenue *(earned premiums)* proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium reserve.

Claims
Claims and loss adjustment expenses are charged to the consolidated statement of profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties damaged by the policy holders. They include direct and indirect claims settlement costs i.e., unallocated loss adjustment expense (ULAE) and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group.

Taking into consideration the fact that significant time lags may exist between loss events and notification of the claims to the Group, incurred but not reported claims ("IBNR") are established on the basis of the Group's own estimates for claims that have already been incurred but not yet reported. These are guided by the principle of best estimate using actuarial methods. Such estimates are based upon both past experience and assessments of the future development.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Insurance contracts (continued)

The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (“IBNR”).

Reinsurance contracts
The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment at each consolidated statement of financial position date. A reinsurance asset is deemed impaired if there is an objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Impairment losses on reinsurance assets are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Liability adequacy test
Where necessary, a provision is made when the expected value of claims and administrative expenses attributable to the unexpired periods of policies in force at the consolidated statement of financial position date exceeds the unearned premiums provision in relation to such policies.

The assessment of whether a provision is necessary is made separately considering each category of business accounted for annually, on the basis of information available as at the consolidated statement of financial position date, taking into account related expenses and attributable future investment return. Any deficiency is immediately charged to the consolidated statement of profit or loss by establishing a provision for losses arising from the liability adequacy tests.

Deferred commission income and expense
At the end of each reporting period, commission income and expenses as well as other income and expenses related to underwriting activities are deferred to cover for unexpired risks. The reserves are calculated on a time-proportion basis over the effective period of the policy.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statement of profit or loss.

Financial assets

Purchases or sales of financial assets are recognised or derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

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

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

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

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(i) Amortised cost and effective interest method

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

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

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

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in the consolidated statement of profit or loss.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

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

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

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

(iii) Equity instruments designated as at FVTOCI

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

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

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

The Group designated all investments in equity instruments that are not held-for-trading as at FVTOCI on initial recognition. A financial asset is held-for-trading if either:

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held-for-trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above); and

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss includes any dividend or interest earned on the financial asset and is included in 'Dividend income'. Fair value is determined in the manner described in Note 45.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the consolidated statement of profit or loss in the foreign exchange gain;
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the consolidated statement of profit or loss in foreign exchange gain. As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investment revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in the consolidated statement of profit or loss as foreign exchange gain; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in the consolidated statement of comprehensive income in the investment revaluation reserve.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables, contract assets, and other financial assets as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets, and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

i) Significant increase in credit risk

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; and
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is past due for 365 days unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

iii) Credit-impaired financial assets

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

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

iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss.

v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

v) Measurement and recognition of ECL (continued)

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

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

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statement of profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the consolidated statement of profit or loss but is transferred to retained earnings.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held-for-trading if either:

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

A financial liability other than a financial liability held-for-trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in the consolidated statement of comprehensive income are not subsequently reclassified to the consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in the consolidated statement of profit or loss.

Fair value is determined in the manner described in Note 45.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Sukuk

Sukuks are stated at amortised cost using the effective profit rate method. The profit attributable to the sukuk is calculated by applying the prevailing market profit rate, at the time of issue, for similar sukuk instruments and any difference with the profit distributed is added to the carrying amount of the sukuk.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- The amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the consolidated statement of profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, exchange gains and losses are recognised in the consolidated statement of comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the consolidated statement of profit or loss for financial liabilities that are not part of a designated hedging relationship.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in the consolidated statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in the consolidated statement of comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Taxation (continued)

Value added tax (VAT)

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

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

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

Fair value measurement

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized 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; and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in Note 45.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and NRV. Cost comprises direct materials and, where applicable, direct labour costs, cost of land and related infrastructure costs with respect to plots land and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. NRV represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Development work-in-progress

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or NRV. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs. NRV is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

For single segment development projects, the Group allocates the cost of land in proportionate basis of the Gross Floor Area ("GFA") and for multi-segment development projects, the Group allocates the cost of land in proportionate basis of the residual value of each respective segment of the development project. The residual value of each segment is determined by the management of the Group using recognised valuation methods. These methods comprise the residual value method and the income capitalisation method. The residual value method requires the use of estimates such as future cash flows from assets (comprising of selling and leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

In respect of consideration for plots of land which is variable and dependent on actual returns from the development projects, the Group recognises amounts actually paid as part of development work in progress. The costs of the plots of land are subsequently either increased or decreased based on actual payments made and returns on the development projects in line with the arrangement with third parties.

Share-based payments

The Group makes cash-settled share-based payments to eligible employees, for which a liability is recognised for the services acquired. The liability is initially measured at fair value at the grant date and at each reporting date up to and including the settlement date. Changes in fair value, net of any changes in investments held, are recognised in the consolidated statement of profit or loss. The Group does not have any equity-settled share-based payments.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Discontinued operations and non-current assets held-for-sale

The Group classifies non-current assets and subsidiaries as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and subsidiaries classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held-for-sale.

Assets and liabilities classified as held-for-sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plan

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Employee benefits (continued)

Defined contribution plan (continued)

Monthly pension contributions are made in respect of other GCC National employees, who are covered by the Circular no. 3 of 2007 issued by the General Authority of Pension and Social Security. The contribution made by the Group is charged to the consolidated statement of profit or loss. The pension contribution is made according to the laws of the respective GCC nation.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine present value. Any unrecognised past service costs are deducted.

The calculation of defined benefit obligation is performed periodically by an actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the consolidated statement of profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in the consolidated statement of other comprehensive income and all expenses related to defined benefit plans within consolidated statement of profit or loss.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Government grants (continued)

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated statement of profit or loss in the period in which they become receivable. The benefit of a government loan at a concessional rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

Derivative financial instruments

The Group enters into derivative financial instruments to manage exposure to variable interest rate fluctuations. Further details of derivative financial instruments are disclosed in Note 29.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in consolidated statement of profit or loss depends on the nature of the hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the Group's financial position is disclosed in Note 29. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities

Hedge accounting

The Group designates derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Hedge accounting (continued)

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to the consolidated statement of profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to the consolidated statement of profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Provisions

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, 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 (when the effect of the 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.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date.

At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less cumulative amount of income recognised in accordance with IFRS 15.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties
Provisions for the expected cost of warranty obligations under the terms of the sale of goods are recognised at the date of sale of the relevant products, at the terms of the best estimate of the expenditure required to settle the Group's obligation.

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.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Current versus non-current classification

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

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months of 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.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months of 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. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 goods or services before transferring to the customer.

The Group recognises revenue from the following major sources:

- Rendering of services i.e., construction contracts, industrial service, laboratory and other services, insurance premium and income from education services, which is recognised over period of time, and
- Sale of goods i.e., laboratory and hospital management services, revenue from hotel operations and investment income which is recognised at point of time.

Revenue from construction, industrial and dredging contracts

The Group provides construction and dredging activities and associated land reclamation works to its customers. Such contracts are entered into before rendering of services begins. Under the terms of the contracts, the Group has enforceable right to payment for work done. Revenue is therefore recognised over time on a cost-to-cost method based the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15.

In case of contracts, where revenue is recognised on the basis of surveys of work performed, revenue is measured by applying contractual rates, or the minimum recoverable rates expected, to the actual quantities dredged or the related works performed. Revenue is adjusted subsequently based on final customer approval if rates approved are different from those originally used.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from construction, industrial and dredging contracts (continued)

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs should be recognised as an expense in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of contracts include all direct costs of labour, materials, depreciation of property, plant and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract.

Contract assets and liabilities

Amounts relating to contract assets are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Contract costs represents costs incurred on projects for which the Group is required to meet specific contractual obligations such as joint inspections, milestone completion and customer acceptance/handover, prior to billing the customer. Those obligations are expected to progressively be met over time, resulting in a winding down of the balance throughout the remaining contractual period.

The Group has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the consolidated financial statements. The Group classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Sale of properties and provision of services

Under the terms of certain contracts in the UAE, the Group is contractually restricted from redirecting sold properties to other customers and has an enforceable right to payment for work done. Therefore, revenue from construction of residential properties in the UAE is recognised over time on a percentage of completion method, i.e., based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

In respect of the Group’s contracts for development of certain residential properties in Egypt, the Group has assessed that transfer of control happens only at the time of handover of completed units to customers and accordingly the related revenue is recognised at that time.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Laboratory diagnostics distribution

The Group sells medical equipment and consumables to end-user laboratories across the UAE. Revenue is recognised when control of the goods has transferred, being when goods have been delivered to end-user laboratories location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Laboratory and hospital management services

The Group provides certain specialized services like laboratory management services, hospital management services, manpower supply and other maintenance and operational support services. Revenue from such services are recognised as a performance obligation satisfied at a point in time or over the contract period or period of service, as applicable in accordance with the requirements of IFRS 15.

Insurance contracts revenue and insurance commission income

Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability.

Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

Revenue from hotel operations

Hotel operations represents the sale of hotel rooms, food and beverages, catering and other ancillary services. These are invoiced upon provision of the service or delivery of goods. Revenue is stated net of allowances and rebates.

Management fee income

The Group manages construction of properties under long term contracts with customers, for which it earns a management fee. Such management fee income is recognised over time using the input method to recognise revenue upon the satisfaction of performance obligations. Where the outcome of a contract cannot be estimated reliably, revenue is recognised based on the consideration to which the Group expects to be contractually entitled based on its performance obligations completed up to the reporting date.

Service charges and expenses recoverable from tenants

For investment properties held primarily to earn rental income, the Group enters into lease agreements that fall within the scope of IFRS 16. Such lease agreements generally include common area services (security, maintenance, utilities, health and safety etc.) as well as management and customer care services. The Group has determined that these services constitute distinct non-lease components (distinct from the right-to-use the underlying asset) and are within the scope of IFRS 15.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Service charges and expenses recoverable from tenants (continued)

The consideration charged to tenants for these services are separately specified in the lease agreements and invoiced accordingly. The Group applies the time elapsed method to recognise revenue over time for such services. Income arising from cost recharged to tenants is recognised in the period in which the cost can be contractually recovered. The Group records revenue on a gross basis, being the principal controlling the services before transferring them to the customer.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease rental agreement. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Income from education services

Registration fee is recognised as income when it is received. Tuition fee income is recognised over the period of time over which tuition services are rendered. Tuition fees received in advance are recorded as deferred revenue.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

Foreign currencies

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

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences are recognised in consolidated statement of profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in consolidated statement of profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

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

3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to *IFRS 3 Business Combinations* for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to *IFRS 3* a requirement that, for obligations within the scope of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, an acquirer applies *IAS 37* to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of *IFRIC 21 Levies*, the acquirer applies *IFRIC 21* to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Group has adopted the amendments to *IAS 16 Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available-for-use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in the consolidated statement of profit or loss. The entity measures the cost of those items in accordance with IAS 2.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the consolidated statement of comprehensive income, the consolidated financial statements shall disclose the amounts of proceeds and costs included in the consolidated statement of profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the consolidated statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts— Cost of Fulfilling a Contract

The Group has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

3.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Group has adopted the amendments included in the *Annual Improvements to IFRS Accounting Standards 2018-2020* Cycle for the first time in the current year. The Annual Improvements include amendments to four standards. <u>*IFRS 1 First-time Adoption of International Financial Reporting Standards*</u> The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. <u>*IFRS 9 Financial Instruments*</u> The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. <u>*IFRS 16 Leases*</u> The amendment removes the illustration of the reimbursement of leasehold improvements. <u>*IAS 41 Agriculture*</u> The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of *IFRS 13 Fair Value Measurement* to use internally consistent cash flows and discount rates.
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

3.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- *IFRS 17 Insurance Contracts* **(effective from 1 January 2023)**;
- Amendments to *IFRS 10 Consolidated Financial Statements* and *IAS 28 Investments in Associates and Joint Ventures*: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture **(effective date not yet decided)**;
- Amendments to *IAS 1 Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current **(effective from 1 January 2023)**;
- Disclosure of *Accounting Policies* (Amendments to *IAS 1 Presentation of financial statements* and *IFRS Practice Statement 2*) **(effective from 1 January 2023)**;

3 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

- Definition of *Accounting Estimate*s (Amendments to *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)* **(effective from 1 January 2023**);
- *Deferred Tax related to Assets and Liabilities* arising from a Single Transaction (Amendments to *IAS 12 Income Taxes*) **(effective from 1 January 2023)**;
- *Extension of the Temporary Exemption* from Applying *IFRS 9 Financial Instruments* (Amendments to *IFRS 4*) **(effective from 1 January 2023)**;
- *Lease Liability in a Sale and Leaseback* (Amendments to *IFRS 16 Leases*) **(effective from 1 January 2024)**; and
- *Non-current Liabilities with Covenants* (Amendments to *IAS 1 Presentation of financial statements*) **(effective from 1 January 2024)**.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes *IFRS 4 Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to *IFRS 17* to address concerns and implementation challenges that were identified after *IFRS 17* was published. The amendments defer the date of initial application of *IFRS 17* (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying *IFRS 9* (Amendments to *IFRS 4*) that extends the fixed expiry date of the temporary exemption from applying *IFRS 9* in *IFRS 4* to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of *IFRS 17* and *IFRS 9*—Comparative Information (Amendment to *IFRS 17*) to address implementation challenges that were identified after *IFRS 17* was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The above stated new standards and amendments other than *IFRS 17* are not expected to have any significant impact on consolidated financial statements of the Group. The Group is in the process of assessing the impact of *IFRS 17*, if any on the consolidated financial statements.

3 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

3.2 New and revised IFRS in issue but not yet effective (continued)

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

4 Critical accounting judgments and key sources of estimation of uncertainty

While applying the accounting policies as stated in Note 2, the management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period that the revision is made, if the revision affects only that period, or in the period of the revision and future periods if it affects both current and future periods.

4.1 Critical judgment in applying accounting policies

The following critical judgments, apart from those involving estimations in Note 4.2 below, have been made in the process of applying the Group's accounting policies.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased since initial recognition. IFRS 9 does not define what constitutes an increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Classification of properties

In the process of classifying properties, the Group makes judgments. Judgment is needed to determine whether a property qualifies as an investment property, property plant and equipment and / or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of those asset categories. In making its judgment, the Group considers the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property at the reporting date.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.1 Critical judgment in applying accounting policies (continued)

Classification and measurement of financial assets (Business model assessment)

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (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 FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objectives 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 not, whether a prospective change to the classification of those assets is needed.

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15

Certain projects in the UAE or overseas, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Such unsigned verbal agreements may meet the definition of a 'contract with customer' under IFRS 15 on the basis of external legal opinions. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

Contract assets represent amounts relating to work performed which is yet to be billed to customers for signed and unsigned contracts. Judgement is applied to determine the amounts of revenue and contract assets recognised and recoverability related to unsigned contracts. These judgments are reviewed periodically, and adjustments are made accordingly any changes thereon may have an impact on the amount of revenue and contract assets recognized in these consolidated financial statements. Contract assets for unsigned contracts as at 31 December 2022 are AED 621 million (2021: AED 492 million).

The ultimate liability arising from claims made under insurance contracts

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date but not approved and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of claims incurred but not reported and claims reported but not approved (together referred to as "outstanding claims") is estimated by a related party and reviewed by an independent qualified consultant using the chain ladder actuarial techniques. The main assumption underlying those techniques are that the Group's past claims development experience which can be used to project future claims development and hence ultimate claims cost.

The carrying value at the reporting date of claims incurred but not reported and claims reported but not approved (net of related reinsurance receivable) is AED 1,019,789 thousand (2021: Nil).

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.1 Critical judgment in applying accounting policies (continued)

Determining the lease term

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

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

Joint arrangements

For assessing joint control, the Group considers the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group considers whether it has joint rights to the net assets of the arrangement, in which case these are treated as joint ventures, or rights to the assets and obligations for the liabilities relating to the arrangement, in which case these are treated as joint operations.

Hybrid equity instruments

Judgment is applied to determine whether a financial instrument, or its component parts, on initial recognition should be classified as a financial liability, a financial asset or an equity instrument in accordance with their respective definitions and the substance of the contractual arrangement based on guidance as set out in IAS 32. Based on the criteria, the Group concluded that certain hybrid equity instruments are a part of equity.

Control over Aldar Properties PJSC (“Aldar”)

Note 42 explains that the Group has attained control of Aldar through a business combination and classified it as a subsidiary of the Group, notwithstanding its ownership of less than half of the outstanding share capital. The Group determined that it controls Aldar based on the following criteria:

a) the Group has appointed four out of the total seven members of Aldar’s board (“Board”) with effect from 11 April 2022;
b) resolutions of the Board and therefore decisions, are issued based on a simple majority, thus giving the Group outright control over decision making by the Board;
c) in accordance with Aldar’s articles of association, the Board is fully empowered to manage and carry out all acts and transactions on behalf of the entity, including supervision of Aldar's business affairs, ensuring the effectiveness of governance, overseeing management, as well as appointing and removing Aldar’s senior management; and
d) the Group is the single largest shareholder of Aldar with almost 32% of the outstanding share capital.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.1 Critical judgment in applying accounting policies (continued)

Control over Aldar Properties PJSC ("Aldar") (continued)

In making this judgement, the Group considered the absolute size of its holding in Aldar, ability of other shareholders to limit its nominations to the Board, and the Group's majority representation on the Board. Therefore, based on the above factors, the Group has clearly established control over Aldar and accordingly its results have been included in these consolidated financial statements.

Assessment of significant influence over OCI Clean Fuel Limited ('OCI')

The Group holds only 11% in OCI but has right to appoint one out of seven directors to the board of directors of OCI. To assess whether or not the Group exercises significant influence over OCI, the Group considered the absolute size of the holding in OCI, business objectives and the ability of the Group's representative to exercise significant influence. Presently, the Group concluded its ability to exercise influence over the investee is not significant and accordingly is classified as an investment at fair value through other comprehensive income.

Principal versus agent consideration

The Group's performance obligation in one of the subsidiaries is to arrange for the provision of the specified goods or services on behalf of another party. The Group does not control the specified goods or services provided by another party until those goods or services are transferred to the party. When the Group satisfies a performance obligation, the Group recognises revenue to the extent of management fee in exchange for arranging for the specified goods or services. The Group's primary obligation is to arrange for development services for development projects, and accordingly, the Group acts as agent on those development projects since:

- the Group does not control the specified goods or services provided by other parties before the services are transferred to the customer;
- primary responsibility for the fulfilling the promise does not rest with the Group;
- the Group does not bear any inventory risk since the ownership of the infrastructure, as set out in the management contracts;
- the Group does not have the price risk on the development contracts; and
- customers retains the right to remove the Group as manager for the development projects based on its convenience without default from the Group.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are explained below:

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures a lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If not on initial recognition of the lease, the Group uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment.

Percentage-of-completion

The Group uses the input method to recognise revenue for the efforts or inputs towards satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring the costs incurred to date relative to the total expected costs to be incurred (forecast final costs).

At each reporting date, the Group is required to estimate the stage of completion and costs necessary to complete its construction contracts. These estimates require the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting outstanding contractual obligations to customers. Effects of any revision to these estimates are reflected when the estimates are revised. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, changes in labour and other costs, are included in the expected construction cost estimates.

Useful lives and residual values of property, plant and equipment and intangible assets

The estimated useful lives and residual values of property, plant and equipment and intangible assets are reviewed at the end of each annual reporting period. In 2021, the useful life of certain property, plant and equipment was changed from 5 years to 47 years. The change in accounting estimate has increased the profit of 2021 by AED 19,873 thousand.

Impairment of investment in associates

In testing for impairment, the Group evaluates the specific investee’s profitability, liquidity, solvency and ability to generate operating cash flows for the foreseeable future. Any shortfall between the estimated recoverable amount and the carrying value of investment is recognised as an expense in the consolidated statement of profit or loss.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group either engage third party qualified valuers to perform the valuation or use internal specialist to fair value the assets and liabilities.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes (continued)

The valuations of private equity investments, contingent consideration in business combinations and nonderivative financial assets held for trading are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in unobservable inputs are provided in Note 45.

Derivative financial instruments

The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Calculation of ECL

When measuring ECL the Group uses reasonable and supportable forward-looking information and estimates, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL and is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Estimation of NRV for inventories and development work-in-progress

Properties classified as development work-in-progress are stated at the lower of cost or NRV. NRV is assessed with reference to sales prices, costs of completion, development plans and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

The determination of NRV of plots of land held-for-sale is based on external valuations using various valuation methodologies and techniques that take into account property-specific information such as forecast selling prices, site planning (including planning consent), build costs, cost recoveries, sales rates (per square meter) and discount rates etc., all of which contain an element of judgement and uncertainty. Forecasted selling prices have inherent uncertainty due to changes in market conditions. Forecasted building costs can vary with market conditions and may also be incorrectly estimated due to changes in site planning, style of build or unforeseen circumstances arising during construction.

NRV for completed properties is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions in the same market segment.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Estimation of NRV for inventories and development work-in-progress (continued)

NRV in respect of development work-in-progress is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money.

Allowance for slow moving and obsolete inventories

When inventories become old or obsolete, an estimate is made of their NRV. Inventory items are categorised based on their movements during the year, their physical condition and their expected future use, and accordingly an allowance for impairment is estimated. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from earlier estimates.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

The Group has conducted a sensitivity analysis of the impairment test by changing key assumptions used to determine the recoverable amount of cash-generating units to which goodwill is allocated. It concluded that any reasonably possible change in the key assumptions on which the recoverable amount of Goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash-generating units.

Impairment of non-financial assets

Property, plant and equipment, right of use assets, biological assets and investment property are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

Legal claims and contingencies

When assessing the possible outcomes of legal claims and contingencies, the Group gathers all available facts, and seeks to ascertain the likely outcome using opinions of legal counsel where appropriate. The opinion of legal counsel is based on their professional judgment, interpretation of facts, current stage of proceedings and legal experience accumulated with respect to similar matters. As the results of the claims may ultimately be determined by courts or otherwise settled, they may be different from the Group’s estimates.

4 Critical accounting judgments and key sources of estimation of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Performance obligations

The Group operates laboratories of a customer’s hospitals and primary healthcare centres. Management identified its performance obligations under that contract as a series of distinct services (laboratory tests) that are substantially the same and that have the same pattern of transfer to the customer.

The Group also signed a long-term contract effective 1 January 2021, to operate and manage hospitals and healthcare facilities on behalf of another customer. Management has identified its performance obligations under this contract as series of funds and operations management activities that are substantially the same and that have the same pattern of transfer to the customer.

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Employee end of service benefits

The cost and the present value of the defined benefit plans obligation are generally determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and voluntary termination rate. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All significant assumptions and assets are reviewed at each reporting date.

Fair value of identifiable assets and liabilities

As stated in Note 42, the identifiable assets acquired, and the liabilities assumed in business combination are recognised at their fair value. In estimating the fair value of an asset or a liability, the Group engaged third party valuation specialists to perform the valuation. The underlying assumptions and estimates in assessing the fair values are as detailed within Note 6.

5 Property, plant and equipment

	Land AED '000	Buildings and base facilities AED '000	Dredgers, machinery and equipment AED '000	Barges, support vessels and vehicles AED '000	Furniture, equipment and leasehold improvements AED '000	Capital work-in-progress AED '000	Total AED '000
Cost							
At 1 January 2021	-	236,570	949,175	278,438	53,771	149,736	1,667,690
Additions	-	17,220	58,441	78,560	36,603	219,497	410,321
Acquired in common control business combinations (Note 41)	225,234	1,654,980	1,558,563	6,602,217	555,063	287,484	10,883,541
Assets arising on acquisition of subsidiaries (Note 42)	-	773	36,211	-	7,459	-	44,443
Foreign currency translation differences	-	160	-	(12)	(348)	-	(200)
Assets of group held-for-sale	-	(27,417)	-	(831)	(25,979)	-	(54,227)
Transfers	-	23,986	70,546	(1,411)	4,213	(97,334)	-
Disposals	-	(33,887)	(17,205)	(51,932)	(18,811)	-	(121,835)
At 31 December 2021	225,234	1,872,385	2,655,731	6,905,029	611,971	559,383	12,829,733
Additions	-	1,757,439	152,771	131,817	251,542	1,006,325	3,299,894
Acquired in common control business combinations (Note 41)	-	278,805	89,224	1,956	71,258	30,312	471,555
Assets arising on acquisition of subsidiaries (Note 42)	-	9,226,356	2,905,279	86,581	2,949,565	407,452	15,575,233
Transfers	-	460,598	634,993	85,365	(307,837)	(873,119)	-
Transfer to investment properties (Note 8)	-	(453,796)	-	-	-	(10,262)	(464,058)
Transfer to investment in an associate (Note 10)	-	(2,303)	-	(83,546)	(237)	-	(86,086)
Transfer to inventories	-	-	(6,009)	-	-	-	(6,009)
Eliminated on disposal of subsidiaries (Note 38)	-	-	-	(619)	(7,590)	-	(8,209)
Write-off	-	(4,961)	(22,755)	-	(1,031)	(2,871)	(31,618)
Disposals	-	(10,040)	(287,520)	(563,854)	(122,688)	(1,469)	(985,571)
Foreign currency translation differences	-	(39,341)	(4,538)	(8,148)	(14,930)	(7,455)	(74,412)
At 31 December 2022	**225,234**	**13,085,142**	**6,117,176**	**6,554,581**	**3,430,023**	**1,108,296**	**30,520,452**

5 Property, plant and equipment (continued)

	Land AED '000	Buildings and base facilities AED '000	Dredgers, machinery and equipment AED '000	Barges, support vessels and vehicles AED '000	Furniture, equipment and leasehold improvements AED '000	Capital work-in-progress AED '000	Total AED '000
Accumulated depreciation							
At 1 January 2021	-	145,425	665,516	212,654	48,807	-	1,072,402
Acquired in common control business combinations (Note 41)	-	711,015	234,713	3,636,046	397,566	-	4,979,340
Assets arising on acquisition of subsidiaries (Note 42)	-	10	27,005	-	5,138	-	32,153
Charge for the year	-	47,913	191,586	228,456	40,287	-	508,242
Charge for the year for assets of disposal group	-	1,866	-	130	1,781	-	3,777
Assets of group held-for-sale	-	(7,288)	-	(390)	(14,528)	-	(22,206)
Foreign currency translation differences	-	32	25	9	(261)	-	(195)
Eliminated on disposals	-	(29,148)	(16,900)	(49,950)	(12,992)	-	(108,990)
At 31 December 2021	-	869,825	1,101,945	4,026,955	465,798	-	6,464,523
Charge for the year	-	273,946	347,763	339,944	194,397	-	1,156,050
Charge for the year for assets of disposal group	-	735	102	57	916	-	1,810
Acquired in common control business combinations (Note 41)	-	214	14,681	171	14,730	-	29,796
Assets arising on acquisition of subsidiaries (Note 42)	-	5,462,001	2,264,214	63,460	2,414,577	11,060	10,215,312
Transfer	-	304,140	92,593	50,659	(447,392)	-	-
Transfer to investment properties (Note 8)	-	(354,478)	-	-	-	-	(354,478)
Transfer to investment in an associate (Note 10)		(1,245)	-	(61,018)	(186)	-	(62,449)
Eliminated on disposal of subsidiaries (Note 38)	-	-	-	(537)	(4,578)	-	(5,115)
Write-off	-	-	(7,793)	-	(393)	-	(8,186)
Disposals	-	(4,129)	(283,747)	(527,146)	(121,287)	-	(936,309)
Impairment (reversal) / charge for the year	-	(300,219)	-	-	284	-	(299,935)
Foreign currency translation differences	-	(8,805)	(2,547)	(2,439)	(9,767)	-	(23,558)
At 31 December 2022	**-**	**6,241,985**	**3,527,211**	**3,890,106**	**2,507,099**	**11,060**	**16,177,461**
Carrying amount							
At 31 December 2022	**225,234**	**6,843,157**	**2,589,965**	**2,664,475**	**922,924**	**1,097,236**	**14,342,991**
At 31 December 2021	225,234	1,002,560	1,553,786	2,878,074	146,173	559,383	6,365,210

5 Property, plant and equipment (continued)

The Group owns plots of land in the UAE and overseas on which assets are being constructed and / or operated.

Capital work-in-progress includes the costs incurred on construction of labour camps, buildings and other major assets, which will be capitalised to the respective asset categories on completion.

During the year, the Group acquired certain properties through business combinations, which were accounted for as asset acquisitions since substantially all assets were concentrated in a single identifiable asset.

During the year, the Group carried out a review of the recoverable amount of its hotel properties due to change in the estimates used to determine the hotel properties' recoverable amount. The review resulted in a reversal of impairment loss of AED 312,362 thousand (2021: nil) which has been recorded in the consolidated statement of profit or loss.

Depreciation for the year has been allocated as follows:

	2022 **AED'000**	2021 AED'000
Direct costs (Note 33)	**786,388**	464,978
General, administrative and selling expenses (Note 34)	**369,662**	43,264
	1,156,050	508,242

Assets pledged as security

Freehold land, buildings, vehicles, vessels and dredgers with a carrying amount of AED 5,825 million (2021: AED 2,241 million) have been pledged to secure borrowings of the Group (Note 27).

6 Intangible assets

	Software and licenses AED '000	Customer related intangibles AED '000	Brand and trademark AED '000	Intangible assets under development AED '000	Total AED '000
Cost					
At 1 January 2021	6,887	-	-	-	6,887
Additions	3,465	-	-	-	3,465
Acquired in common control business combinations (Note 41)	23,000	146,300	736	-	170,036
Assets arising on acquisition of subsidiaries (Note 42)	-	1,139,800	-	-	1,139,800
At 31 December 2021	33,352	1,286,100	736	-	1,320,188
Additions	61,539	96	384	8,881	70,900
Acquired in common control business combinations (Note 41)	6,536	-	964	-	7,500
Assets arising on acquisition of subsidiaries (Note 42)	1,118,526	2,347,619	3,090,826	23,318	6,580,289
Eliminated on acquisition of a subsidiary	(13)	-	-	-	(13)
Transfer	16,481	-	-	(16,481)	-
Settlement of a pre-existing relationship (Note 42)	-	(1,095,198)	-	-	(1,095,198)
Disposals	-	(44,602)	-	-	(44,602)
Impairment	-	-	(569)	-	(569)
Write-off	(13,106)	-	-	-	(13,106)
Foreign currency translation differences	(286)	(6,832)	-	-	(7,118)
At 31 December 2022	**1,223,029**	**2,487,183**	**3,092,341**	**15,718**	**6,818,271**
Accumulated amortization					
At 1 January 2021	6,613	-	-	-	6,613
Charge for the year	3,089	90,100	74	-	93,263
Acquired in common control business combinations (Note 41)	8,750	-	369	-	9,119
At 31 December 2021	18,452	90,100	443	-	108,995
Charge for the year	34,065	189,178	13,743	-	236,986
Acquired in common control business combinations (Note 41)	667	-	210	-	877
Assets arising on acquisition of subsidiaries (Note 42)	1,013,792	14	-	-	1,013,806
Eliminated on acquisition of a subsidiary	(13)	-	-	-	(13)
Settlement of a pre-existing relationship (Note 42)	-	(54,760)	-	-	(54,760)
Write-off	(6,665)	-	-	-	(6,665)
Foreign currency translation differences	(430)	(37)	-	-	(467)
At 31 December 2022	**1,059,868**	**224,495**	**14,396**	**-**	**1,298,759**
Carrying amount					
At 31 December 2022	**163,161**	**2,262,688**	**3,077,945**	**15,718**	**5,519,512**
At 31 December 2021	14,900	1,196,000	293	-	1,211,193

6 Intangible assets (continued)

Customer related intangibles and brand include intangible assets acquired through business combinations. The customer related intangibles have useful life of 2 to 20 years. The major assumptions used in the calculation include discount rate in the range of 5.8% to 20% and growth rate of up to 1.9%.

Amortisation for the year has been allocated as follows:

	2022	2021
	AED'000	AED'000
Direct costs (Note 33)	**105,465**	90,148
General, administrative and selling expenses (Note 34)	**131,521**	3,115
	236,986	93,263

7 Goodwill

	2022	2021
	AED'000	AED'000
At 1 January	**451,672**	-
Acquired in common control business combinations (Note 41)	**-**	451,672
Assets arising on acquisition of subsidiaries (Note 42)	**3,573,733**	-
Other movements	**(265)**	-
Foreign currency translation differences	**(17,696)**	-
At 31 December	**4,007,444**	451,672

For impairment testing goodwill acquired through business combination is allocated to cash generating units ('CGU') as follows:

	Real estate	**Healthcare**	**Others**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**
At 31 December 2022				
Goodwill	2,159,598	1,341,841	506,005	**4,007,444**
At 31 December 2021				
Goodwill	-	-	451,672	451,672

The recoverable amounts have been computed based on value in use approach derived from financial projections made for a 6–10-year period plus a terminal value thereafter. The methodology used for the estimation of fair value less cost to sell was discounted cash flow.

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

7 Goodwill (continued)

The following key assumptions were used in the discounted cash flow model:

	Real estate		Healthcare		Others	
	2022	2021	**2022**	2021	**2022**	2021
Terminal growth rate	**12%**	-	**1.1 - 2%**	-	**2 – 3%**	2%
Discount rate	**15%**	-	**9.7 - 10.8%**	-	**10%**	8.1%

8 Investment properties

	Land AED '000	Completed properties AED '000	Property under construction AED '000	Total AED '000
Cost				
At 1 January 2021	-	124,800	-	124,800
Acquired in common control business combinations (Note 41)	62,475	610,011	-	672,486
Assets of group held-for-sale	-	(252,102)	-	(252,102)
At 31 December 2021	62,475	482,709	-	545,184
Additions	-	4,939,630	157,328	5,096,958
Assets arising on acquisition of subsidiaries (Note 42)	561,240	17,231,338	832,945	18,625,523
Transfer	-	393,247	(393,247)	-
Transfer from property, plant, and equipment (Note 5)	-	109,580	-	109,580
Transfer to development work-in-progress (Note 17)	-	-	(416,450)	(416,450)
Transfer to inventories	-	(10,544)	(17,122)	(27,666)
Disposals	-	(156,916)	-	(156,916)
Foreign currency translation differences	-	(66,093)	(48,691)	(114,784)
At 31 December 2022	**623,715**	**22,922,951**	**114,763**	**23,661,429**

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

8 Investment properties (continued)

	Land AED '000	Completed properties AED '000	Property under construction AED '000	Total AED '000
Accumulated depreciation				
At 1 January 2021	-	15,113	-	15,113
Charge for the year	-	8,869	-	8,869
Charge for the year for assets of disposal group	-	1,348	-	1,348
Acquired in common control business combinations (Note 41)	-	119,405	-	119,405
Assets of group held-for-sale	-	(34,264)	-	(34,264)
At 31 December 2021	-	110,471	-	110,471
Charge for the year	-	488,103	-	488,103
Assets arising on acquisition of subsidiaries (Note 42)	-	2,796	-	2,796
Disposals	-	(2,424)	-	(2,424)
At 31 December 2022	**-**	**598,946**	**-**	**598,946**
Carrying amount				
At 31 December 2022	**623,715**	**22,324,005**	**114,763**	**23,062,483**
At 31 December 2021	62,475	372,238	-	434,713

Depreciation for the year has been allocated as follows:

	2022 AED'000	2021 AED'000
Direct costs (Note 33)	**487,954**	8,869
General, administrative and selling expenses (Note 34)	**149**	-
	488,103	8,869

Investment properties includes plots of land as well as commercial and residential properties in the United Arab Emirates, Iraq, Egypt, and Seychelles.

During the year, the Group acquired certain properties through business combinations, which were accounted for as asset acquisitions since substantially all assets were concentrated in a single identifiable asset.

8 Investment properties (continued)

A description of the valuation techniques used and key inputs to the valuations of investment properties as at 31 December 2022 is as follows:

Property	Valuation technique	Significant inputs	Sensitivity
Plots of land	Residual method	Sales rate and discount rate	Changes in micro and macro-economic conditions would cause a significant impact.
Completed properties	Income capitalisation method, discounted cashflow	Capitalisation approach, annual market rent, discount rate	Changes in multiple inputs could result in a significant impact on the value.
Property under construction	Income capitalisation method, discounted cashflow	Capitalisation of construction costs incurred	Changes in multiple inputs could result in a significant impact on the value.

Details of rental income relating to investment properties are as follows:

	2022	2021
	AED'000	AED'000
Rental income	**1,527,938**	46,726
Direct operating costs	**510,822**	16,469

Assets pledged as security
Buildings with a carrying amount of AED 3,102 million (2021: AED 268 million) have been pledged to secure borrowings of the Group (Note 27).

9 Right-of-use assets and lease liabilities

Right-of-use assets

The Group leases several assets in the UAE, with approximate lease terms ranging from 2 - 50 years (2021: 2 to 50 years).

Set out below are the carrying amounts and movement of right-of-use assets:

	Land AED '000	Building AED '000	Machinery AED '000	Total AED '000
Cost				
At 1 January 2021	86,520	-	-	86,520
Additions	5,902	61,794	-	67,696
Acquired in common control business combinations (Note 41)	379,916	52,733	19,011	451,660
Assets arising on acquisition of subsidiaries (Note 42)	-	89,978	-	89,978
Lease modifications and cancellations for the year	(19)	137	(19,011)	(18,893)
Leases related to assets held-for-sale	-	(4,866)	-	(4,866)
At 31 December 2021	472,319	199,776	-	672,095
Additions	49,639	1,391,289	12,549	1,453,477
Acquired in common control business combinations (Note 41)	-	23,559	-	23,559
Assets arising on acquisition of subsidiaries (Note 42)	345,238	370,658	115,163	831,059
Lease modifications and cancellations for the year	(9,499)	(4,866)	(16,208)	(30,573)
Eliminations on disposal of a subsidiary (Note 38)	-	(1,241)	-	(1,241)
Eliminations arising on business combinations	-	(179,990)	-	(179,990)
Foreign currency translation differences	-	(4,166)	-	(4,166)
At 31 December 2022	**857,697**	**1,795,019**	**111,504**	**2,764,220**

9 Right-of-use assets and lease liabilities (continued)

	Land AED '000	Building AED '000	Machinery AED '000	Total AED '000
Accumulated depreciation				
At 1 January 2021	15,682	-	-	15,682
Acquired in common control business combinations (Note 41)	8,234	21,096	3,066	32,396
Assets arising on acquisition of subsidiaries (Note 42)	-	8,998	-	8,998
Charge for the year	18,672	11,013	818	30,503
Charge for the year for assets of disposal group	-	1,122	-	1,122
Lease modifications and cancellations for the year	-	-	(3,884)	(3,884)
Leases related to assets held-for-sale	-	(1,364)	-	(1,364)
At 31 December 2021	42,588	40,865	-	83,453
Charge for the year	47,851	75,936	5,007	128,794
Charge for the year for assets of disposal group	-	98	-	98
Acquired in common control business combinations (Note 41)	-	4,233	-	4,233
Assets arising on acquisition of subsidiaries (Note 42)	-	187,472	69,453	256,925
Lease modifications and cancellations for the year	(10,934)	(4,065)	(16,207)	(31,206)
Eliminations on disposal of a subsidiary (Note 38)	-	(171)	-	(171)
Eliminations arising on business combinations	-	(105,001)	-	(105,001)
Foreign currency translation differences	-	(2,235)	-	(2,235)
At 31 December 2022	**79,505**	**197,132**	**58,253**	**334,890**
Carrying amount				
At 31 December 2022	**778,192**	**1,597,887**	**53,251**	**2,429,330**
At 31 December 2021	429,731	158,911	-	588,642

9 Right-of-use assets and lease liabilities (continued)

Right-of-use assets (continued)

Amounts recognised in relation to right-of-use assets in the consolidated statement of profit or loss during the year is as follows:

	2022	2021
	AED '000	AED '000
Depreciation	**128,794**	30,503
Expense relating to short-term lease and low value assets	**296,134**	187,616
Depreciation for assets of disposal group	**98**	1,122
(Gain) \ loss on lease cancellations and modifications	**(3,341)**	2,446
Finance costs (Note 37)	**61,172**	15,704
Finance costs for assets held-for-sale	**-**	56
	482,857	237,447

Depreciation for the year has been allocated as follows:

	2022	2021
	AED'000	AED'000
Direct costs (Note 33)	**4,178**	7,417
General, administrative and selling expenses (Note 34)	**124,616**	23,086
	128,794	30,503

Right-of-use-assets amounting to AED 54 million (2021: 57 million) have been pledged to secure certain borrowings of the Group (Note 27).

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

9 Right-of-use assets and lease liabilities (continued)

Lease liabilities

Set below are the carrying amount of lease liabilities and movements during the year:

	2022	2021
	AED '000	AED '000
At 1 January	**587,439**	73,366
Acquired in common control business combinations (Note 41)	**20,337**	403,809
Liabilities arising on acquisition of subsidiaries (Note 42)	**591,603**	82,359
Additions	**1,456,450**	65,753
Transfer to assets of group held-for-sale (Note 38)	**-**	(1,991)
Finance costs	**61,172**	15,760
Lease modifications and cancellations	**2,679**	(12,564)
Eliminations arising on business combinations	**(83,348)**	-
Eliminations on disposal of a subsidiary (Note 38)	**(1,133)**	-
Foreign currency translation differences	**(938)**	-
Payment of lease liabilities	**(126,374)**	(39,053)
At 31 December	**2,507,887**	587,439

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022	2021
	AED '000	AED '000
Amounts due for settlement within 12 months	**141,989**	41,858
Amounts due for settlement after 12 months	**2,365,898**	545,581
	2,507,887	587,439

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

10 Investment in associates and joint ventures

Investment in associates and joint ventures are classified in the consolidated statement of financial position as follows:

	2022 AED '000	2021 AED '000
Investment in associates	**3,942,867**	11,617,762
Investment in joint ventures	**771,409**	70,886
	4,714,276	11,688,648

Share of results of associates and joint ventures are classified in consolidated statement of profit or loss:

	2022 AED '000	2021 AED '000
Investment in associates	**(165,758)**	(27,940)
Investment in joint ventures	**(191,797)**	37,240
	(357,555)	9,300

The movement in investment in associates is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**11,617,762**	2,706
Additions	**868,585**	248,211
Assets arising on acquisition of subsidiaries (Note 42)	**69,365**	-
Transfers from property, plant, and equipment (Note 5)	**23,637**	-
Acquired in common control business combinations (Note 41)	**-**	2,080,404
Dividends received	**(22,324)**	(2,455)
Share of other comprehensive loss	**(24,579)**	-
Foreign exchange translation difference	**(105,323)**	515
Share of results	**(165,758)**	(27,940)
Partial disposal during the year	**(381,393)**	(25,458)
Derecognition of investment in an associate (a)	**(9,483,875)**	-
Increase in equity (b)	**1,598,346**	-
Gain arising on remeasurement (c)	**116,430**	-
Reduction in investment in an associate (d)	**(32,000)**	-
Transfer from investment in financial assets (Note 12) and (e)	**-**	9,341,779
Other movements (f)	**(136,006)**	-
At 31 December	**3,942,867**	11,617,762

10 Investment in associates and joint ventures (continued)

a) Note 42 explains how the Group's interest in Aldar previously treated as an investment in an associate was de-recognised and instead was consolidated during the year as a subsidiary under IFRS 10. The gain on derecognition of this investment is recognised in the consolidated statement of profit or loss as at 31 December 2022 as follows:

		2022 AED '000
Fair value of the investment on derecognition		**12,104,510**
Carrying value of the investment		**(9,483,875)**
Gain on derecognition	**A**	**2,620,635**

b) During the year, Q Holding PSC ("Q Holding") acquired Reem Investments PJSC ("Reem") and issued new shares to the shareholders of Reem at a premium. This resulted in an increase in the equity of Q Holding and diluted the Group's ownership interest in Q Holding from 25.24% to 20.61% but remained an associate. The gain on the partial disposal of investment in Q Holding on dilution of ownership interest is recognised on the consolidated statement of profit or loss as at 31 December 2022 as follows:

		2022 AED '000
Increase in Q Holding's equity		**1,598,346**
Carrying value of the investment on dilution		**(339,081)**
Gain on disposal	**B**	**1,259,265**
	A+B	**3,879,900**

Q Holding shares are listed on ADX with its fair value based on the quoted price as at 31 December 2022 being AED 5,701 million (2021: AED 6,284 million).

c) The Group has incorporated an entity which involved an in-kind contribution of some of its property, plant and equipment, employees and revenue contracts. The Group disposed 51% of its interest in the entity resulting in a gain of AED 237.6 million recognised in the consolidated statement of profit and loss. The Group retained a 49% interest in the entity, which is classified as an associate and was initially recognised at a cost of AED 23.6 million. Subsequently, the interest was remeasured at fair value, resulting in a gain of AED 116.4 million.

d) During the year, the share capital of an associate was reduced, consequently, the Group received AED 32 million which was recognised as reduction the Group's interest in the associate.

10 Investment in associates and joint ventures (continued)

e) The Group acquired 12.78% of Aldar in April 2021, initially accounting for it as a financial asset at FVTOCI. On 31 December 2021, an additional 17% was acquired resulting in the interest being categorised under investment in associates, arising from the achievement of significant influence. Both acquisitions were common control transactions (Note 41). The fair value of the Group's interest based on the quoted price of Aldar at that time, which is listed on ADX, is AED 9,342 million.

f) During the year, the Group performed an impairment review of an associate and recorded an impairment of AED 136 million.

Response Plus Holding PrJSC ("RPM") shares are listed on ADX with the fair value based on the quoted price of RPM as at 31 December 2022 being AED 416 million (2021: 695 million).

The latest available financial information in respect of the Group's associates is summarised below:

	PAL 4 Solar	**Q Holding**	**Gordon**	**RPM**	**Others**	**Total**	Total
	2022						2021
	AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	AED '000
Non-current assets	**1,853,434**	**8,716,387**	**1,337,515**	**60,386**	**2,562,190**	**14,529,912**	33,636,464
Current assets	**11,954**	**10,676,517**	**258,357**	**261,101**	**392,605**	**11,600,534**	32,001,117
Non-current liabilities	**-**	**(1,709,480)**	**(9,264)**	**(10,768)**	**(1,749,503)**	**(3,479,015)**	(13,244,212)
Current liabilities	**(941,411)**	**(3,584,411)**	**(97,431)**	**(80,103)**	**(307,385)**	**(5,010,741)**	(15,815,274)
Total net equity	**923,977**	**14,099,013**	**1,489,177**	**230,616**	**897,907**	**17,640,690**	36,578,095
Attributable to:							
Owners of the entity	**923,977**	**13,143,758**	**1,489,177**	**230,616**	**897,907**	**16,685,435**	34,829,784
Non-controlling interests	**-**	**955,255**	**-**	**-**	**-**	**955,255**	1,748,311
Total net equity	**923,977**	**14,099,013**	**1,489,177**	**230,616**	**897,907**	**17,640,690**	36,578,095
Group's share of net assets	**184,795**	**2,679,397**	**372,294**	**83,021**	**333,423**	**3,652,930**	10,124,848
Goodwill	**-**	**16,310**	**243,738**	**149,803**	**23,602**	**433,453**	1,492,914
Other adjustments	**(740)**	**-**	**-**	**-**	**(142,776)**	**(143,516)**	-
At 31 December	**184,055**	**2,695,707**	**616,032**	**232,824**	**214,249**	**3,942,867**	11,617,762

10 Investment in associates and joint ventures (continued)

The share of results of associates recognised during the year are as follows:

	PAL 4 Solar	Q Holding	Gordon	RPM	Others*	Total	Total
	2022						2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Revenue	-	682,406	149,190	321,013	157,475	1,310,084	381,436
(Loss) / profit for the year	(22,000)	750,832	41,424	31,512	56,431	858,199	(89,996)
Group's share of (loss) / profit for the year	(4,400)	153,060	10,356	11,344	(336,118)	(165,758)	(27,940)
Other comprehensive (loss) / income	-	(26,223)	951	-	(72,840)	(98,112)	-
Group's share of other comprehensive (loss) / income	-	(3,115)	238	-	(21,702)	(24,579)	-
Dividend	-	-	-	(18,000)	-	(18,000)	(2,455)

Contingencies and commitments:

The Group's share in material contingencies and commitments of associates are as follows:

	2022 AED '000	2021 AED '000
Capital commitments	112,644	3,408,852
Operating lease commitments	-	1,520,532
Letters of guarantee	52,710	76,619
Contingencies	82,000	220,412

The movement in the Group's investment in joint ventures are as follows:

	2022 AED '000	2021 AED '000
At 1 January	70,886	7,658
Additions	854,072	-
Assets arising on acquisition of subsidiaries (Note 42)	46,205	-
Acquired in common control business combinations (Note 41)	-	25,988
Foreign exchange translation differences	(7,957)	-
Share of results during the year	(191,797)	37,240
At 31 December	**771,409**	70,886

10 Investment in associates and joint ventures (continued)

The financial information in respect of the Group's interest in joint ventures are summarised below:

	WIO Holding	CEEMDC	CRCC-NPC	Munich Health Daman	Others	Total	Total
	2022						2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Non-current assets	**11,525**	**-**	**385**	**93,745**	**18,686**	**124,341**	385
Current assets	**2,468,526**	**471,194**	**934,269**	**-**	**1,362**	**3,875,351**	1,906,443
Non-current liabilities	**-**	**-**	**-**	**-**	**-**	**-**	-
Current liabilities	**(634,074)**	**(413,645)**	**(934,654)**	**(131)**	**(18,686)**	**(2,001,190)**	(1,762,164)
Total net equity	**1,845,977**	**57,549**	**-**	**93,614**	**1,362**	**1,998,502**	144,664
Attributable to:							
Owners of the entity	**1,199,885**	**57,549**	**-**	**93,614**	**1,362**	**1,352,410**	144,664
Non-controlling interests	**646,092**	**-**	**-**	**-**	**-**	**646,092**	-
Total net equity	**1,845,977**	**57,549**	**-**	**93,614**	**1,362**	**1,998,502**	144,664
Group's share of net assets	**611,941**	**28,199**	**-**	**45,871**	**681**	**686,692**	70,886
Goodwill	**84,717**	**-**	**-**	**-**	**-**	**84,717**	-
At 31 December	**696,658**	**28,199**	**-**	**45,871**	**681**	**771,409**	70,886

Current assets includes cash and cash equivalents amounting to AED 700 million.

The share in profit of joint ventures has been recognised as follows:

	WIO Holding	CEEMDC	CRCC-NPC	Munich Health Daman	Others	Total	Total
	2022						2021
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Revenue	**24,339**	**483,021**	**1,003,401**	**-**	**-**	**1,510,761**	2,010,780
Profit for the year	**(295,116)**	**8,392**	**(79,300)**	**657**	**(13,730)**	**(379,097)**	76,000
Group's share of profit for the year	**(150,509)**	**4,112**	**(38,857)**	**322**	**(6,865)**	**(191,797)**	37,240

11 Joint operations

These consolidated financial statements include the Group's proportionate share of jointly controlled operations, details of which are provided below:

	2022	2021
	AED '000	AED '000
Current assets	**65,626**	146,419
Current liabilities	**(63,110)**	(51,476)
Net assets	**2,516**	94,943

12 Investment in financial assets

	2022 AED '000	2021 AED '000
Quoted securities		
FVTPL investments		
At 1 January	**823,267**	-
Additions during the year	**786,244**	300,060
Assets arising on acquisition of subsidiaries (Note 42)	**341,778**	-
Unrealised fair value gain	**263,803**	232,042
Foreign exchange gain	**77**	-
Transfer to assets of group held-for-sale (Note 38)	**-**	(119,855)
Acquired in common control business combinations (Note 41)	**-**	411,020
Write-off	**(57)**	-
Disposals during the year	**(17,135)**	-
At 31 December	**2,197,977**	823,267
FVTOCI investments		
At 1 January	**1,587**	-
Assets arising on acquisition of subsidiaries (Note 42)	**228,691**	-
Unrealised fair value gain	**86,194**	350,794
Additions during the year	**8,891**	11,581
Foreign exchange gain	**60**	-
Transfer to assets of group held-for-sale (Note 38)	**-**	(518,282)
Acquired in common control business combinations (Note 41)	**-**	9,603,731
Transfer to investment in associates and joint ventures (Note 10)	**-**	(9,341,779)
Disposal during the year	**(81,188)**	(104,458)
At 31 December	**244,235**	1,587
Unquoted securities		
FVTPL investments		
At 1 January	**177,157**	-
Additions during the year	**3,396,520**	12,488
Assets arising on acquisition of subsidiaries (Note 42)	**27,894**	-
Foreign exchange gain	**726**	-
Transfer to assets of group held-for-sale (Note 38)	**-**	(280,000)
Acquired in common control business combinations (Note 41)	**-**	444,669
Disposal during the year	**(7,616)**	-
Unrealised fair value loss	**(461,908)**	-
At 31 December	**3,132,773**	177,157

12 Investment in financial assets (continued)

	2022	2021
	AED '000	AED '000
FVTOCI investments		
At 1 January	**63**	-
Additions during the year	**1,010,582**	45
Transfer from assets of group held-for-sale (Note 38)	**-**	(132)
Acquired in common control business combinations (Note 41)	**-**	168
Disposal during the year	**(63)**	-
Foreign exchange loss	**(644)**	(18)
Unrealised fair value loss	**(158,204)**	-
At 31 December	**851,734**	63
Debt instruments at amortised cost		
At 1 January	**-**	-
Additions during the year	**442,038**	-
Assets arising on acquisition of subsidiaries (Note 42)	**142,800**	-
Acquired in common control business combinations (Note 41)	**-**	499
Transfer from to assets of group held-for-sale (Note 38)	**-**	(8)
Foreign exchange loss	**(41,334)**	(1)
Disposal during the year	**(375,563)**	(490)
At 31 December	**167,941**	-
Loss allowance (Note 41)	**(23)**	(1,848)
Assets of group held-for-sale (Note 38)	**-**	1,848
Total	**6,594,637**	1,002,074

Financial assets carried at FVTPL and at FVTOCI are as follows:

	2022			2021
	Quoted	**Unquoted**	**Total**	Total
	AED '000	**AED '000**	**AED '000**	AED '000
Financial assets carried at FVTPL				
Equity instruments	2,197,977	106,976	**2,304,953**	987,936
Investment in funds	-	3,025,797	**3,025,797**	12,488
	2,197,977	3,132,773	**5,330,750**	1,000,424

12 Investment in financial assets (continued)

	2022			2021
	Quoted AED '000	**Unquoted AED '000**	**Total AED '000**	Total AED '000
Financial assets carried at FVTOCI				
Equity instruments	155,094	851,734	**1,006,828**	1,650
Debt instruments	89,141	-	**89,141**	-
	244,235	851,734	**1,095,969**	1,650
Debt instruments at amortised cost				
Treasury bills	-	167,941	**167,941**	-
Allowance for ECL	-	(23)	**(23)**	-
	-	167,918	**167,918**	-
Total	2,442,212	4,152,425	**6,594,637**	1,002,074

All financial assets carried at FVTPL are classified as current, whereas those carried at FVTOCI are classified as non-current.

	2022 AED '000	2021 AED '000
Non-current	**1,209,831**	1,650
Current	**5,384,806**	1,000,424
Total	**6,594,637**	1,002,074

	2022 AED '000	2021 AED '000
Geographical markets:		
UAE	**2,218,879**	806,010
Outside the UAE	**4,375,758**	196,064
	6,594,637	1,002,074

13 Contract assets

	2022 AED '000	2021 AED '000
Contract assets		
Amounts due from customer – third parties	**4,267,962**	4,099,275
Amounts due from customers – related parties (Note 18)	**953,512**	978,508
Less: allowance for ECL	**(81,873)**	(96,336)
	5,139,601	4,981,447
Contract costs	**1,652,591**	762,293
Reinsurance contract assets (Note 30)	**394,127**	-
At 31 December	**7,186,319**	5,743,740

Allocation of total contract assets into current and non-current as follows:

	2022 AED '000	2021 AED '000
Current	**7,186,319**	5,055,762
Non-current	**-**	687,978
At 31 December	**7,186,319**	5,743,740

The Group measures the ECL allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industries.

The following table shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in IFRS 9:

	2022 AED '000	2021 AED '000
At 1 January 2021	**96,336**	25,558
Acquired in common control business combinations	**-**	779
(Reversal) / charge for the year	**(14,463)**	362,228
Written off	**-**	(292,229)
At 31 December	**81,873**	96,336

There has not been any significant change in the gross amounts of contract assets that has affected the estimation of ECL.

13 Contract assets (continued)

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	2022	2021
31 December 2022		
ECL rate	**1.57%**	1.90%
Estimated total gross carrying amount at default – AED '000	**5,221,474**	5,077,783
Lifetime ECL – AED '000	**81,873**	96,336

14 Taxation

	2022 **AED '000**	2021 AED '000
Income tax		
Current year	**116,937**	16,468
Reversal of prior year provisions relating to foreign operations	**(10,027)**	(10,000)
	106,910	6,468
Deferred tax		
Origination and reversal of temporary differences	**(38,378)**	(382)
	68,532	6,086

The average rate of income tax applied on taxable profit ranges from 10% to 20%. The charge for the year reconciled to profit before tax is as follows:

	2022 **AED '000**	2021 AED '000
Profit before tax	**10,675,906**	5,173,455
Profit not subject to tax	**(10,131,769)**	(4,995,503)
Expenses not deductible for tax purposes	**21,591**	7,341
Profit subject to tax	**565,728**	185,293
Income tax	**116,937**	16,498
Deferred tax	**(38,378)**	(382)
Prior year adjustments	**(10,027)**	(10,030)
Tax expense for the year	**68,532**	6,086

14 Taxation (continued)

Net deferred tax presented in the consolidated statement of financial position is as under:

	2022 AED '000	2021 AED '000
Income tax		
Deferred tax assets	**75,590**	17,157
Deferred tax liabilities	**(88)**	(222)
	75,502	16,935

15 Trade and other receivables

	2022 AED '000	2021 AED '000
Trade receivables	**9,135,123**	4,331,780
Due from policy holders	**1,046,248**	-
Less: allowance for ECL	**(603,501)**	(216,039)
Net trade receivables	**9,577,870**	4,115,741
Retention receivables	**730,245**	474,124
Less: allowance for ECL	**(48,406)**	(45,493)
Net retention receivables	**681,839**	428,631
Advances to suppliers	**3,825,218**	1,198,129
Less: allowance for ECL	**(1,798)**	(1,798)
Net advances to suppliers	**3,823,420**	1,196,331
Other receivables	**3,629,248**	686,214
Less: allowance for ECL	**(226,101)**	-
Net other receivables	**3,403,147**	686,214
Subsidy receivable from Government	**961,380**	-
Government funded programs receivables	**1,740,078**	-
Prepayments and deposits	**1,063,544**	337,072
Derivative financial instruments (Note 29)	**248,792**	6,403
	21,500,070	6,770,392

15 Trade and other receivables (continued)

Allocation of total trade and other receivables into current and non-current is as follows:

	2022 **AED '000**	2021 AED '000
Non-current	**832,929**	52,713
Current	**20,667,141**	6,717,679
	21,500,070	6,770,392

The average credit period on sale of goods and rendering of services is 30 to 90 days. Before accepting new customers, the Group generally assesses their credit quality.

Out of the trade receivables balance at the end of the reporting year, AED 2,244 million (2021: AED 2,930 million) representing 23% (2021: 68%) of trade receivables are amounts due from five (2021: five) major customers of the Group.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, retention receivables and advances to suppliers in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED '000	**Individually assessed AED '000**	**Total AED '000**
Trade receivables			
At 1 January 2021	65,503	61,405	126,908
Acquired in common control business combinations	26,135	40,230	66,365
Net re-measurement of ECL	58,206	3,119	61,325
Written off	(29,026)	(8,610)	(37,636)
Additions due to acquisition of subsidiaries	2,634	-	2,634
Disposal assets as held-for-sale	-	(3,557)	(3,557)
At 31 December 2021	123,452	92,587	216,039
Acquired in common control business combinations	260,487	-	260,487
Net re-measurement of ECL	(23,964)	70,446	46,482
Written off	(78,879)	(16,623)	(95,502)
Additions due to acquisition of subsidiaries	-	175,995	175,995
At 31 December 2022	**281,096**	**322,405**	**603,501**

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

15 Trade and other receivables (continued)

	Collectively assessed AED '000	Individually assessed AED '000	Total AED '000
Retention receivables			
At 1 January 2021	36,316	17,349	53,665
Net re-measurement of ECL	1,148	(9,320)	(8,172)
At 31 December 2021	37,464	8,029	45,493
Net re-measurement of ECL	(685)	3,598	2,913
At 31 December 2022	**36,779**	**11,627**	**48,406**
Advances to suppliers			
At 1 January 2021 and 2022	-	1,798	1,798
Net re-measurement of ECL	-	-	-
At 31 December 2022	**-**	**1,798**	**1,798**
Other receivables			
At 1 January 2022	-	-	-
Additions due to acquisition of subsidiaries	-	226,101	226,101
At 31 December 2022	**-**	**226,101**	**226,101**

The following table details the risk profile of amounts due from customers based on the Group's provision matrix. The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Collective and individual assessment					
	Not past due	**31-60 days**	**61-90 days**	**91-120 days**	**> 120 days**	**Total**
31 December 2022						
ECL rate	0.6%	1.4%	5%	5%	20%	6%
Estimated total gross carrying amount at default (AED '000)	5,792,429	712,858	542,074	600,113	2,533,897	10,181,371
Lifetime ECL (AED '000)	**32,408**	**9,962**	**28,029**	**30,409**	**502,693**	**603,501**
31 December 2021						
ECL rate	0.4%	0.6%	3%	7%	17%	5%
Estimated total gross carrying amount at default (AED '000)	2,274,283	701,220	165,481	104,542	1,086,254	4,331,780
Lifetime ECL (AED '000)	9,924	3,911	5,033	7,372	189,799	216,039

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

16 Inventories

	2022 AED '000	2021 AED '000
Land plots held-for-sale	**8,115,029**	-
Completed properties	**940,240**	-
Goods held-for-trading and finished goods	**1,002,106**	124,050
Materials, parts, and consumables	**774,721**	636,678
	10,832,096	760,728
Less: allowance for obsolescence	**(454,371)**	(62,747)
	10,377,725	697,981

During 2022, AED 7.3 billion (2021: AED 3.6 billion) was recognised as an expense for inventories carried at NRV. This is recognised in cost of sales.

Land plots held-for-sale with a carrying amount of AED 538 million (2021: Nil) have been pledged to secure borrowings of the Group (Note 27).

The determination of NRV of plots of land held-for-sale is based on external valuations using various valuation methodologies and techniques. Plots of land held-for-sale are located in United Arab Emirates.

The movement in the allowance for inventories obsolescence is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**62,747**	6,010
Acquired in common control business combinations	**400,303**	53,835
Charge for the year, net of reversals (Note 34)	**6,168**	2,902
Write-off	**(14,847)**	-
At 31 December	**454,371**	62,747

Charge for the year has been included in general, administrative and selling expenses.

17 Development work-in-progress

Development work-in-progress includes land in the United Arab Emirates which the Group intends to develop, disaggregate and sell as individual smaller properties. Movement during the year is as follows:

	2022	2021
	AED '000	AED '000
At 1 January	**147,012**	146,760
Assets arising on acquisition of subsidiaries (Note 42)	**3,673,726**	-
Additions	**2,419,362**	252
Transfer from investment properties (Note 8)	**416,450**	-
Transferred from inventories	**220,341**	-
Write-down	**(37,714)**	-
Impairment	**(73,333)**	-
Foreign exchange translation differences	**(824,046)**	-
Recognised in direct costs of properties sold	**(1,801,860)**	-
At 31 December	**4,139,938**	147,012

18 Related party balances and transactions

Related parties are the shareholders, key management and the entities in which the shareholders have the ability to control or exercise significant influence in operating and financial decisions. The Group maintains balances with related parties as follows that arise from transactions at rates agreed between the parties.

	2022 **AED '000**	2021 AED '000
Due from related parties:		
Entities managed by key management personnel	**1,149,482**	370,325
Entities under common control	**413,550**	160,416
Joint ventures	**411,798**	198,079
Key management personnel	**-**	12,698
Associates	**20,176**	628,126
Others	**43,178**	-
	2,038,184	1,369,644
Less: allowance for ECL	**(398,791)**	(42,854)
	1,639,393	1,326,790
Due to related parties:		
Entities managed by key management personnel	**845,061**	486,000
Entities under common control	**480,053**	104,555
Key management personnel	**523,118**	-
Associates	**2,894**	1,704
Joint ventures	**12,971**	2,444
Others	**155,108**	155,108
	2,019,205	749,811
Loan from a related party (classified under trade and other payables)	**13,300**	13,300
Contract assets (Note 13)	**953,512**	978,508
Contract liabilities	**23,892**	25,831

18 Related party balances and transactions (continued)

The following table shows the movement in lifetime ECL that has been recognised for due from related parties in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED '000	**Individually assessed AED '000**	**Total AED '000**
At 1 January 2021	3,482	66,219	69,701
Net re-measurement of ECL	9,419	(17,868)	(8,449)
Written off	(4,622)	(13,776)	(18,398)
At 31 December 2021	8,279	34,575	42,854
Provision arising on acquisition of subsidiaries	-	184,356	184,356
Net re-measurement of ECL	-	155,926	155,926
Reclassification	15,655	-	15,655
At 31 December 2022	**23,934**	**374,857**	**398,791**

Remuneration of key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24.

	2022 AED '000	2021 AED '000
Short-term employee benefits	**151,111**	200,652

Transactions and balances with a financial institution:

	2022 AED '000	2021 AED '000
Balances with a financial institution	**7,125,780**	4,166,917
Borrowings	**6,154,521**	2,502,153
Finance costs	**146,391**	42,165
Interest income	**31,004**	12,241
Drawdowns	**3,739,424**	364,383
Repayment of borrowings	**900,638**	720,856

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

18 Related party balances and transactions (continued)

Significant transactions with related parties include:

	2022 AED '000	2021 AED '000
Capital contribution arising from common control transaction (Note 41)	**741,360**	17,183,306
Acquisition of assets from entities under common control (Note 42)	**754,820**	-
Consideration for acquisition of non-controlling interests (Note 43)	**800,000**	-
Revenue from contracts		
- Entities under common control	**772,076**	433,491
- Joint ventures	**6,822**	742,408
- Associates	**1,382**	-
Subcontracting costs / expenses		
- Entities under common control	**721,708**	52,672
- Associates	**4,244**	4,004
- Joint Ventures	**3,759**	-
General, administrative and selling expenses / staff costs	**17,085**	947

Revenue generated from related parties and purchases of goods and services are based on terms and conditions as mutually agreed between the parties.

19 Cash and cash equivalents

	2022 **AED '000**	2021 AED '000
Cash in hand and bank	**15,219,324**	6,756,802
Short term deposits and treasury bills	**10,075,863**	856,234
Wakala deposits	**223,816**	173,272
	25,519,003	7,786,308
Less: impairment loss allowance	**(30,905)**	(30,905)
Cash and bank balances	**25,488,098**	7,755,403
Less:		
Bank overdrafts (Note 27)	**(20,520)**	(379,651)
Restricted cash	**(5,540,613)**	(38,274)
Short term deposit having maturity more than three months	**(3,012,688)**	(473,428)
Wakala deposits	**-**	(173,272)
Add:		
Cash at banks and short-term deposits attributable to disposal group held-for-sale excluding wakala deposits (Note 38)	**-**	245,366
Allowance for ECL	**30,905**	30,905
Cash and cash equivalents	**16,945,182**	6,967,049

Interest earned on short-term deposits and wakala deposits are at market rates.

Bank overdraft facilities were availed from various banks. Bank overdraft facilities were obtained from local banks which were secured by customers approved payment certificates. Bank overdrafts are repayable on demand.

As at 31 December 2022, restricted cash mainly includes cash at banks amounting to AED 243,456 thousand (2021: Nil) held by the Group on behalf of third parties and AED 2,701,012 thousand (2021: Nil) deposited into escrow accounts representing cash received from customers against sale of development properties.

Movement of impairment loss allowance is as follows:

	2022 **AED '000**	2021 AED '000
At 1 January	**30,905**	5
Net re-measurement of loss allowance	-	44,226
Acquired in common control business combinations	-	38,558
Other adjustments	-	(11,977)
Relating to assets as held-for-sale	-	(39,907)
At 31 December	**30,905**	30,905

19 Cash and cash equivalents (continued)

Balances with banks are assessed to have low credit risk since they are highly regulated by the central banks of the respective countries. Accordingly, the Group estimates the loss allowance on balances with banks at an amount equal to 12-month ECL. None of the balances with banks are past due and taking into account the historical default experience and the current credit ratings of the bank. Impairment loss allowances of AED 30,905 thousand is considered sufficient.

20 Share capital

	2022	2021
	AED '000	AED '000
Authorised, issued and fully paid 10,000 million shares of AED 1 each (31 December 2021: 10,000 million shares of AED 1 each)	**10,000,000**	10,000,000

In April 2021, the shareholders approved an increase in the share capital of the Company to AED 10 billion comprising of 10 billion authorised, issued and fully paid-up ordinary shares with par a value of AED 1 each, by capitalising the contributed capital and merger reserve which arose under common control business combinations by the Group as detailed in Note 22.

21 Statutory reserve

In accordance with the U.A.E. Federal Decree Law No. (32) of 2021, and the Articles of Association, the Company has established a statutory reserve by appropriation of 5% of its net profits. Such transfers have to be made until the reserve equals 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated by law.

22 Merger reserve

	2022	2021
	AED '000	AED '000
At 1 January	**8,723,368**	214,335
Contribution in kind from a shareholder (Note 42)	**2,440,523**	-
Transfer of assets from entities under common control	**754,820**	-
Contribution arising from business combinations under common control (Note 41)	**741,360**	17,183,306
Increase in share capital (Note 20)	**-**	(9,966,406)
Acquisition of non-controlling interests (Note 43)	**-**	452,087
Contribution from shareholder of a subsidiary (Note 42)	**-**	840,046
Transfer to non-controlling interests on dilution of ownership (Note 43)	**(1,120,678)**	-
At 31 December	**11,539,393**	8,723,368

22 Merger reserve (continued)

During the year, an additional 2% ownership interest in Aldar was transferred under common control without consideration by the parent company, Accordingly, it was recorded at the fair value of AED 754.8 million as an investment in a subsidiary with the corresponding amount accounted for in the merger reserve.

23 Other reserves

The movements in other reserves are as follows:

	Investment revaluation reserve AED '000	Foreign exchange translation reserve AED '000	Hedging reserve AED '000	Reserves of a disposal group held-for-sale AED '000	Total AED '000
At 1 January 2021	-	-	-	-	-
Other comprehensive loss for the year	336,794	3,096	3,597	-	343,487
Transfer of fair value reserve of equity instruments designated at FVTOCI	(321,600)	-	-	(11,007)	(332,607)
Transfer arising from assets held-for-sale	(21,617)	(3,178)	-	24,795	-
At 31 December 2021	(6,423)	(82)	3,597	13,788	10,880
Other comprehensive loss for the year	(155,953)	(379,276)	34,339	-	(500,890)
Transfer of fair value reserve of equity instruments designated at FVOCI	(3,594)	-	-	-	(3,594)
Transfer arising from assets held-for-sale	10,610	3,178	-	(13,788)	-
At 31 December 2022	**(155,360)**	**(376,180)**	**37,936**	**-**	**(493,604)**

24 Hybrid equity instruments

The Group had issued hybrid equity instruments worth AED 1,836 million (USD 500 million) (the "Notes") to an investor ("Noteholder") in two tranches. Proceeds from the first tranche of AED 1,140 million (USD 310.5 million) were received by the Group in March 2022 with the balance amount in a second tranche received in April 2022.

Issuance period	Issued amount	Coupon rate
March 2022	AED 1,140 million (USD 310.5 million)	Fixed interest rate with a reset after 15 years
April 2022	AED 696 million (USD 189.5 million)	Fixed interest rate with a reset after 15 years

24 Hybrid equity instruments (continued)

The Notes do not have any maturity date and the Group may elect at its sole discretion not to pay interest on the Notes. In such event, the Noteholder does not have a right to claim any interest. Accordingly, these instruments have been classified under equity. Transaction costs amounting to approximately AED 20.6 million related to issuance of the Notes were recorded directly in equity.

The movement in hybrid equity instruments net off transaction costs is as follows:

	2022 AED '000	2021 AED '000
Arising on acquisition of a subsidiary (Note 42)	**1,126,639**	-
Issuance of new tranche	**689,007**	-
At 31 December	**1,815,646**	-

During the year, the Group paid a coupon amounting to AED 51.6 million (2021: Nil) on the hybrid instrument.

25 Material non-controlling interests

The summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before inter-group eliminations.

Summarised statement of financial position:

	NMDC AED'000	**PHH AED'000**	**Aldar AED'000**
31 December 2022			
Non-current assets	5,109,738	8,165,280	32,319,717
Current assets	11,123,009	17,111,039	33,959,337
Non-current liabilities	(2,161,157)	(3,412,333)	(11,967,341)
Current liabilities	(7,344,530)	(10,576,009)	(14,763,859)
Total equity	6,727,060	11,287,977	39,547,854
Less: non-controlling interests	(3,080)	(3,837)	(4,380,219)
Hybrid equity instruments	-	-	(1,815,646)
Equity attributable to the owners	6,723,980	11,284,140	33,351,989
Attributable to:			
Equity holders of parent	4,604,895	4,395,283	10,550,711
Non-controlling interests	**2,119,085**	**6,888,857**	**22,801,278**

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

25 Material non-controlling interests (continued)

Summarised statement of financial position (continued):

	NMDC AED'000	PHMS AED'000	Aldar AED'000
31 December 2021			
Current assets	7,805,390	4,252,538	-
Non-current assets	5,111,899	1,393,493	-
Current liabilities	(5,373,788)	(3,362,511)	-
Non-current liabilities	(2,025,116)	(147,437)	-
Total equity	5,518,385	2,136,083	-
Less: non-controlling interests	(2,876)	-	-
Equity attributable to the owners	5,515,509	2,136,083	-
Attributable to:			
Equity holders of parent	3,591,098	1,345,732	-
Non-controlling interests	1,924,411	790,351	-

Summarised statement of profit or loss:

	NMDC AED'000	**PHH AED'000**	**Aldar AED'000**
31 December 2022			
Revenue	10,685,339	12,295,061	8,516,822
Expenses	(9,505,951)	(8,052,299)	(7,439,703)
Profit for the year	1,179,388	4,242,762	1,077,119
Attributable to non-controlling interests	**415,822**	**2,008,042**	**793,119**

	NMDC AED'000	PHMS AED'000	Aldar AED'000
31 December 2021			
Revenue	5,653,274	6,714,701	-
Expenses	(4,738,653)	(3,197,539)	-
Profit for the year	914,621	3,517,162	-
Attributable to non-controlling interests	319,170	1,640,946	-

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

25 Material non-controlling interests (continued)

Summarised statement of cash flows:

	NMDC AED'000	**PHH AED'000**	**Aldar AED'000**
31 December 2022			
Operating activities	2,682,230	4,736,408	5,730,710
Investing activities	(493,674)	958,791	(8,655,411)
Financing activities	54,990	(3,021,681)	4,712,163
Net cash inflow	**2,243,546**	**2,673,518**	**1,787,462**

	NMDC AED'000	PHMS AED'000	Aldar AED'000
31 December 2021			
Operating activities	1,429,893	5,567,549	-
Investing activities	(117,037)	226,206	-
Financing activities	(422,834)	(3,776,187)	-
Net cash inflow	890,022	2,017,568	-

26 Provision for employees' end of service benefits

	2022 AED '000	2021 AED '000
Employees' end-of-service benefits	**2,482,810**	658,645
Long term incentive scheme	**59,685**	-
At 31 December	**2,542,495**	658,645

26 Provision for employees' end of service benefits (continued)

Movements in provision for employee's end of service benefits are as follows:

	2022 **AED '000**	2021 AED '000
At 1 January	**658,645**	120,868
Liabilities arising on acquisition of subsidiaries (Note 42)	**1,756,242**	8,683
Charge for the year	**256,167**	122,876
Actuarial loss recognised in other comprehensive income	**35,748**	-
Acquired in common control business combinations (Note 41)	**8,906**	541,799
Transfer from a related party	**551**	-
Liabilities of group related to discontinued operations (Note 38)	**(2,203)**	(5,908)
Paid during the year	**(171,561)**	(129,673)
At 31 December	**2,542,495**	658,645

During the year, the Group performed actuarial valuation on employee's end of service benefits in one of the subsidiaries. The resulting provision is recognised based on the following significant assumptions:

	2022 **AED'000**	2021 AED'000
Average period of employment (years)	**10.6**	-
Average annual rate of salary increase (percentage)	**3%**	-
Average annual voluntary termination rate (percentage)	**8%**	-
Discount rate (percentage)	**5%**	-

Demographic assumptions for mortality, withdrawal and retirement were used in valuing the liabilities and benefits under the plan. Because of the nature of the benefit, which is a lump sum payable on exit due to any cause, a combined single rate has been used.

Charge for the year includes current service cost of AED 27,129 thousand (2021: AED Nil), net interest cost of AED 13,945 thousand (2021: AED Nil).

Actuarial loss recognised in consolidated statement of other comprehensive income includes the following:

	2022 **AED'000**	2021 AED'000
Actuarial gain arising from experience adjustments	**11,821**	-
Actuarial gain arising from changes in financial assumptions	**23,927**	-
	35,748	-

The weighted average duration of the defined benefit obligation is 5.9 years. The mortality rates for ages 18 to 59 range between 0.56 to 16.77 deaths per thousand of population.

26 Provision for employees' end of service benefits (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase AED '000	**Decrease AED '000**
31 December 2022		
Discount rate (0.5%)	**(360)**	**373**
Annual rate of salary increase (0.5%)	**(439)**	**517**
Voluntary termination rate (2%)	**3,109**	**(3,691)**
31 December 2021		
Discount rate (0.5%)	-	-
Annual rate of salary increase (0.5%)	-	-
Voluntary termination rate (2%)	-	-

27 Borrowings

Borrowings included in the consolidated statement of financial position comprise the following:

	2022 AED '000	2021 AED '000
Term loan facilities	**14,495,040**	5,204,076
Bank overdrafts (Note 19)	**20,520**	379,651
At 31 December	**14,515,560**	5,583,727

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

27 Borrowings (continued)

Movement in bank borrowing during the year is as follows:

	2022	2021
	AED '000	AED '000
At 1 January	**5,583,727**	496,785
Drawdowns during the year	**10,643,959**	922,226
Liabilities arising on acquisition of subsidiaries (Note 42)	**4,357,748**	-
Acquired in common control business combinations (Note 41)	**300,000**	6,058,549
Amortisation of transaction costs	**(9,728)**	800
Liabilities of group related to discontinued operations (Note 38)	**(3,429)**	(200,000)
Foreign exchange differences	**(113,280)**	(16,181)
Repayments during the year	**(6,243,437)**	(1,678,452)
At 31 December	**14,515,560**	5,583,727

Borrowings are classified as follows:

	2022	2021
	AED '000	AED '000
Non-current	**13,210,294**	4,277,302
Current	**1,305,266**	1,306,425
At 31 December	**14,515,560**	5,583,727

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

27 Borrowings (continued)

Details of group borrowings are as follows:

Loan type	Currency	Security	Instalments	Year of maturity	2022 AED'000	2021 AED '000	Purpose
Term loan 1	AED	Projects proceeds	Quarterly	2023	**24,000**	54,000	Project financing
Term loan 2	AED	Projects proceeds	Quarterly	2026	**442,552**	573,417	Investment purpose
Term loan 3	USD	Mortgage of property, plant and equipment	Quarterly	2027	**1,109,155**	1,373,589	Project financing
Term loan 4	AED	Unsecured	Monthly	2022	**-**	16,667	Project financing
Term loan 5	AED	Mortgage of vessels	Quarterly	2026	**217,414**	249,414	To finance purchase of hopper suction dredger
Term loan 6	USD	Mortgage of property	Annually	2025	**194,295**	234,018	To finance purchase of a hotel
Term loan 7	USD	Unsecured	Semi-annual	2028	**367,500**	367,500	To finance construction of a factory
Term loan 8	AED	Mortgage of property	Semi-annual	2028	**234,445**	274,459	To finance purchase of a hotel
Term loan 9	AED	Pledge of financial instruments having fair value of AED 4.25 billion	Bullet	2024	**1,500,000**	1,500,000	To finance purchase of shares
Term loan 10	AED	Projects proceeds	Bullet	2022	**-**	12,812	Project financing
Term loan 11	AED	Mortgage of property	Quarterly	2023	**78,613**	102,613	Construction of factory building
Term loan 12	USD	Projects proceeds	Quarterly	2022	**-**	317,496	Project financing
Term loan 13	AED	Corporate guarantee	Quarterly	2025	**30,557**	30,727	To finance the purchase of machinery and equipment
Term loan 14	USD	Mortgage of property	Quarterly	2032	**84,574**	-	Project financing
Term loan 15	AED	Secured on movable assets and shares	Quarterly	2036	**294,316**	-	Investment purpose
Term loan 16	AED	Pledge of financial instruments	Half in 3 years and rest in 5 years	2027	**2,760,000**	-	Investment purpose
Term loan 17	AED	Corporate guarantee	Revolving	2023	**1,207**	-	Working capital
Term loan 18	AED	Land plots	Revolving	2025	**419,950**	-	General corporate purposes
Term loan 19	AED	Unsecured	Revolving	2025	**295,305**	-	General corporate purposes
Term loan 20	AED	Unsecured	Revolving	2027	**(4,427)**	-	General corporate purposes
Term loan 21	AED	Unsecured	Bullet	2027	**995,250**	-	General corporate purposes
Term loan 22	AED	Commercial property	Revolving	2025	**469,167**	-	General corporate purposes
Term loan 23	AED	Unsecured	Revolving	2027	**1,173,750**	-	General corporate purposes

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

27 Borrowings (continued)

Loan type	Currency	Security	Instalments	Year of maturity	2022 AED'000	2021 AED '000	Purpose
Term loan 24	AED	Mortgage of property	Revolving	2027	**(4,306)**	-	General corporate purposes
Term loan 25	AED	Retail and commercial assets	Bullet	2026	**297,319**	-	General corporate purposes
Term loan 26	AED	Assignment of receivables and insurance	Semi-annual	2027	**94,626**	-	General corporate purposes
Term loan 27	EGP	Mortgage of property, assignment of receivables and insurance	Quarterly	2027	**81,578**	-	Project financing
Term loan 28	EGP	Mortgage of property, assignment of receivables and insurance	Quarterly	2031	**189,058**	-	Project financing
Term loan 29	EGP	Mortgage of property, assignment of receivables and insurance	Quarterly	2024	**29,814**	-	Project financing
Term loan 30	EGP	Mortgage of property, assignment of receivables and insurance	Quarterly	2027	**131,618**	-	Project financing
Term loan 31	EGP	Mortgage of property, assignment of receivables and insurance	Bullet	2028	**37,172**	-	Project financing and general corporate purposes
Term loan 32	AED	Mortgage of vessel	Quarterly	2032	**436,169**	-	To finance purchase of a vessel
Term loan 33	AED	Unsecured	Bullet	2027	**995,055**	-	General corporate purposes
Term loan 34	AED	Unsecured	Revolving	2027	**497,560**	-	General corporate purposes
Term loan 35	AED	Unsecured	Bullet	2027	**398,055**		General corporate purposes
Term loan 36	AED	Corporate guarantee	Monthly	2026	**38,324**		Project financing
Term loan 37	AED	Commercial property	Bullet	2023	**499,555**		General corporate purposes
Term loan 38	AED	Mortgage of equipment and vehicles	Various	Various	**5,924**	10,585	Vehicles finance
Term loan 39	AED	Mortgage of equipment and vehicles	Various	Various	**20,501**	9,384	Vehicles finance
Term loan 40	AED	Mortgage of property	Quarterly	2025	**59,395**	77,395	Construction of accommodation building
Bank overdrafts	AED	Partially secured against approved payment certificates and invoices	-	-	**20,520**	379,651	Working capital
					14,515,560	5,583,727	

Note: The above borrowing facilities carry interest at market rates.

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

28 Non-convertible sukuk

	2022			2021
	AED '000			AED '000
	Sukuk No.1	**Sukuk No.2**	**Total**	Total
Additions due to acquisition of a subsidiary (Note 42)	1,900,622	1,831,759	**3,732,381**	**-**
Accrued profits	58,164	41,518	**99,682**	**-**
Amortisation of issue costs	3,442	1,418	**4,860**	**-**
Other movements	(78,432)	18,891	**(59,541)**	**-**
Less: Paid	(36,352)	(59,114)	**(95,466)**	**-**
Carrying amount	1,847,444	1,834,472	**3,681,916**	**-**

Sukuks are classified as follows:

	2022	2021
	AED '000	AED '000
Non-current	**3,644,812**	-
Current	**37,104**	-
	3,681,916	-

Sukuk No.1

The Group has issued a non-convertible sukuk ("Sukuk No. 1") for a total value of AED 1,836,750 thousand (USD 500,000 thousand). Sukuk No. 1 has a profit rate of 4.750% per annum payable semi-annually and is due for repayment in September 2025.

Sukuk No.2

The Group has also issued a non-convertible sukuk ("Sukuk No. 2") for a total value of AED1,836,750 thousand (USD 500,000 thousand). Sukuk No. 2 has a profit rate of 3.875% per annum payable semi-annually and is due for repayment in October 2029.

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

29 Derivative financial instruments

In order to reduce the Group's exposure to interest rate fluctuations on variable interest-bearing borrowings, it has entered into interest rate swap arrangements and forward currency contracts with counter-party banks, generally for amounts matching to those particular borrowings.

Derivatives designated as hedging instruments

	Fix leg on instrument	Notional amount AED'000	Assets AED'000	Liabilities AED'000
31 December 2022				
- Foreign exchange forward contracts	**-**	**644,445**	**-**	**(47,236)**
- Interest rate swaps	**0.80 - 2.82%**	**1,839,953**	**248,792**	**-**
			248,792	**(47,236)**
31 December 2021				
- Foreign exchange forward contracts	-	265,971	-	(5,351)
- Interest rate swaps	0.80%	686,758	6,403	(288)
			6,403	(5,639)

Derivatives not designated as hedging instruments

	Fix leg on instrument	Notional amount AED'000	Assets AED'000	Liabilities AED'000
31 December 2022				
- Foreign exchange forward contracts	**-**	**-**	**-**	**-**
- Interest rate swaps	**4.27%**	**470,314**	**-**	**(2,935)**
			-	**(2,935)**
31 December 2021				
- Foreign exchange forward contracts	-	-	-	-
- Interest rate swaps	4.27%	553,605	-	(39,925)
			-	(39,925)

29 Derivative financial instruments (continued)

Derivative financial instruments are classified as follows:

	2022 AED '000	2021 AED '000
Non-current liabilities	**-**	19,559
Non-current assets (Note 15)	**(207,045)**	-
Current liabilities (Note 31)	**50,171**	26,005
Current assets (Note 15)	**(41,747)**	(6,403)
At 31 December	**(198,621)**	39,161

30 Contract liabilities

	2022 AED '000	2021 AED '000
Amounts related to construction contracts	**2,901,142**	351,538
Amounts related to insurance contracts	**2,500,381**	-
Amounts received in advances from customers	**4,538,544**	1,282,780
At 31 December	**9,940,067**	1,634,318

The gross and net insurance liabilities certified by the Group's external actuary, are as follows:

	2022 AED '000	2021 AED '000
Claims incurred but not reported and claims reported but not approved	**1,019,789**	-
Unearned premiums	**1,468,861**	-
Unallocated loss adjustment expense reserve	**11,731**	-
At 31 December	**2,500,381**	-

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

30 Contract liabilities (continued)

Reinsurance contract assets are as follows:

	2022 AED '000	2021 AED '000
Reinsurance share of claims incurred but not reported and claims reported but not approved	**(178,831)**	-
Reinsurance share of unearned premiums	**(207,497)**	-
Reinsurance share of profit commission	**(7,799)**	-
At 31 December	**(394,127)**	-

Insurance contract liabilities - net are as follows:

	2022 AED '000	2021 AED '000
Claims incurred but not reported and claims reported but not approved (net)	**840,958**	-
Unearned premiums (net)	**1,261,364**	-
Unallocated loss adjustment expense reserve (net)	**11,731**	-
At 31 December	**2,114,053**	-

The gross and net insurance liabilities certified by the Group's external actuary, are as follows:

	Gross AED'000	Net AED'000
31 December 2022		
Claims incurred but not reported and claims reported but not approved	**1,019,789**	**840,958**
Unearned premiums	**1,468,861**	**1,261,364**
Unallocated loss adjustment expense reserve	**11,731**	**11,731**
	2,500,381	**2,114,053**

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

30 Contract liabilities (continued)

Movement in the insurance contract liabilities (gross and net) during the year were as follows:

	Claims (including ULAE)		
	Gross AED'000	Reinsurance AED'000	Net AED'000
31 December 2022			
Claims incurred but not reported and claims reported but not approved including ULAE at the date of acquisition	970,890	(178,305)	**792,585**
Claims incurred during the period	1,343,785	(188,821)	**1,154,964**
Claims settled during the period	(1,283,155)	188,295	**(1,094,860)**
	1,031,520	(178,831)	**852,689**

	Premiums		
	Gross AED'000	Reinsurance AED'000	Net AED'000
31 December 2022			
Unearned premium reserve at the date of acquisition	1,801,675	(283,061)	**1,518,614**
Written during the period	826,456	(117,827)	**708,629**
Earned during the period	(1,159,270)	193,391	**(965,879)**
	1,468,861	(207,497)	**1,261,364**

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

31 Trade and other payables

	2022 AED '000	2021 AED '000
Accruals and other payables	**14,819,787**	4,131,950
Trade payables	**3,730,956**	3,826,821
Retention payables	**2,382,564**	441,328
Project related accruals and provisions	**1,872,569**	1,178,177
Government funded programs payables	**1,870,022**	-
Insurance and reinsurance payables	**698,104**	-
Finance charge payable	**207,284**	57,395
Dividend payables	**109,534**	292,268
Derivative financial instruments (Note 29)	**50,171**	45,564
Deferred government grant	**42,143**	-
	25,783,134	9,973,503

Trade and other payables are classified as follows:

	2022 AED '000	2021 AED '000
Non-current	**1,698,307**	58,552
Current	**24,084,827**	9,914,951
	25,783,134	9,973,503

The average credit period on purchases ranges between 30 to 90 days. The Group has financial risk management policies in place to ensure that payables are paid within agreed timeframes. Generally, no interest is charged on trade and other payables.

Movement in provision for project delays and onerous contracts is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**333,745**	201,285
Charge for the year	**68,061**	81,831
Acquired in common control business combinations	**-**	50,629
At 31 December	**401,806**	333,745

32 Revenue

	2022 AED '000	2021 AED '000
Revenue by activity:		
Medical and related services	**10,919,361**	6,714,701
Commercial and industrial services	**10,685,339**	5,652,967
Construction contracts	**6,150,981**	4,550,442
Real estate development and sales	**6,123,163**	-
Management and related services	**2,770,941**	1,179,020
Insurance and related services	**1,050,133**	-
Sale of goods and others	**2,350,071**	572,070
	40,049,989	18,669,200
Timing of revenue recognition:		
Revenue at a point in time	**15,676,684**	7,069,595
Revenue over time	**24,373,305**	11,599,605
	40,049,989	18,669,200
Geographical markets:		
UAE	**34,817,299**	15,802,868
Outside the UAE	**5,232,690**	2,866,332
	40,049,989	18,669,200

The transaction price allocated to (partially) unsatisfied performance obligations are as set out below:

	2022 AED '000	2021 AED '000
Unsatisfied performance obligations		
Commercial and industrial services	**30,739,982**	19,177,323
Medical and related services	**17,901,000**	7,097,957
Real estate development and sales	**17,159,549**	-
Construction contracts	**12,653,766**	19,278,000
Management and related services	**6,271,053**	7,501,192
	84,725,350	53,054,472

The Group expects that 38% (2021: 27%) of the transaction price allocated to unsatisfied contracts at 31 December 2022 will be recognised as revenue during 2023, amounting AED 32,144 million (2021: AED 14,389 million). AED 23,347 million (2021: AED 10,026 million) will be recognised in the year 2024 with AED 29,234 million (2021: AED 28,638 million) in future years.

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

33 Direct costs

	2022	2021
	AED '000	AED '000
Subcontractor costs	**7,788,418**	3,213,254
Material and inventory consumed	**6,856,608**	3,531,571
Staff costs	**5,191,332**	2,204,565
Other project costs	**1,901,247**	1,454,469
Depreciation and amortisation (Notes 5, 6, 8 and 9)	**1,383,985**	571,412
Hospital management expenses	**1,245,993**	1,084,821
Insurance claims incurred	**1,014,506**	-
Other direct costs	**4,930,191**	987,785
	30,312,280	13,047,877

34 General, administrative and selling expenses

	2022	2021
	AED '000	AED '000
Staff costs	**1,867,342**	367,305
Depreciation and amortisation (Note 5, 6, 8 and 9)	**625,948**	69,465
Management fees	**196,504**	289,338
Utilities	**94,879**	29,919
Maintenance	**44,671**	19,992
Allowance for stock obsolescence (Note 16)	**6,168**	2,902
Other expenses	**2,008,863**	207,557
	4,844,375	986,478

Other general, administrative and selling expenses include social contributions amounting to AED 29,665 thousand (2021: AED 7,408 thousand).

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

35 Other income

	2022 AED '000	2021 AED '000
Dividend income	**324,775**	146,096
Gain on disposal of property, plant and equipment	**272,018**	1,531
Profit for the year from discontinued operations (Note 38)	**171,042**	4,429
Fair value gain on re-measurement of an investment in associate	**116,432**	-
Recovery of doubtful receivables	**68,225**	518,685
Others	**187,377**	351,820
	1,139,869	1,022,561

36 Income from government grants

Income related Government grant comprises of funding from Government of Abu Dhabi for AED 1.42 billion (2021: Nil)

37 Finance costs, net

	2022 AED '000	2021 AED '000
Finance costs		
Interest on borrowings	**522,626**	92,655
Interest on lease liabilities (Note 9)	**61,172**	15,704
	583,798	108,359
Finance income		
Bank deposits	**165,863**	15,172
Other financial assets measured at amortised cost	**70,690**	8,105
	236,553	23,277
Net finance costs	**347,245**	85,082

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

38 Discontinued operations

Operations discontinued during the year

During the year, the Group has decided to dispose Pure Capital Investments LLC and certain other subsidiaries and accordingly classified them as a discontinued operations.

The carrying value of the assets and liabilities of discontinued operations are as follows:

	Notes	Total AED '000
Assets		
Property, plant and equipment	**5**	**3,094**
Right-of-use assets	**9**	**1,070**
Inventories		**523**
Trade and other receivables		**174,746**
Due from related parties		**7,035**
Cash and bank balances		**11,537**
Total assets		**198,005**
Liabilities		
Bank borrowings	**27**	**3,429**
Lease liabilities	**9**	**1,133**
Provision for employees' end of service benefits	**26**	**2,203**
Due to related parties		**101,416**
Trade and other payables		**97,605**
Total liabilities		**205,786**
Net liabilities directly associated with disposal group		**(7,781)**
Less: net liabilities attributable to non-controlling interests	**A**	**2,340**
Net liabilities attributable to owners of the Company		**(5,441)**
Less: consideration received		**117,600**
Gain on disposal	**B**	**123,041**

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

38 Discontinued operations (continued)

Operations discontinued during the prior year

In 2021, the Group decided to sell its interests in Aafaq, a partially owned subsidiary, resulting in its classification as a disposal group held-for-sale and as a discontinued operation. The disposal was completed with effect from 1 July 2022, on which date control of Aafaq passed to the acquirer, on which date its net assets were:

	2022 **AED '000**	2021 AED '000
Assets		
Property, plant and equipment	**29,846**	-
Right-of-use assets	**2,574**	-
Investment properties	**216,604**	217,192
Investment in financial assets	**904,957**	916,429
Islamic financing assets	**1,599,843**	1,617,919
Trade and other receivables	**29,087**	32,092
Due from related parties	**65,983**	65,874
Cash and bank balances	**179,341**	289,102
Total assets	**3,028,235**	3,138,608
Liabilities		
Bank borrowings	**200,000**	200,000
Margins against letter of guarantees	**827,471**	901,440
Lease liabilities	**984**	1,991
Provision for employees' end of service benefits	**5,946**	5,908
Due to related parties	**-**	3,278
Trade and other payables	**999,139**	1,075,710
Total liabilities	**2,033,540**	2,188,327
Net assets directly associated with disposed group	**994,695**	950,281

38 Discontinued operations (continued)

		2022 AED '000
Net assets directly associated with disposed group		**994,695**
Less: net assets attributable to non-controlling interests	**C**	**(218,773)**
Net assets attributable to owners of the Group	**D**	**775,922**
Less: Purchase consideration	**E**	**(760,330)**
Net gain on disposal	**F = B - D - E**	**107,449**
Movement in non-controlling interests on disposal of subsidiaries	**G = C - A**	**216,433**

The results of the discontinued operations, which have been included in the consolidated statement of profit or loss for the current and prior year, were as follows:

	2022 AED '000	2021 AED '000
Revenue	**285,516**	384,222
Expenses	**(221,923)**	(379,793)
Profit from operations	**63,593**	4,429
Net gain on disposal	**107,449**	-
Gain from discontinued operations	**171,042**	4,429

39 Earnings per share

The following reflects the profit and share data used in to calculate both basic and diluted earnings per share, as these are no outstanding dilutive instruments:

	2022	2021
Profit for the year attributable to equity holders of the Company – AED '000	**7,341,651**	3,181,752
Less: distributions to the Noteholder (Note 24)	**(51,645)**	-
	7,290,006	3,181,752
Weighted average number of ordinary shares issued ('000)	**10,000,000**	7,135,106
Basic and diluted earnings per share (AED)	**0.73**	0.45

40 Contingent liabilities and commitments

	2022 AED '000	2021 AED '000
Letter of guarantees	**18,650,662**	12,077,243
Letters of credit	**1,047,577**	722,803
Capital commitments	**36,624,017**	2,243,330
Purchase commitments	**4,537,861**	1,678,572
Operating lease commitments	**6,823,781**	48,920

The above bank guarantees, and letters of credit are issued in the normal course of business.

40 Contingent liabilities and commitments (continued)

Operating lease commitments

The Group as lessor

The Group has entered into operating leases on its investment property portfolio and have terms of between 1 and 5 years. The lessees do not have an option to purchase the property at the expiry of the lease period.

The future minimum rentals receivable under non-cancellable operating leases contracted as at 31 December are as follows:

	2022	2021
	AED '000	AED '000
Buildings:		
Within one year	**1,384,743**	32,809
In the second to fifth year	**3,403,562**	16,111
After five years	**2,035,476**	-
	6,823,781	48,920

41 Business combinations under common control

During 2022, the ownership interest of the following entities, along with their subsidiaries (if any), was transferred to the Group. Each of the transfers was accounted for as a business combination under common control:

Transfers during the year

Name of subsidiary	**Date of transfer**	**Proportion of effective equity acquired %**	**Principal activity**
W Solar Investment LLC ('W Solar')	1 January 2022	75%	Solar energy business
Yas Clinic Group Sole Proprietorship LLC ('Yas Clinic')	1 January 2022	71%	Hospital management services
Abu Dhabi Stem Cells Center – Sole Proprietor LLC ('ADSCC')	1 January 2022	71%	Healthcare provider
Tamouh Healthcare LLC ('Tamouh')	1 January 2022	71%	Healthcare provider
Enigma Commercial Investment - Sole Proprietorship L.L.C.	5 May 2022	100%	Investment holding

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

41 Business combinations under common control (continued)

Transfers during the year (continued)

Details of the assets and liabilities recognised at the date of transfer of ownership are as follows:

	Notes	W Solar AED '000	Yas Clinic AED '000	ADSCC AED '000	Tamouh AED '000	Total AED '000
Non-current assets						
Property, plant and equipment	**5**	-	380,985	60,306	468	441,759
Intangible assets	**6**	-	5,749	874	-	6,623
Right-of-use assets	**9**	-	17,889	1,437	-	19,326
		-	404,623	62,617	468	467,708
Current assets						
Inventories		-	7,433	1,280	-	8,713
Contract assets		-	-	-	6,209	6,209
Trade and other receivables		121	955,119	82,794	641,576	1,679,610
Due from related parties		300	54,623	-	29,257	84,180
Cash and bank balances		914	20,804	5,079	89,821	116,618
		1,335	1,037,979	89,153	766,863	1,895,330
Total assets		1,335	1,442,602	151,770	767,331	2,363,038
Non-current liabilities						
Lease liabilities	**9**	-	15,723	687	-	16,410
Provision for employees' end of service benefits	**26**	-	828	693	7,385	8,906
Bank borrowings	**27**	-	295,408	-	-	295,408
		-	311,959	1,380	7,385	320,724
Current liabilities						
Lease liabilities	**9**	-	3,177	750	-	3,927
Due to related parties		1,764	-	-	266,813	268,577
Bank borrowings	**27**	-	4,592	-	-	4,592
Trade and accounts payables		4	424,164	43,840	180,145	648,153
		1,768	431,933	44,590	446,958	925,249
Total liabilities		1,768	743,892	45,970	454,343	1,245,973
Net (liabilities) / assets at the date of transfer		(433)	698,710	105,800	312,988	1,117,065

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

41 Business combinations under common control (continued)

Transfers during the year (continued)

	Notes	W Solar AED '000	Yas Clinic AED '000	ADSCC AED '000	Tamouh AED '000	Total AED '000
Net (liabilities) / assets at the date of transfer		(433)	698,710	105,800	312,988	1,117,065
Less: net assets attributable to non-controlling interests		-	-	-	(70,360)	(70,360)
Net (liabilities) / assets attributable to owners of the Group		(433)	698,710	105,800	242,628	1,046,705

The assets as on the date of transfer under common control were allocated as follows:

	2022 AED '000
Merger reserve (Note 22)	**741,360**
Non-controlling interests	**305,345**
	1,046,705

41 Business combinations under common control (continued)

Transfers during the prior year (2021)

Name of subsidiary	Date of transfer	Proportion of equity acquired %	Principal activity
Mawarid Holding Investment LLC (‘Mawarid’)	1 April 2021	70%	Investment holding
Murban Energy Limited (‘Murban’)	1 April 2021	100%	Investment holding
Sublime Commercial Investment – Sole Proprietorship LLC (‘Sublime’)	1 April 2021	100%	Investment holding
Pure Health Medical Supplies LLC (‘PHMS’)	1 April 2021 and 1 July 2021	63%	Health care technology and management services
Sogno Commercial Investment – Sole Proprietorship LLC (‘SOGNO’)	1 June 2021	100%	Investment holding
W A S TWO Commercial Investment – Sole Proprietorship LLC (‘WAS Two’)	1 June 2021	100%	Investment holding
Emirates Gateway Securities Services LLC (‘EGSS’)	1 July 2021	95%	Security services
C D Properties - Sole Proprietorship LLC (‘CD Properties’)	1 July 2021	100%	Investment holding
Branch of Trojan General Contacting LLC	1 July 2021	100%	Hotels and other short term residences
Sogno Two Sole Proprietorship LLC (‘SOGNO Two’)	31 December 2022	100%	Investment holding
Sogno Three Sole Proprietorship LLC ('SOGNO Three’)	31 December 2022	100%	Investment holding
Sublime Two Investment Sole Proprietorship LLC (‘Sublime Two’)	31 December 2022	100%	Investment holding

41 Business combinations under common control (continued)

Details of the assets and liabilities recognised at the date of transfer of ownership are as follows:

		Mawarid	Murban	SOGNO and WAS Two	Sublime	PHMS	EGSS	SOGNO Two	SOGNO Three	Sublime Two	Others *	Total
		AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
Assets acquired and liabilities assumed at the date of the acquisition												
Non-current assets	Notes											
Property, plant and equipment	5	163,119	1,157,256	4,492,980	-	89,213	183	-	-	-	1,450	**5,904,201**
Intangible assets	6	3,309	-	146,300	-	10,941	-	-	-	-	367	**160,917**
Goodwill	7	-	451,672	-	-	-	-	-	-	-	-	**451,672**
Biological assets		19,848	-	-	-	-	-	-	-	-	-	**19,848**
Investment properties	8	219,185	333,896	-	-	-	-	-	-	-	-	**553,081**
Right-of-use assets	9	26,340	58,494	317,346	-	15,944	-	-	-	-	1,140	**419,264**
Investment in associates and joint ventures	10	-	387,574	50,194	-	-	-	-	-	1,668,624	-	**2,106,392**
Islamic financing assets		1,070,975	-	-	-	-	-	-	-	-	-	**1,070,975**
Investment in financial assets	12	977,917	-	-	3,688,350	-	63	2,589,854	2,494,922	247,053	-	**9,998,159**
Contract assets		-	-	-	-	254,262	-	-	-	-	-	**254,262**
Trade and other receivables		66,671	8,182	39,964	-	-	-	-	-	-	-	**114,817**
Current assets												
Inventories		51,607	15,364	320,589	-	85,144	2,497	-	-	-	13,162	**488,363**
Trade and other receivables		572,274	144,011	3,200,220	-	1,967,588	156,681	-	-	-	23,202	**6,063,976**
Contract assets		77,070	-	4,106,004	-	27,085	-	-	-	-	-	**4,210,159**
Due from related parties		41,951	1,203,417	-	-	72,769	-	-	-	-	19,226	**1,337,363**
Cash and bank balances		736,166	604,059	671,119	5,081	112,566	24,802	-	-	371,776	5,934	**2,531,503**
Investment in financial assets	12	-	429,227	30,853	-		-	-	-	-	-	**460,080**
Total assets		**4,026,432**	**4,793,152**	**13,375,569**	**3,693,431**	**2,635,512**	**184,226**	**2,589,854**	**2,494,922**	**2,287,453**	**64,481**	**36,145,032**

* Others include C D Properties – Sole Proprietorship LLC and Chechnya Hotel.

41 Business combinations under common control (continued)

	Notes	Mawarid	Murban	SOGNO and WAS Two	Sublime	PHMS	EGSS	SOGNO Two	SOGNO Three	Sublime Two	Others *	Total
		AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
Non-current liabilities												
Provision for employees' end of service benefits	26	69,890	8,406	438,176	-	5,326	19,940	-	-	-	61	**541,799**
Lease liabilities	9	23,479	40,172	307,669	-	9,502	-	-	-	-	149	**380,971**
Borrowings	27	597,610	798,827	1,556,876	1,500,000	62,940	-	-	-	-	-	**4,516,253**
Trade and accounts payables		61,461	18,374	-	-	82,833	-	-	-	-	-	**162,668**
Current liabilities												
Lease liabilities	9	1,935	7,138	8,403	-	4,385	-	-	-	-	977	**22,838**
Borrowings	27	113,634	130,274	1,271,117	-	27,271	-	-	-	-	-	**1,542,296**
Due to related parties		8,605	186,687	-	34,892	1,264,774	36,267	-	-	-	-	**1,531,225**
Trade and other payables		2,261,185	43,269	4,730,781	-	345,531	28,325	-	-	-	2,290	**7,411,381**
Total liabilities		3,137,799	1,233,147	8,313,022	1,534,892	1,802,562	84,532	-	-	-	3,477	16,109,431
Net assets at the date of transfer		888,633	3,560,005	5,062,547	2,158,539	832,950	99,694	2,589,854	2,494,922	2,287,453	61,004	20,035,601
Less: net liabilities attributable to non-controlling interests		(209,701)	-	(2,824)	-	-	-	-	-	-	-	(212,525)
Net assets attributable to owners of the Group		678,932	3,560,005	5,059,723	2,158,539	832,950	99,694	2,589,854	2,494,922	2,287,453	61,004	19,823,076

41 Business combinations under common control (continued)

The assets as on the date of transfer under common control were allocated as follows:

	2021
	AED '000
Merger reserve (Note 22)	**17,183,306**
Non-controlling interests	**2,639,770**
	19,823,076

42 Business combination under IFRS 3

GenQore Drug store LLC ("GenQore")

Effective 1 February 2022, the Group acquired a 90% equity interest in GenQore, for a consideration of AED 1 which was accounted for using the acquisition method under IFRS 3. From the date of acquisition, GenQore contributed revenue and loss to the Group amounting to AED 24,025 thousand and AED 1,077 thousand respectively. If the acquisition had taken place at the beginning of the year, GenQore would have contributed revenue and loss to the Group amounting to AED 29,134 thousand and AED 1,068 thousand respectively.

Aldar Properties PJSC ("Aldar")

Effective 11 April 2022, the Group acquired another 2% ownership interest in Aldar. As a result, the Group was able to appoint four out of the seven board members at the annual general meeting held on 11 April 2022, giving the Group control over Aldar. Accordingly, this has been treated as a step acquisition under IFRS 3 and the investment in Aldar has been de-recognised as an investment in an associate and has instead been consolidated as a subsidiary under IFRS 10. As at 31 December 2022, the Group holds 31.63% of Aldar.

Aldar is a company registered and incorporated in the Emirate of Abu Dhabi and is engaged in various businesses primarily the development, sales, investment, construction, leasing, management and associated services for real estate. From the date of acquisition, Aldar contributed revenue and profit to the Group amounting to AED 8,516,822 thousand and AED 2,455,923 thousand respectively. If the acquisition had taken place at the beginning of the year, Aldar would have contributed revenue and profit to the Group amounting to AED 11,200,027 thousand and AED 3,143,733 thousand respectively.

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

42 Business combination under IFRS 3 (continued)

Al Shohub Private School LLC ("Al Shohub")

On 20 January 2022, the Group agreed to purchase Al Shohub, a limited liability company registered in Abu Dhabi, United Arab Emirates for a total consideration of AED 72 million. On 1 June 2022, the transaction was completed and is therefore the date on which the Group acquired control over Al Shohub. From the date of acquisition, Al Shohub contributed revenue and loss to the Group amounting to AED 13,738 thousand and AED 1,445 thousand respectively. If the acquisition had taken place at the beginning of the year, Al Shohub would have contributed revenue and loss to the Group amounting to AED 22,794 thousand and AED 5,373 thousand respectively.

Twafq Projects Development Property LLC ("Twafq")

On 18 April 2022, the Group signed an agreement for the acquisition of 70% of Twafq for a consideration of AED 331 million. Twafq is incorporated in Abu Dhabi, UAE and is involved in the development, investment, and management of industrial real estate. From the date of acquisition, Twafq contributed revenue and profit to the Group amounting to AED 47,638 thousand and AED 51,813 thousand respectively. If the acquisition had taken place at the beginning of the year, Twafq would have contributed revenue and profit to the Group amounting to AED 62,700 thousand and AED 56,994 thousand respectively.

Spark Security Services ("Spark")

Effective 1 September 2022, the Group acquired 100% shares of Spark Securities Services Sole Proprietorship LLC, Abu Dhabi and Spark Securities Services LLC, Dubai (together referred to as "Spark") for a consideration of AED 120 million. From the date of acquisition, Spark contributed revenue and profit to the Group amounting to AED 95,555 thousand and AED 5,855 thousand respectively. If the acquisition had taken place at the beginning of the year, Spark would have contributed revenue and profit to the Group amounting to AED 268,192 thousand and AED 11,308 thousand respectively.

Mace Macro Technical Services LLC ("Mace")

Effective 1 August 2022, the Group acquired 100% shares of Mace for a consideration of AED 4.4 million. From the date of acquisition, Mace contributed revenue and profit to the Group amounting to AED 5,231 thousand and AED 523 thousand respectively. If the acquisition had taken place at the beginning of the year, Mace would have contributed revenue and profit to the Group amounting to AED 13,978 thousand and AED 1,669 thousand respectively.

Pactive Sustainable Solutions LLC ("Pactive")

Effective 1 August 2022, the Group acquired 100% shares of Pactive for a consideration of AED 10 million. From the date of acquisition, Pactive contributed revenue and profit to the Group amounting to AED 6,257 thousand and AED 832 thousand respectively. If the acquisition had taken place at the beginning of the year, Pactive would have contributed revenue and profit to the Group amounting to AED 9,023 thousand and AED 1,236 thousand respectively.

42 Business combination under IFRS 3 (continued)

National Health Insurance Company PJSC ("Daman")

Effective 1 October 2022, the Group acquired 39% shares of Daman. From the date of acquisition, Daman contributed revenue and profit to the Group amounting to AED 1,153,060 thousand and AED 83,609 thousand respectively. If the acquisition had taken place at the beginning of the year, Daman would have contributed revenue and profit to the Group amounting to AED 4,401,021 thousand and AED 303,237 thousand respectively.

Abu Dhabi Health Services Company PJSC ("SEHA")

Effective 1 October 2022, the Group acquired 39% shares of SEHA. From the date of acquisition, SEHA contributed revenue and profit to the Group amounting to AED 2,092,512 thousand and AED 547,984 thousand respectively. If the acquisition had taken place at the beginning of the year, SEHA would have contributed revenue and profit to the Group amounting to AED 7,278,000 thousand and AED 902,854 thousand respectively.

The Life Corner LLC ("TLC")

Effective 1 October 2022, the Group acquired 39% shares of TLC. From the date of acquisition, TLC contributed revenue and profit to the Group amounting to AED 82,318 thousand and AED 42,193 thousand respectively. If the acquisition had taken place at the beginning of the year, TLC would have contributed revenue and profit to the Group amounting to AED 82,318 thousand and AED 27,191 thousand respectively.

SAGA OA DMCC ("SAGA")

On 19 October 2022, the Group acquired 100% of SAGA International Owners Association Management Services LLC and SAGA OA DMCC ("SAGA"), for a consideration of AED 37 million. From the date of acquisition, SAGA contributed revenue and profit to the Group amounting to AED 2,305 thousand and AED 599 thousand respectively. If the acquisition had taken place at the beginning of the year, SAGA would have contributed revenue and profit to the Group amounting to AED 12,787 thousand and AED 6,435 thousand respectively.

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

42 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the entities were as follows:

	Notes	Aldar AED'000	Al Shohub AED'000	Twafq AED'000	Spark AED'000	Daman* AED'000	SEHA* AED'000	Others* AED'000	Total AED'000
Non-current assets									
Property, plant and equipment	**5**	4,026,985	71,694	2,447	12,756	9,105	1,232,994	3,940	**5,359,921**
Intangible assets	**6**	2,293,068	1,483	-	27,948	445,115	2,756,355	42,514	**5,566,483**
Investment properties	**8**	18,034,787	-	584,495	-	3,445	-	-	**18,622,727**
Right-of-use-assets	**9**	379,596	2,360	113,034	-	69,501	9,643	-	**574,134**
Investment in associates and joint ventures	**10**	70,021	-	-	-	45,549	-	-	**115,570**
Investment in financial assets	**12**	45,972	-	-	-	208,691	-	-	**254,663**
Trade and other receivables		553,031	-	-	-	3,448	-	-	**556,479**
		25,403,460	75,537	699,976	40,704	784,854	3,998,992	46,454	**31,049,977**
Current assets									
Investment in financial assets	**12**	142,801	-	-	-	343,699	-	-	**486,500**
Contract assets		221,056	-	-	-	461,366	397,739	-	**618,795**
Trade and other receivables		7,549,106	2,158	5,404	98,945	4,716,066	2,385,867	18,623	**15,237,535**
Inventories		10,226,250	-	-	485	-	556,647	-	**10,783,382**
Development work-in-progress	**17**	3,673,726	-	-	-	-	-	-	**3,673,726**
Due from a related party		-	-	-	181	-	-	-	**181**
Cash and bank balances		9,060,667	1,821	31,945	17,072	2,656,192	630,780	26,825	**12,425,302**
		30,873,606	3,979	37,349	116,683	8,177,323	3,971,033	45,448	**43,225,421**
Total assets		56,277,066	79,516	737,325	157,387	8,962,177	7,970,025	91,902	**74,275,398**

42 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed (continued)

	Notes	Aldar AED'000	Al Shohub AED'000	Twafq AED'000	Spark AED'000	Daman* AED'000	SEHA* AED'000	Others* AED'000	Total AED'000
Non-current liabilities									
Lease liabilities	**9**	325,520	2,370	128,714	965	34,073	7,813	-	**499,455**
Provision for employees' end of service benefits	**26**	241,812	1,246	1,411	36,977	64,454	1,408,725	1,617	**1,756,242**
Bank borrowings	**27**	4,218,570	-	86,137	-	-	-	-	**4,304,707**
Non-convertible sukuk		3,698,959	-	-	-	-	-	-	**3,698,959**
Trade and other payables		1,914,385	-	-	-	-	-	-	**1,914,385**
		10,399,246	3,616	216,262	37,942	98,527	1,416,538	1,617	**12,173,748**
Current liabilities									
Lease liabilities	**9**	46,133	187	4,724	461	35,336	5,307	-	**92,148**
Due to related parties		-	-	-	232	-	-	81	**313**
Bank borrowings	**27**	36,823	-	16,218	-	-	-	-	**53,041**
Non-convertible sukuk		33,422	-	-	-	-	-	-	**33,422**
Trade and other payables		7,840,957	12,624	9,536	36,391	3,861,207	2,233,620	36,869	**16,940,282**
Contract liabilities		2,313,004	-	8,576	-	2,909,078	-	-	**2,321,580**
		10,270,339	12,811	39,054	37,084	6,805,621	2,238,927	36,950	**19,440,786**
Total liabilities		20,669,585	16,427	255,316	75,026	6,904,148	3,655,465	38,567	**31,614,534**
Net assets acquired		35,607,481	63,089	482,009	82,361	2,058,029	4,314,560	53,335	**42,660,864**
Less: non-controlling interests		(641,298)	-	(141,871)	-	-	-	29	**(783,140)**
hybrid equity instruments	**24**	(1,126,639)	-	-	-	-	-	-	**(1,126,639)**
Proportionate share of identifiable net assets acquired		33,839,544	63,089	340,138	82,361	2,058,029	4,314,560	53,364	**40,751,085**

42 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed (continued)

	Notes	Aldar AED'000	Al Shohub AED'000	Twafq AED'000	Spark AED'000	Daman* AED'000	SEHA* AED'000	Others* AED'000	Total AED'000
Proportionate share of identifiable net assets acquired		33,839,544	63,089	340,138	82,361	2,058,029	4,314,560	53,364	**40,751,085**
Less: additional non-controlling interests at group level		(23,151,473)	-	-	-	-	-	-	**(23,151,473)**
Purchase consideration		(12,865,365)	(72,210)	(331,034)	(120,019)	-	-	(51,365)	**(13,439,993)**
Contribution of a shareholder	**A**	-	-	-	-	(1,651,389)	(4,576,033)	(8,925)	**(6,236,347)**
Settlement of a pre-existing relationship	**43**	-	-	-	-	-	(1,080,633)	-	**(1,080,633)**
Goodwill	**7**	2,177,294	9,121	-	37,658	-	1,342,106	7,554	**3,573,733**
Gain on bargain purchase		-	-	9,104	-	406,640	-	628	**416,372**

Non-controlling interests on the date of transfer under business combinations are allocated as:

	2022 AED '000
Non-controlling interests on acquisition	**783,140**
Additional non-controlling interests at Group level	**23,151,473**
	23,934,613

* The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalise the purchase price allocation exercises of these acquisitions within one year from the respective acquisition dates.

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

42 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed (continued)

	Notes	Aldar AED'000	Al Shohub AED'000	Twafq AED'000	Spark AED'000	Daman AED'000	SEHA AED'000	Others AED'000	Total AED'000
Net cash acquired on business combination		9,060,667	1,821	31,945	17,072	2,656,192	630,780	26,825	**12,425,302**
Cash paid for the acquisition		-	(65,084)	(331,034)	(104,132)	-	-	(42,395)	**(542,645)**
Acquisition of operating business – net of cash acquired (included in cashflows from investing activities)		9,060,667	(63,263)	(299,089)	(87,060)	2,656,192	630,780	(15,570)	**11,882,657**
Transaction costs of the acquisition (included in cashflows from operating activities)		(521)	(845)	(88)	(2,459)	(335)	(537)	(1,447)	**(6,232)**
Net cash acquired on acquisition		9,060,146	(64,108)	(299,177)	(89,519)	2,655,857	630,243	(17,017)	**11,876,425**

Note: Transaction costs were expensed during the year and are included into Note 34.

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

42 Business combination under IFRS 3 (continued)

Identifiable assets acquired and liabilities assumed (continued)

		2022 AED '000
Increase in net assets acquired on completion of purchase price allocation (PPA)	**B**	**29,281**
Contribution in kind from a shareholder	**A + B**	**6,265,628**

Net assets as on the date of acquisition of subsidiaries is allocated as:

	2021 AED'000
Merger reserve (Note 22)	2,440,523
Non-controlling interests	3,825,105
	6,265,628

Acquisition during the prior year

On 1 October 2021, the Group acquired the following subsidiaries which were accounted for using the acquisition method under IFRS 3 *Business Combinations*.

Acquisition of Rafed Healthcare Supplies LLC ("Rafed").

Effective 1 October 2021, the Group acquired a 100% equity interest in Rafed, for a consideration of AED 4,539 thousand. Rafed is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in wholesale trading of medical related items and medical goods storage. From the date of acquisition, Rafed contributed revenue and profit to the Group amounting to AED 584,821 thousand and AED 49,459 thousand respectively. If the acquisition had taken place at the beginning of the year, Rafed would have contributed revenue and profit to the Group amounting to AED 2,790,589 thousand and AED 147,418 thousand respectively.

Acquisition of Union 71 Medical Facilities Management LLC ("Union 71")

Effective 1 October 2021, the Group acquired a 100% equity interest in Union 71 for a consideration of AED 18,151 thousand. Union 71 is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in the management of medical facilities.

42 Business combination under IFRS 3 (continued)

Acquisition of Union 71 Medical Facilities Management LLC ("Union 71") (continued)

From the date of acquisition, Union 71 contributed revenue and profit to the Group amounting to AED 170,094 thousand and AED 19,008 thousand respectively. If the acquisition had taken place at the beginning of the year, Union 71 would have contributed revenue and profit to the Group amounting to AED 652,471 thousand and AED 123,763 thousand respectively.

The fair values of the identifiable assets and liabilities of Rafed and Union 71 as at the date of acquisition were as follows:

	Notes	Rafed AED'000	Union 71 AED'000	Total AED'000
ASSETS				
Property, plant and equipment	5	1,304	10,986	12,290
Intangible assets	6	178,600	961,200	1,139,800
Right-of-use assets	9	-	80,980	80,980
Inventories		-	12,120	12,120
Trade and other receivables		1,255,289	395,644	1,650,933
Due from related parties		95,591	150	95,741
Cash and bank		169,953	116,523	286,476
Total assets		1,700,737	1,577,603	3,278,340
LIABILITIES				
Trade and other payables		1,422,601	311,037	1,733,638
Lease liabilities	9	-	82,359	82,359
Due to related parties		-	97,563	97,563
Provision for employees' end of service benefits	26	1,427	7,256	8,683
Total liabilities		1,424,028	498,215	1,922,243
Net assets acquired		276,709	1,079,388	1,356,097
Less: purchase consideration		(4,539)	(18,151)	(22,690)
Additional contribution through a subsidiary		272,170	1,061,237	1,333,407

42 Business combination under IFRS 3 (continued)

Net assets as on the date of acquisition of subsidiaries is allocated as:

	2021 AED'000
Merger reserve (Note 22)	840,046
Non-controlling interests	493,361
	1,333,407

Analysis of cashflow on acquisition is as follows:

	Rafed AED'000	Union 71 AED'000	Total AED'000
ASSETS			
Net asset acquired on business combination	169,853	116,523	286,376
Cash paid for the acquisition	(4,539)	(18,151)	(22,690)
Acquisition of operating business – net of cash acquired (included in cashflows from investing activities)	165,314	98,372	263,686
Transaction costs of the acquisition (included in cashflows from operating activities)	(147)	(147)	(294)
Net cash acquired on acquisition	165,167	98,225	263,392

43 Changes in shareholding of subsidiaries

a) Partial disposal of shareholding in a subsidiary due to reorganisation:

	PHMS	PHH	Total
31 December 2022			
Reduction in shareholding (%)	**11.29%**	**31.88%**	
Carrying value of the shareholding (AED'000)	**509,907**	**970,708**	**1,480,615**
Difference recognised directly in **Retained earnings (AED'000)**	**59,648**	**300,289**	**359,937**
Merger reserves (Note 22) (AED'000)	**450,259**	**670,419**	**1,120,678**

On 1 January 2022, the Group transferred its ownership interest in PHMS to PHH, an investment holding company registered as a limited liability company in United Arab Emirates. As a result of this transaction, the Group's ownership in PHMS was reduced from 63% to 51.71% and an amount of AED 59.7 million and AED 450.2 million was transferred from the retained earnings and merger reserve, respectively, to non-controlling interests during the year ended 31 December 2022.

On 1 October 2022, the Group acquired Daman, SEHA and TLC as a result of this transaction the Group's ownership in PHH was reduced from 70.83% to 38.95% and an amount of AED 670.4 million from merger reserve and AED 300 million from retained earnings, respectively were transferred to non-controlling interests during the year ended 31 December 2022. This also resulted in a settlement of pre-existing relationship with the acquiree amounting to AED 1,080 million (Note 42).

b) Partial disposal of shareholding in subsidiaries against consideration:

	AIHR	AHSPV	ALDAR	Total
31 December 2022				
Reduction in shareholding (%)	**11.12%**	**49.00%**	**0.01%**	
Carrying value of the shareholding disposed-off (AED' 000)	**1,489,807**	**1,813,874**	**6,055**	**3,309,736**
Add: transaction costs paid (AED' 000)	**10,536**	**36,493**	**-**	**47,029**
Less: consideration (AED' 000)	**(1,469,000)**	**(1,836,250)**	**(5,144)**	**(3,310,394)**
Difference recognised in retained earnings (AED'000)	**31,343**	**14,117**	**911**	**46,371**

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

43 Changes in shareholdings of subsidiaries (continued)

During the year, a Group entity entered into a subscription agreement with an investor to acquire common equity of AED 367 million (USD 100 million) and preferred equity of AED 1,102 million (USD 300 million) of the Group entity. The preferred equity provides a fixed return for three years, following which it mandatorily converts into a fixed number of common shares. The above resulted in the Group disposing 11.121% of its shareholding in that entity for a total cash consideration of AED 1,469 million (USD 400 million). The above transaction does not result in any loss of control and hence is accounted for as an equity transaction.

During the year, the Group established a wholly owned subsidiary with its equity split into Class A shares (51%) and Class B shares (49%). Subsequent to its establishment the Group disposed its Class B shares against a consideration of AED 1,836 million (USD 500 million) to AHSPV, a wholly owned subsidiaries of Apollo Capital Management L.P.

c) *Increase of shareholding in subsidiaries without consideration:*

	PHMS	**NMDC**	**Total**
31 December 2022			
Increase in shareholding (%)	**10.52%**	**-**	
Carrying value of the shareholding account (AED’ 000)	**326,407**	**-**	**326,407**
Difference recognised in retained earnings (AED’000)	**326,407**	**-**	**326,407**

On 1 October 2022, the Group acquired additional 10.52% of PHMS as result of this transaction and AED 326.4 million was transferred from non-controlling interest to retained earnings.

	PHMS	NMDC	Total
31 December 2021			
Increase in shareholding (%)	31.50%	3.38%	
Carrying value of the shareholding disposed-off (AED’000)	255,475	196,612	452,087
Difference recognised in merger reserve (Note 22) (AED’000)	255,475	196,612	452,087

In 2021, the Group acquired an additional equity stake of 31.5% amounting to AED 255 million in PHMS with effect from 1 July 2021. Further, it also acquired an additional 3.38% of NMDC for AED 197 million.

43 Changes in shareholdings of subsidiaries (continued)

d) Increase of shareholding in subsidiaries against consideration:

During the year, the Group acquired 20% additional ownership interest in Mawarid for AED 800 million. The difference between the carrying value and the proceeds were directly recognised in the retained earnings.

44 Segment information

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of financial performance and internal reports about components of the Group in order to allocate resources to the segment and to assess its performance. For operating purposes, the Group is organised into the following business segments or revenue streams:

(i) Industrial, which includes to the provision of dredging and associated land reclamation works;

(ii) Construction, which provides contracting services relating to commercial and residential buildings, infrastructure development and civil construction works;

(iii) Real estate, which includes rental income from properties and income from investment in real estate companies or sale of real estate;

(iv) Healthcare, which includes hospitals and medical management services and laboratory diagnostic services; and

(v) Services and other segments which comprise management services, hospitality income as well as a variety of smaller ancillary activities. This includes investment, insurance revenue, and Islamic financing.

44 Segment information (continued)

The following table presents revenue and profit information for the Group's operating segments for 2022:

	Healthcare AED '000	Industrial AED '000	Real estate AED '000	Construction AED '000	Services and other segments AED '000	Eliminations AED '000	Total AED '000
Revenue	11,172,560	10,792,094	6,572,798	6,340,742	5,171,795	-	**40,049,989**
Inter-segment sales*	146,253	103	201,682	286,823	95,290	(730,151)	-
Total revenue	11,318,813	10,792,197	6,774,480	6,627,565	5,267,085	(730,151)	**40,049,989**
Segment gross profit	**4,713,256**	**907,429**	**2,305,637**	**555,706**	**1,371,949**	**(116,268)**	**9,737,709**
General, administrative and selling expenses	(2,115,089)	(163,530)	(1,440,985)	(161,775)	(1,096,657)	133,661	**(4,844,375)**
Share of results of associates and joint ventures	11,344	5,203	(105,295)	(37,414)	(231,393)	-	**(357,555)**
Impairment of financial and other assets	(134,706)	35,187	-	(38,281)	(234,300)	-	**(372,100)**
Investment and other income	106,666	489,390	54,752	60,726	433,359	(5,024)	**1,139,869**
Income from government grants	1,214,916	-	-	-	208,415	-	**1,423,331**
Gain on bargain purchase of subsidiaries	-	-	-	-	416,372	-	**416,372**
Gain on derecognition and partial disposal of investment in associates and joint ventures	-	-	-	-	3,879,900	-	**3,879,900**
Finance costs, net	(25,009)	(30,032)	(184,639)	(2,854)	(125,950)	21,239	**(347,245)**
Profit before tax	**3,771,378**	**1,243,647**	**629,470**	**376,108**	**4,621,695**	**33,608**	**10,675,906**
Income tax	-	(41,982)	(17,334)	(4,010)	(5,206)	-	**(68,532)**
Profit after tax	**3,771,378**	**1,201,665**	**612,136**	**372,098**	**4,616,489**	**33,608**	**10,607,374**

*Inter-segment sales are generally charged at prevailing market prices.

44 Segment information (continued)

The following table presents revenue and profit information for the Group's operating segments for 2021:

	Healthcare AED '000	Industrial AED '000	Real estate AED '000	Construction AED '000	Services and other segments AED '000	Eliminations AED '000	Total AED '000
Revenue	6,714,701	5,695,843	46,726	4,719,018	1,492,912	-	18,669,200
Inter-segment sales*	-	307	-	2,045	4,076	(6,428)	-
Total revenue	6,714,701	5,696,150	46,726	4,721,063	1,496,988	(6,428)	18,669,200
Segment gross profit	4,231,631	427,098	30,257	354,705	575,801	1,831	5,621,323
General, administrative and selling expenses	(389,657)	(164,120)	(12,146)	(128,087)	(292,468)	-	(986,478)
Share of results of associates and joint ventures	23,351	7,120	-	31655	(52,826)	-	9,300
Impairment of financial and other assets	(323,448)	(85,333)	(73)	7,500	(6,815)	-	(408,169)
Investment and other income	(19,034)	609,607	145,725	26,091	262,310	(2,138)	1,022,561
Income from government grants	-	-	-	-	-	-	-
Gain on bargain purchase of subsidiaries	-	-	-	-	-	-	-
Gain on derecognition and partial disposal of investment in associates and joint ventures	-	-	-	-	-	-	-
Finance costs, net	(4,845)	(20,783)	(23,927)	(9,516)	(26,011)	-	(85,082)
Profit before tax	3,517,998	773,589	139,836	282,348	459,991	(307)	5,173,455
Income tax	-	(8,529)	-	-	2,443	-	(6,086)
Profit after tax	3,517,998	765,060	139,836	282,348	462,434	(307)	5,167,369

*Inter-segment sales are generally charged at prevailing market prices.

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

44 Segment information (continued)

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2022.

	Healthcare AED '000	**Industrial AED '000**	**Real estate AED '000**	**Construction AED '000**	**Services and other segments AED '000**	**Eliminations AED '000**	**Total AED '000**
Non-current assets	7,975,464	5,112,104	32,532,444	732,766	9,856,907	(63,881)	**56,145,804**
Current assets	12,532,217	11,268,090	23,809,041	6,023,326	27,194,162	(5,943,416)	**74,883,420**
Assets related to discontinued operations	-	-	-	-	-	-	-
Total assets	**20,507,681**	**16,380,194**	**56,341,485**	**6,756,092**	**37,051,069**	**(6,007,297)**	**131,029,224**
Non-current liabilities	3,343,373	2,161,880	11,171,527	305,178	6,556,351	(76,503)	**23,461,806**
Current liabilities	4,720,897	7,552,302	13,013,607	4,825,061	13,380,994	(5,964,403)	**37,528,458**
Liabilities related to discontinued operations	-	-	-	-	-	-	-
Total liabilities	**8,064,270**	**9,714,182**	**24,185,134**	**5,130,239**	**19,937,345**	**(6,040,906)**	**60,990,264**

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2021.

	Healthcare AED '000	Industrial AED '000	Real estate AED '000	Construction AED '000	Services and other segments AED '000	Eliminations AED '000	Total AED '000
Non-current assets	1,633,853	5,455,603	11,445,116	733,370	2,240,057	(307)	21,507,692
Current assets	6,148,081	7,848,639	520,896	4,558,463	3,913,360	(288,388)	22,701,051
Assets related to discontinued operations	-	-	-	-	3,138,608	-	3,138,608
Total assets	7,781,934	13,304,242	11,966,012	5,291,833	9,292,025	(288,695)	47,347,351
Non-current liabilities	148,124	2,025,237	1,500,000	385,549	1,481,170	-	5,540,080
Current liabilities	3,786,310	5,392,401	57,575	3,672,615	1,026,850	(288,388)	13,647,363
Liabilities related to discontinued operations	-	-	-	-	2,188,327	-	2,188,327
Total liabilities	3,934,434	7,417,638	1,557,575	4,058,164	4,696,347	(288,388)	21,375,770

44 Segment information (continued)

The following table presents other segment information:

	Healthcare AED '000	Industrial AED '000	Real estate AED '000	Construction AED '000	Services and other segments AED '000	Eliminations AED '000	Total AED '000
At 31 December 2022							
Depreciation and amortisation	**370,579**	**563,527**	**662,777**	**111,032**	**312,819**	**(10,801)**	**2,009,933**
Addition to non-current assets	**1,689,454**	**870,214**	**8,198,898**	**136,406**	**1,891,938**	**-**	**12,786,910**
At 31 December 2021							
Depreciation and amortisation	23,982	425,790	8,869	112,144	70,092	-	640,877
Addition to non-current assets	324,416	143,737	-	137,764	123,558	(307)	729,168

44 Segment information (continued)

The Group has aggregated its geographical segments into the UAE and overseas. Overseas includes operations in Egypt, Saudi Arabia, Bahrain, India, Kuwait, Maldives, Seychelles and Sudan:

The following table shows the Group's geographical segment analysis:

	UAE AED '000	**Overseas AED '000**	**Total AED '000**
31 December 2022			
Revenue	**34,817,299**	**5,232,690**	**40,049,989**
Gross profit	**8,628,824**	**1,108,885**	**9,737,709**
Non-current assets	**53,910,634**	**2,235,170**	**56,145,804**
31 December 2021			
Revenue	15,802,868	2,866,332	18,669,200
Gross profit	5,503,983	117,340	5,621,323
Non-current assets	20,518,219	989,473	21,507,692

45 Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

45 Fair value measurement (continued)

Fair value of the Group's assets that are measured at fair value on recurring basis

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined:

- 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).
- 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).

The following table gives information about how the fair value of the Group's assets are determined.

	Significant input	Quoted prices in active markets (Level 1) AED '000	Significant observable inputs (Level 2) AED '000	Significant unobservable inputs (Level 3) AED '000	2022 AED '000	2021 AED '000
Financial assets						
Investment in financial assets at FVTPL	None	**2,197,977**	**3,132,773**	-	**5,330,750**	1,000,424
Investment in financial assets at FVTOCI	None	**244,235**	**851,734**	-	**1,095,969**	1,650
Derivative financial assets	None	-	**248,792**	-	**248,792**	6,403
Financial liabilities						
Derivative financial liabilities	None	-	**50,171**	-	**50,171**	45,564
Non-financial assets						
Biological assets	None	-	**27,008**	-	**27,008**	25,273
Investment properties						
- Plots of land	Comparable transactions. Current market prices of similar assets	-	-	**626,291**	**626,291**	63,945
- Commercial and residential properties	Capitalisation approach, annual market rent, discount rate	-	-	**23,628,129**	**23,628,129**	730,477
- Property under construction	Capitalisation of construction costs incurred	-	-	**114,763**	**114,763**	-

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table. There were no unobservable inputs to the fair value.

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

46 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

Categories of financial instruments:

Financial assets	FVTPL – derivatives designated in hedge relationships	FVTPL – mandatorily measured	FVTOCI	Amortised cost	Total
	AED'000				
31 December 2022					
Investments in financial assets	**-**	**5,330,750**	**1,095,969**	**167,918**	**6,594,637**
Contract assets	**-**	**-**	**-**	**7,186,319**	**7,186,319**
Trade and other receivables (excluding deferred tax assets and prepayments and deposits)	**248,792**	**-**	**-**	**20,379,870**	**20,628,662**
Due from related parties	**-**	**-**	**-**	**1,639,393**	**1,639,393**
Cash and bank balances	**-**	**-**	**-**	**25,488,098**	**25,488,098**
	248,792	**5,330,750**	**1,095,969**	**54,861,598**	**61,537,109**
31 December 2021					
Investments in financial assets	-	1,000,424	1,650	-	1,002,074
Contract assets	-	-	-	5,743,740	5,743,740
Trade and other receivables (excluding deferred tax assets and prepayments and deposits)	6,403	-	-	6,409,982	6,416,385
Due from related parties	-	-	-	1,326,790	1,326,790
Cash and bank balances	-	-	-	7,755,403	7,755,403
	6,403	1,000,424	1,650	21,235,915	22,244,392

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

46 Financial instruments (continued)

Categories of financial instruments (continued)

	FVTPL – designated	FVTPL – mandatorily measured	Amortised cost	Total
	AED'000			
Financial liabilities				
31 December 2022				
Lease liabilities	**-**	**-**	**2,507,887**	**2,507,887**
Due to related parties	**-**	**-**	**2,019,205**	**2,019,205**
Borrowings	**-**	**-**	**14,515,560**	**14,515,560**
Non-convertible sukuk	**-**	**-**	**3,681,916**	**3,681,916**
Contract liabilities	**-**	**-**	**9,940,067**	**9,940,067**
Trade and other payables	**47,236**	**2,935**	**25,732,963**	**25,783,134**
	47,236	**2,935**	**58,397,598**	**58,447,769**
31 December 2021				
Lease liabilities	-	-	587,439	587,439
Due to related parties	-	-	749,811	749,811
Borrowings	-	-	5,583,727	5,583,727
Non-convertible sukuk	-	-	-	-
Contract liabilities	-	-	1,634,318	1,634,318
Trade and other payables	5,639	39,925	9,927,939	9,973,503
	5,639	39,925	18,483,234	18,528,798

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return on equity. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives.

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

46 Financial instruments (continued)

Capital risk management (continued)

At end of the year, the net debt to equity ratio is as follows:

	2022	2021
	AED '000	AED '000
Debt	**20,718,663**	6,371,166
Less: cash and bank balances	**(25,488,098)**	(7,755,403)
Net surplus	**(4,769,435)**	(1,384,237)
Net equity	**70,038,960**	25,971,581
Debt to equity ratio (%)	**29.58%**	24.58%

Financial risk management objectives

The Group monitors and manages the financial risks relating to the operations of the Group. These risks include market risks, credit risk, insurance risk, and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

Market risk

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to cash flow interest rate risk on its bank borrowings at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial instruments at the end of the reporting year. For variable rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

46 Financial instruments (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis (continued)

If interest rates had been 75 basis points higher / lower throughout the year and all other variables were held constant, the Group's profit and equity for the year ended 31 December 2022 would decrease / increase by approximately AED 73,873 thousand (2021: decrease / increase AED 20,904 thousand).

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The notional principal amounts and terms of interest rate swaps are disclosed in Note 29.

Foreign currency risk

Foreign currency risk is the risk that a financial instrument will fluctuate due to changes in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant loss due to exchange rate fluctuations and consequently the Group does not necessarily hedge its foreign currency exposure.

	2022		2021	
	Liabilities AED '000	**Assets AED '000**	Liabilities AED '000	Assets AED '000
Egyptian Pound (EGP)	**3,629,112**	**5,751,073**	520,735	1,378,071
Euro	**46,053**	**72,210**	56,851	1,453
Indian Rupees (INR)	**-**	**-**	13,050	33,646
Others	**1,705**	**10,034**	349	7,063

Foreign currency sensitivity analysis

The Group is mainly exposed to Egyptian Pound (EGP), Euro (EUR) and Indian Rupees (INR). The exchange rate of the UAE Dirham is pegged to the US Dollar and therefore the risks associated therewith are considered to be insignificant.

The following paragraph details the Group's sensitivity to a 10% increase or decrease in the UAE Dirham against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Group's assessment of the reasonably conceivable change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 10% change in foreign currency rates.

46 Financial instruments (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)

Based on the sensitivity analysis to a 10% (2021: 10%) increase / decrease in the Egyptian Pound against the UAE Dirham with all other variables held constant equity for the year would have been higher or lower by AED 212,196 thousand (2021: AED 85,734 thousand) mainly as a result of foreign exchange differences on translation of Egyptian Pound denominated amounts.

Based on the sensitivity analysis to a 10% (2021: 10%) increase / decrease in the Euro against the UAE Dirham with all other variables held constant equity for the year would have been lower or higher by AED 2,616 thousand (2021: AED 5,540 thousand) mainly as a result of foreign exchange differences on translation of Euro denominated amounts.

Based on the sensitivity analysis to a 10% (2021: 10%) increase / decrease in the Indian Rupee against the UAE Dirham with all other variables held constant equity for the year would have been higher or lower by AED Nil (2021: AED 2,060 thousand) mainly as a result of foreign exchange differences on translation of Indian Rupee denominated amounts.

The Group believes that the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting year does not reflect the exposure during the year.

Equity price risk

The Group is exposed to equity price risks arising from equity investments.

Equity investments in unlisted entities (see Note 12) are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The Group invested in a portfolio of listed shares which are held-for-trading (see Note 12). This type of investment is approved by the Board as the alternative to investment in money market funds in order to generate higher investment return on the spare funds.

The Group's listed equity securities are susceptible to market price arising from uncertainties about future values of the investment securities. The Group manages equity price risk through diversification and placing limits on individual and total equity investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If equity prices had been 5 per cent higher / lower:

- Net profit for the year ended 31 December 2022 would increase by AED 109,899 thousand (2021: AED 41,163 thousand) as a result of the changes in fair value of the investments in listed shares and vice versa.

- Other comprehensive income would increase by AED 12,212 thousand (2021: AED 79 thousand) as a result of the changes in fair value of the investments in equity instruments and vice versa.

46 Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group develops and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED '000	Loss allowance AED '000	Net carrying amount AED '000
31 December 2022							
Trade receivables	15	N/A	(i)	Lifetime ECL	**10,181,371**	**(603,501)**	**9,577,870**
Retention receivables	15	N/A	(i)	Lifetime ECL	**730,245**	**(48,406)**	**681,839**
Advances to suppliers	15	N/A	(i)	Lifetime ECL	**3,825,218**	**(1,798)**	**3,823,472**
Contract assets	13	N/A	(i)	Lifetime ECL	**7,186,319**	**(81,873)**	**7,104,446**
Due from related parties	18	N/A	(i)	12-month ECL	**2,038,184**	**(398,791)**	**1,639,393**
Bank balances	19	BB	NA	12-month ECL	**25,519,003**	**(30,905)**	**25,488,098**
Financial investments	12	N/A	(i)	12-month ECL	**257,082**	**(23)**	**257,059**
Other receivables	15	N/A	(i)	12-month ECL	**3,629,248**	**(226,101)**	**3,403,147**

46 Financial instruments (continued)

Credit risk (continued)

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED '000	Loss allowance AED '000	Net carrying amount AED '000
31 December 2021							
Trade receivables	15	N/A	(i)	Lifetime ECL	4,331,780	(216,039)	4,115,741
Retention receivables	15	N/A	(i)	Lifetime ECL	474,124	(45,493)	428,631
Advances to suppliers	15	N/A	(i)	Lifetime ECL	1,198,129	(1,798)	1,196,331
Contract assets	13	N/A	(i)	Lifetime ECL	5,840,076	(96,336)	5,743,740
Due from related parties	18	N/A	(i)	12-month ECL	1,369,644	(42,854)	1,326,790
Bank balances	19	BB	NA	12-month ECL	7,786,308	(30,905)	7,755,403
Financial investments	12	N/A	(i)	12-month ECL	-	-	-
Other receivables	15	N/A	(i)	12-month ECL	686,214	-	686,214

For trade receivables, retention receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL 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 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. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Insurance risk

The Group's underwriting business is based entirely within the UAE. The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as through the use of reinsurance arrangements.

46 Financial instruments (continued)

Insurance risk (continued)

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements. The reinsurance strategy of the Group is designed to protect exposures to individual risks and events based in current risk exposures through cost effective insurance agreements.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Group underwrites health insurance business, based on different health insurance products. Some products are subsidised product by the Government of Abu Dhabi. In the case of loss ratio being more than a 100% on the net risk premiums, the Group requests the government of Abu Dhabi to provide a subsidy to cover the losses. In the case of the loss ratio being less than 100% on the net risk premium, the Group is liable to transfer the excess to a specific account (Government Claim Cap).

These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Managing reinsurance risk
In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurer and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Liquidity risk

Ultimate responsibility for liquidity risk rests with the management, which has built an appropriate liquidity risk management framework for the planning of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

46 Financial instruments (continued)

Liquidity risk (continued)

	Current less than 1 year AED '000	**Non-current greater than 1 year AED '000**	**Total AED '000**
31 December 2022			
Trade and other payables (excluding provision for onerous projects)	**24,070,367**	**1,698,307**	**25,768,674**
Bank borrowings	**1,615,447**	**14,240,941**	**15,856,388**
Non-convertible sukuk	**37,104**	**4,323,485**	**4,360,589**
Due to related parties	**2,019,205**	**-**	**2,019,205**
Contract liabilities	**9,940,067**	**-**	**9,940,067**
Lease liabilities	**166,365**	**2,836,605**	**3,002,970**
	37,848,555	**23,099,338**	**60,947,893**
31 December 2021			
Trade and other payables (excluding provision for onerous projects)	9,914,951	58,552	9,973,503
Bank borrowings	1,325,378	4,528,155	5,853,533
Non-convertible sukuk	-	-	-
Due to related parties	749,811	-	749,811
Contract liabilities	-	1,634,318	1,634,318
Lease liabilities	51,802	735,501	787,303
	12,041,942	6,956,526	18,998,468

At 31 December 2022, the Group had available AED 5,968 million (2021: AED 1,732 million) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

47 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from the financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Particulars	**Borrowings AED '000**	**Loan from a related party AED '000**	**Lease liabilities AED '000**	**Derivate financial instruments AED '000**
At 1 January 2022	**5,583,726**	**13,300**	**587,439**	**45,564**
Recognition of lease liability	**-**	**-**	**1,456,450**	**-**
Acquisition of entities under common control	**300,000**	**-**	**20,337**	**-**
Assets arising on acquisition of subsidiaries	**4,357,748**	**-**	**591,603**	**(80,566)**
Disposal group classified as held-for-sale	**-**	**-**	**(1,133)**	**-**
Financing cashflows	**4,400,522**	**-**	**(126,403)**	**(13,840)**
Other changes	**(126,436)**	**-**	**(20,406)**	**99,013**
At 31 December 2022	**14,515,560**	**13,300**	**2,507,887**	**50,171**
At 1 January 2021	496,784	13,300	73,365	-
Recognition of lease liability	-	-	65,753	-
Acquisition of entities under common control	6,076,923	-	403,809	66,220
Disposal group classified as held-for-sale	(200,000)	-	(1,991)	-
Financing cashflows	(756,226)	-	(39,053)	(16,925)
Other changes	(33,755)	-	85,556	(3,731)
At 31 December 2021	5,583,726	13,300	587,439	45,564

48 Subsequent events

Subsequent to year end, the Group has entered into the following transactions:

a) The Group signed an agreement for the purchase of two plots of land located on Al Fahid Island in Abu Dhabi, UAE for a total consideration of AED 2.5 billion to be paid over a period of five years;

b) The Group entered into a strategic partnership with Dubai Holding to develop three communities in Dubai, UAE through a joint venture;

c) An investment of AED 110.25 million (US$ 30 million) in Chim Fin I PE fund, a financial service and fintech fund.

Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities, which will be applicable for the Group for the financial year beginning 1 January 2024.