Abu Dhabi Co-operative Society

Reports and consolidated financial statements
for the year ended 31 December 2023

Principal business address:
P O Box 833
Abu Dhabi
UAE

Abu Dhabi Co-operative Society

Reports and consolidated financial statements
for the year ended 31 December 2023

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Abu Dhabi Co-operative Society

BOARD OF DIRECTORS' REPORT

31 December 2023

[Update Group logos/brands]

BOARD OF DIRECTORS' REPORT

Dear Shareholders of Abu Dhabi Co-operative Society.

The Board of Directors of Abu Dhabi Co-operative Society ("ADCOOP", the "Company" or the "Group") have pleasure in submitting the annual report of the Company, together with its performance during 2023; accompanied by the audited financial statements, and the auditor's report for the fiscal year ended 31 December 2023.

About Abu Dhabi Cooperative Society

The Company was registered in the records of the Co-operative Department under the Ministry of Labor and Social Affairs Decree No. 21/1 of 1980, dated 6 May 1980. Pursuant to the resolution issued by the Department of Economic Development on 6 February 2024, the legal structure of ADCOOP has been changed to a Public Joint Stock Company ("P.J.S.C."). Its name is changed to MAIR Group P.J.S.C. and UAE Federal Decree Law No. (32) of 2021 will apply to the Company after 6 February 2024.

Government mandated merger during the period

On 9 November 2023, the Department of Economic Development in Abu Dhabi (DED) issued Administrative Resolution no. 59 (Resolution 59) to merge three cooperative societies – Al Ain Cooperative Society (AACS), Delma Cooperative Society (DCS), and the Al Dhafra Cooperative Society (ADCS) (together, the "Subject Entities") into ADCOOP.

As per Resolution 59, the Subject Entities were dissolved, by cancelling their licenses and have their assets and liabilities merged to ADCOOP. The Subject Entities will cease to exist and their operations will form part of ADCOOP.

The principal business activities of Abu Dhabi Co-operative Society

The principal activities of the Company include, as stated in its Articles of Association, import and sale of foodstuffs, household equipment and general retail items. In addition, the Company has a portfolio of real estate investments which are leased to third parties to generate rental income.

Board of Directors

The Board of Directors in its current tenure consists of nine members as follows, their memberships are valid for three years from the date of appointment (9 November 2023).

No.	Member Name	Position	Serving Period		
			1st Jan 2023 to 6th Aug 2023	7th August 2023 to 8th Nov 2023	9th Nov 2023 to 31st Dec 2023
1	H.E. Mohamed Juma Alshamsi	Chairman		✔	✔
2	H.E. Naheyan Hamad Alameri	Board Member, Managing Director and Group CEO			✔
3	H.E. Mansoor Mohamed Al Hamed	Board Member		✔	✔
4	H.E. Mohamed Haji Alkhoori	Board Member	✔	✔	✔
5	Mr. Ali Rashed Alrashdi	Board Member		✔	✔

No.	Member Name	Position	Serving Period		
			1st Jan 2023 to 6th Aug 2023	7th August 2023 to 8th Nov 2023	9th Nov 2023 to 31st Dec 2023
6	Mr. Mohamed Saeed Al Ghfeli	Board Member		✔	✔
7	Mrs. Futoon Hamdan Al Mazrouei	Board Member		✔	✔
8	H.E. Majed Ateeq Almheiri	Board Member			✔
9	Mr. Musabah Alkendi Almarar	Board Member			✔
10	H.E. Sheikh Mohammed Bin Butti Al Hamed	Former Chairman	✔		
11	H.E. Saeed Eid Al Ghafli	Former Deputy Chairman — Managing Director	✔		
12	Mr. Ahmed Ali Matar Khamis Al Romaithi	Former Board Member	✔	✔	
13	H.E. Mohamed Khalfan Matar Saeed Al Romaithi	Former Board Member	✔		
14	H.E. Mohamed Bin Thaaloob Salem Hamad Al Derei	Former Board Member	✔	✔	
15	H.E. Mohammed Ibrahim Al Mahmoud	Former Board Member	✔		
16	Mr. Nasser Mohamed Hamad Aljenaibi	Former Board Member		✔	

<u>Financial Performance:</u>

Revenue:

<u>Revenue from contracts with customers</u>
Revenues from contracts with customers during the year 2023 amounted to AED 1,205m compared to AED 1,086m in 2022, an increase of AED 119m.

<u>Revenues from investment property rentals</u>
Revenues from property activity during the year 2023 amounted to AED 162m compared to AED 91m during 2022, an increase of AED 71m.

Net Profit:
Net profit during the current year 2023 amounted AED 25.86m (Twenty-five point eighty-six million dirhams) compared to a restated profit for previous year 2022 of AED 200.34m (Two hundred point thirty-four million dirhams), with a decrease of AED 174.48m, representing a decrease of 87%.

Dividends for the Financial Year 2023

Based on the above, the Board of Directors proposes a dividend for the year ending 31 December 2023 of AED 134m.

Finally, we look forward to 2024 with confidence and consistency to continue our success story with the help of Allah, taking our inspiration from His Highness Sheikh Zayed bin Sultan Al Nahyan, equipping us with high vigor, strength of will and constant efforts to further progress and prosperity. We would also like to thank, on behalf of you all, His Highness Sheikh Mohammed bin Zayed Al Nahyan- President of UAE - the patron of renaissance and the leader of our journey - taking into consideration his bright and wise words in the process of building this nation.

We would like also to thank all those who contributed to the success of our business over the past year especially our customers who have given us their trust, as well as our staff for their sincere efforts, their hard work, their matchless loyalty and their success in developing and improving their performance. With confidence that the same spirit will remain during 2024 to achieve more successes.

Abu Dhabi Cooperative Society

"Board of Directors"

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Co-operative Society ("the Society") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

Company Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report as set out on pages 1-3.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (6) of 2022 and its Implementing Regulations as provided in Cabinet Decision No. 55 of 2024 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Decree Law No. (6) of 2022 or its Implementing Regulations as provided in Cabinet Decision No. 55 of 2024 pertaining to co-operative societies which would materially affect its activities or its consolidated financial position as at 31 December 2023.

KPMG Lower Gulf Limited

Maher Alkatout

Registration number: 5453

Abu Dhabi, United Arab Emirates

Date:

Abu Dhabi Co-operative Society

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

	Notes	**2023 AED'000**	2022 AED'000 (Restated)
Revenue	*6*	**1,367,882**	1,177,498
Cost of sales	*7*	**(1,111,734)**	(969,084)
Gross profit		**256,148**	208,414
General and administrative expenses	*9*	**(126,915)**	(96,873)
Impairment loss on trade and other receivables	*23*	**(25,628)**	(13,828)
Selling and distribution expense	*9*	**(4,713)**	(7,585)
Other operating (expenses) / income	*11(a)*	**(3,714)**	117,351
Operating profit		**95,178**	207,479
Share in the loss of associates	*20*	**(467)**	(1,070)
Other income	*11(b)*	**3,168**	29,695
Finance costs	*10*	**(72,605)**	(36,348)
Finance income	*10*	**5,708**	583
Profit before tax from continuing operations		**30,982**	200,339
Income tax expense		**-**	-
Profit after tax from continuing operations		**30,982**	200,339
Discontinued operations			
Loss from discontinued operations	*13*	**(5,120)**	-
Profit for the year		**25,862**	200,339
Basic and diluted earnings per share	*14*	**0.53**	6.95
Basic and diluted earnings per share from continuing operations	*14*	**0.63**	6.95

The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b).

The notes on pages [14] to [93] are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages [4] to [6].

Consolidated statement of other comprehensive income
for the year ended 31 December 2023

	Note	**2023 AED'000**	2022 AED'000 (Restated)
Profit for the year		**25,862**	200,339
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss:			
Fair value gains on debt investments at fair value through other comprehensive income (FVTOCI)	*21*	**524**	-
Items that will not be subsequently reclassified to profit or loss:			
Fair value gains on equity investments at FVTOCI	*21*	**6,214**	5,122
Gain from revaluation of property and equipment	*15*	**1,255**	1,974
Other comprehensive income for the year		**7,993**	7,096
Total comprehensive income for the year		**33,855**	207,435

The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b).

The notes on pages [14] to [93] are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages [4] to [6].

Abu Dhabi Co-operative Society

Consolidated statement of financial position
for the year ended 31 December 2023

	Notes	**31 December 2023 AED'000**	31 December 2022 AED'000 (Restated*)	1 January 2022 AED'000 (Restated*)
ASSETS				
Non-current assets				
Property and equipment	*15*	**821,732**	361,022	215,213
Investment properties	*16*	**1,770,487**	1,499,444	387,784
Right-of-use assets	*19*	**538,385**	285,567	358,173
Intangible assets	*17*	**77,553**	-	-
Goodwill	*18*	**1,009,204**	50,000	50,000
Investment in equity-accounted investees	*20*	**29,684**	10,653	11,723
Investments at fair value through other comprehensive income (FVTOCI)	*21*	**280,842**	46,168	41,046
Total non-current assets		**4,527,887**	2,252,854	1,063,939
Current assets				
Inventories	*22*	**247,576**	144,616	139,038
Investments at fair value through profit or loss (FVTPL)	*21*	**89,135**	83,744	78,465
Due from related parties	*30*	**40,567**	-	-
Trade and other receivables	*23*	**197,764**	114,617	107,657
Cash and cash equivalents	*24*	**776,618**	200,789	179,544
Assets classified as held for sale	*13*	**223,749**	-	-
Total current assets		**1,575,409**	543,766	504,704
Total assets		**6,103,296**	2,796,620	1,568,643

Abu Dhabi Co-operative Society

Consolidated statement of financial position (continued)
for the year ended 31 December 2023

	Notes	**31 December 2023 AED'000**	31 December 2022 AED'000 (Restated*)	1 January 2022 AED'000 (Restated*)
EQUITY AND LIABILITIES				
Equity				
Share capital	*28*	**899,190**	381,403	256,403
Share premium	*28*	**1,593,136**	289,500	-
Shares to be issued	*28*	**922,996**	-	-
Statutory reserve	*29*	**539,693**	533,418	512,806
Investment fair value reserve		**(148,529)**	(155,267)	(160,389)
Revaluation reserve		**29,229**	27,974	26,000
Retained earnings		**327,779**	366,615	263,810
Total equity		**4,163,494**	1,443,643	898,630
Non-current liabilities				
Employees' end of service benefits	*27*	**33,500**	17,380	20,299
Lease liabilities	*19*	**560,379**	274,350	338,944
Borrowings	*26*	**723,049**	687,338	-
Total non-current liabilities		**1,316,928**	979,068	359,243
Current liabilities				
Trade and other payables	*25*	**503,681**	247,795	252,568
Due to related parties	*30*	**458**	294	-
Lease liabilities	*19*	**65,563**	74,333	58,202
Bank overdraft	*24*	**43,425**	-	-
Borrowings	*26*	**2,050**	51,487	-
Liabilities directly associated with assets classified as held for sale	*13*	**7,697**	-	-
Total current liabilities		**622,874**	373,909	310,770
Total liabilities		**1,939,802**	1,352,977	670,013
Total equity and liabilities		**6,103,296**	2,796,620	1,568,643

*The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b).

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2023.

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

Vice Chairman and Managing Director | **Director**

The notes on pages [14] to [93] are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages [4] to [6].

Abu Dhabi Co-operative Society

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

	Share capital AED'000	Share premium AED'000	Shares to be issued AED'000	Statutory reserve AED'000	Investment fair value reserve AED'000	Revaluation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2022 (as previously reported)	256,403	-	-	512,806	(160,389)	26,000	274,636	**909,456**
Impact of correction of errors (Note 2b)							(10,826)	**(10,826)**
Balance at 1 January 2022 (as restated)	256,403	-	-	512,806	(160,389)	26,000	263,810	**898,630**
Profit for the year (as restated)	-	-	-	-	-	-	200,339	**200,339**
Other comprehensive income for the year	-	-	-	-	5,122	1,974	-	**7,096**
Total comprehensive income for the year (as restated)	-	-	-	-	5,122	1,974	200,339	**207,435**
Issue of ordinary shares *(note 28)*	125,000	289,500	-	-	-	-	-	**414,500**
Dividends for the year ended 31 December 2021	-	-	-	-	-	-	(76,922)	**(76,922)**
Transfer to statutory reserve *(note 29)*	-	-	-	20,612	-	-	(20,612)	-
Balance at 31 December 2022 (as restated)	381,403	289,500	-	533,418	(155,267)	27,974	366,615	**1,443,643**
Balance at 1 January 2023	381,403	289,500	-	533,418	(155,267)	27,974	366,615	**1,443,643**
Profit for the year	-	-	-	-	-	-	25,862	**25,862**
Other comprehensive income for the year	-	-	-	-	6,738	1,255	-	**7,993**
Total comprehensive income for the year	-	-	-	-	6,738	1,255	25,862	**33,855**
Issue of ordinary shares *(note 28)*	517,787	1,692,630	-	-	-	-	-	**2,210,417**
Dividends for the year ended 31 December 2022	-	-	-	-	-	-	(57,210)	**(57,210)**
Transfer to statutory reserve *(note 29)*	-	-	-	6,275	-	-	(6,275)	-
Write off of equity instruments at FVOCI *(note 21)*	-	-	-	-	-	-	(1,213)	**(1,213)**
Shares to be issued as a result of the merger *(note 28)*	-	(388,994)	922,996	-	-	-	-	**534,002**
Balance at 31 December 2023	**899,190**	**1,593,136**	**922,996**	**539,693**	**(148,529)**	**29,229**	**327,779**	**4,163,494**

The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b)
The notes on pages [14] to [93] are an integral part of these consolidated financial statements.

Abu Dhabi Co-operative Society

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

	Notes	**2023 AED'000**	2022 AED'000 (Restated)
Cash flows from operating activities			
Profit for the year		**25,862**	200,339
Adjustments for:			
Gain from investments at FVTPL	*21*	**(2,660)**	(10,632)
Share in the loss of associates	*20*	**467**	1,070
Finance costs	*10*	**53,282**	20,637
Finance income	*10*	**(5,708)**	(583)
Dividend income	*11(a)*	**(3,360)**	(2,801)
Depreciation of property and equipment	*15*	**26,653**	20,999
Amortisation of intangible assets	*17*	**988**	-
Changes in fair value of investment properties	*16*	**(8,293)**	(103,917)
Loss on disposal of property and equipment	*11(a)*	**5,800**	-
Provision for employees' end of service benefits	*27*	**7,569**	2,370
Depreciation of right-of-use assets	*19*	**49,074**	59,492
Interest expense on lease liabilities	*19*	**19,323**	15,711
Gain from derecognition of lease contracts under IFRS 16	*11(b)*	**(863)**	(14,672)
Impairment loss on trade and other receivables	*23*	**25,628**	13,828
Impairment loss on slow moving inventories	*22*	**1,159**	1,172
Write-off of property and equipment	*15*	**12,418**	-
Write-off intangible assets	*17*	**35**	-
Loss on revaluation of property and equipment		**498**	-
		207,872	203,013
Changes in:			
Inventories		**29,766**	(6,750)
Trade and other receivables		**81,124**	28,189
Due from related parties		**(7,132)**	-
Due to related parties		**164**	294
Trade and other payables		**(55,302)**	(63,543)
Cash generated from operations		**256,492**	161,203
Employees' end of service benefits paid	*27*	**(7,467)**	(5,289)
Net cash generated from operating activities		**249,025**	155,914
Cash flows from investing activities			
Net cash acquired from the acquisition of businesses	*5*	**575,175**	-
Acquisition of property and equipment	*15*	**(120,941)**	(164,834)
Acquisition of investment properties	*16*	**(15,998)**	(969,129)
Acquisition of intangible assets	*17*	**(1,308)**	-
Proceeds from disposal of property and equipment		**502**	-
Acquisition of investments at FVTPL	*21*	**(11,991)**	(60,101)
Proceeds from sale of investments	*21*	**9,260**	65,454
Dividends received from investments	*11(a)*	**3,360**	2,801
Interest received	*10*	**5,708**	583
Acquisition of investments at FVTOCI	*21*	**(265)**	-
Net cash from / (used in) investing activities		**443,502**	(1,125,226)

Abu Dhabi Co-operative Society

Consolidated statement of cash flows
for the year ended 31 December 2023 (continued)

	Notes	**2023** **AED'000**	2022 AED'000 (Restated)
Cash flows from financing activities			
Dividends paid	*26*	**(41,253)**	(67,129)
Payment of lease liabilities	*19*	**(49,077)**	(59,291)
Interest paid on lease liabilities	*26(B)*	**(19,323)**	(15,711)
Interest paid on borrowings		**(34,752)**	(20,637)
Repayment of borrowings	*26*	**(13,726)**	(4,375)
Proceeds from borrowings	*26*	**-**	743,200
Proceeds from issue of share capital	*28*	**-**	414,500
Cash transferred to asset held for sale	*13*	**(1,592)**	-
Share issuance cost		**(400)**	-
Net cash (used in) / from financing activities		**(160,123)**	990,557
Net increase in cash and cash equivalents		**532,404**	21,245
Cash and cash equivalents at 1 January	*24*	**200,789**	179,544
Cash and cash equivalents at 31 December	*24*	**733,193**	200,789

The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b).

The notes on pages [14] to [93] are an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages [4] to [6].

1 General information

Abu Dhabi Co-operative Society (the "ADCOOP") was established under the Ministry of Labour and Social Affairs (the "Ministry") Decree No. 21/1 of 1980, dated 6 May 1980, and is registered in the records of the Co-operative Department at the Ministry under the name Abu Dhabi Co-operative Society.

ADCOOP is registered as a co-operative society in Abu Dhabi, United Arab Emirates, in accordance with Federal Law No.1 of 1972 as amended by Federal Law No. 6 of 2022 under Commercial Registration No. 8815. The registered address of ADCOOP is P.O. Box 833, Abu Dhabi, United Arab Emirates.

The principal activities of ADCOOP are the import and sale of food stuff, household equipment and general retail items.

These consolidated financial statements include the results of operations and the financial position of ADCOOP and its subsidiaries (together referred to as the "Group"), as shown below:

Name of the subsidiary	Country of Incorporation	Principal activities	% interest held 2023	% interest held 2022
Makani Real Estate Sole Proprietorship	United Arab Emirates	Real estate lease and management services, real estate enterprise investment, development, institution and management	100	100
Earth Supermarket	United Arab Emirates	Supermarket, retail sale of fresh fish and marine animals and retail sale of fresh meat.	100	-
Wahat al Masa Trading Company	United Arab Emirates	General trading, wholesale of animal, poultry food, and fodder trading, exporting, and importing	100	-
Al Masa Flour Mill	United Arab Emirates	Grain and crops milling and trading	100	-

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of the UAE Federal Law No. 6 of 2022 on societies, which superseded UAE Federal Law No. 13 of 1976.

Pursuant to the resolution issued by Department of Economic Development on 6 February 2024, the legal structure of ADCOOP has been changed as disclosed under notes 36.

The consolidated financial statements were authorised for issue by the Board of Directors on [●] 2024.

2 Basis of preparation *(continued)*

(b) Prior period errors

During 2023, ADCOOP discovered certain errors in the previous years financial statements as follows:

(i) ADCOOP entered into four Musataha contracts with the Government of Abu Dhabi, where it is granted the right to use plots of lands in exchange for a fee.

During 2023, the Group discovered that these Musataha contracts had been erroneously not accounted as per IFRS 16 in its financial statements since their commencement. While two of these contracts commenced in 2021, one commenced in 2020 and another in 2019. These contracts meet the criteria for recognition as a lease under IFRS 16. As a consequence, general and administrative expenses, finance costs, and the related right-of-use assets and lease liabilities have been understated.

(ii) During 2023, the Group discovered that depreciation of certain right-of-use assets had been under recorded for the year ending 31 December 2022. As a result, depreciation expenses have been understated, and right-of-use assets have been overstated. This error related to the right-of-use assets of two branches.

(iii) During 2023, the Group identified the following errors related to three lease contracts:

a. For the lease contracts of two branches, the lease terms were extended to 2030 from 2023 in 2021. However, this modification was not accounted for in the prior year.
b. One lease contract was terminated early on 31 May 2022, however, the accounting for the lease termination was not accounted for in the year ended 31 Dec 2022.

As a consequence of these errors, other income, finance costs, and the related right-of-use assets and lease liabilities are understated, while general and administrative expenses are overstated.

(iv) During 2023, the Group identified an error in the classification of certain receivables and payables in the financial statements of prior periods. The error arose from misclassifying certain balances which should have been recorded as payables instead of receivables, and vice versa.

(v) During 2023, the Group reclassified portions of Right-of-use assets which are subleased to third parties into Investment properties. Appropriate adjustments were made in the prior year to correct the balances.

These errors have been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

(b) Prior period errors (continued)

Consolidated Statement of Financial Position

	Impact of correction of errors						
	As previously reported	**Adjustments**					**As Restated**
1 January 2022	AED'000	**(i)** AED'000	**(ii)** AED'000	**(iii)** AED'000	**(iv)** AED'000	**(v)** AED'000	AED'000
Trade and other receivables	107,657	-	-	-	-	-	107,657
Right-of-use assets	245,743	105,101	-	26,360	-	(19,031)	358,173
Property and equipment	215,213	-	-	-	-	-	215,213
Investment properties	369,681	-	-	-	-	18,103	387,784
Other assets	499,816	-	-	-	-	-	499,816
Total assets	**1,438,110**	**105,101**	**-**	**26,360**	**-**	**(928)**	**1,568,643**
Trade and other payables	(252,568)	-	-	-	-	-	(252,568)
Lease liabilities	(255,787)	(110,846)	-	(30,513)	-	-	(397,146)
Other liabilities	(20,299)	-	-	-	-	-	(20,299)
Total liabilities	**(528,654)**	**(110,846)**	**-**	**(30,513)**	**-**	**-**	**(670,013)**
Investment fair value reserve	160,389	-	-	-	-	-	160,389
Retained earnings	(274,636)	5,745	-	4,153	-	928	(263,810)
Others	(795,209)	-	-	-	-	-	(795,209)
Total equity	**(909,456)**	**5,745**	**-**	**4,153**	**-**	**928**	**(898,630)**

	Impact of correction of errors						
	As previously reported	**Adjustments**					**As restated**
31 December 2022	AED'000	**(i)** AED'000	**(ii)** AED'000	**(iii)** AED'000	**(iv)** AED'000	**(v)** AED'000	AED'000
Trade and other receivables	65,640	-	-	-	48,977	-	114,617
Right-of-use assets	210,900	101,758	(2,596)	20,948	-	(45,443)	285,567
Property and equipment	361,022	-	-	-	-	-	361,022
Investment properties	1,454,454	-	-	-	-	44,990	1,499,444
Other assets	535,970	-	-	-	-	-	535,970
Total assets	**2,627,986**	**101,758**	**(2,596)**	**20,948**	**48,977**	**(453)**	**2,796,620**
Trade and other payables	(198,818)	-	-	-	(48,977)	-	(247,795)
Lease liabilities	(207,238)	(116,250)	-	(25,195)	-	-	(348,683)
Other liabilities	(756,499)	-	-	-	-	-	(756,499)
Total liabilities	**(1,162,555)**	**(116,250)**	**-**	**(25,195)**	**(48,977)**	**-**	**(1,352,977)**

(b) Prior period errors (continued)

	Impact of correction of errors						
	As previously reported	**Adjustments**					**As restated**
31 December 2022	AED'000	**(i)** AED'000	**(ii)** AED'000	**(iii)** AED'000	**(iv)** AED'000	**(v)** AED'000	AED'000
Investment fair value reserve	155,267	-	-	-	-	-	155,267
Retained earnings	(388,403)	14,492	2,596	4,247	-	453	(366,615)
Others	(1,232,295)	-	-	-	-	-	(1,232,295)
Total equity	**(1,465,431)**	**14,492**	**2,596**	**4,247**	**-**	**453**	**(1,443,643)**

There is no impact on the total operating, investing or financial cash flows for the year ended 31 December 2022.

Consolidated statement of profit or loss and OCI

	Impact of correction of errors						
	As reclassified (Note 37)	**Adjustments**					**As restated**
For the year ended 31 December 2022	AED'000	**(i)** AED'000	**(ii)** AED'000	**(iii)** AED'000	**(iv)** AED'000	**(v)** AED'000	AED'000
Other income	28,858	-	-	837	-	-	29,695
Other operating income	129,077	-	-	-	-	(11,726)	117,351
Cost of sales	(981,286)	-	-	-	-	12,202	(969,084)
General and administrative expense	(92,080)	(2,843)	(2,596)	646	-	-	(96,873)
Finance costs	(28,867)	(5,903)	-	(1,578)	-	-	(36,348)
Total profit	**211,300**	**(8,746)**	**(2,596)**	**(95)**	**-**	**476**	**200,339**
Total comprehensive income	**218,396**	**(8,746)**	**(2,596)**	**(95)**	**-**	**476**	**207,435**

2 Basis of preparation *(continued)*

(c) Going concern

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

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved when the parent company:

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

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

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

2 Basis of preparation *(continued)*

(d) Basis of consolidation (continued)

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

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

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

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

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. Under equity method, distributions received from equity-accounted investees will be treated as a reduction to the carrying amount of the investment.

2 Basis of preparation *(continued)*

(e) Business combinations (continued)

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired include inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

Goodwill or bargain purchase gain

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

(f) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value on each reporting date:

- Equity investments at fair value through other comprehensive income;
- Equity investments at fair value through profit and loss;
- Land and buildings under property and equipment; and
- Investment properties.

2 Basis of preparation *(continued)*

(g) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Parent company's functional currency. Except as indicated, financial information has been presented in AED.

(h) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 35.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Revenue recognition

Revenue recognition under IFRS 15 Revenue from Contracts with Customer:

The Group recognises revenue from contracts with customers based on the five-step model set out in IFRS 15:

Step 1: Identify the contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract

A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

3 Material accounting policy information *(continued)*

(a) Revenue recognition (continued)

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for selling of goods or rendering services to the customers, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected sales discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue after the services are rendered to its customers and on the basis of contractual rates agreed with the customers.

The stand-alone selling prices are determined based on the observable price at which the Group sells the goods or services. For items that are not sold separately the Group estimates standalone selling prices using other methods.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts. Revenue comprises amounts derived from the sale of goods falling within the ordinary activities of the Group and are recognised at the time of point of sales when persuasive evidence exists that the control passes from the Group to the customer satisfying the performance obligation, and the amount of revenue can be measured reliably. Discounts are recognised as a reduction of revenue as the sales are recognised.

Hotel income

Hotel revenue corresponds to all the revenues received from guests of the Hotel. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the Hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

Other operating revenue

Other operating revenue comprises amounts receivable by the Group towards display income, marketing and advertisement income, listing fees and supplier rebates.

3 Material accounting policy information *(continued)*

(a) Revenue recognition (continued)

i) Display income

Income from space management is the charge to suppliers for displaying goods for sale in branches. It is recognised on straight line basis over the term of the display agreement.

ii) Marketing and advertisement income

Marketing and advertisement income include the income generated from various suppliers for the additional services like additional space for charts and banners and advertising on the Group`s screens provided to the suppliers for promotions and advertisement of their goods in the malls. It is recognised on a straight line basis over the term of the agreement.

Loyalty programme

The Group operates two loyalty programmes, *Shuruka* and *Hayyak.* Under *Shuruka,* the points earned by the customers expire within 12 months. For *Hayyak,* all points earned during the year expire every December 31. Accordingly, a provision is made relating to these programmes at the end of the year.

Revenue is recognised as the points are redeemed by the customer. Revenue related to breakage is recognised in line with redemptions, subject to the variable consideration constraint (i.e., provided it is highly probable not to result in a significant reversal of the cumulative revenue recognised), with the remainder recognised on expiry of the points.

(b) Finance income and costs

Finance income comprises of interest income on fixed deposits with banks. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise of interest expense on borrowing, interest on lease obligations and bank charges. Finance costs are recognised in profit or loss. General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

(c) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

3 Material accounting policy information *(continued)*

(c) Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants that takes the form of a non-monetary asset, such as lands, are measured at a nominal amounts when there is reasonable assurance that the grant will be received and any condition attached to them have been fulfilled.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into AED at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(e) Property and equipment

Recognition and measurement

Except for land and buildings, items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Land and buildings under property and equipment are initially recognised at cost. Subsequent to initial recognition, these are stated at their revalued amounts, being the fair value at the date of revaluation.

3 Material accounting policy information *(continued)*

(e) Property and equipment (continued)

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

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

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years
Buildings	25
Leasehold improvements	3 – 25
Motor vehicles	4
Furniture and equipment	5 – 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress

Properties in the course of construction for supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when assets are ready for their intended use.

3 Material accounting policy information *(continued)*

(f) Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which reflects market conditions at the reporting date.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the investment fair value reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

Properties with dual use

Properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes and are "dual use properties". In such cases, if these portions (with dual use) could be sold separately (or leased out separately), the Group accounts for the portions separately. However, if the portions could not be sold separately, the property is considered as property and equipment if a significant portion is held for use in the production or supply of goods or services or for administrative purposes, otherwise it is considered as an investment property.

(g) 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 the estimated useful life of the asset. 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3 Material accounting policy information *(continued)*

(g) Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

	Years
Computer software	5
Customer relationship	26
Concession agreement	31
Brand	5-15

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

3 Material accounting policy information *(continued)*

(h) Assets classified as held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale (and for which significant influence continues to be exercised) will continue to be accounted for using the equity method.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

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

(i) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its non-financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (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.

3 Material accounting policy information *(continued)*

(i) Impairment of non-financial assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (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 increase.

(j) Leases

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

I. As a lessee

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Material accounting policy information *(continued)*

(j) Leases (continued)

I. As a lessee (continued)

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

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'Right-of-use assets' and lease liabilities in 'Lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

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

3 Material accounting policy information *(continued)*

(j) Leases (continued)

II. As a lessor

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

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

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

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

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

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

Rental income from operating leases

Rental income from operating leases is recognised on a straight-line basis over the lease term unless another systematic basis is more representative of the time patterns in which the economic benefits from the leased assets are derived. The Group has recognized this rental income as part of “Revenue from Investment properties rentals”.

3 Material accounting policy information *(continued)*

(k) Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as subsequently measured at: amortised cost; fair value through other comprehensive income (FVTOCI) – debt instrument; FVTOCI – equity instrument; or FVTPL.

A financial asset that meets the following conditions and is not designated as at FVTPL, is measured at amortised cost:

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

A debt instrument that meets the following conditions and is not designated as at FVTPL, is measured at FVTOCI:

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

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

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

3 Material accounting policy information *(continued)*

(k) Financial instruments (continued)

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows 33ealizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

3 Material accounting policy information *(continued)*

(k) Financial instruments (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3 Material accounting policy information *(continued)*

(k) Financial instruments (continued)

Derecognition (continued)

Financial assets (continued)

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Cash and cash equivalents

In the statement of financial position, cash and cash equivalents comprise cash (i.e., cash on hand and demand deposits) and bank balances. Bank balances are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. These are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

3 Material accounting policy information *(continued)*

(m) Trade receivables and other financial assets – Impairment

Non-derivative financial assets

Financial instruments

Impairments on financial assets are accounted for using a three-stage forward-looking expected credit loss (ECL) approach in line with IFRS 9. The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- debt securities measured at fair value through other comprehensive income

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3 Material accounting policy information *(continued)*

(m) Trade receivables and other financial assets – Impairment (continued)

Financial instruments and contract assets (continued)

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 Material accounting policy information *(continued)*

(n) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes invoiced cost, transport and handling costs. Net realisable value represents the estimated selling price less further costs to be incurred in marketing, selling and distribution.

Rebates

The Group has agreements with suppliers whereby volume-related rebates and various other supplier benefits and discounts are received in connection with the purchase of goods. This income received from suppliers relates to adjustments to the core cost price of a product and is considered part of the purchase price for that product. Income is recognised on an accrual basis when earned by the Society and the income can be measured reliably based on the terms of the contract.

Where the income earned relates to inventories which are held by the Group at the end of a period, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories.

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows discounted at pre-tax rate. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

(p) Employee benefits

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

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the profit or loss during the employees' period of service.

3 Material accounting policy information *(continued)*

(q) 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

There is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

(r) Dividend income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(s) Taxes

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

3 Material accounting policy information *(continued)*

(s) Taxes (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
    a) is not a business combination; and
    b) at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Value added tax (VAT)

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

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

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

3 Material accounting policy information *(continued)*

(t) Current vs non-current classification

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

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

A liability is current when:

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

The Group classifies all other assets and liabilities as non-current.

4 New standards or amendments

New currently effective requirements

The following new and amended standards are not expected to have a significant impact on the Group's financial information, when effective:

Effective date	New standards or amendments
1 January 2023	*IFRS 17 Insurance Contracts*
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statements 2
	Definition of Accounting Estimates – Amendments to IAS 8
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
23 May 2023	*International Tax Reforms – Pillar Two Model Rules – Amendments to IAS 12*

Forthcoming requirements

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early applied the new or amended standards in preparing these consolidated financial statements.

4 New standards or amendments *(continued)*

Forthcoming requirements (continued)

Effective date	New standards or amendments
1 January 2024	*Non-current liabilities with covenants - Amendments to IAS 1 and Classification of liabilities as current and non-current - Amendments to IAS 1*
	Lease liabilities in a sale and leaseback - Amendments to IFRS 16
	Supplier finance arrangements - Amendments to IAS 7 and IFRS 7
1 January 2025	*Lack of exchangeability - Amendments to IAS 21*
Available for optional adoption/ effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

5 Government-mandated merger

On 9 November 2023, the Department of Economic Development in Abu Dhabi (DED) issued Administrative Resolution no. 59 (Resolution 59) to merge three cooperative societies – Al Ain Cooperative Society (AACS), Delma Cooperative Society (DCS), and the Al Dhafra Cooperative Society (ADCS) (together, the “Subject Entities”) into ADCOOP.

As per Resolution 59, the Subject Entities were dissolved, by cancelling their licenses and have their assets and liabilities merged to ADCOOP. The Subject Entities will cease to exist and will become retail stores of ADCOOP. Certain operating segments of ADCS and DCS will be carved out and will not be considered in the merger (i.e., ‘Oil and gas’ and ‘Al Wara’ operating segments for ADCS, and ‘Car rental’ operating segment for DCS).

In addition to the three Subject Entities mentioned above:

– an additional 50% interest in Earth Supermarket (“Earth”), previously held 50% by AACS and 50% by Ealco International Investments-Sole Proprietorship L.L.C. (“Ealco”), where the remaining 50% has been acquired by AACS and as a result of the Acquisition Transaction, has been acquired by ADCOOP; and
– a land plot in Al Mushrif which was 100% owned by another shareholder has been acquired by ADCOOP and treated as asset acquisition.

The acquisition of the 50% interest in Earth Supermarket and the land plot in Al Mushrif took place simultaneously with the acquisition of the Subject Entities and was ratified as part of the same DED Resolution 59 issued on 9 November 2023. On the date of Resolution 59, the Subject Entities are legally dissolved and ADCOOP equity was issued as consideration. As such, the substance is that ADCOOP has acquired both the 50% interest in Earth Supermarket and the land plot in Al Mushrif directly and hence shall be recorded directly in the books of ADCOOP.

5 Government-mandated merger *(continued)*

Business acquisitions:

Acquisition of AACS and Earth

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed on acquisition are as set out in the table below.

ADCOOP engaged an independent valuer in order to determine the fair value of the assets and liabilities of AACS and Earth as part of the purchase price allocation process.

	AACS and Earth* **AED'000**
Due from related parties	33,435
Trade and other receivables	147,031
Cash and bank balances	66,105
Right-of-use assets	286,343
Investments	203,246
Inventories	152,935
Property and equipment	304,112
Investment properties	98,083
Intangible assets	
- Brand	23,154
- Existing intangibles	9,793
Trade and other payables	(237,161)
Due to related parties	(18,938)
Lease liabilities	(298,877)
Other liabilities	(7,586)
Total fair value of identifiable net assets	**761,675**
Total purchase consideration:	
Equity instruments (33,781,658 ordinary shares of the Parent company for AACS and 314,202 ordinary shares for Earth)	1,455,805
Additional equity instruments to be issued (4,749,579 ordinary shares of the parent company for AACS and 1,317,500 ordinary shares for Earth)	259,048
Total purchase consideration	1,714,853
Less: *Fair value of identifiable net assets*	761,675
Goodwill	**953,178**
Net cash outflow arising on acquisition:	
Cash consideration	-
Less: cash and cash equivalent balances acquired	66,105
	66,105

5 Government-mandated merger *(continued)*

Business acquisitions: (continued)

Acquisition of AACS and Earth (continued)

Through the acquisition of AACS (which held a 50% equity interest in Earth as of 9 November 2023), ADCOOP has acquired 50% of Earth, whilst the remaining 50% of total net identifiable assets of Earth were acquired from the other shareholder.

The goodwill of AED 953,178 thousand arising from the acquisition of AACS is primarily attributable to the value coming from new businesses and the assembled workforce. No goodwill or gain on bargain purchase was recognised from the acquisition of Earth.

The fair value of the ordinary shares issued for the acquisition of AACS and Earth amounted to AED 1,442,389 thousand and AED 13,416 thousand, respectively. The purchase consideration on the acquisition of AACS includes an obligation by ADCOOP to issue additional shares to the sellers of AACS and Earth based on the difference between the fair value of the acquiree and the fair value of the ordinary shares issued at the transaction date. The number of additional shares to be issued are fixed and hence, it has been classified as equity. The fair value of the additional shares to be issued for the acquisition of AACS and Earth amounted to AED 202,795 thousand and AED 56,253 thousand, respectively. To determine the fair value of purchase consideration for AACS and Earth, ADCOOP have considered the fair value of the equity interests in the acquirer (i.e., ADCOOP) as of the transaction date. These values were determined based on the Discounted Cash Flow ("DCF") method within the income approach (based on sensitizing management forecasts for the period spanning from fiscal year 2024 through 2028) and Net Asset Value ("NAV") method.

5 Government-mandated merger *(continued)*

Business acquisitions: (continued)

Acquisition of DCS

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed on acquisition are as set out in the table below. ADCOOP engaged an independent valuer in order to determine the fair value of the assets and liabilities of DCS as part of the purchase price allocation process. This would include only the segments caved-out:

	AED'000
Trade and other receivables	26,398
Cash and bank balances	284,452
Right-of-use assets	69
Investments	26,349
Inventories	2,344
Property and equipment	43,578
Investment properties	9,111
Identifiable intangible assets	
- Customer relationship	22,830
- Concession agreement	21,888
Trade and other payables	(3,561)
Lease liabilities	(69)
Other liabilities	(3,462)
Total fair value of identifiable net assets	**429,927**
Total purchase consideration:	
Equity instruments (10,175,581 ordinary shares of the Parent company)	434,471
Additional equity instruments to be issued	-
Total purchase consideration:	434,471
Less: *Fair value of identifiable net assets*	429,927
Goodwill	**4,544**
Net cash outflow arising on acquisition:	
Cash consideration	-
Less: cash and cash equivalent balances acquired	284,452
	284,452

The acquisition of DCS led to a goodwill of AED 4,544 thousand primarily on account of assembled workforce.

The fair value of the ordinary shares issued for the acquisition of DCS is AED 434,471 thousand. To determine the fair value of purchase consideration for DCS, ADCOOP have considered the fair value of the equity interests in the acquirer (i.e., ADCOOP) as of the transaction date. These values were determined based on the Discounted Cash Flow ("DCF") method within the income approach (based on sensitizing management forecasts for the period spanning from fiscal year 2024 through 2028) and Net Asset Value ("NAV") method.

5 Government-mandated merger *(continued)*

Acquisition of ADCS

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed on acquisition are as set out in the table below. ADCOOP engaged an independent valuer in order to determine the fair value of the assets and liabilities of ADCS as part of the purchase price allocation process. This would include only the segments carved-out:

	AED'000
Trade and other receivables	27,224
Cash and bank balances	224,618
Right-of-use assets	1,121
Investments	20,042
Inventories	15,208
Property and equipment	170,532
Investment properties	157,534
Trade and other payables	(23,604)
Lease liabilities	(2,930)
Other liabilities	(5,033)
Total fair value of identifiable net assets	**584,712**
Total purchase consideration:	
Equity instruments (7,252,950 ordinary shares of the Parent company)	309,682
Additional equity instruments to be issued (6,476,082 ordinary shares of the Parent company)	276,512
Total purchase consideration	586,194
Less: *Fair value of identifiable net assets*	584,712
Goodwill	**1,482**
Net cash outflow arising on acquisition:	
Cash consideration	-
Less: cash and cash equivalent balances acquired	224,618
	224,618

The acquisition of ADCS led a to a goodwill of AED 1,482 thousand primarily on account of growth coming from existing stores and one new store.

The fair value of the ordinary shares issued for the acquisition of ADCS is AED 309,682 thousand. The purchase consideration on the acquisition of ADCS includes an obligation by ADCOOP to issue additional shares to the sellers of ADCS based on the difference between the fair value of the acquiree and the fair value of the ordinary shares issued at the transaction date. The number of additional shares to be issued are fixed and hence, it has been classified as equity. The fair value of the additional shares to be issued for the acquisition of ADCS amounted to AED 276,512 thousand. To determine the fair value of purchase consideration for ADCS, ADCOOP have considered the fair value of the equity interests in the acquirer (i.e., ADCOOP) as of the transaction date. These values were determined based on the Discounted Cash Flow ("DCF") method within the income approach (based on sensitizing management forecasts for the period spanning from fiscal year 2024 through 2028) and Net Asset Value ("NAV") method.

5 Government-mandated merger *(continued)*

Impact on revenue and net profit

Revenue and profit since the acquisition date (9 November to 31 December 2023)

	AACS AED'000	**EARTH AED'000**	**DCS AED'000**	**ADCS AED'000**	**TOTAL AED'000**
Revenue	92,656	14,424	4,480	19,392	**130,952**
Net loss*	(14,487)	(3,035)	(2,263)	(819)	**(20,604)**

**Certain fixed costs were fully accounted for in the last month, leading to losses for the 52-day period, in contrast to the financial results for the entire year.*

If the acquisitions had occurred on 1 January 2023, the consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been as follows:

	AACS AED'000	**EARTH AED'000**	**DCS AED'000**	**ADCS AED'000**	**TOTAL AED'000**
Revenue	708,866	116,485	53,950	126,578	**1,005,879**
Net profit/(loss)	66,283	(10,248)	7,393	13,426	**76,854**

Acquisition-related costs (included in General and administrative expenses) amount to AED 16,937 thousand. There were no acquisitions that occurred in the year ending 31 December 2022.

Asset acquisition:

Under the same government mandated merger, the Group also acquired Al Mushrif land plot in exchange for issuing 254,333 shares to the previous Shareholder. The fair value of Al Mushrif land plot as recognised in the books is AED 9,300 thousand.

6 Revenue

	2023	2022
	AED'000	AED'000
Revenue from contracts with customers:		
Sale of goods	**1,099,105**	1,062,975
Other operating revenue (i)	**103,106**	23,426
Others	**3,271**	-
	1,205,482	1,086,401
Revenue from Investment properties rentals:		
Real estate leasing	**162,400**	91,097
Total revenue	**1,367,882**	1,177,498

(i) Other operating revenue

	2023	2022
	AED'000	AED'000
Display income	**91,921**	21,285
Marketing and advertisement income	**11,185**	2,141
	103,106	23,426

The group leases out its investment property. The group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The group has estimated the contractual lease payments to be received within 1 year to be AED 210,000 thousand.

Timing of revenue recognition

	2023	2022
	AED'000	AED'000
Revenue recognised at point in time	**1,102,376**	1,062,975
Revenue recognised over time	**103,106**	23,426
	1,205,482	1,086,401

7 Cost of sales

	2023	2022
	AED'000	AED'000
Cost of sales – retail		
Cost of goods sold	**1,052,481**	953,567
Rebates	**(186,842)**	(188,868)
Depreciation *(note 15)*	**11,093**	11,318
Staff cost	**97,600**	102,234
Depreciation of right-of-use assets *(note 19)*	**40,229**	33,981
Utilities	**18,195**	20,702
Rental	**9,728**	4,051
Repairs	**7,297**	8,795
Other expenses	**14,836**	4,666
	1,064,617	950,446
Cost of sales – real estate leasing		
Depreciation *(note 15)*	**2,266**	2,459
Utilities	**11,137**	2,893
Staff cost	**9,361**	3,320
Depreciation of right-of-use assets *(note 19)*	**8,218**	7,382
Cleaning	**4,169**	951
Security	**3,409**	997
Repairs	**273**	-
Other expenses	**5,856**	636
	44,689	18,638
Cost sales – others	**2,428**	-
Total Cost of sales	**1,111,734**	969,084

8 Operating segments

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments - Retail and Real Estate. The Group also operate in other industries such as fisheries, recruitment, motel, ice factory and others, which are considered to be smaller business activities in comparison to Retail and Real Estate to be monitored separately. In accordance with IFRS 8, the details of these segments are as follows:

Retail	Which includes supermarkets and hypermarkets and involves the sale of retail goods to customers. Monitoring of financial information is at a brand level. Each such brand generates revenues and incur expenses largely independently from other business activities.
Real estate	Which includes lands and buildings and involves the sale or rent of real estate properties. Monitoring of financial information is based on either: properties held for sale in the ordinary course of business; or land or buildings held to earn rental income or for capital appreciation or both. Each such property would be generating revenues and incurring expenses largely independently from other operating segments.
Others	Other operations include: • Feed and flour mill activities; • Marine transportation; Car workshop, car driving school; • Motel and barber shop; • Fish net manufacturing, air conditioning workshops, ice factory and contracting and general maintenance; and • Recruitment services. The Other operations presented above are not considered to be reportable segments, as each of these businesses are not separately included in the reports provided to the Chief Operating Decision Maker.

8 Operating segments *(continued)*

The following is an analysis of the Group's revenue and results by reportable segments:

	Segment revenue		Segment profit	
	2023 **AED'000**	2022 AED'000 *restated**	**2023** **AED'000**	2022 AED'000 *restated**
Retail**	**1,202,211**	1,086,401	**108,893**	99,934
Real estate	**162,400**	91,097	**73,807**	73,707
Others	**3,271**	**-**	**843**	-
Total	**1,367,882**	1,177,498	**183,543**	173,641
Central administration costs			**(126,915)**	(98,448)
Impairment loss on trade and other receivables			**(25,628)**	(13,828)
Other (expenses)/ income			**(546)**	147,046
Selling and distribution expenses			**(4,713)**	(7,585)
Finance income			**5,708**	583
Share in the loss of associates			**(467)**	(1,070)
Loss from discontinued operations			**(5,120)**	-
Profit before tax			**25,862**	200,339
Income tax expense			**-**	-
Profit after tax			**25,862**	200,339

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 8. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including Board of Directors' remuneration, finance income, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Group's Chief Executive Officer, considered to be Chief Operating Decision Maker ("CODM"), for the purpose of resource allocation and assessment of segment performance.

Segment assets:

	2023 **AED'000**	2022 AED'000 *restated**
Retail	**2,556,911**	1,185,050
Real estate	**1,895,267**	1,576,225
Others	**42,199**	-
Total segment assets	**4,494,377**	2,761,275
Unallocated assets	**1,608,919**	35,345
Total assets	**6,103,296**	2,796,620

* The comparative information has been restated as a result of a prior period error, as discussed in Note 2(b).
** this includes sale of goods and other operating revenue.

8 Operating segments *(continued)*

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive Officer monitors the revenues and profits attributable to each segment.

Information about major customers
No single customers contributed 10 per cent or more to the Group's revenue in either 2023 or 2022.

9 General and administrative expenses

	2023	2022
	AED'000	AED'000
Salaries and wages	**32,965**	24,803
Merger expenses	**16,937**	-
Depreciation of property and equipment *(note 15)*	**13,294**	7,222
Security services	**7,219**	8,440
Professional fees	**6,028**	4,545
Directors' remuneration *(i)*	**5,339**	4,956
Cleaning services	**5,096**	6,678
Other benefits	**4,899**	5,578
Rent on low value and short-term lease	**4,487**	831
Utilities	**2,345**	2,065
Insurance	**2,100**	1,738
Employees' end of service benefits	**974**	97
Amortisation of intangible assets	**962**	-
Bank charges	**937**	47
Consumables	**808**	548
Repair and maintenance	**769**	472
Depreciation of right-of-use assets *(note 19)*	**627**	18,129
Donations to charities *(ii)*	**176**	2,449
Other expenses	**20,953**	8,275
	126,915	96,873

Selling and distribution expenses

	2023	2022
	AED'000	AED'000
Loyalty and promotion	**2,416**	5,459
Advertisements	**2,297**	2,126
	4,713	7,585

9 General and administrative expenses *(continued)*

i) Directors' remuneration payable

Directors remuneration has been approved by the General Assembly, AED 5,339 thousand *(2022: AED 4,956 thousand)*, representing 28.76% of profit excluding the fair value gain of investment properties amounting to AED 7,300 thousand for the year *(2022: 5.14% of profit)*.

ii) Donations to charities payable

In accordance with ADCOOP's Articles of Association, AED 176 thousand *(2022: AED 2,449 thousand)* has been appropriated for donations to charities representing 0.68% of profit for the year *(2022: 1.22%)*.

10 Finance income and costs

	2023 **AED'000**	2022 AED'000
Interest income	**5,708**	583
Interest expense on borrowings – retail	**9,377**	8,108
Interest expense on borrowings – real estate	**43,905**	12,529
Interest expense on lease liabilities – retail	**19,323**	15,711
	72,605	36,348

11(a) Other operating income

	2023 **AED'000**	2022 AED'000
Change in fair value of investment properties *(note 16)*	**8,293**	103,917
Loss on write-off of property and equipment	**(12,227)**	-
Loss on disposal of property and equipment	**(5,800)**	-
Dividends from investments	**3,360**	2,801
Change in fair value of investments at FVTPL	**1,683**	(9,236)
Gain on sale of financial assets at FVTPL	**977**	19,869
	(3,714)	117,351

11(b) Other income

	2023 **AED'000**	2022 AED'000
Gain on derecognition of ROU asset and lease liability	**863**	14,672
Other income	**2,305**	15,023
	3,168	29,695

12 Supplier arrangements

Supplier incentives, rebates and discounts, collectively known as 'supplier arrangements', represent a material deduction to cost of sales and directly affect the Group's reported margin.

Income is recognised when earned by the Group when all obligations per the terms of the contract have been satisfied. Any supplier arrangements which are linked to inventory purchases are estimated and recorded as part of the cost of the related inventory, which will be recognised within cost of sales once the inventory is sold. Unpaid amounts relating to supplier arrangements are recognised within trade and other receivables, unless there is a legal right of offset, in which case it is recognised within trade and other payables. Amounts which have been invoiced, but not yet paid at the balance sheet date are categorised as supplier arrangements due, while the amounts not yet invoiced are categorised as accrued supplier arrangements.

The types of supplier arrangements applicable to the Group are as follows:

Discounts and supplier incentives – these represent the majority of all supplier arrangements and are linked to individual unit sales. The incentive is typically based on an agreed sum per item sold on promotion for a period and therefore is considered part of the purchase price of that product.

Fixed amounts – these are agreed with suppliers primarily to support in-store activity including promotions, such as utilising specific space. Income earned from these activities are recognised as part of other operating revenue in note 6(i).

Supplier rebates – these are typically agreed on an annual basis, aligned with the Group's financial year. The rebate amount is linked to pre-agreed targets such as sales volumes. Supplier rebates are recognised as reduction to cost of sales in note 7.

Marketing and advertising income – advertising income from suppliers through in-store and online marketing and advertising campaigns. Income earned from these activities are recognised as part of other operating revenue in note 6(i).

During the year, the total discounts and rebates offset against Cost of goods sold amounted to AED 186,842 thousand *(2022: AED 188,868 thousand).*

13 Assets classified as held for sale and discontinued operations

Disposal group:

During 2023, ADCOOP committed to a sale plan involving loss of control of two subsidiaries under AACS and change in ownership interest in one of AACS's associates. On 10 January 2024, ADCOOP completed the sale of 60% of subsidiary Al Masa Flour Mill ("AMM"), 60% of subsidiary Wahat Al Masa ("WAM"), and 10% of associate Al Masa Animal Feed ("AAF") to a third party (collectively, the "Discontinued operations"). The carrying amount of the disposal group will be recovered principally through the sale transaction.

The results of the Discontinued operations, which have been included in the profit for the year, were as follows:

13 Assets classified as held for sale and discontinued operations *(continued)*

	AMM	WAM	2023 AED'000 Total
Revenue	3,292	1,081	**4,373**
Expenses	(1,200)	(8,293)	**(9,493)**
Operating income/(loss)	2,092	(7,212)	**(5,120)**
Impairment loss recognised on the remeasurement to fair value less costs to sell	-	-	**-**
Profit/(loss) from discontinued operations	2,092	(7,212)	**(5,120)**

Earnings per share for the above Discontinued operation have been disclosed under note 14.

The major classes of assets and liabilities of the subsidiaries under the disposal group classified as held for sale as at 31 December are, as follows:

	AMM	WAM	2023 AED'000 Total
Assets			
Inventories	4,302	32,301	**36,603**
Trade and other receivables	3,325	6,231	**9,556**
Cash and bank balances	619	973	**1,592**
Property and equipment	39,426	-	**39,426**
Intangible assets	397	-	**397**
	48,069	39,505	**87,574**
Liabilities			
Trade payable	(218)	(6,711)	**(6,929)**
Other payables and accruals	(185)	(519)	**(704)**
Employees end of service benefits	(42)	(22)	**(64)**
	(445)	(7,252)	**(7,697)**
Net assets directly associated with disposal group	47,624	32,253	**79,877**

The carrying value of the held for sale portion of ADCOOP's investment in AAF amounted to AED 1,255 thousand as of 31 December 2023 *(note 20).*

WAM, AMM and AAF are part of the retail operating segment of the Group.

<u>Assets held for sale:</u>

On 29 September 2023, ADCOOP received a non-binding offer from a third party and committed a plan to sell a property used as a warehouse ('Kezad Warehouse') with a carrying value of AED 105,013 thousand for AED 150,000 thousand.

13 Assets classified as held for sale and discontinued operations *(continued)*

During the year, ADCOOP also committed a plan to sell a property used for staff accommodation with a carrying value of AED 28,300 thousand. On 16 January 2024, ADCOOP received an offer from a third party to purchase the staff accommodation from ADCOOP for a price of AED 50,000 thousand.

The total assets classified as held for sale during the year, including assets for subsidiaries under disposal groups and fixed assets amounts to AED 223,749 thousand.

The Kezad Warehouse falls under the retail operating segment of the Group, while the Staff Accommodation fall under the real estate operating segment of the Group.

All transactions that resulted in the reclassification of assets held for sale at December 31, 2023, are either already completed in 2024 or are expected to be completed during the course of 2024.

14 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2023	2022 *(Restated)*
Profit (loss) - AED '000		
Continuing operations	**30,982**	200,339
Discontinued operations	**(5,120)**	-
Total profit	**25,862**	200,339
Weighted average number of shares (thousands)		
Issued ordinary shares at 1 January	**38,140**	25,640
Issue of ordinary shares	**-**	3,185
Effect of shares issued related to merger	**10,658**	-
	48,798	28,825
Earnings (losses) per share		
Continuing operations	**0.63**	6.95
Discontinued operations	**(0.10)**	-
Basic and diluted earnings per share	**0.53**	6.95

15 Property and equipment

	Land and buildings AED'000	Leasehold improvement AED'000	Motor vehicles AED'000	Furniture & equipment AED'000	Capital work in progress (CWIP) AED'000	Total AED'000
Cost or revaluation:						
As at 1 January 2022	103,383	243,711	15,880	92,070	26,874	481,918
Gain on revaluation	1,974	-	-	-	-	1,974
Additions	62,101	5,752	1,181	11,528	84,272	164,834
Transfers	-	-	-	959	(959)	-
As at 31 December 2022	167,458	249,463	17,061	104,557	110,187	648,726
Additions	-	15,524	745	8,968	105,004	130,241
Acquisition through merger	287,096	50,841	42,741	61,822	75,721	518,221
Transfers from CWIP	-	105,067	-	4,436	(109,503)	-
Transfers from investment property *(note 16)*	1,871	-	-	-	2,231	4,102
Transfers to investment property *(note 16)*	-	-	-	-	(3,870)	(3,870)
Capitalization of borrowing costs	-	-	-	-	1,071	1,071
Transfers to held for sale *(note 13)*	(3,683)	(102,814)	(422)	(10,214)	(29,180)	(146,313)
Disposals	-	(9,640)	(1)	(3,690)	-	(13,331)
Gain on revaluation	757	-	-	-	-	757
Write off	-	(17,961)	(15)	(6,829)	(228)	(25,033)
As at 31 December 2023	453,499	290,480	60,109	159,050	151,433	1,114,571
Accumulated depreciation:						
As at 1 January 2022	-	181,153	10,937	74,615	-	266,705
Charge for the year	-	8,071	2,198	10,730	-	20,999
As at 31 December 2022	-	189,224	13,135	85,345	-	287,704
Charge for the year	-	13,371	3,799	9,483	-	26,653
Disposals	-	(4,964)	(1)	(2,064)	-	(7,029)
Transfers to held for sale *(note 13)*	-	(1,554)	(10)	(310)	-	(1,874)
Write off	-	(10,247)	(13)	(2,355)	-	(12,615)
As at 31 December 2023	-	185,830	16,910	90,099	-	292,839
Carrying amount:						
As at 31 December 2022	167,458	60,239	3,926	19,212	110,187	361,022
As at 31 December 2023	**453,499**	**104,650**	**43,199**	**68,951**	**151,433**	**821,732**

Amounts recognised in profit and loss:

	2023 AED'000	2022 AED'000 restated
Cost of sales – retail	**11,093**	11,318
Cost of sales – real estate leasing	**2,266**	2,459
General and administrative expenses	**13,294**	7,222
	26,653	20,999

Fair value measurement of the Group's land and buildings

The Group's lands are stated at their revalued amounts, being the fair value at the date of revaluation and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's land and buildings as at 31 December 2023 and 31 December 2022 were performed by independent valuers (the "Valuers") not related to the Group.

15 Property and equipment *(continued)*

Fair value measurement of the Group's land and buildings (continued)

The Valuers have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the investment approach that reflects the capitalization of an income stream at a given rate.

Had land and buildings been carried at cost, the carrying amount would have been AED 384,326 thousand *(2022: AED 27,876 thousand)*.

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

Type of holding by ADCOOP	**Valuation technique**	**Significant unobservable inputs**
Owned buildings on owned lands and granted lands – Other than villas	The market value of the freehold properties is determined using the investment approach, while the lands are valued separately using the market comparable approach. The value of the building is then computed as the residual amount.	Market rent per square foot (SQF) range from AED 7.90 Per SQF to AED 157.94 Per SQF. Capitalisation rates range from 8% - 11%
Owned buildings on owned lands and granted lands – Villas	An exception to the above approach is for villas, where the market value of the villas is determined using the market comparable approach. The separate value of the lands is calculated using the market comparable approach with a special assumption that the land is vacant. The value of the building is then computed as the residual amount.	Price per square foot (SQF) range from AED 208.10 Per SQF to AED 839.49 Per SQF.
Owned buildings on leasehold lands	The market value of the leasehold properties is determined using the investment approach over the remaining useful life of the lease, while also considering deductions for the market rent of the land.	Market rent per square foot (SQF) range from AED 6.41 per SQF to AED 68.20 per SQF. Capitalisation rates range from 8% - 11%
Vacant lands (includes granted lands)	Market comparable approach for lands valuation.	Price per square foot (SQF) range from AED 18.59 Per SQF to AED 870.70 Per SQF.

15 Property and equipment *(continued)*

Fair value measurement of the Group's land and buildings (continued)

Type of holding by ADCOOP	Fair value at 31 December 2023 AED'000	+5% change in estimated market rent AED'000	-5% change in estimated market rent AED'000	+25 bps change in capitalization rate AED'000	-25 bps change in capitalization rate AED'000	+ 5% change in price per square foot AED'000	- 5% change in price per square foot AED'000
Owned buildings on owned lands and granted lands – Other than villas	186,064	231,147	(201,009)	(201,744)	204,151		
Owned buildings on owned lands and granted lands – Villas	17,462					18,335	(16,589)
Owned buildings on leasehold lands	123,891	123,708	(110,330)	(119,773)	125,180		
Vacant lands	126,082					132,386	(119,778)

The estimated fair value would increase (decrease) if the expected market rent per square foot were higher (lower), the capitalization rate were lower (higher), and the price per square foot were higher (lower).

Land grants from the Government

The Group owns various plots of land provided free of cost by the Government of Abu Dhabi. These properties were considered as government grants and recorded at nominal value.

Subsequent to grant date, the plots of land are remeasured at fair value as at the reporting date in line with the Group's accounting policy for land and buildings under property and equipment. Granted lands had a fair value of AED 126,082 thousand as at 31 December 2023.

The fair value of land and buildings valued based on the sales comparison method and income capitalisation method are classified as Level 2 and Level 3 respectively in the fair value hierarchy as at the end of the reporting period. There were no transfers between Level 2 and Level 3 during the year.

16 Investment properties

	Total AED'000
At 1 January 2022	387,784
Additions during the year	969,129
Changes in fair value	103,917
Transfers from ROU asset *(note 19)*	38,614
At 31 December 2022	1,499,444
At 1 January 2023	1,499,444
Additions during the year	15,998
Acquisition through merger	264,728
Transfers to held for sale	(29,906)
Transfers from ROU asset *(note 19)*	12,162
Transfers from property and equipment *(note 15)*	3,870
Transfers to property and equipment *(note 15)*	(4,102)
Changes in fair value	8,293
At 31 December 2023	**1,770,487**

The rental income and direct operating expenses relating to investment properties during the reporting period are as follows:

	2023 AED'000	2022 AED'000
Rental income from investment properties	**162,400**	91,097
Direct operating expenses for investment properties	**(55,793)**	(16,179)

Investment properties contains a number of commercial properties, primarily commercial spaces in shopping malls, that are leased to third parties. The average period of these leases are 3 years.

The fair value of the Group's investment properties at the end of the reporting period were based on valuations conducted by an independent valuer. The Valuers have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change in the valuation technique during the year,

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the investment method approach that reflects the capitalization of an income stream at a given rate.

16 Investment properties *(continued)*

The fair value of investment property as a right-of-use asset, reflects market participants' assumptions about the discount rate and the expected cash flows, including variable lease payments that are expected to become payable. While the expected cash flows include the impact of the lease payments expected to be made, then it is necessary to add back the carrying amount of any recognised lease liability to arrive at the fair value of the right of use of assets classified as an investment property.

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

Type of holding by ADCOOP	**Valuation technique**	**Significant unobservable inputs**
Owned buildings on owned lands and granted lands – Other than villas	The market value of the freehold properties is determined using the investment approach, while the lands are valued separately using the market comparable approach. The value of the building is then computed as the residual amount.	Market rent per square foot (SQF) range from AED 7.90 Per SQF to AED 157.94 Per SQF. Capitalisation rates range from 8% - 11%
Owned buildings on owned lands and granted lands – Villas	An exception to the above approach is for villas, where the market value of the villas is determined using the market comparable approach. The separate value of the lands is calculated using the market comparable approach with a special assumption that the land is vacant. The value of the building is then computed as the residual amount.	Price per square foot (SQF) range from AED 208.10 Per SQF to AED 839.49 Per SQF.
Owned buildings on leasehold lands	The market value of the leasehold properties is determined using the investment approach over the remaining useful life of the lease, while also considering deductions for the market rent of the land.	Market rent per square foot (SQF) range from AED 6.41 per SQF to AED 68.20 per SQF. Capitalisation rates range from 8% - 11%
Leasehold land	Market rent of the ground lease is determined using the comparable approach.	Market rent per square foot (SQF) range from AED 2.69 per SQF to AED 2.71 per SQF.
Vacant lands (includes granted lands)	Market comparable approach for lands valuation.	Price per square foot (SQF) range from AED 18.59 Per SQF to AED 870.70 Per SQF.

16 Investment properties *(continued)*

Type of holding by ADCOOP	Fair value at 31 December 2023 AED'000	+5% change in estimated market rent AED'000	-5% change in estimated market rent AED'000	+25 bps change in capitalization rate AED'000	-25 bps change in capitalization rate AED'000	+ 5% change in price per square foot AED'000	- 5% change in price per square foot AED'000	+ 5% change in market rent of lease AED'000	- 5% change in market rent of lease AED'000
Owned buildings on owned lands and granted lands – Other than villas	1,271,456	1,317,806	(1,195,716)	(1,210,868)	1,257,154				
Owned buildings on owned lands and granted lands – Villas	84,075					88,279	(79,871)		
Owned buildings on leasehold lands	168,579	165,752	(152,693)	(164,530)	170,925			26,023	(23,545)
Vacant lands	130,962					137,226	(124,157)		
Leasehold land	115,685							95,470	(86,378)

The estimated fair value would increase (decrease) if the expected market rent per square foot were higher (lower), the capitalization rate were lower (higher), the price per square foot were higher (lower), the market rent of the ground lease were higher (lower).

The investment properties consist of plots of land, shopping malls built on leasehold land, and buildings in the United Arab Emirates, which are held by the Group for capital appreciation and rental purposes. Additionally, there are leasehold properties that are further subleased for rental purposes.

Some of the investment properties are registered in the name of the Group's Directors. These investments have been legally assigned to the Group by the Directors concerned.

Investment properties valued based on the sales comparison method and income capitalisation method are classified as Level 2 and Level 3 respectively in the fair value hierarchy as at the end of the reporting period. There were no transfers between Level 2 and Level 3 during the year. Investment properties held as right-of-use assets and reflecting market rent for fair value are classified as Level 2, while others are classified as Level 3.

17 Intangible assets

	Computer software AED'000	Customer relationship AED'000	Concession agreement AED'000	Brands AED'000	Capital work in progress (CWIP) AED'000	Total AED'000
Cost						
At 1 January 2022	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at 31 December 2022	-	-	-	-	-	-
Additions	460	-	-	-	848	1,308
Acquisition through merger	8,161	22,830	21,888	23,154	1,632	77,665
Transfers to held for sale *(note 13)*	(410)	-	-	-	-	(410)
Disposals	-	-	-	-	-	-
Write offs	(50)	-	-	-	-	(50)
As at 31 December 2023	8,161	22,830	21,888	23,154	2,480	78,513
Accumulated amortisation:						
At 1 January 2022	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Transfers during the year	-	-	-	-	-	-
As at 31 December 2022	-	-	-	-	-	-
Charge for the year	502	125	101	260	-	988
Transfers to held for sale *(note 13)*	(13)	-	-	-	-	(13)
Write offs	(15)	-	-	-	-	(15)
As at 31 December 2023	474	125	101	260	-	960
Carrying amount:						
As at 31 December 2022	-	-	-	-	-	-
As at 31 December 2023	**7,687**	**22,705**	**21,787**	**22,894**	**2,480**	**77,553**

18 Goodwill

Name	Date of acquisition	Business activity	Amount AED'000
Mega Mart LLC	15 March 2014	Retail	**50,000**
Al Ain Cooperative Society *(note 5)*	9 November 2023	Retail	**953,178**
Delma Cooperative Society *(note 5)*	9 November 2023	Retail	**4,544**
Al Dhafra Cooperative Society *(note 5)*	9 November 2023	Retail	**1,482**
As at 31 December 2023			**1,009,204**

During 2014, ADCOOP entered into an agreement with Mega Mart LLC ("Mega Mart") for the acquisition of Mega Mart's supermarkets, effective from 15 March 2014 ("the Agreement"). As per the Agreement, ADCOOP acquired all rights and entitlements of Mega Mart from contracts and licenses existing on transaction date; the assets and liabilities stipulated in the Agreement; and full undisputed ownership of Mega Mart, including the trade name.

Impairment testing of goodwill

Megamart operations is considered as one cash generating unit. The recoverable amount of goodwill has been calculated based on the value in use. The main assumptions for the value in use computation are the cash flow estimates, growth rates and the discount rates. The impairment test is based on the assumptions that business of Mega Mart will grow in line with the long-term forecast for five years. Cash flows beyond that five-year period have been extrapolated using an average 3% *(2022: 3.5%)* growth rate. The long-term growth assumptions are in line with the published industry research and is based on management's expectation of market developments.

The trade license of Megamart is in the name of the Group's Directors and have been legally assigned to the Group by the Directors concerned.

Value in use was determined by discounting the future cash flows expected to be generated. A discount rate of 13% *(2022: 12%)* p.a. was used for discounting the cash flows. Discount rates reflect the current market assessment of the risk.

Sensitivity to changes in assumptions was carried out assuming the growth rate lower by 1% and also assuming the discount rate higher by 1% would reduce the headroom in the cash generating unit to AED 405 thousand *(2022: AED 718 thousand)* and based on the results; management believes that any reasonably possible change in any of the key assumptions would not cause the carrying value of the unit to exceed the recoverable amount.

At the year-end, there was no impairment over newly acquired goodwill from Al-Ain, Delma and Al Dhafra resulted from the Purchase Price Allocation (PPA), which was completed on November 9, 2023. As a result, there was no impairment impact at year-end.

The valuation approach was based on discounted cash flow method under the income approach method. The main assumptions are cash flow forecast, terminal value derived utilizing the Gordon growth model ("with a terminal growth rate TGR") of 1.7%.
Retail sector's cash flow was forecasted over a period of 5 years, utilizing a WACC rate between 11.5% to 12.5% and growth rate of 3% Y-O-Y basis.

18 Goodwill *(continued)*

Impairment testing of goodwill (continued)

Mall management / sublease cashflow was forecasted over a period of 5 years, utilizing a WACC rate between 10% to 17% and growth rate of 2% to 5% Y-O-Y basis.

Marine sector's cash flow was forecasted over a period of 31 years, utilizing a WACC rate between 12% to 13%.

Fish Sector's cash flow was forecasted over a period of 5 years, utilizing a WACC rate between 13% to 14% and growth rate of 7% Y-O-Y on average basis.

Management believes that any reasonably possible change in any of the key assumptions would not trigger the impairment of such newly acquired goodwill.

19 Leases

Right-of-use assets

	2023 **AED'000**	2022 AED'000 restated
Cost		
At 1 January – as previously reported	491,884	497,302
Impact of correction of error *(note 2b)*	33,522	82,349
At 1 January – as restated *(note 2b)*	525,406	579,651
Additions during the year	38,342	137,294
Acquisition through merger *(note 5)*	287,533	-
Derecognition	(36,319)	(152,925)
Transfers to investment property *(note 16)*	(12,162)	(38,614)
At 31 December	**802,800**	525,406
Accumulated depreciation		
At 1 January – as previously reported	280,984	251,559
Impact of correction of error *(note 2b)*	(41,145)	(30,081)
At 1 January – as restated *(note 2b)*	239,839	221,478
Charge for the year	49,074	59,492
Impact of modification of lease agreements	-	(1,298)
Derecognition	(24,498)	(39,833)
At 31 December	**264,415**	239,839
Carrying amount at 31 December	**538,385**	285,567

The Group leases shopping centers and stores. The lease terms range from 2 to 50 years *(2022: 2 to 8 years)*.

19 Leases *(continued)*

Amounts recognised in profit and loss:

	2023 AED'000	2022 AED'000 restated
Depreciation of right-of-use assets recognised under -		
- Cost of sales – retail	**40,229**	33,981
- Cost of sales – real estate leasing	**8,218**	7,382
- General and administrative expenses	**627**	18,129
Rent on low value and short-term lease	**14,215**	4,882
Interest expense on lease liabilities	**19,323**	15,711

Lease liabilities

	2023 AED'000	2022 AED'000 restated
At 1 January	**348,683**	397,146
Additions during the year	**37,072**	137,294
Acquisition through merger *(note 5)*	**301,876**	-
Impact on modification of lease agreements	**-**	2,855
Interest expense on lease liabilities	**19,323**	15,711
Payments during the year	**(68,400)**	(75,002)
Derecognition of lease liability	**(12,612)**	(129,321)
Balance as at 31 December	**625,942**	348,683
Current	**65,563**	74,333
Non-current	**560,379**	274,350
	625,942	348,683
Maturity analysis:		
Not later than 1 year	**95,930**	77,143
Later than 1 year	**754,035**	502,054
	849,965	579,197

During the year, the Group derecognised lease liabilities amounting to AED 12,612 thousand *(2022: AED 129,321 thousand)* as a result of termination of lease contracts prior to the end of the lease term.

The Group does not face a significant liquidity risk with regards to its liabilities. Lease liabilities are monitored within the Group's treasury function.

20 Investment in equity-accounted investees

Details of the Group's investment in equity-accounted investees are as follows:

Name of the associate	Principal activity	Place of incorporation	Ownership interest	
			2023 %	2022 %
Al Masa Animal Feed (*note 13)*	Trading	United Arab Emirates	***50.0***	-
Consumer Cooperative Union	Trading	United Arab Emirates	***51.3***	*20.6*

The principal activities of Al Masa Animal Feed are the sale and manufacture of animal feed products.

The principal activities of Consumer Cooperative Union are sale of foodstuff, household equipment, and general retail items.

The movement in the investment in equity-accounted investees is as follows:

	2023 AED'000	2022 AED'000
As at January 1	**10,653**	11,723
Acquisition through merger *(note 5)*	**20,753**	-
Transfers to held for sale	**(1,255)**	-
Share of profit/(loss)	**(467)**	(1,070)
As at 31 December	**29,684**	10,653

The following table summarises the financial information of its material associate, Consumer Cooperative Union, as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Consumer Cooperative Union. The information for 2022 presented in the table includes the results of Consumer Cooperative Union for the period from 1 January to 31 December 2022 with respect to the Group's 20.6% ownership interest. On 9 November 2023, the Group acquired additional 30.7% ownership interest in Consumer Cooperative Union as a result of the merger.

20 Investment in equity-accounted investees *(continued)*

	2023 AED'000
Percentage ownership interest	**51.3%**
Non-current assets	4,582
Current assets	32,278
Non-current liabilities	(328)
Current liabilities	(6,287)
Net assets (100%)	**30,245**
Group's share of net assets	15,501
Fair value adjustment on shares in CCU acquired as part of the merger	9,161
Carrying amount of interest in associate	**24,662**
Revenue	29,940
Profit from continuing operations (100%)	725
Other comprehensive income (100%)	-
Total comprehensive income (100%)	725
Group's share of total comprehensive income	**179**

21 Investments in securities at fair value

Composition of investments in securities at fair value

The Group's investments at the end of the reporting period are detailed below:

	2023 AED'000	2022 AED'000
Investments at FVTOCI		
Quoted UAE equity securities	**174,766**	2,796
Quoted non-UAE equity securities	**2,772**	3,330
Unquoted UAE equity securities	**1,355**	92
Unquoted non-UAE equity securities	**38,710**	39,950
Quoted UAE debt securities	**63,239**	-
	280,842	46,168

21 Investments in securities at fair value *(continued)*

Composition of investments in securities at fair value *(continued)*

The Group designated the investments shown above as equity securities at FVTOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purpose. No strategic investment was disposed of during 2023 (2022: Nil), and there was no transfer of any cumulative gain or loss within equity relating to these investments.

Quoted debt securities at FVTOCI have stated interest rates of 2.50% to 7.25% and mature in 5 to 10 years.

	2023 AED'000	2022 AED'000
Investments at FVTPL		
Quoted UAE equity securities	**36,872**	30,012
Unquoted UAE equity securities	**14,465**	14,960
Unquoted non-UAE equity securities	**37,798**	38,772
	89,135	83,744

The geographical distribution of investments is as follows:

	2023 AED'000	2022 AED'000
Within UAE		
Investments at FVTOCI	**239,360**	2,888
Investments at FVTPL	**51,337**	44,972
	290,697	47,860
Outside UAE		
Investments at FVTOCI	**41,482**	43,280
Investments at FVTPL	**37,798**	38,772
	79,280	82,052
	369,977	129,912

21 Investments in securities at fair value *(continued)*

Movement in investments in securities at fair value

The movement in investments is as follows:

	FVTOCI AED'000	FVTPL AED'000	Total AED'000
At 1 January 2023	**46,168**	**83,744**	**129,912**
Additions	**265**	**11,991**	**12,256**
Acquisition through merger *(note 5)*	**228,884**	**-**	**228,884**
Disposals	**-**	**(9,260)**	**(9,260)**
Realised gain on disposal	**-**	**977**	**977**
Write off of equity instrument	**(1,213)**	**-**	**(1,213)**
Change in fair value taken to:			
Profit or loss	**-**	**1,683**	**1,683**
Other comprehensive income	**6,738**	**-**	**6,738**
At 31 December 2023	**280,842**	**89,135**	**369,977**
At 1 January 2022	41,046	78,465	119,511
Additions	-	60,101	60,101
Disposals	-	(65,454)	(65,454)
Realised gain on disposal	-	19,868	19,868
Change in fair value taken to:			
Profit or loss	-	(9,236)	(9,236)
Other comprehensive income	5,122	-	5,122
At 31 December 2022	46,168	83,744	129,912

Certain shares in public companies, registered in the United Arab Emirates are held by the Group and registered in the name of certain Directors of the Group and are assigned, with the related dividends, in favour of the Group.

Investments in quoted equity instruments and debt securities are classified as Level 1 fair values, while unquoted equity instruments are classified as Level 3 fair values in the fair value hierarchy as at the end of the reporting period (see Note 33). There were no transfers between levels during the year.

22 Inventories

	2023	2022
	AED'000	AED'000
Goods located in warehouse	**123,129**	61,095
Goods located in supermarkets	**125,498**	84,693
Others	**1,280**	-
	249,907	145,788
Less: provision for impairment of slow-moving inventories	**(2,331)**	(1,172)
As at 31 December	**247,576**	144,616

The movement in the inventories is as follows:

	2023	2022
	AED'000	AED'000
As at 1 January	**145,788**	139,038
Acquisition through merger *(note 5)*	**170,487**	-
Purchases during the year	**1,022,716**	960,317
Cost of goods sold	**(1,052,481)**	(953,567)
Transfers to assets held for sale	**(36,603)**	-
	249,907	145,788
Less: provision for impairment of slow-moving inventories	**(2,331)**	(1,172)
As at 31 December	**247,576**	144,616

Cost of goods sold for the year ended 31 December 2023 is net off supplier rebates and discounts of AED 186,842 thousand *(2022: AED 188,868 thousand).*

The movement in the provision for slow-moving inventories is as follows:

	2023	2022
	AED'000	AED'000
As at 1 January	**1,172**	-
Additions for the year	**1,159**	1,172
Write off for the year	**-**	-
As at 31 December	**2,331**	1,172

23 Trade and other receivables

	2023	2022
	AED'000	AED'000
Trade receivables	**61,272**	8,058
Rent receivables	**57,299**	75,572
Prepayments	**40,426**	9,493
Advances	**48,583**	22,895
Deposits	**11,509**	9,714
Other receivables	**26,520**	11,102
	245,609	136,834
Less: allowance for expected credit losses	**(47,845)**	(22,217)
	197,764	114,617

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables and other receivables is included in note 32.

Movement in provision for impairment of trade and other receivables is as follows:

	2023	2022
	AED'000	AED'000
At 1 January	**22,217**	8,389
Provided during the year	**25,628**	13,828
At 31 December	**47,845**	22,217

Provision for impairment of trade and other receivables includes impairment allowance of AED 13,610 thousand *(2022: AED 13,610 thousand)* against receivables from suppliers. Information about the provision for expected credit losses (ECL) of trade and other receivables *(including receivables from tenants and others)* amounting to AED 47,845 thousand *(2022: AED 22,217 thousand)* as at 31 December 2023 is included in note 32.

24 Cash and cash equivalents

	2023 **AED'000**	2022 AED'000
Cash on hand	**5,727**	2,041
Cash at banks	**770,891**	198,748
Cash and cash equivalents in the statement of financial position	**776,618**	200,789
Less: Bank overdraft	**(43,425)**	**-**
Cash and cash equivalents in the statement of cash flows	**733,193**	200,789

Cash at banks include call accounts that carries interest rate of 0% - 5.47% per annum *(2022: 0% - 1.25 % per annum)*. Cash balances are held with banks within the UAE, which maintain credit ratings ranging from BAA2 to AA3.

Bank overdraft amounting to AED 43,425 thousand (*2022: AED nil*). In the consolidated statement of financial position, the bank overdraft is presented separately as a current liability. Bank overdraft are repayable on demand and carry an interest rate of 8% to 10%.

25 Trade and other payables

	2023 **AED'000**	2022 AED'000
Trade payables	**240,338**	121,030
Provisions and accruals	**54,285**	22,422
Unearned rent	**40,430**	42,003
Dividend payable	**33,361**	17,404
Advance from customers	**20,931**	-
Security deposit	**16,063**	9,842
Directors' remuneration	**13,420**	4,956
Donations to charities	**7,879**	10,303
Unearned revenue	**2,118**	-
Provision against legal claims	**1,909**	1,565
Other payables and accruals	**72,947**	18,270
	503,681	247,795

The average credit period on purchases of goods is 60 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

26 Borrowings

	2023 **AED'000**	2022 AED'000
Non-current liabilities:		
Secured bank loans	**723,049**	687,338
Current liabilities:		
Secured bank loans	**2,050**	51,487

Bank loans are secured through investment properties, letter of undertaking from point-of-sale (POS) machines collection agents, rental proceeds from the secured properties.

Movement in borrowings during the year is as follows:

	2023 **AED'000**	2022 AED'000
At 1 January	**738,825**	-
Acquired during the year	**-**	743,200
Repayments	**(13,726)**	(4,375)
At 31 December	**725,099**	738,825

A. Term and repayment schedule of bank loans

The Group has multiple bank loans amounting to AED 725,099 thousand *(2022: AED 738,825 thousand)* from a bank in the UAE. The terms and conditions of outstanding loans are as follows:

	Effective interest rate	**2023 AED'000**		2022 AED'000	
		Face value	**Carrying value**	Face value	Carrying value
Secured bank loan a)	1.28% plus 3-Months EIBOR	**543,200**	**535,920**	543,200	543,200
Secured bank loan b)	1.28% plus 3-Months EIBOR	**175,000**	**167,230**	175,000	170,625
Secured bank loan c)	1.5% plus 3-Months EIBOR	**25,000**	**21,949**	25,000	25,000
		743,200	**725,099**	743,200	738,825

The loans are repayable on semi-annual basis for a period of 6 to 7 years *(2022: 7 to 8 years)*.

Secured bank loan a)
The loan was restructured during the year and commencing 31 January 2023, the loan is repayable in 16 semi-annual installments amounting to AED 18,500 thousand (including finance cost), increasing every two years and a final balloon payment on 31 December 2030, as stipulated in the agreement.

The loan is secured by an investment property with a carrying value which is also the fair value of AED 898,100 thousand. *(2022: fair value is 890,900 thousand).*

26 Borrowings *(continued)*

Secured bank loan b)
The loan was restructured during the year and commencing 31 July 2023, the loan is repayable in 15 semi-annual installments amounting to AED 5,000 thousand (including finance cost), updated every year and a final balloon payment on 31 December 2030, as stipulated in the agreement.

The loan is secured by an investment property with a fair value of AED 254,800 thousand *(2022: 249,900 thousand).*

Secured bank loan c)
The loan was restructured during the year and commencing 12 May 2022, the loan is repayable on 13 semi-annual installments of AED 1,525 thousand (including finance cost), updated yearly and a final balloon payment on 12 May 2029, as stipulated in the agreement.

The bank loan is secured against the letter of undertaking form the point-of sale (POS) collection agent, to deposit minimum AED 200,000 thousand per annum sale proceeds (collections) of the POS machines for the Group, to the Group's bank account maintained with the bank.

B. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities AED'000	Borrowings AED'000	Dividends payable AED'000	Interest accrued AED'000	Total AED'000
Balance as at 1 January 2023	**348,683**	**738,825**	**17,404**	**-**	**1,104,912**
Changes from financing cash flows					
Dividends paid	-	-	**(41,253)**	-	**(41,253)**
Payment of lease liabilities	**(49,077)**	-	-	-	**(49,077)**
Interest paid on lease liabilities	**(19,323)**	-	-	-	**(19,323)**
Interest paid on borrowings	-	-	-	**(34,752)**	**(34,752)**
Repayment of borrowings	-	**(13,726)**	-	-	**(13,726)**
Total changes from financing activities	**(68,400)**	**(13,726)**	**(41,253)**	**(34,752)**	**(158,131)**
Other changes					
Acquisition through merger	**301,876**	-	-	-	**301,876**
Additions to lease liabilities	**37,072**	-	-	-	**37,072**
Interest expense on lease liabilities	**19,323**	-	-	-	**19,323**
Derecognition of lease liabilities	**(12,612)**	-	-	-	**(12,612)**
Dividends declared	-	-	**57,210**	-	**57,210**
Finance costs	-	-	-	**53,282**	**53,282**
Interest capitalised to capital work-in-progress	-	-	-	**1,071**	**1,071**
Total liabilities related changes	**345,659**	**-**	**57,210**	**54,353**	**457,222**
Balance at 31 December 2023	**625,942**	**725,099**	**33,361**	**19,601**	**1,404,003**

26 Borrowings *(continued)*

B. Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Lease liabilities AED'000	Borrowings AED'000	Dividends payable AED'000	Interest accrued AED'000	Total AED'000
Balance as at 1 January 2022	397,146	-	7,611	-	404,757
Changes from financing cash flows					
Dividends paid	-	-	(67,129)	-	(67,129)
Payment of lease liabilities	(59,291)	-	-	-	(59,291)
Interest paid on lease liabilities	(15,711)	-	-	-	(15,711)
Interest paid on borrowings	-	-	-	(20,637)	(20,637)
Repayment of borrowings	-	(4,375)	-	-	(4,375)
Proceeds from borrowings	-	743,200	-	-	743,200
Total changes from financing activities	(75,002)	738,825	(67,129)	(20,637)	576,057
Other changes					
Additions to lease liabilities	137,294	-	-	-	137,294
Modification of lease agreements	2,855	-	-	-	2,855
Interest expense on lease liabilities	15,711	-	-	-	15,711
Derecognition of lease liabilities	(129,321)	-	-	-	(129,321)
Dividends declared	-	-	76,922	-	76,922
Finance costs	-	-	-	20,637	20,637
Total liabilities related changes	26,539	-	76,922	20,637	124,098
Balance at 31 December 2022	348,683	738,825	17,404	-	1,104,912

27 Employees' end of service benefits

The movement in the provision for employees' end of service benefits is as follows:

	2023 AED'000	2022 AED'000
As at 1 January	**17,380**	20,299
Acquisition through merger	**16,082**	-
Provided during the year	**7,569**	2,370
Paid during the year	**(7,467)**	(5,289)
Transfers to held for sale	**(64)**	-
As at 31 December	**33,500**	17,380

28 Share capital and share premium

	2023 No. of shares	**2023 AED'000**	2022 No. of shares	2022 AED'000
Shares of AED 10 each	**89,919,005**	**899,190**	38,140,280	381,403

The share capital as at 31 December 2023 comprises of 89,919,005 *(2022: 38,140,280)* authorised, issued and fully paid ordinary shares with a par value of AED 10 each.

On 9 November 2023, 51,778,725 ordinary shares with a par value of AED 10 were issued as part of the merger transaction, resulting in the recognition of share premium amounting to AED 1,692,630 thousand. As part of the purchase consideration, ADCOOP is also obliged to issue 12,506,639 additional shares to the shareholders of the acquired entities with a par value of AED 10, resulting in additional share premium of AED 317,830 thousand. The merger also gave rise to an additional 9,110,513 shares to be issued to the existing shareholders of ADCOOP with a par value of AED 10, resulting in additional share premium of AED 297,890 thousand. The obligation to issue additional shares to the existing shareholders to ADCOOP amounting to AED 388,995 thousand is recognised against share premium.

The following table showed the effects of the merger transaction on the equity of the Group as at 31 December 2023:

	Share capital AED'000	**Share premium AED'000**	**Shares to be issued AED'000**	**Total AED'000**
Shares issued to the shareholders of the acquired entities as at 31 December 2023	517,787	1,692,630	-	**2,210,417**
Additional shares to be issued:				
To existing shareholders of ADCOOP pre-merger	-	(388,994)	388,994	-
To existing shareholders of the acquired entities	-	-	534,002	**534,002**
Additional shares to be issued	-	(388,994)	922,996	**534,002**
Total	**517,787**	**1,303,636**	**922,996**	**2,744,419**

In October 2022, the general meeting of shareholders approved the issue of 12,500 thousand ordinary shares at a price of AED 33.16 per share. When ordinary shares are subsequently issued, the amount received is recognized as an increase in equity at par value, and the resulting surplus on the transaction is presented within share premium. Accordingly, the Group recognized share premium of AED 289,500 thousand during the year ended 31 December 2022.

29 Statutory reserve

During the year, a transfer was made to the statutory reserve of AED 6,275 thousand *(2022: AED 20,612 thousand).*

30 Related party transactions and balances

The Group, in the ordinary course of business, enters into a variety of transactions at commercially agreed terms and conditions with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24.

Related party	Relationship
Consumer Cooperative Union	Associate
Al Masa Animal Feed Mill	Associate

Details of material transactions with such parties in the normal course of business are as follows:

	2023	2022
	AED'000	AED'000
Consumer Cooperative Union (associate)		
Purchases of goods	**1,085**	1,826
Al Masa Animal Feed Mill (associate)		
Sales of goods	**1,764**	-
Sales of assets	**1,663**	-
Capital expenditures	**37,139**	-
Directors' remuneration *(note 9)*	**5,339**	4,956

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2023	2022
	AED'000	AED'000
Short-term benefits	**12,425**	13,110
Employees' end of service benefits	**92**	1,039
	12,517	14,149
Number of key management personnel	**21**	11

The above shows the compensation received by key management personnel who were actively engaged with ADCOOP throughout the fiscal year. While there were 21 members serving in this capacity during the year, it should be noted that by the end of the fiscal year, the total number of key management personnel is 9 members.

30 Related party transactions *(continued)*

	2023 **AED'000**	2022 AED'000
Due from related parties		
Al Masa Animal Feed Mill *(associate)*	**40,567**	**-**
Due to related parties		
Consumption Cooperative Union *(associate)*	**458**	294

The amounts due from/(to) related parties are receivable / payable on demand. There is no collateral attached to these balances and these are not subject to interest. These balances arise from normal trading activities in the ordinary course of business of the Group at terms and conditions agreed between the related parties.

31 Contingencies and commitments

	2023 **AED'000**	2022 AED'000
Capital commitments *(pertains to property and equipment)*	49,785	104,398
Short-term leases	113	
	49,898	104,398
Contingent liabilities		
Bank guarantees	40,483	9,567
Legal cases	2,505	-
	42,988	9,567

32 Financial instruments

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management framework

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from those of the prior years. The capital structure of the Group consists of equity attributable to the shareholders, comprising issued capital, share premium, reserves, and retained earnings.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit exposure.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	**2023** **AED'000**	2022 AED'000
Trade and other receivables *(excluding advances and prepayments)*	*23*	**156,600**	104,446
Cash and cash equivalents	24	**776,618**	200,789
Due from related parties	30	**46,329**	**-**
		979,547	305,235

32 Financial instruments *(continued)*

Credit risk *(continued)*

Exposure to credit risk (continued)

The Group held cash at banks of AED 770,891 thousand at 31 December 2023 (*2022: AED 198,748 thousand*). The cash at banks are held with bank and financial institution counterparties, which are rated BAA2 to AA3, based on Moody's ratings.

Expected credit loss for receivables

The following table provides information about the exposure to credit risk and ECL for trade and tenant receivables:

	Weighted average loss rate	Gross carrying amount AED'000	Loss allowance AED'000	Credit-impaired
31 December 2023				
Current	**2%**	**7,317**	**161**	**No**
1-30 Days	**8%**	**14,425**	**1,161**	**No**
31-60 Days	**19%**	**8,475**	**1,649**	**No**
61-90 Days	**28%**	**6,061**	**1,677**	**No**
Above 90 Days	**52%**	**82,293**	**43,197**	**Yes**
		118,571	**47,845**	
31 December 2022				
Current	1%	1,144	10	No
1-30 Days	1%	6,016	62	No
31-60 Days	3%	2,566	66	No
61-90 Days	21%	1,826	386	No
Above 90 Days	30%	72,078	21,693	Yes
		83,630	22,217	

Loss rates are based on actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Deposits, other receivables and amounts due from related parties is not considered to be credit-impaired as of 31 December 2023 *(2022: not credit-impaired).*

Debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating.

32 Financial instruments *(continued)*

Credit risk *(continued)*

Debt securities (continued)

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings.

Credit rating	Rating Agency	FVOCI 2023 AED'000	FVOCI 2022 AED'000
A3	Moody's	**41,256**	**-**
A2	Moody's	**5,559**	-
A1	Moody's	**6,914**	-
A+	Fitch Rating	**4,683**	-
BBB-	Standard & Poor's	**4,827**	-
Total		**63,239**	**-**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements was as follows:

			Contractual Cash flows		
		Carrying amount AED'000	Total AED'000	Less than one year AED'000	More than one year AED'000
31 December 2023	*Note*				
Trade and other payables *(excluding advance from customer and unearned)*	*25*	**440,202**	**440,202**	**440,202**	**-**
Due to related parties	*30*	**458**	**458**	**458**	**-**
Lease liabilities	*19*	**625,942**	**849,965**	**95,930**	**754,035**
Borrowings	*26*	**725,099**	**1,037,074**	**53,297**	**983,777**
Bank overdraft		**43,425**	**43,425**	**43,425**	**-**
		1,835,126	**2,371,124**	**633,312**	**1,737,812**

32 Financial instruments *(continued)*

Liquidity risk ***(continued)***

31 December 2022	*Note*	Carrying amount AED'000	Total AED'000	Less than one year AED'000	More than one year AED'000
Trade and other payables *(excluding advance from customer and unearned)*	25	205,792	205,792	205,792	-
Due to related parties	30	294	294	294	-
Lease liabilities	19	348,683	579,197	77,143	502,054
Borrowings	26	738,825	1,114,410	94,774	1,019,636
		1,293,594	1,899,693	378,003	1,521,690

Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was AED 92,328 thousand *(2022: 93,774 thousand)*.

At the reporting date, the exposure to listed equity investments at fair value was AED 214,410 thousand *(2022: 36,138 thousand)*.

Interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing variable financial instruments was:

	Carrying amount	
	2023 AED'000	2022 AED'000
Borrowings	**725,099**	738,825

32 Financial instruments *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

A change of 100 basis points in interest rates would have increased or decreased profit by AED 725 thousand *(2022: AED 738 thousand)*.

Currency risk

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

33 Fair value measurement

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, investments at FVTPL, investments at FVTOCI, amounts due from related parties and tenant receivables and other receivables excluding deposits. Financial liabilities consist of bank overdrafts, bank borrowings, trade payables, other payable and amounts due to related parties.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

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

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

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

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

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

32 Fair value measurement *(continued)*

The fair values of the financial instruments are not materially different from their carrying values other than those described in the table below.

The Group uses the following hierarchy for determining and disclosing the fair value of available-for-sale investments and investment properties by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2023				
Assets measured at fair value:				
Investments at FVTOCI *(note 21)*				
Equity securities	**177,538**	**-**	**40,065**	**217,603**
Debt securities	**63,239**	**-**	**-**	**63,239**
Investments at FVTPL *(note 21)*				
Equity securities	**36,872**	**-**	**52,263**	**89,135**
Investment properties *(note 16)*	-	**-**	**1,770,487**	**1,770,487**
Land and buildings *(note 15)*	-	**-**	**453,499**	**453,499**
	277,649	**-**	**2,316,314**	**2,593,963**
Financial liabilities not measured at fair value:				
Bank borrowings (note 26)	**-**	**725,099**	**-**	**725,099**

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2022				
Assets measured at fair value:				
Investments at FVTOCI *(note 21)*				
Equity securities	6,126	-	40,042	46,168
Investments at FVTPL *(note 21)*				
Equity securities	30,012	-	53,732	83,744
Investment properties *(note 16)*	-	-	1,499,444	1,499,444
Land and buildings *(note 15)*	-	-	167,458	167,458
	36,138	-	1,760,676	1,796,814
Financial liabilities not measured at fair value:				
Bank borrowings (note 26)	-	738,825	-	738,825

There were no transfers between level 1, 2 and 3 during the current year and in the prior year.

33 Fair value measurement *(continued)*

The following table shows a reconciliation from the opening balances to the closing balance for level 3 fair values:

	Investments at FVTOCI AED'000	Investments at FVTPL AED'000	Investment properties AED'000	Land and buildings AED'000	Total AED'000
Balance as at 1 January 2022	33,063	63,215	256,420	77,383	430,081
Net change in fair value (unrealised)	6,979	(9,483)	98,669	1,474	97,639
Purchases	-	-	969,129	62,101	1,031,230
Transfer from ROU to IP	-	-	38,614	-	38,614
Balance as at 31 December 2022	40,042	53,732	1,362,832	140,958	1,597,564
Assumed in a business combination	1,356	-	183,016	166,369	350,741
Net change in fair value (unrealised)	(1,333)	(1,469)	(7,117)	757	(9,162)
Purchases	-	-	6,698	-	6,698
Transfer from ROU to IP	-	-	12,162	-	12,162
Transfer from IP	-	-	(1,871)	1,871	-
Transfer out of level 3	-	-	-	-	-
Balance as at 31 December 2023	**40,065**	**52,263**	**1,555,720**	**309,955**	**1,958,003**

33 Fair value measurement *(continued)*

Sensitivity analyses:

The following table provides an analysis of financial instruments for which fair values are recognised in the financial statements as well as significant unobservable inputs used.

Type of investment	Valuation Approach	Significant unobservable inputs	Sensitivity Analysis at 5%
Investments in unlisted shares designated at FVTPL	Price-to-book value (‘P/B’): Median value of trading Price-to-book value multiples of comparable company peers similar to the investee company in terms of business activities, markets served, size and geographical region, after applying discounts for differences in their operations, risk profiles owing to size and scale, has been applied.	Adjusted market multiple	An increase/decrease of 5% in the selected multiple would result in an increase/decrease of an average of AED 46.0 million in the fair value of Group’s stake in the investee companies.
	Adjusted Net Book Value (‘ANBV’): Adjusted Net Book Value method is utilized, and the equity value is discounted on account of lack of marketability.	Risk-adjusted discount rate	An increase/decrease of 5% in the equity value would result in increase/decrease of AED 0.4 million in the fair value of the Group’s stake in the investee company.
Investments in unlisted shares designated at FVTOCI	Adjusted Net Book Value (‘ANBV’): Adjusted Net Book Value method is utilized, and the equity value is discounted on account of lack of marketability.	Risk-adjusted discount rate	An increase/decrease of 5% in the equity value would result in increase/decrease of AED 67.1 thousands in the fair value of the Group’s stake in the investee company.
Investments in unlisted shares designated at FVTOCI	The enterprise-value-to-EBITDA ratio: Median value of trading EV/EBITDA multiples of comparable company peers similar to the investee company in terms of business activities, markets served, size and geographical region, after applying discounts for differences in their operations, risk profiles owing to size and scale, has been applied.	Adjusted market multiple	An increase/decrease of 5% in the selected multiple would result in increase/decrease of AED 1.2 million in the fair value of the Group’s stake in the investee company.

The significant majority of the Group's listed equity investments are listed on either the Abu Dhabi Securities Exchange (“ADX”) or the Dubai Financial Market (“DFM”). For such investments classified at FVOCI, a 5 percent increase in the ADX general index and a 5 percent increase DFM general index at the reporting date would have increased equity by AED 8,738 thousand *(2022: an increase of AED 140 thousand)*; an equal change in the opposite direction would have decreased equity by AED 8,738 thousand *(2022: a decrease of AED 140 thousand)*. For such investments classified at FVTPL, a 5 percent increase in the ADX general index and a 5 percent increase DFM general index at the reporting date on profit or loss would have been an increase of AED 1,844 thousand *(2022: AED 1,501 thousand)*. An equal change in the opposite direction would have decreased profit or loss by AED 1,844 thousand *(2022: AED 1,501 thousand)*.

34 Taxation

On 31 January 2022, the UAE Ministry of Finance ("MOF") announced the introduction of a corporate income tax (the "CIT")") on business profits, it is effective on 1 June 2023 and applied from such date. The CIT rate of 9% is applied on the adjusted accounting net profits of a business. The Group has completed the assessment of the impact on its consolidated financial statements, both from a current and deferred tax perspective in preparation for full compliance with the new Corporate tax law noting that the first tax period for the Group is starting on 1 January 2024. Based on this assessment performed, the Group has assessed that there will be no impact on its deferred tax.

35 Accounting estimates and judgments

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Provision for obsolete inventory

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss and comprehensive income, the Group makes judgements as to whether there is any observable data indicating that there is any future use of the material and the net realizable value for such materials.

Accordingly, provision for obsolescence is made where the net realizable value is less than cost based on management best estimates.

(b) Provision for expected credit losses on trade receivables

The expected credit loss (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(c) Useful lives and residual values of property and equipment

Management assigns useful lives and residual values to the items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates. Management determined that current year expectations do not differ from previous estimates.

35 Accounting estimates and judgments *(continued)*

(d) Impairment of property and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(e) Fair valuation of unquoted investments

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

(f) Impairment of goodwill and intangible assets

The Group reviews the carrying amounts of goodwill to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management test goodwill annually for impairment. An impairment loss is recognised if the carrying amount of goodwill exceeds its recoverable amount. An impairment loss in respect of goodwill is not reversed.

(g) Significant influence over equity-accounted investees

Consumption Cooperative Union

Management has assessed its investment in Consumption Cooperative Union in accordance with IFRS 10. Based on this assessment, it has determined that Consumption Cooperative Union is not controlled but is significantly influenced by ADCOOP, and therefore is accounted for using the equity method under IAS 28.

(h) Determining the lease term

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

35 Accounting estimates and judgments *(continued)*

(i) Fair valuation of investment properties and land and buildings

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, it measures land and buildings at revalued amounts, with changes in fair value being recognised in OCI. The Land and buildings were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2023 for the investment properties, land and buildings.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 16 and 33.

36 Events after reporting date

On 10 January 2024, the Group entered into an agreement with Emirates Farm for the partial transfer of its ownership interest in the following entities, resulting in a loss of control.

	As of 31 December 2023		**As of 10 January 2024**	
	ADCOOP	**Emirates Farm**	**ADCOOP**	**Emirates Farm**
Wahat Al Masa Trading Company	100%	-	40%	60%
Al Masa Flour Mill	100%	-	40%	60%
Al Masa Feed Mill	50%	50%	40%	60%

Pursuant to the resolution issued by Department of Economic Development on 6 February 2024, the legal structure of ADCOOP has been changed to a Public Joint Stock Company (“P.J.S.C.”). Its name is changed to MAIR Group P.J.S.C. and corporate law will apply to the Group after 6 February 2024.

There have been no other significant transactions or events that occurred between the reporting date and the date when the financial statements were authorised for issue other than those disclosed in note 13 of these financial statements.

The Board of Directors in their meeting held on 21 August 2024, have proposed a cash dividend for the year ended 31 December 2023 of AED 135,070 representing 12.11% of the share capital (2022: AED 57,210 thousand representing 15% of the share capital) for approval of the members at the Annual General meetings to be held on 3 October 2024. These consolidated financial statements do not reflect this dividend.

37 Comparative reclassification

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements. The following table summarises the impact on the Group's financial statements.

Year ended 31 December 2022		**Impact of reclassification**				
		As previously presented AED'000	**Reclassification AED'000**	**As reclassified AED'000**	**Restatement (Note 2b) AED'000**	**As restated AED'000**
Statement of profit or loss:						
Revenue	*e*	1,069,509	107,989	**1,177,498**	-	**1,177,498**
Cost of sales	*a*	(770,207)	(211,079)	**(981,286)**	12,202	**(969,084)**
Gross profit		299,302	(103,090)	**196,212**	12,202	**208,414**
Other operating revenue	*E*	47,070	(47,070)	-	-	-
General and administrative expenses	*a*	(141,217)	49,137	**(92,080)**	(4,793)	**(96,873)**
Impairment loss on trade and other receivables		(13,828)	-	**(13,828)**	-	**(13,828)**
Selling and distribution expense	*b*	-	(7,585)	**(7,585)**	-	**(7,585)**
Other operating income	*c*	-	129,077	**129,077**	(11,726)	**117,351**
Operating profit		191,327	20,469	**211,796**	(4,317)	**207,479**
Distribution costs	*b*	(2,126)	2,126	-	-	-
Other operating expenses	*a,b*	(99,103)	99,103	-	-	-
Depreciation of right-of-use assets	*a*	(66,401)	66,401	-	-	-
Gain/(loss) from investments, net	*c*	12,363	(12,363)	-	-	-
Share in the loss of associates	*c*	-	(1,070)	**(1,070)**	-	**(1,070)**
Rental income from investment properties	*e*	66,427	(66,427)	-	-	-
Other income		28,858	-	-	837	**29,695**
Gain on fair valuation of investment properties, net	*c*	115,644	(115,644)	-	-	-
Interest expense on lease liabilities	*d*	(8,230)	8,230	-	-	-
Finance costs	*d*	(20,637)	(8,230)	**(28,867)**	(7,481)	**(36,348)**
Finance income		583	-	**583**	-	**583**
Board of directors' remuneration	*a*	(4,956)	4,956	-	-	-
Donation to charities	*a*	(2,449)	2,449	-	-	-
Profit from continuing operations		211,300	-	**211,300**	(10,961)	**200,339**
Discontinued operations						
Loss from discontinued operations		-	-	-	-	-
Profit for the year		211,300	-	**211,300**	(10,961)	**200,339**
Other comprehensive income:						
Profit for the year		211,300	-	**211,300**	(10,961)	**200,339**
Items that will not be subsequently reclassified to profit or loss:						
Fair value gains on investments at FVTOCI		5,122	-	**5,122**	-	**5,122**
Gain from revaluation of property and equipment		1,974	-	**1,974**	-	**1,974**
Total comprehensive income for the year		218,396	-	**218,396**	(10,961)	**207,435**

37 Comparative reclassification *(continued)*

		2022 AED'000
A	**General and administrative expenses - as previously presented**	**141,217**
	Reclassified to General and administrative expenses:	
	Other operating expenses	93,644
	Directors' remuneration	4,956
	Donation	2,449
	Depreciation of right-of-use assets	13,336
	Reclassified from General and administrative expenses to cost of sales:	
	Utilities	(23,595)
	Depreciation	(13,777)
	Other expenses	(20,096)
	Rent expense	(500)
	Staff cost	(105,554)
	Net movement in General and administrative expenses	(49,137)
	General and administrative expenses - as reclassified	**92,080**

		2022 AED'000
B	**Selling and distribution expense – as previously reported**	**-**
	Reclassified to Selling and distribution expense:	
	Distribution costs	**2,126**
	Other operating expenses	**5,459**
	Net movement in Selling and distribution expense	**7,585**
	Selling and distribution expense – as reclassified	**7,585**

37 Comparative reclassification *(continued)*

		2022 AED'000
C	**Other operating income - as previously presented**	**-**
	Reclassified to Other operating income:	
	Gain from investments, net	12,363
	Gain on revaluation of investment properties, net	115,644
	Reclassified from Other operating income:	
	Share in the loss of Associates	1,070
	Net movement in Other *operating* income	129,077
	Other income - as reclassified	**129,077**

		2022 AED'000
D	**Finance cost - as previously presented**	**20,637**
	Reclassified to Finance cost:	
	Lease interest expense	8,230
	Net movement in Finance cost	8,230
	Finance cost - as reclassified	**28,867**

		2022 AED'000
E	**Revenue - as previously presented**	**1,069,509**
	Reclassified to Revenue:	
	Other operating income	47,070
	Rental income from investment properties	66,427
	Reclassified from Revenue	
	Listing fees	(5,508)
	Net movement in Revenue	107,989
	Revenue - as reclassified	**1,177,498**