

FIVE Holdings (BVI) Limited and its subsidiaries

**Interim condensed consolidated financial statements
for the three-month period ended 31 March 2024
(unaudited)**

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated financial statements for the three-month period ended 31 March 2024

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Review report on interim condensed consolidated financial statements to the board of directors of FIVE Holdings (BVI) Limited

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of FIVE Holdings (BVI) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 31 March 2024 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers Limited Partnership Dubai Branch
Dubai, United Arab Emirates
24 May 2024

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of financial position

	Note	As at	
		31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	8,404,884	8,299,985
Intangible assets	4	890,872	892,366
Right-of-use assets	5	185,090	251,363
Other assets	6	-	2,027
		9,480,846	9,445,741
Current assets			
Trade and other receivables	7	444,752	571,335
Prepayments	8	56,663	56,342
Inventories		29,218	27,374
Property held for development and sale	9	54,535	-
Bank deposits	10	75,228	117,962
Cash and cash equivalents	10	367,644	613,779
		1,028,040	1,386,792
Total assets		10,508,886	10,832,533
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to Owner of FIVE Holdings (BVI) Limited			
Share capital		-	-
Contributed capital		252,913	252,913
Statutory reserve		2,238	2,238
Revaluation reserve		4,815,057	4,855,611
Foreign currency translation reserve		20,396	83,678
Retained earnings		1,138,227	1,166,075
		6,228,831	6,360,515
Non-controlling interests		30,048	28,848
Total equity		6,258,879	6,389,363
LIABILITIES			
Non-current liabilities			
Lease liabilities	5	170,934	224,464
Trade and other payables	11	45,733	34,119
Borrowings	12	1,462,892	1,431,873
Retention payables		3,710	37,081
Provision for employees' end of service benefits		16,242	14,074
Deferred tax liabilities	14	281,746	264,267
Finance liabilities	15	760,156	583,024
Deferred gain	16	712,280	445,769
		3,453,693	3,034,671
Current liabilities			
Lease liabilities	5	25,285	34,893
Due to related parties	17	1,259	7,783
Trade and other payables	11	284,544	766,410
Borrowings	12	3,183	191,151
Retention payables		35,348	257
Contract liabilities	13	157,465	214,578
Current tax liabilities		12,195	7,549
Finance liabilities	15	151,173	109,433
Deferred gain	16	125,862	76,445
		796,314	1,408,499
Total liabilities		4,250,007	4,443,170
Total equity and liabilities		10,508,886	10,832,533

These interim condensed consolidated financial statements were approved by the Board of Directors on 24 May 2024 and signed on behalf of the Board of FIVE Holdings (BVI) Limited by:

Kalyan M. Chandani
Chairman

The notes on pages 6 to 30 form an integral part of these interim condensed consolidated financial statements

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of comprehensive income

	Note	Three- month period ended 31st March	
		2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Revenue	18	355,216	406,420
Cost of sales	19	(162,323)	(159,151)
Depreciation and amortisation	3,4 & 5	(60,744)	(53,433)
Gross profit		132,149	193,836
General and administrative expenses	20	(80,348)	(52,101)
Selling and marketing expenses	21	(20,259)	(27,155)
Other income	22	7,975	1,119
Operating profit		39,517	115,699
Finance income	23	5,224	4,847
Finance cost	23	(52,804)	(26,478)
Finance cost - net	23	(47,580)	(21,631)
(Loss)/ profit before income tax		(8,063)	94,068
Income tax benefit	24	4,342	-
(Loss)/ profit for the period		(3,721)	94,068
(Loss)/ profit for the period attributable to:			
Owner of FIVE Holdings (BVI) Limited		(4,921)	93,499
Non-controlling interests		1,200	569
		(3,721)	94,068
Basic and diluted earnings/ loss per share attributable to the owner of FIVE Holdings (BVI) Limited			
		(4,921)	93,499
(Loss)/ profit for the period			
		(3,721)	94,068
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Deferred tax liabilities addition on fair value gain on revaluation of property and equipment (Refer note 14)		(8,378)	-
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(63,282)	-
Total other comprehensive (loss)/ income		(71,660)	-
Total comprehensive (loss)/ income for the period		(75,381)	94,068
Total comprehensive (loss)/ income for the period attributable to:			
Owner of FIVE Holdings (BVI) Limited		(76,581)	93,499
Non-controlling interests		1,200	569
		(75,381)	94,068

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of changes in equity

	Attributable to Owner of FIVE Holdings (BVI) Limited								
	Share capital AED'000	Contributed capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non- Controlling Interests AED'000	Total AED'000
At 1 January 2024	-	252,913	2,238	4,855,611	83,678	1,166,075	6,360,515	28,848	6,389,363
(Loss) / Profit for the period	-	-	-	-	-	(4,921)	(4,921)	1,200	(3,721)
Other comprehensive loss	-	-	-	(8,378)	(63,282)	-	(71,660)	-	(71,660)
Total comprehensive loss for the period ended 31 March 2024	-	-	-	(8,378)	(63,282)	(4,921)	(76,581)	1,200	(75,381)
<i>Transactions with owner in their capacity as owner:</i>									
Dividend (Note 25)	-	-	-	-	-	(55,103)	(55,103)	-	(55,103)
<i>Others:</i>									
Depreciation transfer for property and equipment under revaluation model	-	-	-	(32,176)	-	32,176	-	-	-
At 31 March 2024	-	252,913	2,238	4,815,057	20,396	1,138,227	6,228,831	30,048	6,258,879
	Attributable to Owner of FIVE Holdings (BVI) Limited								
	Share Capital AED'000	Contributed Capital AED'000	Statutory reserve AED'000	Revaluation reserve AED'000	Foreign currency translation reserve AED'000	Retained earnings AED'000	Total AED'000	Non- Controlling Interests AED'000	Total AED'000
At 1 January 2023	-	252,913	2,238	4,345,082	-	807,172	5,407,405	21,666	5,429,071
Profit for the period	-	-	-	-	-	93,499	93,499	569	94,068
Total comprehensive income for the year ended 31 March 2023	-	-	-	-	-	93,499	93,499	569	94,068
<i>Transactions with non-controlling interests:</i>									
Dividend paid	-	-	-	-	-	-	-	(231)	(231)
<i>Others:</i>									
Depreciation transfer for property and equipment under revaluation model	-	-	-	(27,412)	-	27,412	-	-	-
At 31 March 2023	-	252,913	2,238	4,317,670	-	928,083	5,500,904	22,004	5,522,908

FIVE Holdings (BVI) Limited and its subsidiaries

Interim condensed consolidated statement of cash flows

	Notes	Three-month period ended 31 March	
		2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Cash flows from operating activities			
(Loss)/ profit before income tax		(8,063)	94,068
Adjustments for:			
Depreciation of property and equipment	3	51,490	46,566
Amortisation of intangible assets	4	1,494	-
Depreciation of right-of-use assets	5	7,760	6,867
Interest on lease liabilities	23	3,765	1,897
Interest cost on finance liabilities	23	31,579	21,714
Provision for employees' end of service benefits		2,168	393
Amortisation of deferred gain	23	(23,116)	(14,426)
Interest income	23	(5,224)	(4,847)
Interest cost on borrowings	23	39,697	15,824
Other finance cost	23	879	1,469
Gain on lease adjustment	22	(2,368)	(495)
Changes in working capital:			
Trade and other receivables	7	126,288	(19,919)
Prepayments	8	(321)	(48,153)
Inventories		(1,844)	3,499
Property held for development and sale	9	(11,121)	5,943
Trade and other payables	11	(25,572)	(76,120)
Retention payables		1,720	14,067
Due to related parties	17	(6,524)	11,619
Contract liabilities	13	(57,113)	255,275
Net cash generated from operating activities		125,574	315,241
Cash flows from investing activities			
Purchase of property and equipment	3	(61,752)	(130,378)
Proceed from sale of property and equipment		506	-
Purchase of intangible assets	4	-	(4)
Withdrawal of bank deposits	10	42,734	-
Interest income	23	5,224	4,847
Net cash generated from / (used in) investing activities		(13,288)	(125,535)
Cash flows from financing activities			
Advance received under financing arrangements	11		
Proceeds from financing arrangements	15	83,490	60,202
Interest payment on finance liabilities	15	(31,579)	(21,714)
Principal element of lease payments	5	(2,257)	(4,071)
Interest paid on lease liabilities	5	(3,765)	(1,897)
Dividends paid	25	(55,103)	(231)
Interest paid on borrowings		(38,554)	(17,293)
Repayment of bank borrowings	12	(308,634)	(92,807)
Net cash used in financing activities		(356,402)	(77,811)
Net decrease/ increase in cash and cash equivalents		(244,116)	111,895
Cash and cash equivalents, beginning of the period		613,779	696,200
Effects of exchange rate changes on cash and cash equivalents		(2,019)	-
Cash and cash equivalents, end of the period	10	367,644	808,095

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024

1 Legal status and operations

FIVE Holdings (BVI) Limited (the “Company”) is a Company limited by shares registered on 30 August 2013 with Registrar of Corporate Affairs in British Virgin Islands. The registered address of the Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Kabir Mulchandani is the ultimate controlling and ultimate beneficial owner (the “Owner”).

The principal activities of the Company, its subsidiaries and joint operations collectively referred as the “Group” are to provide hospitality services primarily in the United Arab Emirates (UAE) and Switzerland. The Group is also engaged in real estate development projects in Dubai, UAE. The Group on 9th October 2023 acquired 100% equity of Universo Pacha, S.A. (‘Pacha’) incorporated in Ibiza, Spain. Pacha along with its subsidiaries and other affiliated entities (collectively referred as “Pacha Group”) are engaged in hospitality business comprising of two operational hotels under the brand name Destino and El Hotel Pacha and one night club under the brand name Pacha in Ibiza, Spain. Pacha Group also owns a merchandise establishment in Spain and owns brands like Toy Room, WooMoon and Storytellers that are engaged in organising the concept parties and events.

The consolidated financial statements of the Company includes subsidiaries listed in the table below:

Name of entities and country of incorporation	Principal activities	Percentage of ownership/ voting rights on	
		31 March 2024	31 December 2023
<i>United Arab Emirates</i>			
FIVE Holding Limited	Holding Company	100	100
SKAI Holdings Group Limited	Holding Company	100	100
FIVE International Holding Limited	Holding Company	100	100
FIVE JBR Holding (DIFC) limited	Property holding Company	100	100
Devco Real Estate Development LLC	Real Estate development Company	100	100
FIVE Luxe Hotel LLC*	Hotel operating Company	100	100
Assas Investments Limited	Property holding Company	100	100
FIVE Hotel Jumeirah Village L.L.C	Hotel operating Company	100	100
Unlimited 1 Limited	Property holding Company	100	100
FIVE Holiday Homes Rental LLC	Holiday Homes Rental Company	100	100
Rehan Limited	Property holding Company	100	100
FIVE Hotel FZE	Hotel operating Company	100	100
FIVE International Hotel Management L.L.C	Hotel management Company	100	100
FIVE Beach Club Limited (‘FIVE Beach’)	Property holding Company	85	85
Praia Restaurant FZE (100% subsidiary of FIVE Beach)	Restaurant operating Company	85	85
FIVE International Hotel Management Limited	Hotel management Company	100	100
FIVE Music FZ-LLC	Music production Company	100	100
Pacha Universe Holding Limited	Holding Company	100	100
Sea FIVE Yacht LLC	Water sports Company	100	100
FIVE International Real Estate Brokers LLC	Real estate brokerage Company	100	100
FIVE Mode FZ - LLC**	Garments, Textiles & Gifts E-Trading	100	-

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

1 Legal status and operations (continued)

Name of entities and country of incorporation	Principal activities	Percentage of ownership/ voting rights on	
		31 March 2024	31 December 2023
Cayman Islands			
Unlimited 1 Development	Holding Company	100	100
Sky's the Limit 1 LLC	Holding Company	100	100
Spain			
Universo Pacha, S.A. ***	Holding & Night Club Operating Company	100	100
El Hotel Pacha, S.L. ***	Hotel Operating Company	100	100
Nube, S.L. ***	Property and Brand holding Company	100	100
Pacha Merchandise, S.L. ***	Merchandise operating company	100	100
Pacha Franquicias, S.L. ***	Franchise operating Company	100	100
Sweet Pacha, S.L. ***	Events & Productions	100	100
Nomad Suntribe, S.A. ***	Events & Productions	100	100
Pacha Multimedia, S.L. ***	Music Production Company	100	100
Chioro ITG, S.L.U. ****	Property holding Company	100	-
United Kingdom ***			
Toy Room Ltd ('TOY ROOM')	Holding Company and Brand Holding Company	51	51
Toy Room Brand Ltd (100% subsidiary of TOY ROOM)	Franchise operating Company	51	51
Switzerland			
5 Atlantis A G	Property holding and Hotel Operating Company	100	100

The consolidated financial statements also include the result of a 50% joint operation interest in Marisol Pacha Ibiza, A.I.E acquired along with Universo Pacha S.A. It is engaged in merchandise business and accounted for under the proportionate consolidation method.

* Effective 3 July 2023, the name of the entity was changed from FIVE JBR Hotel LLC to FIVE Luxe Hotel LLC.

** Newly incorporated entities during the three months period ended 31 March 2024.

*** On 9 October 2023, the Group acquired these entities.

**** on 5th January 2024, the Group acquired this entity.

2 Material accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the consolidated financial statements for the for the year ended 31 December 2023.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

The interim condensed consolidated statement of comprehensive income is presented on the basis of by function. However, depreciation is separately presented within gross profit, this is considered appropriate presentation as the depreciation is a material line item, and IAS 1 “Presentation of Financial Statements”, permits material items to be separately presented.

Seasonality of operations

The Group’s interim results may not be indicative of fiscal year performance because of, among other reasons, macroeconomic conditions, including inflationary pressures, rising interest rates, and seasonal and short-term variations. The Group’s hospitality segment is seasonal in nature and there are periods during which our properties experience variations in hotel revenue activities and margins that may vary and depend principally upon location and season. The Group’s development business revenue and margins are dependent on the number of new developments and percentage of completion which is prone to natural fluctuations in the real estate market of the region.

New standards, interpretations, and amendments in issue and effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

(a) The new standards, interpretations, and amendments in issue and effective are mentioned below:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

(b) New standards, interpretations, and amendments in issue and not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim condensed consolidated financial statements are disclosed below.

Amendments to IAS 21- Lack of exchangeability	1 January 2025
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Management is currently assessing the impact of aforementioned new accounting standards, amendments and interpretations. However, the management’s preliminary view is that these are expected to have no material impact on the Group in the current or future reporting periods.

Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures (“APMs”) are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS, provide stakeholders with an additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ alternative performance measures.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

2 Material accounting policies (continued)

2.1 Basis of preparation (continued)

Alternative performance measures (continued)

The key APM that the Group uses is Earnings Before Interest, Tax, Depreciation and Amortisation (“**EBITDA**”). This APM is set out in note 29 including how it is calculated and how it reconciles to a statutory measure where relevant. These measures exclude the below items as defined below.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group’s financial results as ‘exceptional items’. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new hotels acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Hotel pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Acquisition-related costs

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred, and the services are received.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

3 Property and equipment

	Land & Buildings* AED'000	Equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Leasehold improvements AED'000	Capital work- in- progress** AED'000	Total AED'000
Cost or revaluation							
At 1 January 2023	6,038,461	19,148	99,177	1,932	9,623	1,373,057	7,541,398
Acquisition of business (Refer note 26)	234,239	14,405	5,656	619	-	949	255,868
Additions	40,816	2,958	886	1,003	-	367,929	413,592
Disposal	(49,823)	(128)	(73)	-	-	-	(50,024)
Transfer	32,640	-	-	-	-	(32,640)	-
Revaluation gain	117,109	-	-	-	-	728,669	845,778
Exchange difference	55,244	-	-	-	-	-	55,244
At 1 January 2024 (Audited)	6,468,686	36,383	105,646	3,554	9,623	2,437,964	9,061,856
Additions	161,112	329	1,743	-	478	27,156	190,818
Disposal	-	(1)	-	(559)	-	-	(560)
Transfer	2,291,471	18,651	145,599	-	1,360	(2,457,081)	-
Deferred tax liabilities	13,895	-	-	-	-	-	13,895
Exchange difference	(47,380)	(347)	(139)	(15)	-	(22)	(47,903)
At 31 March 2024 (Unaudited)	8,887,784	55,015	252,849	2,980	11,461	8,017	9,218,106
Accumulated Depreciation							
At 1 January 2023	481,383	18,919	65,583	1,709	6,937	-	574,531
Charge for the year	173,268	1,791	15,616	280	1,674	-	192,629
Disposal	(5,289)	-	-	-	-	-	(5,289)
At 1 January 2024 (Audited)	649,362	20,710	81,199	1,989	8,611	-	761,871
Charge for the period	48,071	1,520	1,709	102	88	-	51,490
Disposal	-	-	-	(54)	-	-	(54)
Exchange difference	(9)	(69)	(6)	(1)	-	-	(85)
At 31 March 2024 (Unaudited)	697,424	22,161	82,902	2,036	8,699	-	813,222
Net book amount							
As at 31 March 2024	8,190,360	32,854	169,947	944	2,762	8,017	8,404,884
As at 31 December 2023	5,819,324	15,673	24,447	1,565	1,012	2,437,964	8,299,985

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

3 Property and equipment (continued)

- i. *The land and building are fair valued cumulatively by an independent valuer for Dubai, Ibiza and Zurich hotel and 20% of this cumulative value is considered as land. The fair value of the property and equipment have not changed significantly during the three-month period ended 31 March 2024 and consequently, no revaluation surplus or deficit has been recorded for the three-month period ended 31 March 2024.
- ii. For the year ended 31 December 2023, interest expense of AED 34,890 thousand was capitalised. The capitalisation rate was 8% to 9.5% for 2023 in FIVE Luxe JBR hotel.
- iii. Out of the total carrying value of property and equipment, the assets aggregated to AED 6,964,976 thousand (2023: AED 6,781,459 thousand) is pledged against the Group's borrowings.
- iv. During the three-month period ended 31 March 2024, the Group acquired Chioro ITG, S.L.U. ('Chioro') which is a privately held company based in Spain, owning two significant real estate assets namely EL Hotel Pacha and an adjacent parking plot. Given Chioro's nature of business which does not require operation process and adherence to the concentration test, the acquisition does not meet the criteria for defining a business under IFRS 3 and consequently the Group treated it as an asset acquisition under IAS 16 which resulted in an addition of AED 160,181 thousand to property and equipment. As the purchase price is more than the carrying value of these assets, a deferred tax liability is recognised (refer note 14).

Carrying amounts that would have been recognised if property and equipment were stated at cost:

If property and equipment were stated on the historical cost basis, the amounts would be as follows:

	Land and Buildings	Capital Work in Progress	Total
	AED'000	AED'000	AED'000
31 March 2024			
Cost	2,413,644	1,006,413	3,420,057
Transfers	838,209	(1,033,569)	(195,360)
Additions	161,112	27,156	188,268
Accumulated depreciation	(308,471)	-	(308,471)
Net book amount	3,104,494	-	3,104,494
31 December 2023			
Cost	2,140,500	670,175	2,810,675
Acquisition of business	234,239	949	235,188
Transfers	32,640	(32,640)	-
Additions	40,816	367,929	408,745
Disposal	(34,551)	-	(34,551)
Accumulated depreciation	(292,576)	-	(292,576)
Net book amount	2,121,068	1,006,413	3,127,481

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

4 Intangible assets

	Goodwill	Trademark & Franchise right	Others	Total
	AED'000	AED'000	AED'000	AED'000
Cost or revaluation				
At 1 January 2023	-	-	235	235
Acquisition of business (Refer note 26)	685,737	206,685	-	892,422
Additions	-	-	1,860	1,860
At 1 January 2024	685,737	206,685	2,095	894,517
Additions	-	-	-	-
At 31 March 2024 (Unaudited)	685,737	206,685	2,095	894,517
Accumulated amortization				
Charge for the year	-	799	1,352	2,151
At 1 January 2024	-	799	1,352	2,151
Charge for the period	-	751	743	1,494
At 31 March 2024	-	1,550	2,095	3,645
Net book amount				
As at 31 March 2024 (Unaudited)	685,737	205,135	-	890,872
As at 31 December 2023 (Audited)	685,737	205,886	743	892,366

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The goodwill recognised by the Group is resulted from the business combination of Universo Pacha S.A. during the year ended 31 December 2023 (Refer note 26).

Trademark and Franchise rights include intangible assets acquired through business combinations. The trademark of Destino has a useful life of 3 years whereas for Pacha the useful life is indefinite. The major assumptions used in the calculation includes discount rate in the range of 10% to 12% and growth rate of 2%. The carrying value of Trademark & Franchise right as at 31 March 2024 includes AED 191,412 thousand (2023: AED 192,163 thousand) related to Pacha trademark.

Trademarks are valued under the relief from royalty methodology and a royalty rate of 8.0% - 12.0% in line with comparable data on the brand name in similar sectors.

Franchisees are valued under the Net Present Value of the Income approach with a 5-year useful life and a discount rate of 11.2 % equivalent to the weighted average cost of capital attributable to the respective entity.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

5 Right-of-use assets and lease liabilities

The Group's right-of-use asset mainly relates to the right obtained to use certain lands, staff accommodations, hotel and hotel rooms under sale and leaseback agreements through tenancy agreements. The leases typically range from 1 to 35 years. Some leases include an option to renew the lease where all the terms are negotiable. None of the leases include variable lease payments other than leases under sale and leaseback agreements.

	Land & Buildings
	AED'000
Cost	
At 1 January 2023	174,352
Additions	36,010
Acquisition of business (Refer note 26)	131,497
Others	3,705
At 1 January 2024	345,564
Lease adjustment	(53,313)
Others	(7,168)
At 31 March 2024	285,083
Accumulated depreciation	
At 1 January 2023	69,438
Charge for the year	24,763
At 1 January 2024	94,201
Charge for the period	7,760
Lease adjustment	(1,968)
At 31 March 2024	99,993
Net book amount	
At 31 March 2024	185,090
At 31 December 2023	251,363

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Lease liabilities		
Non-current	170,934	224,464
Current	25,285	34,893
	196,219	259,357

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Lease liabilities		
At 1 January	259,357	122,201
Addition	-	22,602
Acquisition of business (Refer note 26)	-	131,497
Finance cost	3,765	9,695
Payment of lease liability	(9,057)	(31,041)
Others	(4,133)	4,403
Lease adjustment	(53,713)	-
	196,219	259,357

During the three-month period ended 31 March 2024, the Group acquired Chioro ITG, S.L.U. ('Chioro') which resulted in the derecognition of right of use asset to the extent of AED 51,345 thousand and lease liabilities to the extent of AED 53,713 thousand, leading to a gain on lease adjustment amounting to AED 2,368 thousands recorded in other income (Note 22).

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

6 Other asset

As at 31 December 2023, the other assets of AED 2,027 thousand represents a guaranteed deposit paid to acquire 100% equity shares of Chioro ITG, S.L.U. ('Chioro'), pursuant to a share purchase agreement executed between one of the subsidiaries of the Group, namely Nube, S.L.U. ('Nube'), and the seller, Ibiza Investments Limited. The purchase was subsequently completed on 5 January 2024 at an enterprise value of AED 213,775 thousand and consequently 100% equity of Chioro was purchased by Nube for AED 78,608 thousand after adjusting Chioro's existing borrowings and other adjusting items from the enterprise value.

7 Trade and other receivable

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Trade receivables*	52,858	193,490
Unbilled receivables**	252,295	232,526
Advances to suppliers	112,578	99,663
Other receivables	27,021	45,656
	444,752	571,335
Analysed as follows:		
Current portion	444,752	571,335
	444,752	571,335

*Included within trade receivables are amounts due from hotel customers who pay by credit card and these amounts are usually collected during the next working day and do not carry any significant credit risk.

** The unbilled receivables represent revenue recognised under percentage of completion method for the off-plan sale of properties held for development and sale for which collection is due at later date in accordance with the contractual terms.

The fair value of trade receivable approximates their carrying value. Trade and other receivables of the Group are denominated in AED, CHF, GBP and EUR.

The Group has a broad base of customers with no concentration of credit risk within trade and other receivables as at 31 March 2024 and 31 December 2023. Management is of the opinion that this concentration of credit risk will not result in a significant loss to the Group for the period ended 31 March 2024. Other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables. There is no collateral against other receivables.

8 Prepayments

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Deferred sales commission*	33,610	38,628
Prepaid visa fees	4,339	4,034
Others	18,714	13,680
	56,663	56,342

*It mainly relates to sales commission that is paid to the real estate brokers (refer note 21) and amortized in the interim condensed statement of comprehensive income based on percentage of completion of the related project.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

9 Property held for development and sale

	Property held for development and sale AED'000
At 1 January 2023	6,526
Additions	318,916
Cost of sales	(325,442)
At 31 December 2023	-
Additions	94,893
Cost of sales	(45,221)
Deferred tax liabilities	4,863
At 31 March 2024	54,535

Addition during the three-month period ended 31 March 2024 includes acquisition of a land parcel in Ibiza, Spain for the future development amounting to AED 47,629 as part of Chioro acquisition (refer note 3 and 6). As the purchase price is more than the carrying value of the land parcel, a deferred tax liability is recognised (refer note 14).

10 Cash and bank balances

A. Cash and cash equivalents

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Cash on hand	2,185	3,491
Cash at banks	365,459	610,288
Cash and cash equivalents	367,644	613,779

B. Bank Deposits

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Term deposits with original maturity more than 3 months	75,228	117,962

*The above term deposit carries an annual interest rate between 4.5% to 5.1% (2023: 3% to 5.50%)

Bank balances are held with locally incorporated banks and branches of international banks.

Cash at banks includes an amount of AED 253,373 thousand (31 December 2023: AED 400,967 thousand) held in escrow accounts and collateral reserve accounts. Cash held in escrow accounts represents cash received from customers that is held with banks authorised by the Dubai Real Estate Regularity Authority ("RERA"). Use of this cash is limited to specific development projects to which the cash receipts relate.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

11 Trade and other payables

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Advances from customers *	34,024	469,450
Trade payables#	140,436	128,565
Accruals	98,700	151,531
Staff payable**	5,025	22,674
VAT payable	5,550	2,605
Tax payable	5,674	5,466
Deferred payment for asset purchase***	15,926	-
Other payables (due within a year)	24,942	20,238
	330,277	800,529
Analysed as follows:		
Current portion	284,544	766,410
Non-current portion	45,733	34,119
	330,277	800,529

* For the year ended 31 December 2023, advance from customers includes advances collected from disposal FIVE Luxe hotel units amounting to AED 449,685 thousand under financing arrangements. As FIVE Luxe has become operational during the current period ended 31 March 2024, the advance collected from the unit owners has been transferred to finance liabilities and deferred gain.

** Includes management incentives payable to key management personnel amounting to AED 3,158 thousand (2023: AED 16,592 thousand).

*** This pertains to deferment of purchase price of Chioro acquisition, which is payable after 18 months post-closing of the transaction

#As per the Addendum signed with China State Construction Engineering Corporation (Middle East) (LLC) dated 24 January 2022, Assas Investments Limited (“a subsidiary”) has to pay AED 65,000 thousand to the main contractor of the project FIVE Palm Jumeirah Hotel and will be payable in 86 monthly instalments. Trade payables includes a discounted amount of AED 37,828 thousand (2023: 39,948 thousand) which is discounted to its present value using the discount rate of 6%.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

12 Borrowings

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Term loans*	288,296	449,140
Listed Green Bonds	1,256,424	1,256,424
Less: unamortised borrowing costs	(78,645)	(82,540)
	1,466,075	1,623,024
Analysed as follows:		
Current portion	3,183	191,151
Non-current portion	1,462,892	1,431,873
	1,466,075	1,623,024

*As at 31 March 2024, the term loan includes an amount of AED 130,239 thousand of Chioro's borrowings existed at the time of purchase of its 100% equity by the Group and an amount of AED 18,216 thousand obtained to finance the acquisition of Chioro.

13 Contract liabilities

Contract liabilities represent instalments received from customers towards the purchase of development properties, net of revenue recognised

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Opening	214,578	55,145
Advance from customers	29,350	462,408
Less : Revenue recognised	(86,463)	(302,975)
	157,465	214,578
Analysed as follows:		
Within 1 year	157,465	214,578

The aggregate amount of the sale price allocated to the performance obligations of the Group that are yet to be performed as at 31 March 2024 of AED 227,299 thousands (2023: AED 672,875 thousand).

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

14 Deferred tax assets and liabilities

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Deferred tax assets		
The balance comprises temporary differences attributable to :		
Losses available for offsetting against future taxable income	23,141	17,031
Net carrying value of finance liability and deferred gain as reduced by net carrying value of condo hotel units under financing arrangement	47,346	44,466
Unutilised interest expenses	1,446	1,446
Others	1,064	1,064
	72,997	64,007
Set-off of deferred tax liabilities pursuant to set-off provisions	(72,997)	(64,007)
Total	-	-
Deferred tax liabilities		
The balance comprises temporary differences attributable to :		
Revaluations of property and equipment	288,834	267,228
Intangible assets	61,046	61,046
Property held for development and sale	4,863	-
	354,743	328,274
Set-off of deferred tax assets pursuant to set-off provisions	(72,997)	(64,007)
Net deferred tax liabilities	281,746	264,267

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law) to enact a Federal corporate tax regime in the UAE. The Corporate Tax regime is effective for the accounting periods beginning on or after 1 June 2023. As the Group's financial year starts on 1 January, it shall be applicable to its UAE resident entities from financial year 2024. The UAE CT Law applies to the standalone results of the Group's entities. As of 31 March 2024, the Group has identified certain timing differences, primarily stemming from variations in the accounting treatment of its sale and leaseback transactions, financing arrangement and the revaluation of property and equipment of condo hotel units in its consolidated financial statements.

Below table summarise the movement of deferred tax liability / (deferred tax asset): -

Movement	Deferred tax liability			Deferred tax assets			Total
	Intangible assets	Property held for development and sale	Property and equipment	Financing arrangement	Tax losses	Others	
At 1 January 2023	-	-	23,324	-	-	-	23,324
Acquisition of business (Refer note 26)	60,785	-	42,663	-	(11,407)	93	92,134
(Charged)/credited							
- to profit or loss	441	-	-	(44,466)	(5,624)	(2,869)	(52,518)
- to other comprehensive income	-	-	198,729	-	-	-	198,729
Others	(180)	-	2,512	-	-	266	2,598
At 31 December 2023	61,046	-	267,228	(44,466)	(17,031)	(2,510)	264,267
(Charged)/credited							
- to profit or loss	-	-	-	(2,880)	(6,110)	-	(8,990)
- to other comprehensive income	-	-	8,378	-	-	-	8,378
Chioro acquisition	-	4,863	13,895	-	-	-	18,758
Others	-	-	(667)	-	-	-	(667)
	61,046	4,863	288,834	(47,346)	(23,141)	(2,510)	281,746
Deferred tax liability / (assets)			354,743			(72,997)	281,746

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

15 Finance liabilities

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Opening Balance	692,457	555,671
Additions during the period / year	218,872	136,786
Payments made during the period / year	(31,579)	(83,223)
Interest on finance liabilities	31,579	83,223
Closing Balance	911,329	692,457
Analysed as follows:		
Current portion	151,173	109,433
Non-current portion	760,156	583,024
	911,329	692,457
Fixed/Variable		
Fixed portion (*)	314,606	95,272
Variable portion	596,723	597,185
	911,329	692,457

* The fixed portion of finance liability pertains to the units in FIVE Hotel Jumeirah Village Circle and FIVE Luxe Hotel - JBR which has guaranteed rental payments are to be made to the unit owners.

16 Deferred gain

	As at	
	31 March 2024	31 December 2023
	AED'000	AED'000
	(Unaudited)	(Audited)
Opening Balance	522,214	464,482
Movement during the period / year	339,044	103,819
Amortisation during the period / year	(23,116)	(46,087)
Closing Balance	838,142	522,214
Analysed as follows:		
Current portion	125,862	76,445
Non-current portion	712,280	445,769
	838,142	522,214

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

17 Transactions and balances with related parties

Related parties include the Owner, non-controlling interests, key management personnel and any businesses which are controlled, directly or indirectly by the Owner and directors or over which they exercise significant management influence (the “other related parties”). During the period, the Group entered into the following significant transactions with related parties in the normal course of business and at prices and terms agreed by the Group’s management.

	As at	
	31 March 2024 AED’000 (Unaudited)	31 March 2023 AED’000 (Unaudited)
Dividend		
Owner	55,103	-
Non - controlling interest	-	231
Transactions with key management personnel in ordinary course of business		
Revenue		
Sale of property held for development and sale	-	2,411
Food and beverages	607	485
Rental income	300	925
Expenses		
Holiday home expenses	447	534
Salaries and Other benefits*	1,506	1,514
Management incentives programme*	4,404	7,524
Other related parties **		
Capital and operating expenses	3,048	371
Sales incentive and commission expenses	5,018	11,214

* The compensation to key management personnel consists of the (i) base salary and (ii) incentive based on the Group's business performance i.e., incentive payments based on a certain percentage of realised profits, subject to certain leases.

** Other related parties include entities under the common control or having significant influence.

Balances with related parties

The amounts due to related parties, represent balances arising from funds and services provided and received in the normal course of business. The majority of the balance due to other related party, is in relation to the sales commission due to be paid.

	As at	
	31 March 2024 AED’000 (Unaudited)	31 March 2023 AED’000 (Unaudited)
Due to related parties		
Owner	450	450
Other related party*	809	7,333
	1,259	7,783

*Five Real Estate Brokers LLC, a company under the common control.

Due to related parties is unsecured in nature, bears no interest and payable on demand.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

18 Revenue

	Three- month period ended 31st March	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
<i>At a point in time:</i>		
Food and beverages	121,257	113,150
Other operating departments*	10,723	3,963
	131,980	117,113
<i>Over time:</i>		
Sale of property held for development and sale**	94,659	167,894
Room revenue	123,595	116,365
	218,254	284,259
Rental income	4,982	5,048
	355,216	406,420

*Other operating department includes revenue generated from event admission and merchandising.

**Revenue from sale of property held for development is recognised based on percentage completion basis. These contracts were signed for a fixed cash consideration on varying instalment payment plans.

19 Cost of sales

	Three- month period ended 31st March	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Cost of property held for development and sale	45,221	66,585
Staff costs	60,371	43,562
Inventory consumption	25,290	23,599
Utility costs	9,261	8,511
Holiday home expenses	12,860	8,197
Music and entertainment	9,320	8,697
	162,323	159,151

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

20 General and administrative expenses

	Three- month period ended 31st March	
	2024	2023
	AED'000 (Unaudited)	AED'000 (Unaudited)
Staff costs	11,258	13,730
Hotel operating expenses*	19,792	15,859
Repairs and maintenance	8,016	8,423
Legal and professional fees	5,731	5,185
Credit card commission expenses	4,540	4,092
Pre-operating expenses**	24,597	-
Transaction costs	478	-
Travelling expenses	2,139	3,079
Rent expenses	1,507	-
Charity	663	33
Others	1,627	1,700
	80,348	52,101

*Operating expenses include indirect costs such as IT support, general maintenance, other hotel support costs and hence these costs have been classified to general and administrative expenses.

** Pre-operating expenses mainly include AED 8,022 thousand pertains to staff cost, AED 2,511 thousand pertains to marketing expenses, AED 13,657 thousand pertains to holiday home expenses of FIVE Luxe and AED 407 thousand for other miscellaneous cost.

21 Selling and marketing expenses

	Three- month period ended 31st March	
	2024	2023
	AED'000 (Unaudited)	AED'000 (Unaudited)
Sales incentive and commission	12,423	19,748
Advertising expenses	7,836	7,407
	20,259	27,155

22 Other Income

	Three- month period ended 31st March	
	2024	2023
	AED'000 (Unaudited)	AED'000 (Unaudited)
Delay Fees	2,981	495
Gain on lease adjustment (Refer note 5)	2,368	-
Forefeiture income	1,980	-
Other income	646	624
	7,975	1,119

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

23 Finance costs, net

	Three- month period ended 31st March	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
<i>Finance costs:</i>		
- Interest on borrowings	39,697	25,772
- Unwinding of interest on finance liabilities	31,579	21,714
- Unwinding of interest on lease liabilities	3,765	1,897
- Others	879	1,469
Less: Interest capitalised on qualifying assets	-	(9,948)
Less: Amortisation of deferred gain	(23,116)	(14,426)
Total finance costs (A)	52,804	26,478
<i>Finance income:</i>		
Interest income (B)	5,224	4,847
Finance costs – net ((A) - (B))	47,580	21,631

24 Income tax benefit

The Group recognised income tax expense based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year that would be applicable to the expected total annual earnings. Effective 1 January 2024, the Group operations in UAE are subject to income tax besides Switzerland and Spain tax jurisdictions.

During the three-month period ended 31 March 2023, the tax rate was nil as corporate income tax was not applicable to the Group in the United Arab Emirates and no deferred taxes were recognised on losses arising from operations in Switzerland.

During the three-month period ended 31 March 2024, deferred tax benefit of AED 6,109 thousand was recognised on losses arising from seasonality of Group's operations in Spain at the rate of 25% and current taxes of AED 6,109 thousand and deferred tax benefit of AED 2,881 thousand was recognised from Group's activities in the United Arab Emirates at the rate of 9% applicable tax rate.

The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	Three- month period	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Current tax:		
Current tax on profit for the year	(4,648)	-
Deferred income tax benefit:		
On origination and reversal of temporary differences	6,110	-
Net carrying value of finance liability and deferred gain as reduced by net carrying value of condo hotel units under financing arrangement	2,880	-
Income tax benefit	4,342	-

25 Dividend

During the three-month period ended 31 March 2024, the Group declared and paid the dividend of AED 55,103 thousand (31 December 2023: 81,892 thousand). Dividends per share was AED 55,103 thousand per share (2023: AED 81,891 per share).

The Group declared dividends of Nil (31 December 2023: AED 2,909 thousand) to its minority shareholders.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

26 Business combination

26.1 Business combination

On 30 June 2023, the Group entered into a sale and purchase agreement (the “Acquisition Agreement”) with Mediterranean Sky International, S.A., E1 Firmamento Estelar, S.L. and MSI 2, S.C.A. (together, the “Sellers”) to acquire the 100% share capital (the “Share Purchase”) of Universo Pacha, S.A. (the “Target”) in order to obtain control of and invest in certain identified subsidiaries, assets and trademarks of the Target (the “Target Perimeter”/the “Acquisition”). The Target Perimeter comprises several entities and each Target Perimeter Subsidiary, which own a range of assets that include Pacha Nightclub (Ibiza), Destino Pacha Hotel (Ibiza), El Hotel Pacha (Ibiza) and some of the iconic brands namely Pacha, Toy Room, WooMoon Storytellers.

On 9th October 2023, the Group successfully completed the aforesaid transaction for a total enterprise value of AED 1,072,183 thousand and assumed the full control over the Target.

26.2 Transaction rationale

The acquisition will enhance the Group’s offering as it will be able to integrate globally recognised experiences associated with the renowned “Pacha” brand while introducing new entertainment concepts at its existing properties. The acquisition is also expected to provide significant credibility to the Group’s international ambitions and offer potential for further value creation. In addition, diversification into a prominent hospitality market with contrasting peak seasons will serve a natural hedge against seasonal demand volatility. The Group anticipates that the contrasting seasons of the Dubai and Ibiza (Spain) hospitality markets will allow for optimal resource allocation and minimise exposure to fluctuations in demand.

26.3 Assets acquired and liabilities assumed as a result of acquisition

The fair values of the identifiable assets and liabilities of Target Perimeter as at the date of acquisition (i.e. 9 October 2023) were:

	As at 9 Oct
	2023
Description	AED’000
Property and equipment (Note 3)	255,868
Right-of-use assets (Note 5)	131,497
Intangible asset (Note 4)	206,684
Trade and other receivables (*)	44,659
Deferred tax asset	970
Inventories	10,617
Cash and cash equivalents	35,993
Other Assets	1,772
Lease liabilities (Note 5)	(131,497)
Trade and other payables	(75,345)
Borrowings	(370,375)
Deferred tax liabilities	(93,104)
Net identifiable assets acquired	17,739
Less : Non controlling interest	(568)
Add : Goodwill on acquisition	685,737
Net assets acquired	702,908

(*) The fair value of acquired trade receivables is equivalent to the gross contractual amount for trade receivables and the expected loss allowance is insignificant.

The Target Perimeter is engaged in hospitality business and the Goodwill is allocated entirely to this segment comprising of various related assets. None of the goodwill recognised except the one which already exist in Universo Pacha S.A. Amounting to AED 128,220 is deductible for the income tax purposes. Out of the total such goodwill, the Group already deducted AED 43,168 as at 31 December 2023.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

26 Business combination (continued)

26.3 Assets acquired and liabilities assumed as a result of acquisition (continued)

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. The Group recognised the non-controlling interest (of 49%) in Toy Room Limited (one of the subsidiaries of Universo Pacha S.A.) at its proportionate share of the acquired net identifiable assets. See note 2.4 (b) for the Group's accounting policies for business combinations.

From the date of acquisition, the Target Perimeter contributed AED 21,784 thousand of revenue and AED 29,391 thousand to loss before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations of the Group would have been AED 2,089,778 thousand and profit before tax from continuing operations for the Group would have been AED 370,778 thousand.

Purchase consideration – cash outflow

Description	AED '000
Purchase consideration paid	703,458
Settlement of existing loan in target perimeter	370,365
Less: Cash acquired on business combination	(34,366)
Net cash flow on acquisition	1,039,457
Add: Transaction cost on acquisition	16,094
Net outflow of cash	1,055,551

27 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Assets as per the consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other receivables, excluding advances to suppliers (Note 7)	319,818	456,494
Cash and bank balance (Note 10)	442,872	731,741
	762,690	1,188,235

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Liabilities as per the consolidated statement of financial position		
<i>At amortised cost</i>		
Trade and other payables (excluding advances from customers, withholding taxes and VAT payable) (Note 11)	285,029	323,008
Borrowings (Note 12)	1,466,075	1,623,024
Lease liabilities (Note 5)	196,219	259,357
Finance liabilities (Note 15)	911,329	692,457
Retention payable	39,058	37,338
Due to related parties (Note 17)	1,259	7,783
	2,898,969	2,942,967

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

28 Financial risk management

28.1 Financial risk factors

The Group's multinational operations and borrowings expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. There have been no changes in any risk management policies since year end.

Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on its interest-bearing liabilities. As at 31 March 2024, bank borrowings carried at variable rates comprise of AED 228,296 thousand (31 December 2023: AED 449,140 thousand) i.e. 20% (2023 : 26%) of the Group's total borrowings of AED 1,466,076 (31 December 2023: AED 1,623,024 thousand).

28.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Cash flow forecasting is performed by the Group on an ongoing basis to ensure it has sufficient cash to meet operational needs.

Liquidity risk management is carried out by a central treasury department at the Group level. Surplus cash held by the Group over and above the balance required are used for the payment of debt and to reduce the interest charges. The below table analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual maturities of financial liabilities				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 March 2024					
Trade and other payables * (note 11)	239,780	50,817	-	290,597	285,029
Borrowings (note 12)	128,140	1,906,876	-	2,035,016	1,466,075
Finance liabilities (note 15)	150,088	649,254	3,431,018	4,230,360	911,329
Lease liabilities (note 5)	29,772	87,611	193,878	311,261	196,219
Retention Payables	35,348	3,710	-	39,058	39,058
Due to related parties (note 17)	1,259	-	-	1,259	1,259
	584,387	2,698,268	3,624,896	6,907,551	2,898,969

	Contractual maturities of financial liabilities				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying value
	AED'000	AED'000	AED'000	AED'000	AED'000
At 31 December 2023					
Trade and other payables * (note 11)	285,978	39,605	-	325,583	319,614
Borrowings (note 12)	332,515	1,931,565	-	2,264,080	1,623,024
Finance liabilities (note 15)	109,433	464,897	2,332,549	2,906,879	692,457
Lease liabilities (note 5)	42,999	125,051	310,072	478,122	259,357
Retention Payables	257	37,081	-	37,338	37,338
Due to related parties (note 17)	7,783	-	-	7,783	7,783
	778,965	2,598,199	2,642,621	6,019,785	2,939,573

*Excluding advances from customers, municipality fees, withholding taxes and VAT payable.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

28 Financial risk management (continued)

28.3 Capital risk management

The Groups' objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance liabilities, and lease liabilities less cash and bank balances. Total capital is calculated as 'total equity' as shown in the interim condensed consolidated financial position plus net debt.

The gearing ratios as at 31 March 2024 and 31 December 2023 were as follows:

	As at	
	31 March 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Total borrowings (Note 12)	1,466,075	1,623,024
Total finance liabilities (Note 15)	911,329	692,457
Total lease liabilities (Note 5)	196,219	259,357
Less: cash and bank balances (Note 10)	(442,872)	(731,741)
Net debt (A)	2,130,751	1,843,097
Total equity (B)	6,258,879	6,389,363
Total capital ((C) = (A) + (B))	8,389,630	8,232,460
Gearing ratio ((A)/(C))	25%	22%

28.4 Fair value estimation

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include cash and cash equivalents, trade and other receivables excluding advance to suppliers and municipal fee receivable and due from a related party. Financial liabilities of the Group include Trade and other payables excluding advance from customers, municipality fees payable and VAT payable, Bank Borrowings, Finance liabilities, lease liabilities and due to related parties.

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

28.5 Net debt reconciliation

The below table summarises the net debt reconciliation for the three-month period ended 31 March 2024

	Liabilities from financing activities				Cash and bank balance	Total
	Finance liabilities	Lease liabilities	Borrowings	Sub-total		
Net debt as at 31 December 2022	555,671	122,202	1,170,490	1,848,363	(696,200)	1,152,163
Addition (net of transaction cost)	136,786	154,099	1,882,247	2,173,132	(35,541)	2,137,591
Interest	83,223	9,695	129,890	222,808	-	222,808
Payments	(83,223)	(31,041)	(1,559,603)	(1,673,867)	-	(1,673,867)
Other movement	-	4,402	-	4,402	-	4,402
Net debt as at 31 December 2023	692,457	259,357	1,623,024	2,574,838	(731,741)	1,843,097
Additions	218,872	-	151,685	370,557	288,869	659,426
Interest	31,579	3,765	38,554	73,898	-	73,898
Payments	(31,579)	(9,057)	(347,188)	(387,824)	-	(387,824)
Lease adjustments	-	(53,713)	-	(53,713)	-	(53,713)
Other movement	-	(4,133)	-	(4,133)	-	(4,133)
Net debt as at 31 March 2024	911,329	196,219	1,466,075	2,573,623	(442,872)	2,130,751

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

29 Segment Reporting

The Group's operating segments are Real estate development and Hospitality. The Management evaluates the operating results of its operating segments separately for the purpose of making strategic decisions about allocating resources and assessing performance. Segment performance is measured based on the adjusted profit or loss calculated in accordance with IFRS.

The Chief Operating Decision Maker reviews mainly the segment profit and loss for its strategic decision and therefore, the segment assets and liabilities are not disclosed in this section.

a) For the three-month ended 31 March 2024

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	67,160	42,359	-	109,519
Add: Preopening expenses	24,597	-	-	24,597
Unallocated Items				
Corporate expenses	-	-	(9,258)	(9,258)
EBITDA	91,757	42,359	(9,258)	124,858

b) For the three-month ended 31 March 2023

Particulars	Hospitality	Real estate development	Others	Total
	AED'000	AED'000	AED'000	AED'000
Total Segment Results	96,696	84,707	-	181,403
Unallocated Items				
Corporate expenses	-	-	(12,271)	(12,271)
EBITDA	96,696	84,707	(12,271)	169,132

Reconciliation between profit for the period and earnings before interest, tax, depreciation and amortisation:

	Three- month period ended 31st March	
	2024	2023
	AED'000	AED'000
	(Unaudited)	(Unaudited)
(Loss)/ profit for the period after tax	(3,721)	94,068
Add:		
Depreciation of property and equipment (Note 3)	51,490	46,566
Depreciation of right-of-use assets (Note 5)	7,760	6,867
Amortisation of intangible asset (Note 4)	1,494	-
Pre-opening expenses (Note 20)	24,597	-
Finance costs (Note 23)	52,804	26,478
Finance income (Note 23)	(5,224)	(4,847)
Income tax benefit	(4,342)	-
Earning before interest, tax, depreciation and amortisation ("EBITDA")	124,858	169,132

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

29 Segment Reporting (continued)

Particulars	Three- month period ended 31st March	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Segment Revenue		
Hospitality	260,557	238,526
Real estate development	94,659	167,894
Total Segment Revenue	355,216	406,420
Segment Result		
Hospitality	67,160	96,696
Real estate development	42,359	84,707
Total Segment Results	109,519	181,403
Less: Unallocated Items		
Finance costs (Note 23)	52,804	26,478
Finance income (Note 23)	(5,224)	(4,847)
Corporate office	9,258	12,271
Depreciation & amortisation (Note 3, 4 & 5)	60,744	53,433
Income tax benefit	(4,342)	-
Net (loss)/ profit	(3,721)	94,068

Other Information

The Management of the entity further evaluates the result of the Hospitality segment separately into Hotel Rooms, Food and Beverage - Entertainment, Food and Beverage - Non entertainment, and others, which are the key drivers of the performance of the business.

FIVE Holdings (BVI) Limited and its subsidiaries

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2024 (continued)

29 Segment Reporting (continued)

Other Information (continued)

	Three- month period ended 31st March	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)
Hospitality - Revenue stream wise		
Rooms	105,675	104,665
EATertainment	68,091	62,205
Food and Beverage – Non Entertainment	55,031	50,945
Holiday Homes	17,920	11,700
Others	13,840	9,011
Total Hospitality - Revenue stream wise	260,557	238,526
Hospitality - Result stream wise		
Rooms	56,029	57,104
EATertainment	17,952	19,624
Food and Beverage – Non Entertainment	14,292	13,482
Holiday Homes	2,217	2,432
Others	(23,330)	4,054
Total Hospitality - Result stream wise	67,160	96,696
Add: Pre-opening Expenses		
Others	24,597	-
Total Other Adjustments Hospitality	24,597	-
Earning before interest, tax, depreciation and amortization (EBITDA)		
Rooms	56,029	57,104
EATertainment	17,952	19,624
Food and Beverage – Non Entertainment	14,292	13,482
Holiday Homes	2,217	2,432
Others	1,267	4,054
Total EBITDA	91,757	96,696

Notes: -

- Segment Result = Revenue – Cost of sales – General and administrative expenses – Selling and marketing expenses + Other Income