

Al Khaleej Investment Public JSC

Ras Al Khaimah, United Arab Emirates

**Reports and financial statements
For the year ended 31 December 2023**

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

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Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates General information

Principal office address: Al Khaleej Building,
P.O. Box: 5662
Ras Al Khaimah
United Arab Emirates
T: +971 7 228 0101
F: +971 7 228 8400

Website: www.kico.ae

The Directors:	Name	Designation	Nationality
	Mr. Abdulaziz Abdulla Salem Jasem Alzaabi	Chairman	Emirati
	Mr. Sultan Ahmad Khalfan Alghaith Almarri	Vice Chairman	Emirati
	Mr. Abdulrahman Jasem Obaid Salem Alabdouli	Managing Director	Emirati
	Mr. Mohammed Hasan Mohammed Alshamsi Alawadhi	Member of the Board of Directors	Emirati
	Mr. Haytham Ahmed Essa Ahmed Alnaeem	Member of the Board of Directors	Emirati
	Mr. Abdullateef A R Alzeer	Member of the Board of Directors	Kuwaiti
	Mr. Raman Garg (Resigned on 25th December 2023)	Member of the Board of Directors	Indian

The Auditor: Crowe Mak
P.O. Box: 6747
Dubai, United Arab Emirates

The Main Banks: Abu Dhabi Commercial Bank PJSC
Abu Dhabi Islamic Bank
Al Ahli Bank of Kuwait KSCP
Commercial Bank of Dubai
Dubai Islamic Bank
Emirates NBD PJSC
National Bank of Ras Al Khaimah (P.S.C)



الخليج الإستثمارية ش.م.ع
AL KHALEEJ INVESTMENT P.J.S.C

Al Khaleej Investment Public JSC
Ras Al Khaimah - United Arab Emirates
Directors' report

The Board of Directors is pleased to present their report and the audited financial statements for the year ended December 31, 2023.

Principal activities of the Entity:

The principal activities of the Entity include real estate enterprise investment, development, institution and management, detection service for real estate, private fund investment, buildings maintenance, commercial enterprise investment, institution and management.

Financial review:

The table below summarizes the results of 2023 and 2022 denoted in Arab Emirates Dirham (AED).

<u>Financial Review</u>	<u>2023</u>	<u>2022</u>
Revenue	16,874,440	17,909,707
Gross profit	13,384,799	13,747,809
(Decrease) / increase in fair value of investment properties	(838,036)	980,000
Net (loss) from investments carried at FVTPL	(8,240,538)	(8,315,728)
Net profit for the year	1,905,627	5,347,208
Basic earnings per share for the year	0.02	0.05

<u>Financial Position</u>	<u>2023</u>
Total Assets	280,574,937
Total Liabilities	5,313,743
Total Equity	275,261,194

<u>Statement of Cash Flows</u>	<u>2023</u>
Net cash generated from operating activities	7,792,489
Net cash generated from investing activities	8,182,153
Net cash used in financing activities	(17,812,857)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor the performance of the Entity's business, guide and supervise the management.



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AL KHALEEJ INVESTMENT P.J.S.C

Projections:

With the expected recovery of economic activity and the anticipated price improvements, the positive effects of the economic reforms being implemented continue to be expected to recover economic activities and improve sector performance.

As the Entity seeks to increase the general income by replacing assets and increasing income streams through diversification of income sources, and the balance between the financial portfolio and development of the real estate sector, which can be achieved as a result of the policy that is being implemented in increasing the sources of income.

Implementation of projects and schemes:

The project to build and construct a property in Ras Al Khaimah has been completed, and it is expected to enter another real estate development phase during the coming period with regard to the real estate portfolio.

For the investment portfolio, efforts are being made to diversify the sources of income through the investment policies implemented by the Entity with aiming to achieving overall income growth.

Events after the end of the year:

In the opinion of the Board of Directors, no transactions or events of a material and unusual nature, favorable or unfavorable has arisen in the interval between end of the financial year and the date of this report, which is likely to affect, substantially the results of operations or the financial position of the Entity.

Statement of Directors' responsibilities.

The applicable requirements require the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended. The audited financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statements which have been prepared on the going concern basis were approved by the Board and signed on behalf, by the authorized representative of the Entity.


Mr. Abdulrahman Jasem Obaid Salem Alabdouli

Managing Director

2 February 2024



BN/A2769/February 2024**To,
The Shareholders
Al Khaleej Investment Public JSC
P. O. Box: 5662
Ras Al Khaimah, United Arab Emirates****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Al Khaleej Investment Public JSC (the "Entity"), Ras Al Khaimah, United Arab Emirates, which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

Valuation of the investment properties

We identified the valuation of investment properties as a key audit matter due to the significance of the Entity's investment properties in the context of the Entity's financial statements as a whole and due to significant judgement is involved in determining the inputs used in the valuation.

As at December 31, 2023, the Entity's investment properties amounted to AED 208,822,000 which represented 74.43% of the Entity's total assets and a loss on revaluation of investment properties amounting to AED 827,639 was recognised in the statement of profit or loss for the year then ended.

The Entity's investment properties are stated at fair value based on valuations carried out by an independent qualified valuer (the "Valuer"). The valuation was dependent on certain key estimates which requires significant judgement, including yield rates, contractual lease rents and forecasted operating expenses, which are influenced by prevailing market forces and specific characteristics such as property location and income returns of each property in the portfolio. Details of the valuation methodologies and key inputs used in the valuations are disclosed in note 6 to the financial statements.



**To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)**

Key Audit Matters (continued)

How our audit addressed the key audit matters

We have performed the following procedures in relation to the valuation of investment properties:

- We assessed the competence, capabilities and objectivity of the independent valuer;
 - We reviewed the terms of engagement between valuer and Entity to determine whether the scope of the work is adequate and there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work;
- We agreed the total valuation in reports of third party valuers to the amount reported in the statement of financial position;
- We assessed the completeness and consistency of information provided by the Entity to the valuer and evaluated the reasonableness of the key inputs used in the valuation on a sample basis;
- We assessed the appropriateness and reasonableness of the valuation methodologies, key assumptions and estimates used in the valuation on a sample basis;
- We reviewed the appropriateness of disclosures in the financial statements with respect to valuation of investment properties;
- We reperfomed the arithmetical accuracy of the determination of net fair value gain;
- We reviewed a sample of investment properties valued by external valuers and assessed whether the valuation of the properties was performed in accordance with the requirements of IFRS 13 *Fair Value Measurement*, and
- Also, we assessed the disclosures made in relation to this matter to determine if they were in accordance with the requirements of IFRSs.

Other Information

The Directors are responsible for the other information. The other information comprises the annual report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and in compliance with the applicable provision of the Articles of Association of the Entity and the U.A.E Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



**To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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



**To the Shareholder of Al Khaleej Investment Public JSC
Report on the Audit of Financial Statements (continued)**

Report on Other Legal and Regulatory Requirements

Further, as required by U.A.E Federal Law No. 32 of 2021, we report that:

- (a) We have obtained all the information we considered necessary for the purpose of our audit;
- (b) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E Federal Law No. 32 of 2021;
- (c) The Entity maintained proper books of account;
- (d) The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account;
- (e) As disclosed in notes 8, 9, and 10 to the financial statements, the Entity has purchased or invested in shares during the year ended December 31, 2023;
- (f) Note 12 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and
- (g) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened during the year ended December 31, 2023 any of the applicable provisions of the U.A.E Federal Law No. 32 of 2021, and the Memorandum and Articles of Association of the Entity which would materially affect its activities or its financial position as at December 31, 2023.

Crowe Mak

Zayd Khalid Maniar
Registered Auditor Number: 579
Dubai, United Arab Emirates
2 February 2024



Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Statement of financial position as at 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,532,086	446,545
Investment properties	6	208,822,000	221,785,849
Intangible assets	7	133,333	3,920
Investments carried at fair value through other comprehensive income (FVTOCI)	8	1,801,950	5,787,500
Investments carried at amortised cost	9	21,766,886	11,126,941
Total non-current assets		237,056,255	239,150,755
Current assets			
Investments carried at fair value through profit or loss (FVTPL)	10	29,411,807	33,495,015
Trade and other receivables	11	7,413,273	7,316,636
Fixed deposits	13	116,287	8,115,935
Cash and cash equivalents	14	6,577,315	8,415,530
Total current assets		43,518,682	57,343,116
Total assets		280,574,937	296,493,871
EQUITY AND LIABILITIES			
Equity			
Share capital	15	105,000,000	105,000,000
Statutory reserve	16	52,500,000	52,500,000
Voluntary reserve	17	50,000,000	50,000,000
Other reserve		344,663	344,663
Fair value reserve		622,539	(1,056,802)
Retained earnings		66,793,992	66,984,368
Total equity		275,261,194	273,772,229
LIABILITIES			
Non-current liabilities			
Employees' end-of-service benefits	18	880,056	938,712
Total non-current liabilities		880,056	938,712
Current liabilities			
Trade and other payables	19	4,433,687	3,970,073
Undistributed dividends	20	-	17,812,857
Total current liabilities		4,433,687	21,782,930
Total liabilities		5,313,743	22,721,642
Total equity and liabilities		280,574,937	296,493,871

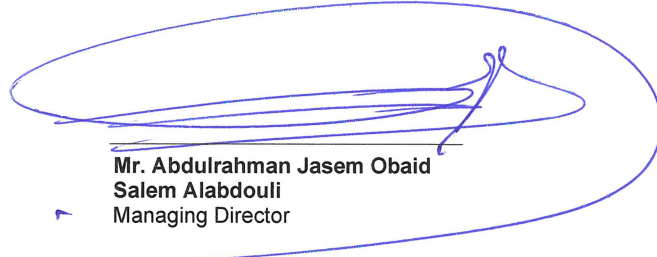
To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the company as of, and for, the periods presented in the periodic report.

These financial statements were approved and authorised for issue on 2 February 2024.

The financial statements set out on pages 8 to 40, which have been prepared on the going concern basis were approved by the Directors on the date of these financial statements and signed on behalf of the Entity by:



Mr. Abdulaziz Abdulla Salem
Jasem Alzaabi
Chairman



Mr. Abdulrahman Jasem Obaid
Salem Alabdouli
Managing Director

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

The report of the auditor is set out on pages 4 to 7.



Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue	21	16,874,440	17,909,707
Cost of revenue	22	(3,489,641)	(4,161,898)
Gross profit		13,384,799	13,747,809
(Loss) from investments carried at FVTPL	23	(8,240,538)	(8,315,728)
Dividend income	23	1,608,960	841,667
Other income	24	206,157	2,668,684
Finance income	25	1,252,697	591,920
General and administrative expenses	26	(5,210,063)	(6,010,891)
Foreign exchange loss		(9,675)	(70,233)
(Decrease) / increase in fair value of investment properties		(838,036)	980,000
(Loss) / gain on disposal of investment properties		(248,674)	913,980
Net profit for the year		1,905,627	5,347,208
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on sale of investments carried at FVTOCI		17,469	66,618
Net change in fair value of investments carried at FVTOCI		622,539	(1,014,933)
Other comprehensive income/(loss) for the year		640,008	(948,315)
Total comprehensive income for the year		2,545,635	4,398,893
Basic earnings per share for the year		0.02	0.05

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

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Statement of changes in equity for the year ended 31 December 2023

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Other reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
As at 31 December 2021	105,000,000	52,500,000	50,000,000	344,663	2,620,973	54,396	60,080,318	270,600,350
Profit for the year	-	-	-	-	-	-	5,347,208	5,347,208
Other comprehensive (loss) / Income for the year	-	-	-	-	(1,014,933)	-	66,618	(948,315)
Total comprehensive (loss) / income for the year	-	-	-	-	(1,014,933)	-	5,413,826	4,398,893
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	(2,662,842)	(54,396)	2,717,238	-
Board of Directors' remuneration	-	-	-	-	-	-	(1,227,014)	(1,227,014)
As at 31 December 2022	105,000,000	52,500,000	50,000,000	344,663	(1,056,802)	-	66,984,368	273,772,229
Profit for the year	-	-	-	-	-	-	1,905,627	1,905,627
Other comprehensive income for the year	-	-	-	-	622,539	-	17,469	640,008
Total comprehensive income for the year	-	-	-	-	622,539	-	1,923,096	2,545,635
Transfer of fair value reserve on disposal of investments carried at FVTOCI	-	-	-	-	1,056,802	-	(1,056,802)	-
Board of Directors' remuneration	-	-	-	-	-	-	(1,056,670)	(1,056,670)
As at 31 December 2023	105,000,000	52,500,000	50,000,000	344,663	622,539	-	66,793,992	275,261,194

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

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Statement of cash flows for the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Cash flows from operating activities			
Profit for the year		1,905,627	5,347,208
Adjustments for:			
Depreciation of property, plant and equipment	5	165,687	160,713
(Gain) on sale of property, plant and equipment	5	-	(1,249)
Loss on elimination of property, plant and equipment	5	13	-
Loss / (Gain) on revaluation of investment properties	6	838,036	(980,000)
Loss / (Gain) on sale of investment properties	6	248,674	(913,980)
Amortisation of intangible assets	7	3,920	5,195
Reversal of excess allowance for expected credit losses	11	(10,127)	(45,673)
Provision for employees' end-of-service benefits	18	274,252	161,877
Unrealised loss on revaluation of investments	23	9,118,217	9,999,373
(Gain) on sale of investments carried at FVTPL	23	(877,679)	(1,683,645)
Dividend income	23	(1,608,960)	(841,667)
Finance income	25	(1,252,697)	(591,920)
Allowance for expected credit losses	26	-	927,625
Operating cash flows before changes in operating assets and liabilities		8,804,963	11,543,857
(Increase) / decrease in trade and other receivables	11	(86,510)	271,534
Increase / (decrease) in trade and other payables	19	463,614	(493,780)
Cash generated from operating activities		9,182,067	11,321,611
Employees' end-of-service indemnity paid	18	(332,908)	(77,700)
Board of Directors' remuneration paid		(1,056,670)	(1,227,014)
Net cash generated from operating activities		7,792,489	10,016,897
Cash flows from investing activities			
Proceeds from disposal of investment properties	6	15,761,326	9,113,980
Purchase of property, plant and equipment	5	(2,991,241)	(93,309)
Proceeds from disposal of property, plant and equipment	5	-	1,249
Purchase of investment properties	6	(5,144,187)	(6,355,849)
Payments for software developments	7	(133,333)	-
Purchase of investment carried at FVTOCI	8	(2,981,162)	(7,206,567)
Proceeds from disposal of investments carried at FVTOCI	8	7,606,720	3,750,377
Purchase of investments carried at amortised cost	9	(10,639,945)	(8,899,891)
Proceeds from disposal of investments at FVTPL	10	20,641,630	31,857,960
Purchase of investments at FVTPL	10	(24,798,960)	(31,823,268)
Proceeds from maturity / (Investments) in fixed deposits	13	7,999,648	(8,000,935)
Dividend income received	23	1,608,960	841,667
Finance income received	25	1,252,697	591,920
Net cash generated from / (used in) investing activities		8,182,153	(16,222,666)
Cash flows from financing activities			
Dividends paid	20	(17,812,857)	(474,700)
Net cash (used in) financing activities		(17,812,857)	(474,700)
Net decrease in cash and cash equivalents		(1,838,215)	(6,680,469)
Cash and cash equivalents at the beginning of the year		8,415,530	15,095,999
Cash and cash equivalents at the end of the year	14	6,577,315	8,415,530

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

The report of the auditor is set out on pages 4 to 7.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2023

1 General information

Al Khaleej Investment Public JSC (the "Entity") is a public joint stock company registered and incorporated under license no. 6061 of the Department of Economic Development in Ras Al Khaimah. The Entity was incorporated on July 3, 1982. The Entity is listed in the Abu Dhabi Securities Market. The address of the registered office of the Entity is Al Khaleej Building, P.O. Box: 5662, Ras Al Khaimah, United Arab Emirates.

The principal activities of the Entity consist of real estate enterprise investment, development, institution and management, detection service for real estate, private fund investment, buildings maintenance, commercial enterprise investment, institution and management.

The management is vested with Mr. Abdulrahman Jasem Obaid Salem Alabdouli, Managing Director, Emirati national.

These financial statements incorporate the operating results of the commercial license no. 6061.

These financial statements also incorporate the operating results of the following branch:

Sr. No	Name of the Branch	Trade License no	Emirate	Activities
1	Al Khaleej Investment - Shj Br	14391	Sharjah	Investing in, establishing and managing commercial projects and Investing in, establishing and managing real estate projects

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

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Entity has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRSs

Effective for annual periods beginning on or after

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	1 January 2023

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these financial statements unless mentioned above.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2023

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

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture:	No effective date set
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
Management anticipates that these standards will not have any significant impact on these financial statements.	

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Entity classifies all other liabilities as non-current.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity 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 financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.2 Basis of preparation (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Functional currency

These financial statements are presented in Emirati Dirham, which is the Entity's functional currency.

3.4 Revenue recognition

Performance obligation

Rental income

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

Dividend income

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

Interest income

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

3.5 Foreign currencies

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.6 Employee benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

Ras Al Khaimah - United Arab Emirates
Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. 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 Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when incurred.

Buildings used for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is recognised so as to write off the cost (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

	<u>Useful lives</u>
Buildings	10 - 20 years
Furniture and fixtures	5 - 10 years
Motor vehicles	3 - 5 years
Office equipment	3 - 5 years

3.8 Investment properties at fair value

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Entity's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

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 disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.9 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Ras Al Khaimah - United Arab Emirates
Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.9 Intangible assets (continued)

The following useful lives are used in the calculation of amortization:

	<u>Useful lives</u>
Computer software	3 years

3.10 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity 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 Entity of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication 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 of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in 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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation reserve.

3.11 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when 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.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instruments.

3.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Ras Al Khaimah - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.13 Financial assets (continued)

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

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

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

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

- the Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Entity 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 (see (iv) below).

Impairment of financial assets

The Entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts (contract assets) and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity'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 Entity 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 Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

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

Financial assets were classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets were recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Ras Al Khaimah - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.13 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash and others) were measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Entity retains an option to repurchase part of a transferred asset), the Entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continues to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

3.14 Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an Entity after deducting all of its liabilities. Equity instruments issued by the Entity 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 Entity, are measured in accordance with the specific accounting policies set out below.

Ras Al Khaimah - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2023

3 Significant accounting policies (continued)

3.14 Financial liabilities and equity instruments (continued)

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.

Derecognition of financial liabilities

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

When the Entity exchanges with the existing lender one debt instrument into another one with the 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 Entity 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 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 should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 3 to these financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgements in applying accounting policies

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3.13). The Entity 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 Entity monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Entity's continuous assessment of whether the business model for which the remaining financial assets are held

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

4.1 Critical judgements in applying accounting policies (continued)

continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgements are needed to determine whether a property qualifies as an investment property, plant and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, property under development and property held for sale. In making its judgement, management has considered the detailed criteria and related guidance set out in IAS 2 - Inventories, IAS 16 - Property, plant and equipment, and IAS 40 - Investment Property, with regards to the intended use of the property.

4.2 Key sources of estimation uncertainty

Fair value measurement of financial instruments

For the purpose of fair value disclosures, the Entity 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. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurement.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considered recent prices of similar properties in the same location and similar conditions, with judgements to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The determination of the fair value of the revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

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Notes to the Financial Statements for the year ended 31 December 2023

5	Property, plant and equipment				
	Buildings	Furniture and fixtures	Motor vehicles	Office equipment	Total
	AED	AED	AED	AED	AED
Cost					
As at 1 January 2022	-	536,089	585,791	953,321	2,075,201
Additions	-	4,909	-	88,400	93,309
Disposals	-	-	-	(8,000)	(8,000)
As at 31 December 2022	-	540,998	585,791	1,033,721	2,160,510
Additions	2,357,000	451,721	-	182,520	2,991,241
Transfers from investment properties (Note 6)	1,260,000	-	-	-	1,260,000
Eliminations during the year	-	(22,600)	(47,600)	(341,678)	(411,878)
As at 31 December 2023	3,617,000	970,119	538,191	874,563	5,999,873
Accumulated depreciation					
As at 1 January 2022	-	304,940	445,419	810,893	1,561,252
Depreciation expense	-	63,272	73,613	23,828	160,713
Disposals	-	-	-	(8,000)	(8,000)
As at 31 December 2022	-	368,212	519,032	826,721	1,713,965
Depreciation expense	-	61,800	52,822	51,065	165,687
Eliminations during the year	-	(22,685)	(47,598)	(341,582)	(411,865)
As at 31 December 2023	-	407,327	524,256	536,204	1,467,787
Carrying amount					
As at 31 December 2022	-	172,786	66,759	207,000	446,545
As at 31 December 2023	3,617,000	562,792	13,935	338,359	4,532,086

Al Khaleej Investment Public JSC

Ras Al Khaimah - United Arab Emirates

Notes to the Financial Statements for the year ended 31 December 2023

6 Investment properties

	2023	2022
	AED	AED
Fair value		
Plots of land located in U.A.E.	11,169,000	13,840,000
Buildings located in U.A.E.	<u>197,653,000</u>	<u>207,945,849</u>
	<u>208,822,000</u>	<u>221,785,849</u>
	2023	2022
	AED	AED
Balance at the beginning of the year	215,200,000	222,420,000
Additions	11,730,036	-
Disposals	(16,010,000)	(8,200,000)
Transfers to property, plant and equipment (Note 5)	(1,260,000)	-
(Decrease) / Increase in fair value of investment properties	<u>(838,036)</u>	<u>980,000</u>
Balance at the end of the year	<u>208,822,000</u>	<u>215,200,000</u>
Development work-in-progress	<u>-</u>	<u>6,585,849</u>
	<u>208,822,000</u>	<u>221,785,849</u>

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

The development work in progress recognised in the previous year had achieved its completion and has been transferred to investment property during the year.

As at December 31, 2023, the fair values of the properties are based on valuations performed by an independent valuer who is a specialist in valuing these types of investment properties.

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

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

Accordingly, based on the above valuation, a loss of AED (838,036) (2022: valuation gain of AED 980,000) has been recognised in the statement of profit or loss for the year ended December 31, 2023.

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

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

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

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Ras Al Khaimah - United Arab Emirates Notes to the Financial Statements for the year ended 31 December 2023

6 Investment properties (continued)

At December 31, 2023 and 2022, the Entity's investment properties are classified as Level 3 in the fair value hierarchy.

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Recurring fair value measurement				
Plots of land located in U.A.E.	-	-	11,169,000	11,169,000
Buildings located in U.A.E.	-	-	197,653,000	197,653,000
31 December 2023	-	-	208,822,000	208,822,000
Plots of land located in U.A.E.	-	-	13,840,000	13,840,000
Buildings located in U.A.E.	-	-	207,945,849	207,945,849
31 December 2022	-	-	221,785,849	221,785,849

7 Intangible assets

	Computer software AED
Cost	
As at 1 January 2022	439,713
Disposals	(22,999)
As at 31 December 2022	416,714
Software under development	133,333
As at 31 December 2023	550,047
Accumulated amortisation	
As at 1 January 2022	430,598
Amortisation expenses	5,195
Disposals	(22,999)
As at 31 December 2022	412,794
Amortisation expenses	3,920
As at 31 December 2023	416,714
Carrying amount	
As at 31 December 2023	133,333
As at 31 December 2022	3,920

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Notes to the Financial Statements for the year ended 31 December 2023

8	Investments carried at fair value through other comprehensive income (FVTOCI)	2023	2022
		AED	AED
	Balance at the beginning of the year	5,787,500	3,279,625
	Additions	2,981,162	7,206,567
	Changes in fair value	622,539	(1,014,933)
	Sold during the year	(7,589,251)	(3,683,759)
	Balance at the end of the year	1,801,950	5,787,500

	2023	2022
	AED	AED
The category of investments in financial asset is as follows:		
Quoted equity instruments – at fair value	1,801,950	5,787,500
The geographical distribution of financial asset is as follows:		
In United Arab Emirates	1,801,950	5,787,500

9	Investments carried at amortised cost	2023	2022
		AED	AED
	Sukuk	21,766,886	11,126,941

The profit is receivable semi-annually and maturity dates falls on May 19, 2026, June 8, 2027, February 26, 2027, March 1, 2024 and July 18, 2028 respectively. During the year ended December 31, 2023, the Entity accrued interest amount to AED 1,108,049 (2022: AED 439,873) on these Sukuk.

	2023	2022
	AED	AED
The geographical distribution of financial asset is as follows:		
In United Arab Emirates	21,766,886	11,126,941

	%	Face value AED	Face value USD
Sukuk name			
Dubai Islamic Bank's TIER 1 Sukuk	4.625%	2,227,050	600,000
Arada Sukuk	8.125%	2,901,245	780,000
Dar Al-Arkan Sukuk	6.875%	5,998,646	1,650,000
Arab Republic of Egypt Sukuk	6.20%	724,195	200,000
ADIBUH 7.25 PERP Sukuk	7.25%	9,915,750	2,700,000

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Notes to the Financial Statements for the year ended 31 December 2023

10	Investments carried at fair value through profit or loss (FVTPL)		
		2023	2022
		AED	AED
	Equity - quoted	<u>29,411,807</u>	<u>33,495,015</u>
	The movement in investments carried at (FVTPL) during the year are as follows:		
		2023	2022
		AED	AED
	Balance at the beginning of the year	33,495,015	41,845,435
	Additions during the year	24,798,960	31,823,268
	Disposals during the year	(19,763,951)	(30,174,315)
	(Decrease) in fair value during the year	<u>(9,118,217)</u>	<u>(9,999,373)</u>
		<u>29,411,807</u>	<u>33,495,015</u>
	The geographical distribution of financial asset is as follows:		
	In United Arab Emirates	29,411,807	33,495,015
11	Trade and other receivables		
		2023	2022
		AED	AED
	Trade receivables	8,964,678	8,314,749
	Less : Allowance for expected credit losses	<u>(6,389,455)</u>	<u>(6,399,582)</u>
		<u>2,575,223</u>	<u>1,915,167</u>
	Receivable from Government of Sharjah*	1,920,000	1,920,000
	Advance to suppliers	352,063	1,809,841
	Prepayments	361,066	536,505
	Other receivables	<u>2,204,921</u>	<u>1,135,123</u>
		<u>7,413,273</u>	<u>7,316,636</u>

*This represents the amount receivable from the Government of Sharjah as part of acquiring a portion of land, with plot number 2084, at industrial area 7, Sharjah during the year ended December 31, 2022.

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

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

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

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

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Notes to the Financial Statements for the year ended 31 December 2023

11 Trade and other receivables (continued)

Trade receivables – Ageing analysis

31 December 2023	30 days current AED	31 - 365 days AED	1 - 2 years AED	2 - 3 years AED	> 3 years AED	Total AED
Expected credit loss rate	-%	-%	-%	97.00%	100.00%	
Estimated total gross carrying amount at default	1,263,251	658,290	636,118	728,832	5,678,187	8,964,678
Lifetime ECL	-	-	-	711,268	5,678,187	6,389,455
						2,575,223

Trade receivables – Ageing analysis

31 December 2022	30 days current AED	31 - 365 days AED	1 - 2 years AED	2 - 3 years AED	> 3 years AED	Total AED
Expected credit loss rate	-%	-%	66.90%	100.00%	100.00%	
Estimated total gross carrying amount at default	824,750	809,357	849,208	1,189,534	4,641,900	8,314,749
Lifetime ECL	-	-	568,148	1,189,534	4,641,900	6,399,582
						1,915,167

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Notes to the Financial Statements for the year ended 31 December 2023

11 Trade and other receivables (continued)

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

	Total AED
Balance as at 1 January 2022	5,517,630
Charge during the year (Note 26)	927,625
Reversal during the year	<u>(45,673)</u>
Balance as at 31 December 2022	6,399,582
Reversal during the year	<u>(10,127)</u>
Balance as at 31 December 2023	6,389,455

12 Related party balances and transactions

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

a) Transactions

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

	2023 AED	2022 AED
Board of committee's fee	<u>201,745</u>	<u>216,070</u>

b) Compensation of key management personnel

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

	2023 AED	2022 AED
Short-term benefits	420,000	420,000
Board of Directors' remuneration	<u>1,056,670</u>	<u>1,227,014</u>
	<u>1,476,670</u>	<u>1,647,014</u>

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Notes to the Financial Statements for the year ended 31 December 2023

13 Fixed deposits

	2023	2022
	AED	AED
Fixed deposits	<u>116,287</u>	<u>8,115,935</u>

During the year, the Entity earned finance income of AED 144,648 (2022: AED 152,047) from fixed deposits. Fixed deposits amounting to AED 116,287 are held under lien for credit card facility granted by bank.

14 Cash and cash equivalents

	2023	2022
	AED	AED
Bank balances	4,077,315	8,415,530
Fixed deposits	<u>2,500,000</u>	-
	<u>6,577,315</u>	<u>8,415,530</u>

The bank balances are also subject to impairment requirements of IFRS 9, however, balances with banks are assessed to have low credit risk of default. Fixed deposit as of December 31, 2023 amounting to AED 2,500,000 are having maturity of 3 months.

15 Share capital

	2023	2022
	AED	AED
Authorised, issued and paid up share capital: 105,000,000 shares of AED 1.00	<u>105,000,000</u>	<u>105,000,000</u>

16 Statutory reserve

	2023	2022
	AED	AED
Balance at the beginning of the year	<u>52,500,000</u>	52,500,000
Balance at the end of the year	<u>52,500,000</u>	52,500,000

According to the Articles of Association of the Entity and U.A.E Federal Law No. 32 of 2021, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid-up capital. This reserve is not available for distribution.

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Notes to the Financial Statements for the year ended 31 December 2023

17 Voluntary reserve

	2023	2022
	AED	AED
Balance at the beginning of the year	<u>50,000,000</u>	<u>50,000,000</u>

The Entity in earlier years has transferred up to 10% of the profits to voluntary reserve. There were no transfers to voluntary reserve during the years 2023 and 2022.

18 Employees' end-of-service benefits

	2023	2022
	AED	AED
Balance at the beginning of the year	938,712	854,535
Charge for the year	274,252	161,877
Payments during the year	<u>(332,908)</u>	<u>(77,700)</u>
Balance at the end of the year	<u>880,056</u>	<u>938,712</u>

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting year.

19 Trade and other payables

	2023	2022
	AED	AED
Trade payables	441,627	147,493
Accrued expenses and other payables	1,080,163	1,496,291
Tenants' refundable deposits	1,114,250	1,171,200
Contract liabilities - rent received in advance	1,791,452	1,149,173
Bills payables	<u>6,195</u>	<u>5,916</u>
	<u>4,433,687</u>	<u>3,970,073</u>

20 Undistributed dividends

	2023	2022
	AED	AED
Undistributed dividends	<u>-</u>	<u>17,812,857</u>

Based on the Cabinet Resolution No. 1/21 of 2023, the Securities and Commodities Authority (SCA) has been appointed to manage the uncollected dividends of locally listed public joint stock companies prior to March 2015 and to transfer the full value of uncollected dividends to the SCA no later than May 21, 2023. Accordingly, during the year, the Entity has transferred the undistributed dividends of AED 17,812,857 to the SCA's account.

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Notes to the Financial Statements for the year ended 31 December 2023

24 Other income

	2023	2022
	AED	AED
Other operating income - miscellaneous	206,157	136,677
Income from land acquisition*	-	1,920,000
Reversal of unclaimed payables	-	612,007
	<u>206,157</u>	<u>2,668,684</u>

*This represents the income from the Government of Sharjah as part of acquiring a portion of land, with plot number 2084, at industrial area 7, Sharjah during the year ended December 31, 2022..

25 Finance income

	2023	2022
	AED	AED
Sukuk interest	1,108,049	439,873
Interest on fixed deposit	144,648	152,047
	<u>1,252,697</u>	<u>591,920</u>

26 General and administrative expenses

	2023	2022
	AED	AED
Salaries	2,365,168	2,223,033
Other employee benefits	987,825	691,699
Legal, license and professional	393,136	474,152
Government expenses	376,834	226,850
Director's remuneration	313,718	313,981
Bank charges	176,575	42,550
Depreciation of property, plant and equipment (Note 5)	165,687	160,713
Communication	133,504	132,623
Utilities	97,589	95,631
Repairs and maintenance	49,912	144,167
Printing and stationery	32,808	38,448
Insurance	15,770	16,327
Amortisation of intangible assets (Note 7)	3,920	5,195
Allowance for expected credit losses (Note 11)	-	927,625
Other general and administrative expenses	97,617	517,897
	<u>5,210,063</u>	<u>6,010,891</u>

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Notes to the Financial Statements for the year ended 31 December 2023

27 Basic earnings per share

	2023	2022
Net profit for the year	1,905,627	5,347,208
Number of shares	105,000,000	105,000,000
Basic earnings per share	0.02	0.05

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

28 Financial instruments and risk management

Significant accounting policies

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

Categories of financial instruments

31 December 2023

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Investments carried at amortised cost (Note 9)	21,766,886	-
Trade and other receivables (Note 11)	6,699,987	-
Fixed deposits (Note 13)	116,287	-
Cash and cash equivalents (Note 14)	6,577,315	-
Trade and other payables (Note 19)	-	2,642,235
	35,160,475	2,642,235

31 December 2022

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Investments carried at amortised cost (Note 9)	11,126,941	-
Trade and other receivables (Note 11)	4,969,332	-
Fixed deposits (Note 13)	8,115,935	-
Cash and cash equivalents (Note 14)	8,415,530	-
Trade and other payables (Note 19)	-	2,820,900
Undistributed dividends (Note 20)	-	17,812,857
	32,627,738	20,633,757

28 Financial instruments and risk management (continued)

Fair value measurements

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.

Valuation techniques and assumptions applied for the purposes of measuring fair value

1) Fair value measurements recognised in the statement of financial position

Some of the Entity's financial assets are measured at fair value at the end of the reporting year. The following table gives information about how the fair values of these financial assets are determined;

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Notes to the Financial Statements for the year ended 31 December 2023

28 Financial instruments and risk management (continued)

	2023	2022	Fair value hierarchy	Valuation techniques and key inputs
	AED	AED		
Investments carried at FVTOCI	1,801,950	5,787,500	Level 1	Quoted Price
Investments carried at FVTPL	29,411,807	33,495,015	Level 1	Quoted Price

Significant unobservable inputs for private equity investments are long term revenue growth, management experience and knowledge of market conditions for specific industries.

Significant unobservable inputs for private equity investments is weighted average cost of capital.

The higher the growth, the higher the fair value or the higher the weighted average cost of capital, the lower the fair value.

Significant unobservable inputs for private equity investments are constant repayment and discounting of default risk.

The higher the discount rate the lower the fair value and lower the discount rate higher the fair value.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

28 Financial instruments and risk management (continued)

Financial risk management objectives

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Entity's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Entity does not hold or issue derivative financial instruments for speculative purposes.

Interest risk

At the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

Market risk

The Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Entity. As at 31 December 2023, the Entity'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 Entity due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Entity arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

In order to minimise credit risk, the Entity has tasked its management to develop and maintain the Entity's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Entity's own trading records to rate its major customers and other debtors. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity 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 table below summarises the maturity profile of the Entity's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

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Notes to the Financial Statements for the year ended 31 December 2023

28 Financial instruments and risk management (continued)

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2023				
Financial assets				
Fixed deposits	-	116,287	-	116,287
Investments carried at amortised cost	-	-	21,766,886	21,766,886
	-	116,287	21,766,886	21,883,173

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2023				
Financial assets				
Trade and other receivables	-	6,699,987	-	6,699,987
Cash and cash equivalents	6,577,315	-	-	6,577,315
Investments carried at FVTOCI	-	-	1,801,950	1,801,950
Investments carried at FVTPL	-	29,411,807	-	29,411,807
	6,577,315	36,111,794	1,801,950	44,491,059
Financial liabilities				
Trade and other payables	-	2,642,235	-	2,642,235

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2022				
Financial assets				
Fixed deposits	-	8,115,935	-	8,115,935
Investments carried at amortised cost	-	-	11,126,941	11,126,941
	-	8,115,935	11,126,941	19,242,876

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Notes to the Financial Statements for the year ended 31 December 2023

28 Financial instruments and risk management (continued)

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2022				
Financial assets				
Trade and other receivables	-	4,969,332	-	4,969,332
Cash and cash equivalents	8,415,530	-	-	8,415,530
Investments carried at FVTOCI	-	-	5,787,500	5,787,500
Investments carried at FVTPL	-	33,495,015	-	33,495,015
	8,415,530	38,464,347	5,787,500	52,667,377
Financial liabilities				
Trade and other payables	-	2,820,900	-	2,820,900
Undistributed dividends	-	17,812,857	-	17,812,857
	-	20,633,757	-	20,633,757

Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance and complying with statutory requirements.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital, reserves and retained earnings as disclosed in the financial statements.

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Notes to the Financial Statements for the year ended 31 December 2023

29 Segment reporting

The Entity's activities comprise two main business segments: 1) real estate, 2) investments. The details of segment revenue, result, assets and liabilities have been provided below. General and administrative expenses have been allocated to real estate and investment sector on a reasonable basis.

	31 December 2023			31 December 2022		
	Real estate	Investments	Total	Real estate	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment revenue	16,874,440	-	16,874,440	17,909,707	-	17,909,707
Segment other (loss) / income	(880,553)	(5,388,556)	(6,269,109)	4,562,664	(6,952,374)	(2,389,710)
Segment results	8,857,202	(6,951,575)	1,905,627	13,824,562	8,477,354	5,347,208

* General and administrative expenses has been allocated to real estate and investment sector on a reasonable basis as 70: 30.

	31 December 2023			31 December 2022		
	Real estate	Investments	Total	Real estate	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment Assets	227,478,007	53,096,628	280,574,635	237,968,480	58,525,391	296,493,871

	31 December 2023			31 December 2022		
	Real estate	Investments	Total	Real estate	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment liabilities	5,313,743	-	5,313,743	22,721,642	-	22,721,642

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Notes to the Financial Statements for the year ended 31 December 2023

30 Uncertainty related to key estimates

Fair value of investments

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

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVTOCI at December 31, 2023, due to reasonably possible changes in the prices of these quoted shares held by the Entity's, with all other variables held constant, is as follows:

	31 December 2023		31 December 2023	
	Changes in market prices %	Effect on equity (fair value reserve)	Changes in market prices %	Effect on equity (fair value reserve)
Market index				
Dubai Financial Market	+5%	90,098	+5%	289,375
	-5%	(90,098)	-5%	(289,375)

The effect on statement of profit or loss and other comprehensive income as a result of a change in the fair value of equity instruments quoted on the different stock exchange markets and held at FVTPL at December 31, 2023, due to reasonably possible changes in the prices of these quoted shares held by the Entity's, with all other variables held constant, is as follows:

	31 December 2023		31 December 2022	
	Changes in market prices %	Effect on statement of profit or loss and other comprehensive income	Changes in market prices %	Effect on statement of profit or loss and other comprehensive income
Market index				
Abu Dhabi Securities Exchange	+5%	1,228,546	+5%	1,534,103
	-5%	(1,228,546)	-5%	(1,534,103)
Dubai Financial Market	+5%	242,045	+5%	140,648
	-5%	(242,045)	-5%	(140,648)

31 Contingent liabilities and capital commitments

	2023	2022
	AED	AED
Capital commitment on investment properties	-	5,714,151

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities and capital commitments on Entity's financial statements as of reporting date.

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Notes to the Financial Statements for the year ended 31 December 2023

32 Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

The Corporate Tax regime will become effective for the accounting periods beginning on or after 1 June 2023 hence for the Entity it will be effective from 1 January 2024. While a number of regulations with regards to the application of tax legislation have been further published, clarifications in relation to certain key aspects such as foreign tax credits are pending and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax on the Entity.

33 Reclassification

During the year, management has done certain reclassifications on the statement of profit or loss and other comprehensive income to provide a better presentations.

Reclassification in statement of profit or loss and other comprehensive income

	Previously reported - 2022	Reclassification	2022
	AED	AED	AED
Revenue	17,909,707	-	17,909,707
Cost of revenue	(4,593,147)	431,249	(4,161,898)
Gross profit	13,316,560	431,249	13,747,809
Finance income	591,920	-	591,920
Other income	2,668,684	-	2,668,684
General and administrative expenses	(5,579,642)	(431,249)	(6,010,891)
Foreign exchange loss	(70,233)	-	(70,233)
Operating profit	10,927,289	-	10,927,289
Dividend income	841,667	-	841,667
(Loss) / gain on disposal of investment properties	913,980	-	913,980
(Decrease) / increase in fair value of investment properties	980,000	-	980,000
(Loss) from investments carried at FVTPL	(8,315,728)	-	(8,315,728)
Net profit for the year	5,347,208	-	5,347,208

34 Events after the reporting period

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