

Amlak Finance PJSC and its Subsidiaries

**REVIEW REPORT AND CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2023 (UNAUDITED)**

Amlak Finance PJSC and its Subsidiaries

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**The Board of Directors
Amlak Finance PJSC
Dubai
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Amlak PJSC, Dubai, United Arab Emirates** (the “Company”) and its **Subsidiaries** (together referred to as the “Group”) as at 30 September 2023, and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

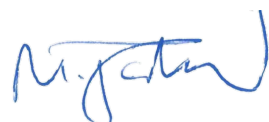
Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Mohammad Jallad
Registration No.: 1164
6 November 2023
Dubai
United Arab Emirates

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the nine month period ended 30 September 2023 (Unaudited)

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Income from Islamic financing and investing assets		29,466	29,694	88,151	96,917
Fee and commission income		505	1,109	1,984	3,320
Income from investment properties, net		46,008	(347)	87,394	3,829
Gain on debt settlement, net	11	19,698	137,767	173,939	318,040
Share of results of an associate	9	419	4,483	3,562	13,853
Other income	4	3,211	1,299	9,007	12,367
		99,307	174,005	364,037	448,326
Reversal of impairment, net		78,129	8,257	49,557	107,179
Amortisation of initial fair value gain on investment deposits	11	(8,551)	(16,377)	(30,804)	(44,017)
Operating expenses		(22,608)	(24,425)	(68,905)	(65,100)
PROFIT BEFORE DISTRIBUTION TO FINANCIERS / INVESTORS		146,277	141,460	313,885	446,388
Distribution to financiers / investors		(15,308)	(17,897)	(45,203)	(56,485)
PROFIT FOR THE PERIOD		130,969	123,563	268,682	389,903
Profit per share attributable to: Equity holders:					
Basic profit per share (AED)	3	0.086	0.082	0.178	0.259
Diluted profit per share (AED)	3	0.059	0.049	0.122	0.156

The attached notes 1 to 19 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the nine month period ended 30 September 2023 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Profit for the period	130,969	123,563	268,682	389,903
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(809)	(8,923)	(35,156)	(45,536)
Share of other comprehensive income/(loss) in an associate	1,074	(5)	1,074	3,351
Other comprehensive income/(loss) for the period	265	(8,928)	(34,082)	(42,185)
Total comprehensive income for the period	131,234	114,635	234,600	347,718

The attached notes 1 to 19 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

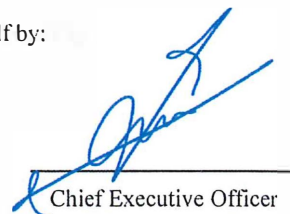
		30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
	Notes		
ASSETS			
Cash and balances with banks	5	214,830	255,696
Islamic financing and investing assets	6	1,285,609	1,419,904
Investment securities	7	5,708	7,397
Investment properties	8	1,375,779	1,347,043
Investment in an associate	9	213,026	222,132
Other assets		81,913	47,732
Furniture, fixtures and office equipment		9,959	11,120
		<u>3,186,824</u>	<u>3,311,024</u>
Asset held for sale	10	-	125,953
TOTAL ASSETS		<u>3,186,824</u>	<u>3,436,977</u>
LIABILITIES AND EQUITY			
Liabilities			
Investment deposits and other Islamic financing	11	1,244,102	1,670,602
Term Islamic financing		157,690	166,241
Employees' end of service benefits		4,636	4,306
Other liabilities		148,666	135,065
Total liabilities		<u>1,555,094</u>	<u>1,976,214</u>
Equity			
Share capital		1,500,000	1,500,000
Statutory reserve		276,229	276,229
General reserve	12	-	276,229
Special reserve		99,265	99,265
Mudaraba Instrument	13	82,871	107,624
Mudaraba Instrument reserve	13	311,562	404,627
Cumulative changes in fair value		5,287	4,213
Foreign currency translation reserve		(419,859)	(384,703)
Accumulated losses		(223,625)	(822,721)
Total equity		<u>1,631,730</u>	<u>1,460,763</u>
TOTAL LIABILITIES AND EQUITY		<u>3,186,824</u>	<u>3,436,977</u>

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial information present fairly in all material respects the financial position, financial performance and cash flows of the Group as of, and for the periods presented therein.

Approved by the Board of Directors on 6 November 2023 and signed on its behalf by:



Director



Chief Executive Officer

The attached notes 1 to 19 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2023 (Unaudited)

	<i>Nine months ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES		
Profit for the period	268,682	389,903
Adjustments for:		
Depreciation	1,156	2,213
Share of results of an associate	(3,562)	(13,853)
Impairment / (reversal of impairment) of financing and investing assets	2,469	(32,749)
Reversal of impairment of other assets	(2,151)	(1,457)
Reversal of provision on settlement of advance of investment properties	(50,000)	(50,000)
Fair value (gain) / loss on investment properties	(46,792)	9,150
Impairment / (release of impairment) on investment property	125	(22,973)
Amortisation of fair value gain on investment deposits	30,804	44,017
Gain on debt settlement	(173,939)	(318,039)
Distribution to financiers / investors	45,203	56,485
Income on deposits	(4,804)	(1,066)
Other income	(4,202)	-
Gain realised on sale of investment properties	(53,641)	(494)
Provision for employees' end of service benefit	853	1,223
Operating profit before changes in operating assets and liabilities:	10,201	62,360
Islamic financing and investing assets	241,061	305,361
Other assets	17,971	11,803
Other liabilities	38,940	28,008
Cash generated from operations	308,173	407,532
Employees' end of service benefit paid	(523)	(352)
Net cash generated from operating activities	307,650	407,180
INVESTING ACTIVITIES		
Dividend from an associate	12,637	13,131
Proceeds on sale of investment properties	183,656	11,967
Proceeds from disposal of investment securities	1,540	-
Movement in restricted cash	(11,731)	1,201
Proceeds from wakala deposits	2,718,425	1,800,000
Placement of wakala deposits	(2,824,052)	(1,682,500)
Purchase of furniture, fixtures and office equipment	(328)	(869)
Income on deposits	4,804	1,066
Net cash generated from investing activities	84,951	143,996
FINANCING ACTIVITIES		
Receipt of term Islamic financing	50,244	43,913
Repayment of term Islamic financing	(25,723)	(56,316)
Investment deposits and other Islamic financing	(370,934)	(424,806)
Redemption of Mudaraba instrument	(62,230)	(84,970)
Director's fee paid	(1,400)	(682)
Net cash used in financing activities	(410,043)	(522,861)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,442)	28,315
Foreign currency translation reserve	(35,156)	(45,536)
Cash and cash equivalents at the beginning of the period	143,136	79,020
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	90,538	61,799

The attached notes 1 to 19 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2023 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Special reserve AED'000</i>	<i>Mudaraba Instrument AED'000</i>	<i>Mudaraba Instrument reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Foreign currency translation reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
At 1 January 2023	1,500,000	276,229	276,229	99,265	107,624	404,627	4,213	(384,703)	(822,721)	1,460,763
Profit for the period	-	-	-	-	-	-	-	-	268,682	268,682
Other comprehensive Income/(loss) for the period	-	-	-	-	-	-	1,074	(35,156)	-	(34,082)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	1,074	(35,156)	268,682	234,600
Transfer from general reserves (note 12)	-	-	(276,229)	-	-	-	-	-	276,229	-
Debt settlement Adjustment (note 11)	-	-	-	-	(24,753)	(93,065)	-	-	-	(117,818)
Gain on debt settlement through equity (note 11)	-	-	-	-	-	-	-	-	55,585	55,585
Director's fee paid	-	-	-	-	-	-	-	-	(1,400)	(1,400)
At 30 September 2023	1,500,000	276,229	-	99,265	82,871	311,562	5,287	(419,859)	(223,625)	1,631,730

The attached notes 1 to 20 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2022 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Special reserve AED'000</i>	<i>Mudaraba Instrument AED'000</i>	<i>Mudaraba Instrument reserve AED'000</i>	<i>Cumulative changes in fair value AED'000</i>	<i>Foreign currency translation reserve AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
At 1 January 2022	1,500,000	228,614	228,614	99,265	155,567	584,867	862	(301,587)	(1,313,507)	1,182,695
Profit for the period	-	-	-	-	-	-	-	-	389,903	389,903
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	3,351	(45,536)	-	(42,185)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	3,351	(45,536)	389,903	347,718
Debt settlement Adjustment (note 11)	-	-	-	-	(43,574)	(163,817)	-	-	-	(207,391)
Gain on debt settlement through equity (note 11)	-	-	-	-	-	-	-	-	100,683	100,683
Director's fee paid	-	-	-	-	-	-	-	-	(682)	(682)
At 30 September 2022	1,500,000	228,614	228,614	99,265	111,993	421,050	4,213	(347,123)	(823,603)	1,423,023

The attached notes 1 to 20 form part of these condensed consolidated interim financial information.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited)

1 ACTIVITIES

Amlak Finance PJSC (the ‘Company’) was incorporated in Dubai, United Arab Emirates, on 11 November 2000 as a private shareholding company in accordance with UAE Federal Law No (8) of 1984, as amended. At the constituent shareholders meeting held on 9 March 2004, a resolution was passed to convert the Company to a Public Joint Stock Company. The Federal Law No. 2 of 2015, which is replaced by the UAE Federal law No. 32 of 2021 on Commercial Companies (“the New Companies Law”) which was issued on 20 September 2021 and has come into effect on 2 January 2022.

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in financing and investing activities based on structures such as Ijara, Murabaha, Mudaraba, Wakala and Musharaka. The activities of the Company are conducted in accordance with Islamic Sharia’a, which prohibits usury, and within the provisions of its Articles and Memorandum of Association

The registered address of the Company is P.O. Box 2441, Dubai, United Arab Emirates.

The condensed consolidated interim financial information comprises of the financial information of Amlak Finance PJSC and its subsidiaries (the “Group”). The principal activities of the subsidiaries are the same as those of the parent company. The extent of the Group’s shareholding in the subsidiaries is as follows:

Company	Basis for consolidation	Country of incorporation	Percentage of shareholding	
			30 September 2023	31 December 2022
Amlak Finance Egypt Company (S.A.E.)	Subsidiary	Egypt	100%	100%
Amlak Sky Gardens LLC	Subsidiary	UAE	100%	100%
Amlak Holding Limited	Subsidiary	UAE	100%	100%
Warqa Heights LLC	Subsidiary	UAE	100%	100%
Amlak Capital LLC	Subsidiary	UAE	100%	100%
Amlak Property Investment LLC	Subsidiary	UAE	100%	100%
Amlak Limited	Subsidiary	UAE	100%	100%
Amlak Nasr City Real Estate Investment LLC	Subsidiary	Egypt	100%	100%

2 ACCOUNTING POLICIES

2.1 ASSESSMENT OF GOING CONCERN ASSUMPTION

Due to the shrinking of the financing assets portfolio, the Group has reported a decline in financing income. The Group has inventory of investment properties and other investments outside the UAE which are required to be disposed of by December 2023 to continue to remain compliant with the Finance Companies Regulations. Continued delinquencies in the financing assets portfolio also poses a future risk to generate sufficient cashflow to meet the repayment obligation of financiers.

The Group’s management has taken several steps to address the situation including the following:

- Debt settlement auctions undertaken throughout the period generated a profit of AED 174 million (30 September 2022 AED 318 million) during nine month period ended 30 September 2023.
- Exploring different options to address investments in order to remain compliant with regulations.
- The Company entered into negotiations with financiers of the Company in order to exit from the Common Term Agreement for restructuring. If the Company succeeds in its negotiations, it will provide an opportunity for business development and further growth.

Management has witnessed an increased demand for certain properties within the Group’s investment property portfolio and expects this to continue throughout 2023 given the various government initiatives being implemented. These realisations will ultimately contribute to profitability of the Group.

The Central Bank (CB) in its examination report pointed out that, growing the financing assets is critical, without which Amlak may not generate sufficient cash flows in future to meet financiers obligations. Further, the company is not competitive with other banks in terms of pricing the financing portfolio and has a significant inventory of real estate assets which may pose a risk on the company to become non-compliant with the Finance Companies Regulations.

Management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared these consolidated financial information on a going concern basis.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

2 ACCOUNTING POLICIES (continued)

2.2 BASIS OF PREPARATION

The condensed consolidated interim financial information of Amlak Finance PJSC and its subsidiaries (the “Group”) are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the financial statements for the year ended 31 December 2022.

The condensed consolidated interim financial information does not include all the information or disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, results for the nine month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The condensed consolidated interim financial information is prepared under the historical cost convention modified to include the measurement at fair value of investments at FVOCI, investment properties and advance for investment properties.

The condensed consolidated interim financial information has been presented in UAE Dirhams (AED) and all values are rounded to the nearest thousand (AED’000) except when otherwise indicated.

No income of seasonal nature was recorded in the condensed consolidated interim statement of income for nine month periods ended 30 September 2023 and 30 September 2022.

2.3 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

2.3.1 New and revised IFRSs applied on the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed consolidated interim financial information. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 8 *Accounting policies, Changes in accounting estimates and errors*;
- Amendments to IAS 1 *Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current*; and
- Amendment to IFRS 17 *Insurance contracts*.

2.3.2 New and revised IFRS issue but not yet effective

The Group has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	1 January 2024
IFRS S2 <i>Climate-related Disclosures</i>	1 January 2024
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

2 ACCOUNTING POLICIES (continued)

2.4 RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2022.

3 BASIC AND DILUTED PROFIT PER SHARE

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>	<i>2023 (Unaudited)</i>	<i>2022 (Unaudited)</i>
Profit for the period attributable to equity holders of the parent net of Directors' fee (AED'000)	129,569	122,881	267,282	389,221
Weighted average number of shares for basic EPS (in thousands)*	1,500,000	1,500,000	1,500,000	1,500,000
Effect of dilution:				
Mudaraba Instrument	686,414	996,202	686,414	996,202
Weighted average number of ordinary shares adjusted for the effect of dilution	2,186,414	2,496,202	2,186,414	2,496,202
Attributable to equity holders of the Parent:				
Basic profit per share (AED)	0.086	0.082	0.178	0.259
Diluted profit per share (AED)	0.059	0.049	0.122	0.156

4 OTHER INCOME

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>30 September 2022 AED'000 (Unaudited)</i>
Income on deposits and saving accounts	4,804	1,066
Gain on initial recognition of repossessed properties	2,826	4,082
Reversal of liabilities no longer payable	326	4,760
Others	1,051	2,459
	9,007	12,367

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

5 CASH AND BALANCES WITH BANKS

		30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Cash on hand		58	58
Balances with banks	(note 5.3)	90,481	143,078
Deposits with banks		124,291	112,560
		<u>214,830</u>	<u>255,696</u>
Cash and balances with banks		214,830	255,696
Less: Restricted cash and deposits			
Regulatory deposit with no maturity	(note 5.1)	(35,000)	(35,000)
Restricted cash	(note 5.2)	(89,292)	(77,560)
		<u>90,538</u>	<u>143,136</u>
Cash and cash equivalents		<u>90,538</u>	<u>143,136</u>

5.1 Represents deposits with a local bank under lien to the Central Bank of UAE in accordance with Central Bank regulations for licensing.

5.2 At period ended 30 September 2023, the Group reported AED 89 million (31 December 2022: AED 78 million) of restricted cash. This represents the Group's share of the cash held and controlled by a joint venture (Note 8).

5.3 Includes AED 15 million (31 December 2022, AED 7 million) balance with banks in subsidiaries outside UAE.

6 ISLAMIC FINANCING AND INVESTING ASSETS

		30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
<i>Financing assets:</i>			
Ijarah		989,694	1,275,983
Forward Ijarah		43,353	116,459
Shirkatul Milk		1,483	4,914
Real estate Murabaha		12	107
Others		68,527	54,617
		<u>1,103,069</u>	<u>1,452,080</u>
Allowance for impairment		(295,088)	(404,176)
Total financing assets		<u>807,981</u>	<u>1,047,904</u>
<i>Investing assets:</i>			
Wakala		477,628	372,000
Total investing assets		<u>477,628</u>	<u>372,000</u>
		<u>1,285,609</u>	<u>1,419,904</u>

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

6 ISLAMIC FINANCING AND INVESTING ASSETS (continued)

The movement in the allowance for impairment is as follows:

Islamic Financing and investing assets and undrawn irrevocable commitments.

	30 September 2023 AED'000 ECL (Unaudited)	31 December 2022 AED'000 ECL (Audited)
Balance at 1 January	404,176	572,759
Charge / (reversal) for impairment made during the period/ year	8,426	(19,928)
Write back / recoveries made during the period/ year	(4,802)	(8,270)
	3,624	(28,198)
Amounts written off during the period/year	(112,344)	(140,182)
Exchange and other adjustments	(368)	(203)
Closing balance	295,088	404,176

6.1 Carrying value of exposures by stage.

30 September 2023 (Unaudited)

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	527,998	238,031	337,040	1,103,069
Expected Credit Losses	(12,787)	(19,595)	(262,706)	(295,088)
	515,211	218,436	74,334	807,981

31 December 2022 (Audited)

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross Exposure	658,311	235,890	557,879	1,452,080
Expected Credit Losses	(17,437)	(21,624)	(365,115)	(404,176)
	640,874	214,266	192,764	1,047,904

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

7 INVESTMENT SECURITIES

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Equities (FVOCI)	<u>5,708</u>	<u>7,397</u>

30 September 2023 (Unaudited)

	Total AED'000	<u>Investments carried at fair value</u>		
	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Equities (FVOCI)	<u>5,708</u>	<u>-</u>	<u>-</u>	<u>5,708</u>

31 December 2022 (Audited)

	Total AED'000	<u>Investments carried at fair value</u>		
	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Equities (FVOCI)	<u>7,397</u>	<u>-</u>	<u>-</u>	<u>7,397</u>

There were no transfers of securities between the Level 1 and Level 2 categories of the fair value hierarchy in the current and prior periods.

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

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Balance at 1 January	7,397	7,824
Disposal during the year	(1,540)	-
Exchange movement	(149)	(427)
	<u>5,708</u>	<u>7,397</u>

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

8 INVESTMENT PROPERTIES

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At 1 January	1,347,043	1,558,830
Additions during the period/year	34,373	137,312
Disposals during the period/year	(52,304)	(18,564)
Fair value gain / (loss) on investment properties	46,792	(11,149)
Investment properties exchanged in debt settlement	-	(147,595)
Investment properties transferred to held for sale	-	(125,953)
Foreign exchange fluctuation	-	(73,478)
(Charge) / reversal of provision on foreclosed properties	(125)	27,640
At period/year end	1,375,779	1,347,043

Investment properties consist of land, villas and units in buildings held for lease or sale. In accordance with its accounting policy, the Group carries investment properties at fair value.

The fair values of the properties are based on valuations performed at quarter end by independent professionally qualified valuers who hold a recognised relevant professional qualification and have relevant experience in the locations and segments of the investment properties valued. The valuation model used is in accordance with that recommended by the Royal Institute of Chartered Surveyors.

All investment properties are located within the UAE. Except for investment properties in a joint venture, investment properties are categorized as Level 3 for fair value measurement as they have been derived using the comparable price approach based on comparable transactions for similar properties. Sales prices of comparable properties in proximity are adjusted for differences in the key attributes such as property size and location. The most significant input into this valuation approach is the estimated price per square foot for each given location. There were no transfers into or out of the Level 3 category during the year.

Valuation technique used for investment properties in the joint venture -Warqa Garden Project – has been derived using the comparable price approach based on comparable transactions for similar properties. Inputs used by valuator include sale price range from AED 80 to AED 100 per sq ft for GFA for mixed use plots, It have been adopted a rate of AED100 per sq ft of GFA for the mixed use and residential plots for Warqa Garden Project , For the School and Showroom plots, it have been adopted a premium rate of AED250 and AED300 per sq ft, respectively.

As at 30 September 2023, investment properties having fair value of AED 537 million (31 December 2022: AED 544 million) are mortgaged / assigned in favor of the security agent as part of the restructuring.

	30 September 2023 AED'000 (Unaudited)	30 September 2022 AED'000 (Unaudited)
Rental income derived from investment properties	13,096	12,485
Direct operating expenses (including repairs and maintenance) generating rental income	(7,198)	(10,591)
Profit rising from investment properties carried at fair value	5,898	1,894

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

8 INVESTMENT PROPERTIES (continued)

On 1 October 2014, the Group entered into a joint venture agreement with another party to develop a jointly owned plot of land in Nad Al Hammar. Amlak Finance PJSC acquired a 50% interest in Al Warqa Gardens LLC, a jointly controlled entity to develop a jointly owned plot of land in Nad Al Hammar. The Group has a 50% share in the assets, liabilities, revenue and expenses of the joint venture and accordingly under IFRS 11 it is deemed to be a jointly controlled operation. As the land is under development with a view to disposal in the market, it has been treated as property under development with an initial cost equal to its fair value at the time of transfer from investment property portfolio for AED 330 million. Subsequent expenditure to develop the land for resale is included in the cost of the property. The cash held by the joint venture is restricted, given that it is contractually committed to the development of the land under the joint venture agreement. The Group's share of this restricted cash balance at 30 September 2023 is AED 89 million (31 December 2022: AED 78 million) (note 5).

The following items represent the Group's interest in the assets, liabilities, revenue and expenses of the joint operation after elimination of intercompany transactions:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Investment properties	224,594	232,428
Cash and balances with banks (Note 5)	89,292	77,560
Other assets – receivables	33,413	3,401
Deferred income and other liabilities	(15,587)	(11,063)
Net Assets	331,712	302,326
	30 September 2023 AED'000 (Unaudited)	30 September 2022 AED'000 (Unaudited)
Gain on sale of investment properties in joint operation-net of cost	2,363	-
Operating expenses	(2,034)	(620)
Income on deposits	2,134	518
Other income	-	1,409
Profit for the period	2,463	1,307

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

9 INVESTMENT IN AN ASSOCIATE

Amlak International for Real Estate Finance Company Saudi Arabia (AIRE) is Saudi joint stock company established to provide real estate finance under Saudi Central Bank (SAMA) regulations.

	Percentage holding		30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
	2023	2022		
Amlak International for Real Estate Finance Company, Saudi Arabia (AIRE)	18.35%	18.35%	213,026	222,132
			30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Assets			3,479,711	3,365,565
Liabilities			(2,320,843)	(2,166,865)
Equity			1,158,868	1,198,700
Group's carrying amount of the investment			213,026	222,132
Revenue			211,283	285,464
Profit for the period/year			19,412	94,941
Group's share of profit for the period/year			3,562	17,422

10 ASSETS HELD FOR SALE

Asset held for sale includes a plot of land with total area of 42,676.39 sqm in Egypt owned by the Group's 100% subsidiary and was reclassified from investment properties in year 2022 based on management decision to sell it and it was measured at the lower of carrying amount and fair value less costs to sell. During the period ended 30 September 2023 the Group sold the plot and recorded a profit of AED 23million on the transaction. All sale proceeds were received in September 2023 by an Egyptian subsidiary.

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At 1 January	125,953	-
Transferred from investment property	-	125,953
Foreign exchange loss during period	(25,014)	-
Disposal during the period	(100,939)	-
At period / year end	-	125,953

The subsidiary purchased this asset in 2008 with financial support from the Group under a contract to repay the amount upon sale of asset. Due to currency devaluations, the Group has built up a foreign currency translation reserve of AED 333million on the subsidiary net investment over the years.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

11 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING

	<i>Frequency of instalments</i>	<i>Final instalment date</i>	<i>Profit rate</i>	30 September 2023 <i>AED'000</i> (Unaudited)	31 December 2022 <i>AED'000</i> (Audited)
Purchase price payable	Monthly	25 October 2026	2%	1,328,456	1,815,051
				1,328,456	1,815,051
Unamortised fair value adjustment (note 11.1)				(84,354)	(144,449)
				1,244,102	1,670,602

Investments deposits and other Islamic financing are secured against assignment and mortgages over the Group's investment properties located in UAE (note 8), assignment of insurance, pledge over bank accounts (note 5), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of financiers.

11.1 Unamortised fair value adjustment

	30 September 2023 <i>AED'000</i> (Unaudited)	31 December 2022 <i>AED'000</i> (Audited)
At 1 January	144,449	275,729
Amortisation charged for the period / year - regular	(30,804)	(54,758)
Amortisation charged for the period / year - debt settlement	(29,291)	(76,522)
	84,354	144,449

The nature of the Company's deposits was significantly changed due to the restructuring undertaken in 2014, resulting in a fixed obligation to be paid to the Commercial Financiers and Liquidity Support Providers. In accordance with IFRS, due to the substantial changes in the terms of the investment deposits through the restructuring, a fair valuation assessment of the restructured obligations was performed based on the net present value of the contracted cash flows. As at 25 November 2014, the restructured obligations were initially recognised at fair value in the statement of financial position giving rise to AED 911 million of fair value gain which was recorded in the consolidated statement of income.

In September 2020, the Company again undertook restructuring of deposits of Commercial financiers; the face value of the restructured fixed obligations at period end is AED 4,219 million. Upon revised restructuring, repayment behaviour was significantly changed resulting into scheduled and non-scheduled instalment payments linked to sale of certain investment properties.

The fair value adjustment is calculated using the original effective profit rate of 4.89%. The cumulative value of fair value gain amortised till to 30 June 2020 was AED 627 million (31 December 2019: AED 584 million) giving a residual fair value gain of AED 284 million as at 30 June 2020 (31 December 2019: AED 328 million). However, upon restructuring in 2020, this residual fair value gain as at 30 June 2020 was increased to AED 497 million which will be fully reversed out over the repayment period till October 2026, with a resulting charge to the consolidated statement of income each year.

The obligations are subsequently to be measured at amortised cost using the effective finance rate method.

Restructured investment deposits and other Islamic financing are secured against assignment and mortgage over the Group's investment properties located in UAE (note 8), assignment of insurances, pledge over bank accounts (note 5), assignment of rights to receive payments in connection with the Islamic financing and investing assets portfolio and corporate guarantees of the Group's subsidiaries. Securities offered would be held by a security agent on behalf of the financiers.

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

11 INVESTMENT DEPOSITS AND OTHER ISLAMIC FINANCING (continued)

11.2 DEBT SETTLEMENT

Based on the revised Common Terms Agreement (CTA) with financiers, the Group conducted debt settlement auctions through cash during the period ended 30 September 2023.

For the debt settlement through cash, a cash consideration of AED 265 million (30 September 2022: AED 383 million) was offered to financiers against settlement of their exposures and certain financiers settled their exposure of AED 531 million (30 September 2022: AED 782 million) which included investment deposits of AED 406 million (30 September 2022: AED 608 million), Mudaraba Instrument of AED 118 million (30 September 2022: cash AED 166 million & swap AED 42million) and profit in kind of AED 7 million.(30 September 2022: AED 8 million). As a result of this settlement, the Group has recorded a gain of AED 174 million (30 September 2022: cash AED 255 million & swap AED 63 million) in statement of profit or loss after netting of amortization of fair value adjustment on restructuring amounting to AED 29 million (30 September 2022: cash AED 55 million & swap AED 15 million) and recorded a gain of AED 56 million (30 September 2022: cash AED 81 million & swap AED 20 million) related to Mudaraba instrument, in statement of changes in equity.

12 GENERAL RESERVE

Shareholders in AGM dated 18 April 2023 resolved to transfer balance of the General Reserve amounting to AED 276 million to offset the accumulated losses partially, accordingly the Company has transferred the entire balance of AED 276million to accumulated losses during the period ended 30 September 2023.

13 MUDARABA INSTRUMENT

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Mudaraba Instrument (nominal value)	394,433	512,251
Mudaraba Instrument Reserve	(311,562)	(404,627)
Mudaraba Instrument (carrying value)	82,871	107,624

On 25 November 2014, a Mudaraba Instrument of AED 1,300 million with a maturity in November 2026 was issued through a special purpose vehicle owned by the Group. On maturity, the Mudaraba Instrument to the extent it is not redeemed, will mandatorily convert into ordinary shares of the Company with the face value of AED 1 each.

The Mudaraba Instrument at the time of issue comprised:

1. Face Value of AED 1,300 million.
2. An expected profit rate of 1% per annum on the outstanding balance each year, payable as profit in kind ("PIK") which the Company can elect to make distributions in cash or in the form of shares.
3. A contingent issuance of upto 500 million shares applicable only to the extent the Mudaraba Instrument remains outstanding at maturity. The number of contingent shares to be issued is prorated with the amount of Mudaraba Instrument remaining outstanding.

As the Mudaraba Instrument is redeemed, there will be a proportionate reduction in the contingent share issuance due.

The Mudaraba Instrument was recorded at fair value at the time of issuance. The difference between the fair value of the Mudaraba Instrument and the carrying value of the deposits it replaced of AED 1,027 million was recorded as a gain in the 2014 income statement as required by IFRS. Subsequent to initial recognition, the carrying value of the Mudaraba Instrument will not be re-measured. The fair value gain of AED 1,027 million on initial recognition of the Mudaraba Instrument was transferred from accumulated losses to the Mudaraba Instrument reserve. This reserve will be utilized in the event of any repayment of the Mudaraba Instrument or on issue of shares in the Company on maturity of the Mudaraba Instrument. Any difference between the par value of shares issued on conversion and the carrying value of the Mudaraba Instrument and Mudaraba Instrument reserve will be posted to retained earnings / accumulated losses.

13 MUDARABA INSTRUMENT (continued)

The fair value of the Mudaraba Instrument was determined based on management's best estimate of the expected cash flows that will arise, discounted at the Company's cost of equity. For this purpose, management assumed that the Mudaraba Instrument will be redeemed, in full, in year 12 and the PIK charge for the 12 year period will be settled on the same date.

The fair value of the Mudaraba Instrument was calculated using a cost of equity of 14.96% calculated under the Capital Assets Pricing Model wherein the risk-free return was based on UAE Government's long term bond; levered beta was based on comparable company's beta within similar businesses and a market risk premium was based on current market conditions which reflects the additional expected return over a risk free investment.

On 12 August 2015, the Board of Directors of the Company voluntarily opted to redeem AED 200 million against the Mudaraba Instrument which has reduced the Mudaraba Instrument and Mudaraba Instrument reserve by AED 42 million and 158 million respectively. The Company also paid AED 9 million in 2015, in respect of PIK charge falling due as a consequence of the repayment of the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the date of restructuring to the date of redemption. This charge was recorded in accumulated losses in equity.

On 23 November 2017, the Board of Directors of the Company voluntarily opted to redeem AED 75 million against the Mudaraba Instrument which has reduced the Mudaraba Instrument and Mudaraba Instrument reserve by AED 16 million and AED 59 million respectively. The Company also paid AED 25 million in 2017, in respect of PIK (profit) as a consequence of the redemption of the capital under the Mudaraba Instrument with the amount being 1% of the outstanding Mudaraba Instrument from the 1st redemption date to the 2nd redemption date. This charge was recorded in accumulated losses in equity.

During the period ended 30 September 2023 the Group redeemed Mudaraba instrument in the value of AED 118 million (year ended 31 December 2022: AED 228 million) through the debt settlement mechanism (note 11).

At 30 September 2023, the maximum number of shares which may convert under the instrument are 581 million (31 December 2022: 755 million).

14 SEGMENTAL INFORMATION

For management purposes, the Group is organised into three business segments, real estate finance (comprising of financing and investing activities), real estate investment (comprising of property transactions), corporate finance investment (comprising of corporate finance investment).

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and assessment of performance.

Operating segments:

The Group's revenues and expenses for each segment for the nine month period ended 30 September are as follows:

30 September 2023 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income	240,149	92,313	31,575	364,037
Allowances for impairment	(1,707)	51,031	233	49,557
Amortisation of initial fair value gain on deposits	(17,108)	(9,850)	(3,846)	(30,804)
Expenses (including allocated expenses)	(35,319)	(23,930)	(9,656)	(68,905)
Distribution to financiers/investors	(13,918)	(8,013)	(23,272)	(45,203)
Profit/(loss) for the period	172,097	101,551	(4,966)	268,682

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

14 SEGMENTAL INFORMATION (continued)

30 September 2022 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Operating income / (loss)	413,563	(9,337)	44,100	448,326
Release of allowances for impairment	56,201	51,479	(501)	107,179
Amortisation of initial fair value gain on deposits	(19,012)	(18,881)	(6,124)	(44,017)
Expenses (including allocated expenses)	(36,143)	(16,405)	(12,552)	(65,100)
Distribution to financiers/investors	(24,397)	(24,229)	(7,859)	(56,485)
Profit / (loss) for the period	<u>390,212</u>	<u>(17,373)</u>	<u>17,064</u>	<u>389,903</u>

Segment assets and liabilities:

The following table presents segment assets and liabilities of the Group as at 30 September 2023 and 31 December 2022:

30 September 2023 (Unaudited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>1,219,124</u>	<u>1,546,547</u>	<u>421,153</u>	<u>3,186,824</u>
Segment liabilities	<u>1,308,230</u>	<u>65,606</u>	<u>181,258</u>	<u>1,555,094</u>

31 December 2022 (Audited):

	<i>Real Estate Finance AED'000</i>	<i>Real Estate Investment AED'000</i>	<i>Corporate Finance Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	<u>1,523,640</u>	<u>1,474,812</u>	<u>438,525</u>	<u>3,436,977</u>
Segment liabilities	<u>1,760,079</u>	<u>32,631</u>	<u>183,504</u>	<u>1,976,214</u>

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. The pricing policies and terms of these transactions are approved by the Group's management. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties:

Balances with related parties included in the consolidated statement of financial position are as follows:

30 September 2023 (Unaudited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Investment deposits	<u>47,998</u>	<u>-</u>	<u>60,538</u>	<u>108,536</u>
Other liabilities	<u>16</u>	<u>-</u>	<u>20</u>	<u>36</u>

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For the nine month period ended 30 September 2023 (Unaudited) (continued)

15 RELATED PARTY TRANSACTIONS (continued)

31 December 2022 (Audited):

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Islamic financing and investing assets	-	315	-	315
Investment deposits	55,524	-	121,416	176,940
Other liabilities	22	-	47	69
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Transactions with related parties included in the statement of income are as follows:

30 September 2023 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	1	-	1
Distribution to financiers / investors	755	-	1,208	1,963

30 September 2022 (Unaudited)

	<i>Major shareholders AED'000</i>	<i>Directors and senior management AED'000</i>	<i>Other related parties AED'000</i>	<i>Total AED'000</i>
Income from Islamic financing and investing assets	-	23	-	23
Distribution to financiers / investors	1,465	-	1,913	3,378

Compensation of key management personnel

The compensation paid to key management personnel of the Group is as follows:

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>30 September 2022 AED'000 (Unaudited)</i>
Salaries and other benefits	11,358	10,053
Employee termination benefits	43	133
	<u> </u>	<u> </u>
	<u>11,401</u>	<u>10,186</u>

Amlak Finance PJSC and its Subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

16 COMMITMENTS AND CONTINGENCIES

Commitments

		30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
	<i>Notes</i>		
Irrevocable commitments to advance financing	16.1	7,000	7,000

16.1 Credit-related commitments include commitments to extend facilities designed to meet the requirements of the Group's customers. Commitments generally have fixed expiration dates, or other termination clauses, and normally require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

Contingencies

The Group is engaged in certain litigation proceedings in the United Arab Emirates, involving claims by and against it, mainly in respect of certain sale and financing transactions. The Group is defending these cases and, based on legal counsel advice received, believes it is less than probable that such actions taken by counter parties would succeed, a provision of AED 18 million (2022: AED 18 million) that has been made.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine month period ended 30 September 2023 (Unaudited) (continued)

17 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity analysis of assets, liabilities and off balance sheet items is analysed according to when they are expected to be recovered, settled or sold. The values presented in this table include the impact of fair value adjustment as per the statement of financial position and excludes profit not yet due at the period end.

At 30 September 2023 (Unaudited)

	<i>Up to 1 year</i>							
	<i>Less than 3 months AED'000</i>	<i>3 months to 6 months AED'000</i>	<i>6 months to 1 year AED'000</i>	<i>Total up to 1 year AED'000</i>	<i>1 year to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Items with no maturity AED'000</i>	<i>Total AED'000</i>
Assets								
Cash and balances with banks	90,538	-	-	90,538	89,292	-	35,000	214,830
Islamic financing and investing assets	433,492	53,379	41,774	528,645	362,488	394,476	-	1,285,609
Investment securities	-	-	5,708	5,708	-	-	-	5,708
Investment properties	8,101	8,075	92,318	108,494	1,267,285	-	-	1,375,779
Investments in an associate	-	-	-	-	213,026	-	-	213,026
Other assets	6,465	16,305	39,660	62,430	19,483	-	-	81,913
Furniture, fixture, and office equipment	-	-	-	-	-	-	9,959	9,959
Total assets	538,596	77,759	179,460	795,815	1,951,574	394,476	44,959	3,186,824
Liabilities								
Investment deposits and other Islamic financing	21,610	21,610	43,221	86,441	1,157,661	-	-	1,244,102
Term Islamic financing	6,639	7,865	14,271	28,775	102,589	26,326	-	157,690
Employees' end of service benefits	-	-	-	-	-	-	4,636	4,636
Other liabilities	20,250	18,235	96,369	134,854	13,812	-	-	148,666
Total liabilities	48,499	47,710	153,861	250,070	1,274,062	26,326	4,636	1,555,094
Commitments	-	7,000	-	7,000	-	-	-	7,000
Net liquidity gap	490,097	23,049	25,599	538,745	677,512	368,150	40,323	1,624,730
Cumulative net liquidity gap	490,097	513,146	538,745	538,745	1,216,257	1,584,407	1,624,730	1,624,730

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For the nine month period ended 30 September 2023 (Unaudited) (continued)

17 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

31 December 2022

	Up to 1 year			Total up to 1 year	1 year to 5 years	Over 5 years	Items with no maturity	Total
	Less than 3 months AED '000	3 months to 6 months AED '000	6 months to 1 year AED '000	up to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	no maturity AED '000	Total AED '000
Assets								
Cash and balances with banks	143,136	-	-	143,136	77,560	-	35,000	255,696
Islamic financing and investing assets	358,697	30,982	60,743	450,422	399,034	570,448	-	1,419,904
Investment securities	-	-	7,397	7,397	-	-	-	7,397
Investment properties	4,250	7,400	88,945	100,595	1,246,448	-	-	1,347,043
Assets held for sale	-	-	125,953	125,953	-	-	-	125,953
Investment in an associate	-	-	-	-	222,132	-	-	222,132
Other assets	6,095	12,744	14,316	33,155	14,577	-	-	47,732
Furniture, fixture and office equipment	-	-	-	-	-	-	11,120	11,120
Total assets	512,178	51,126	297,354	860,658	1,959,751	570,448	46,120	3,436,977
Liabilities								
Investment deposits and other Islamic financing	27,581	27,581	55,162	110,324	1,560,278	-	-	1,670,602
Term Islamic financing	6,992	6,477	12,727	26,196	61,645	78,400	-	166,241
Employees' end of service benefits	-	-	-	-	-	-	4,306	4,306
Other liabilities	25,871	17,646	54,091	97,608	37,457	-	-	135,065
Total liabilities	60,444	51,704	121,980	234,128	1,659,380	78,400	4,306	1,976,214
Commitments	-	7,000	-	7,000	-	-	-	7,000
Net liquidity gap	451,734	(7,578)	175,374	619,530	300,371	492,048	41,814	1,453,763
Cumulative net liquidity gap	451,734	444,156	619,530	619,530	919,901	1,411,949	1,453,763	1,453,763

18 COMPARATIVE INFORMATION

Certain comparative amounts in the condensed consolidate interim financial information and notes to the condense consolidate interim financial information have been adjusted to conform with current period presentation.

19 CORPORATE INCOME TAX

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MOF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 September 2023. The CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold.

As the Group’s accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

As per the Group’s assessment, there is no deferred tax impact on account of the CT Law in the interim financial statements for the period ended 30 September 2023. The Group will continue to assess the possible impact of the CT Law on the Group consolidated financial statements, from current and deferred tax perspective, based on clarifications and guidance on the implementation of CT Law.