Saraya Holdings Limited PLC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARAYA HOLDINGS LIMITED PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Saraya Holdings Limited PLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the shareholders of the Group (*as a body*), for our audit work, for this report, or for the opinions we have formed. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independents Standards (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC"), 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.

Material uncertainly related to going concern

Without qualifying our opinion and as disclosed in note (2.2) to the consolidated financial statements, the Group's accumulated losses of USD 907 million as at 31 December 2022 exceeded the Company's capital. These events or conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Group is dependent on budgeted committed support from its major shareholder.

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 IFRSs and in compliance with the applicable provisions of the Group's Articles of Association and the Companies Law pursuant to DIFC Law No. 5 of 2018, 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARAYA HOLDINGS LIMITED PLC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SARAYA HOLDINGS LIMITED PLC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations that we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the period that would have had a material effect on the business of the Group or on its consolidated financial position.

Ernst & Young

30 May 2023

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	*2022* *USD*	*2021* *USD*
Revenues			
Operating revenues		**30,890,087**	19,469,118
Residential units sales revenue		**7,336,076**	16,847,473
Rental income		**446,555**	511,729
Other income, net	4	**8,534,406**	341,406
		47,207,124	37,169,726
Expenses			
Operating cost		**(27,434,351)**	(19,241,213)
Cost of residential units sold	16	**(6,350,250)**	(12,385,110)
General and administrative expenses		**(33,555,872)**	(38,154,618)
Operating loss		**(20,133,349)**	(32,611,215)
Share of loss of associates	6	**(5,592,363)**	(6,509,069)
Finance income		**141,092**	226,781
Finance costs	17	**(59,729,247)**	(56,984,004)
Loss for the year before tax		**(85,313,867)**	(95,877,507)
Income tax expense	4	**(1,792,649)**	(1,916,846)
Loss for the year	3	**(87,106,516)**	(97,794,353)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(87,106,516)**	(97,794,353)
Attributable to:			
Equity holders of the Parent		**(74,902,495)**	(86,293,186)
Non-controlling interests	7	**(12,204,021)**	(11,501,167)
		(87,106,516)	(97,794,353)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 USD	2021 USD
ASSETS			
Non-current assets			
Property and equipment	5	**352,097,349**	366,119,982
Investments in associates	6	**153,330,972**	158,923,335
Development properties	8	**542,190,027**	532,912,250
		1,047,618,348	1,057,955,567
Current assets			
Accounts receivable and other current assets	9	**21,205,233**	19,406,659
Inventory		**565,941**	587,662
Residential units inventory	16	**42,217,719**	52,462,234
Due from related parties	15	**1,999,396**	2,185,157
Bank balances and cash	10	**21,214,886**	19,423,421
		87,203,175	94,065,133
TOTAL ASSETS		**1,134,821,523**	1,152,020,700
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**862,187,187**	862,187,187
Treasury shares		**(5,700,000)**	(5,700,000)
Reserve arising from acquisition of non-controlling interests		**839,341**	839,341
Accumulated losses		**(906,920,186)**	(832,017,691)
Equity attributable to equity holders of the parent		**(49,593,658)**	25,308,837
Non-controlling interests	7	**119,810,289**	132,014,310
Total equity		**70,216,631**	157,323,147
Liabilities			
Non-current liabilities			
Loans	13	**48,654,465**	46,991,254
Convertible notes	12, 15	**900,942,367**	846,110,705
		949,596,832	893,101,959
Current liabilities			
Accounts payable and other current liabilities	14	**50,829,975**	76,906,368
Current portion of long-term loan	13	**7,196,107**	6,739,684
Due to a related party	15	**53,120,810**	14,257,995
Income tax provision	4	**3,861,168**	3,691,547
		115,008,060	101,595,594
Total liabilities		**1,064,604,892**	994,697,553
TOTAL EQUITY AND LIABILITIES		**1,134,821,523**	1,152,020,700

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the parent						
	Share capital USD	*Treasury shares USD*	*Reserve arising from acquisition of non-controlling interests USD*	*Accumulated losses USD*	*Total USD*	*Non-controlling interests USD*	*Total equity USD*
Balance at 1 January 2021	**862,187,187**	**(5,700,000)**	**839,341**	**(745,724,505)**	**111,602,023**	**143,515,477**	**255,117,500**
Total comprehensive loss for the year	-	-	-	(86,293,186)	(86,293,186)	(11,501,167)	(97,794,353)
Balance at 31 December 2021	**862,187,187**	**(5,700,000)**	**839,341**	**(832,017,691)**	**25,308,837**	**132,014,310**	**157,323,147**
Total comprehensive loss for the year	-	-	-	(74,902,495)	(74,902,495)	(12,204,021)	(87,106,516)
Balance at 31 December 2022	**862,187,187**	**(5,700,000)**	**839,341**	**(906,920,186)**	**(49,593,658)**	**119,810,289**	**70,216,631**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Notes	*2022 USD*	*2021 USD*
OPERATING ACTIVITIES			
Loss before tax		(85,313,867)	(95,877,507)
Adjustments for:			
Share of loss of associates	6	5,592,363	6,509,069
Depreciation of property and equipment	5	22,564,846	20,521,041
Finance income		(19,068)	(226,781)
Finance costs		59,729,247	56,984,004
		2,553,521	(12,090,174)
Working capital changes:			
Inventory		21,721	(73,685)
Accounts receivable and other current assets		(1,798,574)	14,449,331
Residential units' inventory		6,196,003	2,529,154
Accounts payable and other current liabilities		(26,476,005)	23,171,191
Due from a related party		185,761	423,272
Cash (used in) from operations		(19,317,573)	28,409,089
Income tax paid	4	(1,623,028)	(1,849,381)
Net cash (used in) from operating activities		(20,940,601)	26,559,708
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(1,528,571)	(1,056,713)
Development properties	8	(12,242,907)	(44,373,444)
Short-term deposits		(7,553,849)	-
Interest received		19,068	226,781
Net cash used in investing activities		(21,306,259)	(45,203,376)
FINANCING ACTIVITIES			
Loan proceeds		5,477,817	-
Interest paid		(4,497,973)	(4,141,757)
Loan repayments		(3,358,183)	(3,173,483)
Due to related parties		38,862,815	14,078,030
Net cash from financing activities		36,484,476	6,762,790
DECREASE IN CASH AND CASH EQUIVALENTS		(5,762,384)	(11,880,878)
Cash and cash equivalents at 1 January		19,423,421	31,304,299
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	13,661,037	19,423,421

1 ACTIVITIES

Saraya Holdings Limited PLC (the "Company") is registered in the Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates as a Public Limited Company in accordance with DIFC Law No. 5 of 2018.

The Company is primarily engaged in business mergers and acquisitions, and in investment in other companies. The Company's registered office is at P.O Box 51920, Dubai, United Arab Emirates.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as follows:

The Holding Company:
- Saraya Holdings Limited PLC

The Subsidiary Companies and the Holding Company's share in the capital of its subsidiaries:

Name	*Legal status*	Country	*Percentage Holding* 2022	2021
Saraya Jordan Real Estate Development Group PSC	Private Shareholding Company	Jordan	100%	100%
- Mansoub Real Estate Development	Private Shareholding Company	Jordan	100%	100%
- Saraya Al-Abdali Real Estate Investments	Private Shareholding Company	Jordan	100%	100%
- Saraya Aqaba Real Estate Development PSC	Private Shareholding Company	Jordan	75.59%	75.59%
Saraya Establishment *	Limited Liability Company	Switzerland	-	100%
Saraya Emirates	Free Zone Limited Liability Company	UAE	100%	100%
Saraya Oman	Closed Joint Stock Company	Oman	100%	100%

The subsidiaries are engaged in investment in real estate and tourism development activities and projects, including constructing, owning, rehabilitating, selling, leasing, operating and developing old and new real estate and tourism properties. The subsidiaries also invest in shares, bonds and financial instruments, and provide real estate development consultancy services.

Saraya Jordan Real Estate Development Group PSC holds Mansoub Real Estate Development, Saraya Al Abdali Real Estate Investments, and Saraya Aqaba Real Estate Development Group PSC.

* The liquidation process of the Company was completed on 22 February 2022.

The consolidated financial statements were authorised for issue by the Directors on 30 May 2023

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the DIFC law No. 5 of 2018.

The consolidated financial statements are prepared under the historical cost convention and have been presented in US Dollars (USD) being the presentation currency of the Group. The functional currency of the Company is the US Dollar and each subsidiary has its own functional currency depending on the economic environment in which it operates.

2.2 FUNDEMENTAL ACCOUNTING CONCEPTS

The Company had incurred a net loss of USD 87.1 million for the year ended 31 December 2022, and as at that date, the Company's accumulated losses of USD 907 million exceeded the Company's capital. These conditions indicate the existence of a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern. However, these consolidated financial statements have been prepared on a going concern basis as management of the Group has developed plans to ensure the viability and continuity as a going concern to the Group. The Group's success in achieving its objective is dependent on the realisation of the cash flow forecasts based on different financial and operating assumptions, including receiving the budgeted committed support from its major shareholder in order to enable the Group to continue its operating, financing and investing activities for at least twelve months from the reporting date.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous year, except for the following amendment in standards effective as of 1 January 2022.

The nature and the impact of each amendment is described below:

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

These amendments had no impact on the consolidated financial statements of the Group.

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

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

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

These amendments had no impact on the consolidated financial statements of the Group.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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

These amendments had no impact on the consolidated financial statements of the Group.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Group

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the

Group's accounting policy disclosures.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2.5 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022 (note 1). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

2.5 BASIS OF CONSOLIDATION (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.6 USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to use its judgements and make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair value for the year. Such judgements and estimates are necessarily based on assumptions about several factors and actual results may differ from reported amounts as described below:

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

Classification of properties
Management decides at the time of acquisition of a property whether it should be classified as property and equipment, development property or investment property. The Group classifies acquired properties in investment properties when the purpose of the property is to earn rentals or capital appreciation or both, or for an undetermined use. The Group classifies properties as development properties when the intention is to develop such properties.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of liquidity and model inputs such as correlation and volatility for longer dated instruments.

Impairment of assets carried at amortised cost
If there is objective evidence that an impairment loss on an asset carried at amortised cost has been incurred, the Group makes an estimate of the expected future cash flows for the purpose of determining the present value of such an asset as discounted at the asset’s original effective interest rate.

2.6 USE OF JUDGEMENTS AND ESTIMATES (continued)

Fair value measurement of financial instruments

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

Impairment of goodwill

The determination of impairment of goodwill requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of accounts receivable

For all debt instruments, the Group has applied the standard’s simplified approach and has calculated Expected Credit Losses “ECL” based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue represents the value of services rendered to customers and is stated net of discounts and sales taxes or similar levies.

The new standards require that revenue be recognised as a Group satisfies a performance obligation by transferring control of a good or service. A performance obligation can be satisfied over time or at a point in time.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty or discounts. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from sales of residential properties

- *Completed inventory property*

The sale of completed property constitutes a single performance obligation and the Group has determined that it is satisfied at the point in time when control transfers to the customer.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory property under development
The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of residential units property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures and finishing work for residential units. The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services into the completed property which the customer has contracted to buy. In these cases, control is transferred and hence revenue is recognised at a point in time.

Revenue from rendering of services
Revenue is recognised by reference to the stage of completion. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Revenue from operations
Revenue from hotels and the water park is recognised based on the five-step model framework in accordance with IFRS (15) which includes the identification of the contract, price, allocating the contract price to the performance obligation in the contract and recognising revenue when the Group satisfies the performance obligation. Whereby revenue is recognised when providing services to the customers and issuing the invoice to the customer at a point in time.

Rental income
Rental income arising from operating leases on investment properties is accounted for, on a straight-line basis, over the lease terms.

Finance income
Income is recognised as the interest accrues using the effective interest method.

Leases

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

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease obligations.

The cost of right-of-use assets includes the amount of lease obligations recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease obligations

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease obligations is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (less than 5,000 US dollars annually). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

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

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

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

The Group included the renewal period as part of the lease term for leases of property and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

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

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combination and goodwill (continued)

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

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39.

Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of goodwill
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

Furniture, fixtures and equipment	6 to 7 years
Computers and software	3 to 4 years
Motor vehicles	5 to 7 years
Buildings and leasehold improvements	20 to 50 years

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment(continued)

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

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

Development properties

Properties acquired, constructed or in the course of construction for sale or own use are classified as development properties. Properties in the course of development for sale are stated at the lower of cost and net realisable value.

Properties in the course of development for own use are stated at cost less impairment provision, if any.

Investments in associates

The Group's investments in its associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Non-current assets held for sale or for distribution to equity holders of the parent 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 amounts 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.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations (continued)

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income. Property and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Accounts receivable

Trade receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Impairment of financial assets

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

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible notes
Convertible notes convertible into share capital, are accounted for as compound financial instruments. The net proceeds received from the issue of convertible notes are separated into liability and equity components based on the terms of the contract at the date of issue. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible notes. The difference between the proceeds of issue of the convertible notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity and is not remeasured. The liability component is carried at amortised cost using the effective interest method until extinguishment upon conversion or at the instrument's maturity date.

Issue costs are apportioned between the liability and equity components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate, at the time of issue, for similar non-convertible notes to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible notes.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits
The Group provides end of service benefits to its expatriate 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. The Group's subsidiaries that are registered in Jordan make contributions to the Social Security Corporation of the Kingdom of Jordan calculated as a percentage of employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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

Provisions
Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

Income tax
Taxation is provided in accordance with the applicable tax regulations on the operations of the Group and its subsidiaries.

Deferred income tax is provided, using the liability method, on all temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the consolidated statement of financial position date.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Foreign currencies
The consolidated financial statements are presented in USD, which is the parent's functional and presentation currency. Each subsidiary determines its own functional currency and items included in the financial statements of the entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency's rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The results and financial positions of all the Group's entities that have functional currencies different from the parent's presentation currency are translated into the presentation currency of the Group as follows:

- Assets and liabilities for each statement of financial position are translated at the rate of exchange ruling at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at the weighted average exchange rate for the year; and
- All resulting exchange differences are recognised as a separate component of the statement of comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in the statement of comprehensive income are recognised in the statement of comprehensive income as part of the gain or loss on sale. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Preference shares
Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

The difference between the earned interest and its present value is recorded as finance cost in the consolidated statement of comprehensive income.

Issue costs are apportioned between the liability and equity components of the preferred shares based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

Fair value measurement
Fair values of financial instruments measured at amortised cost are disclosed in Note 19.

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 by the Group.

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

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

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

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

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

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Contingencies

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

3 LOSS FOR THE YEAR

Loss for the year is stated after charging:

	2022	*2021*
	USD	*USD*
Staff costs	**2,698,230**	2,245,223
Professional fees	**494,117**	472,983
Depreciation (Note 5)	**22,564,846**	20,521,041
Rental - operating leases	**29,592**	28,182
Pre - opening expenses	**-**	2,601,230
Facility management expenses	**6,136,220**	6,338,394

4 INCOME TAX

The Holding Company is not subject to income tax in accordance with the laws promulgated by the Dubai International Financial Centre (DIFC). The establishing law of DIFC decrees that this status will be applicable until at least 2054.

Income tax expense recorded for the year 2022 of USD 1,792,649 (2021: USD 1,916,846) represents income tax related to the Company's subsidiary Saraya Jordan Real Estate Development.

Saraya Jordan Real Estate Development has received a favorable final court decision in the case brought by the income and sales tax department as any returns recognised from Saraya Aqaba real estate investment class A shares is exempted from income tax as considered as shares returns, and provision of USD 8M was reversed during the year.

The other subsidiaries either incurred tax losses for the years 2022 and 2021 or are registered as free zone companies or in tax free countries.

Deferred tax assets have not been recognised as the Group is incurring losses and a significant portion of the losses was incurred in tax free jurisdictions.

The movement on income tax payable is as follows:

	2022	*2021*
	USD	*USD*
At 1 January	**3,691,547**	3,624,082
Income tax expense	**1,792,649**	1,916,846
Income tax paid	**(1,623,028)**	(1,849,381)
At 31 December	**3,861,168**	3,691,547

5 PROPERTY AND EQUIPMENT

Cost:	*Furniture, Fixtures and equipment USD*	*Computers and software USD*	*Motor vehicle USD*	*Building and leasehold improvements USD*	*Total USD*
At 1 January 2022	**36,392,086**	**7,399,605**	**145,671**	**389,082,545**	**433,019,907**
Transfers from development properties (Note 8)	**-**	**-**	**-**	**2,076,436**	**2,076,436**
Transfer from residential units inventory (Note 16)	**-**	**-**	**-**	**4,937,206**	**4,937,206**
Additions	**921,818**	**335,838**	**27,300**	**243,615**	**1,528,571**
At 31 December 2022	**37,313,904**	**7,735,443**	**172,971**	**396,339,802**	**441,562,120**
Accumulated Depreciation					
At 1 January 2022	**14,632,507**	**6,820,376**	**145,669**	**45,301,373**	**66,899,925**
Charge for the year	**4,110,757**	**374,205**	**4,547**	**18,075,337**	**22,564,846**
At 31 December 2022	**18,743,264**	**7,194,581**	**150,216**	**63,376,710**	**89,464,771**
Net carrying amount					
At 31 December 2022	**18,570,640**	**540,862**	**22,755**	**332,963,092**	**352,097,349**

Certain land plot, building and other secured property has been pledged /mortgaged as security for the loans of Group's subsidiaries. (Refer note 13).

5 PROPERTY AND EQUIPMENT (continued)

	Furniture, Fixtures and equipment USD	*Computers and software USD*	*Motor vehicles USD*	*Building and leasehold improvements USD*	*Total USD*
Cost:					
At 1 January 2021	28,213,464	7,390,606	145,671	353,723,619	389,473,360
Transfers from development properties (Note 8)	7,769,228	-	-	34,720,606	42,489,834
Additions	409,394	8,999	-	638,320	1,056,713
At 31 December 2021	36,392,086	7,399,605	145,671	389,082,545	433,019,907
Accumulated Depreciation:					
At 1 January 2021	10,381,427	6,266,771	144,352	29,586,334	46,378,884
Charge for the year	4,251,080	553,605	1,317	15,715,039	20,521,041
At 31 December 2021	14,632,507	6,820,376	145,669	45,301,373	66,899,925
Net carrying amount:					
At 31 December 2021	21,759,579	579,229	2	343,781,172	366,119,982

*Depreciation charge for the years ended 31 December 2022 and 2021 was presented within the general and administrative expenses in the consolidated statement of comprehensive income.

6 INVESTMENTS IN ASSOCIATES

	Ownership			
	2022	*2021*	***2022***	*2021*
	%	%	***USD***	*USD*
Saraya Ras Al Khaimah PJSC	**45.91%**	45.91%	**84,401,746**	84,343,810
Saraya Bandar Jissah SAOC	**50%**	50%	**68,929,226**	74,579,525
			153,330,972	158,923,335

Movement during the year is as follows:

	2022	*2021*
	USD	*USD*
At 1 January	**158,923,335**	165,432,404
Share of loss for the year	**(5,592,363)**	(6,509,069)
At 31 December	**153,330,972**	158,923,335

The Group's investments in associates are accounted for using the equity method in the consolidated financial statements. The following table illustrates summarised information of the Group's investments in associates as of 31 December:

	Saraya Ras Al Khaimah	*Saraya Bandar Jissah*	***Total 2022***	*Total 2021*
	USD	*USD*	***USD***	*USD*
Current assets	13,258,314	147,260,206	**160,518,520**	179,382,200
Non-current assets	100,295,239	244,939,056	**345,234,295**	347,679,086
Current liabilities	870,359	(72,058,866)	**(71,188,507)**	(68,582,023)
Non-current liabilities	-	(182,281,944)	**(182,281,944)**	(196,763,213)
Equity	114,423,912	137,858,452	**252,282,364**	261,716,050
Proportion of the Group's ownership	45.91%	50%		
Carrying amount of the investment	52,532,018	68,929,226	**121,461,244**	126,254,444

	Saraya Ras Al Khaimah	*Saraya Bandar Jissah*	***Total 2022***	*Total 2021*
	USD	*USD*	***USD***	*USD*
Revenue	142,621	17,553,380	**17,696,001**	7,158,634
Cost of revenue	-	(11,423,777)	**(11,423,777)**	(6,323,600)
Administrative expenses	(16,427)	(17,430,200)	**(17,446,627)**	(13,847,291)
Profit (Loss) for the year	126,194	(11,300,597)	**(11,174,403)**	(13,012,257)
Group's share of profit for the year	57,936	(5,650,299)	**(5,592,363)**	(6,509,069)

6 INVESTMENTS IN ASSOCIATES (Continued)

Elimination of unrealised profits in the consolidated statement of cash flows comprises the Company's share of profits resulting from transactions between the Group and its associates to the extent of the Company's interests in the associates.

Saraya Ras Al-Khaimah PJSC
Saraya Ras Al-Khaimah PJSC (formerly Saraya Islands PJSC) is a private shareholding Group registered in RAK Investment Authority Free Zone, Ras Al-Khaimah, United Arab Emirates. The Group is engaged in developing real estate projects and to construct and own hotels and tourism projects in Ras Al-Khaimah, United Arab Emirates.

Saraya Ras Al Khaimah's project was suspended in 2009 due to delays in site preparation.

The company had no contingent liabilities or capital commitments as at 31 December 2022.

Saraya Bandar Jissah
Saraya Bandar Jissah SAOC was established in Oman in November 2007 as a closed joint stock company. The principal activities of the Group are to own and invest in and develop real estate and to construct and own hotels and tourism projects.

7 MATERIAL PARTLY – OWNED SUBSIDIARIES

Non-controlling interests are composed of the following:

	2022	*2021*
	USD	*USD*
Saraya Aqaba Real Estate Development PSC	**119,810,289**	132,014,310

The Group has one subsidiary "Saraya Aqaba Real Estate Development PSC" (SAQ) with material non-controlling interests. Financial information of the subsidiary that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

	2022	*2021*
	%	*%*
	24.41	24.41

	2022	2021
	USD	*USD*
Accumulated balances of material non-controlling interests:	**119,810,289**	132,014,310
Loss allocated to material non-controlling interests:	**(12,204,021)**	(11,501,167)

7 MATERIAL PARTLY – OWNED SUBSIDIARIES (continued)

The summarised financial information of this subsidiary is provided below. This information is based on amounts before intra-group eliminations.

Summarised income statements of SAQ for the year ended 31 December 2022 and 2021:

	2022	*2021*
	USD	*USD*
Residential units sales	**282,096**	4,584,747
Operating Gross Profit (loss)	**591,666**	(843,692)
Interest income	**-**	597
Service charges	**177,842**	139,893
Other income	**66,848**	83,100
General and administrative expenses	**(8,638,879)**	(11,901,117)
Finance costs	**(30,729,437)**	(27,540,694)
Depreciation	**(11,752,272)**	(11,645,250)
Loss for the year before tax	**(50,002,136)**	(47,122,416)
Income tax	**-**	-
Loss for the year	**(50,002,136)**	(47,122,416)
Loss allocated to material non-controlling interests:	**(12,204,021)**	(11,501,167)

Summarised statements of financial position of SAQ as at 31 December 2022 and 2021:

	2022	*2021*
	USD	*USD*
Property and equipment	**213,766,759**	222,401,247
Land under development	**204,327,968**	204,327,968
Projects in progress	**315,154,288**	305,876,513
Advance payment to contractors	**232,264**	775,791
Account receivable and other current assets	**10,497,573**	9,435,955
Inventory	**378,446**	390,102
Residential units' inventory	**40,207,230**	44,127,522
Cash and bank balances	**4,513,858**	1,706,602
Preference shares	**(352,522,378)**	(326,884,518)
Other current liabilities	**(28,998,160)**	(46,186,897)
Long-term loans	**(5,477,814)**	-
Due to related parties	**(117,037,824)**	(80,925,938)
Total net assets	**285,042,210**	335,044,347

7 MATERIAL PARTLY – OWNED SUBSIDIARIES (continued)

Summarised cash flow information for the year ended 31 December:

	2022	*2021*
	USD	*USD*
Operating	**(20,950,142)**	10,259,617
Investing	**(12,740,724)**	(27,686,651)
Financing	**36,498,122**	18,221,965
Net increase in cash and cash equivalents	**2,807,256**	794,931

8 DEVELOPMENT PROPERTIES

Movement during the year

	2022	*2021*
	USD	*USD*
At 1 January	**532,912,250**	540,884,596
Additions during the year	**12,242,907**	44,373,444
Less: transfer to property and equipment (Note 5)	**(2,076,436)**	(42,489,834)
Less: transfer to residential units inventory (Note 16)	**(888,694)**	(9,855,956)
At 31 December	**542,190,027**	532,912,250

During 2021, the Group completed the North Beach and Saraya Water Park of Saraya Aqaba project. Accordingly, part of the projects in progress were transferred to Property and Equipment and residential units' inventory.

9 ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	2022	*2021*
	USD	*USD*
Advances to contractors	**9,334,636**	8,386,295
Residential sales receivables	**3,497,715**	3,693,931
Tax under reconciliation	**4,889,421**	4,856,776
Account receivables – Hotels operations- net	**1,966,399**	1,256,181
Prepaid expenses	**857,157**	680,375
Accrued income	**8,330**	45,933
Others	**651,575**	487,168
	21,205,233	19,406,659

10 BANK BALANCES AND CASH

Cash and cash equivalents included in the consolidated statement of financial position are as follows:

	2022 USD	2021 USD
Cash on hand and current accounts at banks	**13,499,263**	18,575,100
Short-term deposits that mature within three months*	**161,774**	848,321
Cash and cash equivalents	**13,661,037**	19,423,421
Short-term deposits that mature after three months**	**7,553,849**	-
	21,214,886	19,423,421

* The short-term deposits mature within three months and earn interest rates that ranging between 0.5% to 1% (2021: 2% to 4.25%

** These deposits earn interest rates of 1.75% per annum and are due within six months from the date of the consolidated financial statements.

11 SHARE CAPITAL

	2022 USD	2021 USD
Issued and fully paid 862,187,187 shares of USD 1 each (2021: 862,187,187 shares of USD 1 each)	**862,187,187**	862,187,187

12 CONVERTIBLE NOTES

During 2013, Saraya Holdings Limited PLC (the “Issuer”) signed an agreement with Acanitt Limited (the “Subscriber”) to authorise the issuance of USD 770,000,000 senior, unsecured convertible-notes bearing interest at a rate of 7% per annum and convertible into new ordinary shares with a nominal value of USD 1 each in 2017. The Subscriber has agreed to purchase and subscribe for the notes in one or more tranches at any time over the two years period from the date of the agreement to the final closing date on 30 March 2015. The USD 770 Million were subscribed and received by the Issuer.

The notes are hybrid financial instrument and the option to convert is an embedded derivative. The carrying value of the notes on initial recognition is based on the net proceeds of issuance of the notes reduced by the fair value of the embedded derivatives and is subsequently carried at amortised cost.

The fair value of the liability component is estimated using the prevailing market interest rate at the date of issuance for similar non-convertible notes (7%). The difference between the proceeds of issue of the convertible notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity and is not remeasured. The prevailing market interest rate of 7% equal the interest rate on the notes. Accordingly, no equity component resulted from the transaction and total proceeds was recorded as a liability in the consolidated statement of financial position. Accrued interest expense on the notes for the year ended 31 December 2022 amounted to USD 54,831,662 (2021: USD 52,551,866) (Note 17).

On 18 January 2017, the noteholder exercised its conversion option and partially converted 257 Notes through issuance of an additional 305,285,866 shares amounting to USD 305,285,866 of additional paid up capital.

During 2017, the convertible notes were assigned to Eagle Hills International from Acanitt Limited. The maturity of the convertible notes was extended to 29 March 2020.

During 2020, the notes maturity dates were extended to the later of (a) 29 March 2021, and (b) the date of the 2020 annual general meeting of the Company.

In December 2020, the holders of the notes agreed to extend the maturity of the notes to March 2025. This extension was subsequently approved by the shareholders of the Company in the annual general meeting on 3 June 2021.

13 LOANS

	2022 *USD*	*2021* *USD*
Current portion	**7,196,107**	6,739,684
Non-current portion	**48,654,465**	46,991,254
	55,850,572	53,730,938

Saraya Al Abdali for real estate development

On 8 December 2016, the Group's subsidiary; Saraya Al Abdali for real estate development signed a syndicated loan agreement with Arab Bank Jordan as an agent for an amount of USD 60 million to finance the Company's project. Interest on the loan is calculated at banks' prime interest rate less a margin of 1.425% per annum. The price is adjusted every 6 months interest periods.
The company restructured the loan in December 2022, the loan is repayable in 12 semi-annual installments amounting to USD 3,598,054 for each installment, starting from 8 June 2023 the first repayment to 8 December 2029 the last repayment. The loan was fully utilised as of 31 December 2022.

The Group's subsidiary; Saraya Abdali for real estate development has pledged as a security for the loan, a legal, valid and enforceable first-degree real estate mortgage over the land plot, building and other secured property in relation to Saraya Abdali project in addition to the guarantee of Saraya Jordan Real Estate Development Group PSC.

Saraya Aqaba Real Estate Development PSC - Asdaf Al Aqaba hotel Company
On 4 January 2022, the Group's subsidiary; Asdaf Al Aqaba hotel Company signed a syndicated loan agreement with Capital Bank of Jordan as an agent of JD 25 million to finance part of the cost of completing the construction of the Westin Aqaba Hotel, guaranteed by mortgaging of the property to the favor of the loan agent .

Interest on the loan is calculated at banks' prime interest rate less a margin of 0.25% per annum adjusted at the beginning of each subsequent 6 months period.

The loan is repayable in 25 semi-annual instalments amounting to USD 1,410,437 million for each instalment, the first repayment fall due on 9 March 2025 and the last repayment will be on 9 March 2037.
The company utilized USD 5,477,814 of the loan as of 31 December 2022.

Principal instalments payable during the year 2023 and after are as follows:

Year	USD
2023	**7,196,107**
2024	**7,196,107**
2025	**10,016,981**
2026	**10,016,981**
2027 and after	**21,424,396**
	55,850,572

14 ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	2022 *USD*	*2021* *USD*
Trade payables	**14,486,103**	30,869,293
Accrued expenses	**21,938,357**	17,909,017
Deferred revenue	**2,854,346**	6,495,897
Retentions payable	**7,784,604**	7,157,969
Other payables	**3,766,565**	14,474,192
	50,829,975	76,906,368

15 RELATED PARTY TRANSACTIONS

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

a) Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2022	*2021*
	USD	*USD*
Shareholders		
Finance costs -Convertible notes (Notes 12, 17)	**54,831,662**	52,551,866

b) Balances with related parties included in the consolidated statement of financial position:

	2022	*2021*
	USD	*USD*
Due from a related party (Eagle Hills International Properties Jordan – Sister Company)	**1,999,396**	1,984,178
Marriot international	**-**	200,979
Total	**1,999,396**	2,185,157
Non-Current – shareholder		
Convertible notes – (Note 12)	**900,942,367**	846,110,705
Due to a related party (Eagle Hills International Properties – Sister Company)	**57,500**	57,500
Due to a related party (Eagle Hills Properties – Sister Company)	**53,063,310**	14,200,495
Total	**53,120,810**	14,257,995

c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2022	*2021*
	USD	*USD*
Salaries and benefits (including Board remuneration)	**60,000**	60,000

16 RESIDENTIAL UNITS INVENTORY

This item represents residential units inventory. Revenue is recognised when ownership is transferred to customers. During 2022, the Group's subsidiaries, Saraya Al Aqaba handed over residential units with total cost of USD 4,834,175 and Saraya Al Abdali handed over residential units with total cost of USD 1,516,075. (2021: the Group's subsidiary, Saraya Al Aqaba handed over residential units with total cost of USD 11,146,661 and Saraya Al Abdali handed over residential units with total cost of USD1,238,449 respectively).

The total cost of the handed over units is as follows:

	2022	*2021*
	USD	*USD*
Cost of sales - Residential units	**6,196,003**	12,105,206
Transfer and Registration Fees	**92,324**	229,216
Branding fee	**61,923**	50,688
	6,350,250	12,385,110

Details of residential units inventory as of 31 December are as follows:

	2022	*2021*
	USD	*USD*
Cost of residential units' inventory	**75,705,532**	85,950,047
Less: provision for impairment	**(33,487,813)**	(33,487,813)
	42,217,719	52,462,234

Movement on residential units' cost is as follows:

	2022	*2021*
	USD	*USD*
Balance as at 1 January	**85,950,047**	88,199,297
Transfers from development properties (Note 8)	**888,694**	9,855,956
Less: Transfers to property and equipment (Note 5)	**(4,937,206)**	-
Less: Cost of sold units	**(6,196,003)**	(12,105,206)
	75,705,532	85,950,047

17 FINANCE COSTS

	2022	*2021*
	USD	*USD*
Convertible notes' interest expense (Note 12)	**54,831,662**	52,551,866
Preference shares' interest expense	**298,215**	290,381
Loan's interest expense	**4,067,714**	4,141,757
Other finance cost	**531,656**	-
	59,729,247	56,984,004

18 RISK MANAGEMENT

Introduction

The Group manages risk through a process of ongoing identification and monitoring of the risks it faces. The Group in the normal course of business is exposed to interest rate risk, credit risk, liquidity risk and currency risk. The management is responsible for the overall risk management approach and for approving the risk strategies and principles.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, interest bearing loans and borrowings).

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's loss for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2022 and 2021

		Increase/decrease in basis points	*(Decrease) increase in loss for the year USD*
2022	**USD**	**+50**	**(241,484)**
	USD	**-50**	**241,484**
2021	USD	+50	(264,413)
	USD	-50	264,413

There is no impact on the Group's equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, accounts receivable, amounts due from related parties and certain other assets as reflected in the consolidated statement of financial position.

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks, and with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or a damage to the Group's reputation. In addition, the parent has agreed to provide financial support to the Group to meet its obligations as and when they fall due. Also, the Group limits its liquidity risk by ensuring bank facilities and funding from shareholders are available.

18 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2022

	Less than 3 months USD	***3 to 12 months USD***	***1 to 5 years USD***	***Total USD***
Convertible notes	-	-	**1,032,656,938**	**1,032,656,938**
Loans	-	**7,316,642**	**51,099,352**	**58,415,994**
Accounts payable and other current liabilities	**14,471,535**	**33,489,526**	**-**	**47,961,061**
Due to a related party	-	-	**53,120,810**	**53,120,810**
Total	**14,471,535**	**40,806,168**	**1,136,877,100**	**1,192,154,803**

At 31 December 2021

	Less than 3 months USD	***3 to 12 months USD***	***1 to 5 years USD***	***Total USD***
Convertible notes	-	-	1,032,656,938	1,032,656,938
Loan	-	7,136,140	49,766,434	56,902,574
Accounts payable and other current liabilities	30,869,293	39,541,178	-	70,410,471
Due to a related party	-	-	14,257,995	14,257,995
Total	30,869,293	46,677,318	1,096,681,367	1,174,227,978

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates. Most of the Group's transactions are in the US Dollar, Jordanian Dinar, United Arab Emirates Dirham and Omani Riyal.

The Jordanian Dinar exchange rate is pegged against the US Dollar (USD 1.41 for 1 JD).

The United Arab Emirates Dirham exchange rate is pegged against the US Dollar (USD 0.272 for 1 AED).

The Omani Riyal exchange rate is pegged against the US Dollar (USD 2.597 for 1 OMR).

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, balances due from a related party, accounts receivable and some other current assets.

Financial liabilities consist of accounts payable, convertible notes, balances due to a related party, syndicated loan and some other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

20 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. Capital comprises share capital, treasury shares, reserves and accumulated losses, and is measured at a deficit of USD 49,593,658 as at 31 December 2022 (2021: USD 25,308,837).

21 COMPARATIVE FIGURES

Some of 2021 balances were reclassified to correspond with those of 2022 presentation. The reclassification has no effect on the income statement and equity of the year 2021.