Al Futtaim Finance PV JSC

Directors' report and financial statements for the year ended 31 December 2024

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Directors' report on the financial results for the year ended 31 December 2024

The Directors present their report and the financial statements for the year ended 31 December 2024.

Principal activities

Al Futtaim Finance PV JSC (the "Company") is a private joint stock company governed under the UAE Federal Decree Law No. 32 of 2021. The Company is licensed by the UAE Central Bank as a finance company and has structured its activities to be in compliance with the new regulation (Circular No: 112/2018) issued on 24 April 2018 by the Central Bank of UAE.

The Company is primarily engaged in consumer finance and other related ancillary products and services including distribution of third-party products.

Results

Gross operating income of the Company for the year ended 31 December 2024 was AED 180.85 million (2023: AED 192.10 million).

During the year ended 31 December 2024, the Company revisited its strategy in relation to its retail leasing business vertical and decided to increase its focus towards this stream alongside its existing brokerage and lending businesses. This resulted in the Company purchasing vehicles amounting to AED 226.2 million during the year (2023: AED 38.2 million).

As at 31 December 2024, the Company's leasing portfolio stands at 220.2 million with 1,520 total number of leases (2023: AED 64.4 million with 385 total number of leases).

The net profit for the year ended 31 December 2024 was AED 87.78 million (2023: AED 94.31 million).

Auditors

A resolution proposing to reappoint PricewaterhouseCoopers Limited Partnership Dubai Branch as auditors for the year ending 31 December 2025 will be put to the members at the Annual General Meeting.

For and on behalf of the Board of Directors

Omar Abdulla Al Futtaim
Chairman
Al Futtaim Finance PV JSC

27 MARCH 2025
Date
Dubai

Independent auditor's report to the shareholders of Al Futtaim Finance PV JSC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Al Futtaim Finance PV JSC (the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report to the shareholders of Al Futtaim Finance PV JSC (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report to the shareholders of Al Futtaim Finance PV JSC (continued)

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

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

i. we have obtained all the information we considered necessary for the purposes of our audit;

ii. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii. the Company has maintained proper books of account;

iv. the financial information included in the Director's report is consistent with the books of account of the Company;

v. as disclosed in Note 1 to the financial statements, the Company has not purchased or invested in any shares during the year ended 31 December 2024;

vi. note 17 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. 32, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by Article (114) of the Decretal Federal Law No. (14) of 2018, as amended, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers Limited Partnership Dubai Branch
27 March 2025

Murad Alnsour
Registered Auditor Number 1301
Place: Dubai, United Arab Emirates

Al Futtaim Finance PV JSC

Statement of financial position

	Note	As at 31 December 2024 AED'000	2023 AED'000
ASSETS			
Cash and cash equivalents	8	77,333	48,945
Due from related parties	17	16,496	24,474
Other assets	10	22,078	19,880
Loans to customers	9	154,919	278,386
Revenue earning equipment	11a	220,257	64,425
Property and equipment	11b	36	52
Intangible assets	12	982	3,132
Total assets		**492,101**	**439,294**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	150,000	150,000
Statutory reserve	16	51,216	42,437
Retained earnings		209,697	225,001
Total equity		**410,913**	**417,438**
LIABILITIES			
Other liabilities	13	10,948	12,031
Provision for employees' end of service benefits	14	6,160	6,166
Due to related parties	17	64,080	3,659
Total liabilities		**81,188**	**21,856**
Total equity and liabilities		**492,101**	**439,294**

These financial statements were authorised for issue on 27 MARCH 2025 on behalf of the Board of Directors by:

Omar Abdulla Al Futtaim
Chairman
Al Futtaim Finance PV JSC

Jeremy Thomas Paul Willis
Director
Al Futtaim Finance PV JSC

Volker Boehme
Managing Director
Al Futtaim Finance PV JSC

Reekesh Patel
CFO
Al Futtaim Finance PV JSC

Al Futtaim Finance PV JSC

Statement of comprehensive income

	Note	Year ended 31 December 2024 AED'000	2023 AED'000
Commission income	5	137,465	139,202
Vehicle lease revenue		24,911	26,585
Interest income on loans to customers		12,695	20,935
Other income	6	5,780	5,378
Operating income		**180,851**	**192,100**
Interest expense	17	-	**(6,524)**
Personnel costs	7a	(54,987)	(49,841)
Depreciation and amortisation	11,12	(18,941)	(19,551)
Vehicle running and maintenance cost		(4,630)	(3,842)
Impairment loss on non-financial assets	11a	(1,200)	-
Rental expenses – short term leases	17	(995)	(871)
Impairment loss on financial assets	9,10	(523)	(2,061)
Cost allocation income / (expenses)	17	2,936	(9,209)
Other expenses – net	7b	(6,044)	(5,891)
Operating expenses		**(84,384)**	**(91,266)**
Profit before income tax		**96,467**	**94,310**
Income tax expense	25	(8,682)	-
Profit for the year		**87,785**	**94,310**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**87,785**	**94,310**

Al Futtaim Finance PV JSC

Statement of changes in equity

	Share capital AED'000	Statutory reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at 1 January 2023	150,000	33,006	140,122	323,128
Total comprehensive income for the year	-	-	94,310	94,310
Transfer to statutory reserve (Note 16)	-	9,431	(9,431)	-
Balance at 31 December 2023	150,000	42,437	225,001	417,438
Dividends declared and paid (Note 23)	-	-	(94,310)	(94,310)
Total comprehensive income for the year	-	-	87,785	87,785
Transfer to statutory reserve (Note 16)	-	8,779	(8,779)	-
Balance at 31 December 2024	150,000	51,216	209,697	410,913

Al Futtaim Finance PV JSC

Statement of cash flows

	Note	Year ended 31 December 2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit before income tax		96,467	94,310
Adjustments for:			
Depreciation and amortisation	11,12	18,941	19,551
Impairment loss on financial assets	9,10	523	2,061
Impairment loss on non-financial assets	11a	1,200	-
Interest expense	17	-	6,524
Write-off of intangible assets	12	-	30
Gain on disposal of revenue earning equipment	6	(1,361)	(912)
Interest income on deposits	6	(2,044)	(1,114)
Operating profit before changes in operating assets and liabilities		**113,726**	**120,450**
Due from related parties		7,978	(9,463)
Other assets		(2,253)	(6,361)
Loans to customers		122,999	21,955
Other liabilities		(1,082)	(1,594)
Provision for employees' end of service benefits		(6)	(846)
Due to related parties (excluding amounts relating to income tax)		51,739	(162,017)
Net cash generated from/(used in) operating activities		**293,101**	**(37,876)**
Cash flows from investing activities			
Purchase of property and equipment	11b	-	(20)
Purchase of intangible assets	12	(969)	-
Purchase of revenue earning equipment	11a	(226,298)	(38,278)
Proceeds from disposal of revenue earning equipment	11a	54,820	65,656
Interest income received		2,044	1,114
Net cash (used in)/generated from investing activities		**(170,403)**	**28,472**
Cash flows from financing activities			
Dividends paid	23	(94,310)	-
Proceeds from loan availed from a related party	17	-	172,500
Repayment of loan from a related party	17	-	(172,500)
Interest paid on loan from a related party	17	-	(6,524)
Net cash used in financing activities		**(94,310)**	**(6,524)**
Net increase/(decrease) in cash and cash equivalents		**28,388**	**(15,928)**
Cash and cash equivalents at 1 January		48,945	64,873
Cash and cash equivalents at 31 December	8	**77,333**	**48,945**

1 Corporate information

Al Futtaim Finance PV JSC (the "Company") is a Private Joint Stock Company incorporated on 14 August 2008 in Dubai, United Arab Emirates (UAE). The Company's registered address is at PO Box 283568, Eye Brow Building, Marsa Plaza, Marsa Al Khor, Dubai Festival City, Dubai, UAE.

The Company is licensed by the UAE Central Bank as a finance company and is primarily engaged in consumer finance and other related ancillary products and services.

The Company is a subsidiary of Al-Futtaim Development Services Co. L.L.C (the "Parent Company") and the ultimate controlling party of the Company is Al Futtaim Group Single Person Company L.L.C (the "Ultimate Controlling Company") which is owned and controlled by Mr. Abdulla Al Futtaim (the "Ultimate Beneficial Owner").

The Company has two branches; Al Futtaim Leasing and Mobility Company (Dubai branch) having the same registered address as the Company and Al Futtaim Leasing and Mobility Company (Abu Dhabi branch) having a registered address of East Gate, Yas Marina Circuit Area, Yas Island, Abu Dhabi. Both branches are licensed to operate under the legal entity of the Company and do not report their results separately. The principal activities of the branches include the rental of transportation vehicles, cars, machinery, equipment and specialised vehicles.

The Company has not purchased or invested in any shares during the year ended 31 December 2024 and 31 December 2023.

2 Basis of preparation and impact of new IFRS Accounting Standards

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention and on a going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements have been presented in UAE Dirhams, which is the Company's functional currency, and rounded off to the nearest thousand (AED'000), except when otherwise indicated.

2.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and IFRS Interpretation Committee ("IFRS IC") interpretations as issued by International Accounting Standards Board ("IASB") and applicable requirements of the laws of the United Arab Emirates ("UAE").

2.3 Presentation of financial statements

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 18.

2 Basis of preparation and impact of new IFRS Accounting Standards (continued)

2.4 Application of new and revised IFRS Accounting Standards

(a) New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024 and have been adopted in these financial statements. The application of these revised IFRS Accounting Standards, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- **Classification of Liabilities as Current or Non-current and non-current liabilities with covenants:**

  Amendments to IAS 1 - Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date.

  The disclosures include:

  - the carrying amount of the liability.
  - information about the covenants (including the nature of the covenants and when the entity is required to comply with them); and
  - facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

  The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

  The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

2 Basis of preparation and impact of new IFRS Accounting Standards (continued)

2.4 Application of new and revised IFRS Accounting Standards (continued)

(a) New standards, interpretations and amendments adopted by the Company (continued)

- **Lease liability in sale and leaseback – Amendments to IFRS 16:**

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability after the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

- **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7:**

On 25 May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs). The amendments respond to investors that said that they urgently needed more information about SFAs to be able to assess how these arrangements affect an entity's liabilities, cash flows and liquidity risk.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8-: The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction: These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences.
- Amendment to IAS 12 – International tax reform: These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

To meet investors' needs, the new disclosures will provide information about:

1. The terms and conditions of SFAs.
2. The carrying amount of financial liabilities that are part of SFAs, and the line items in which those liabilities are presented.
3. The carrying amount of the financial liabilities in (2), for which the suppliers have already received payment from the finance providers.
4. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
5. Non-cash changes in the carrying amounts of financial liabilities in (2).
6. Access to SFA facilities and concentration of liquidity risk with the finance providers.

Entities will be required to aggregate the information that they provide about SFAs. However, entities should disaggregate information about terms and conditions that are dissimilar, disclose explanatory information where the range of payment due dates is wide, and disclose the type and effect of non-cash changes that are needed for comparability between periods.

2 Basis of preparation and impact of new IFRS Accounting Standards (continued)

2.4 Application of new and revised IFRS Accounting Standards (continued)

(b) New standards and interpretations issued but not yet effective and not early adopted

The Company has not yet early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability: In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).	1 January 2025 (early adoption is available)
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7: On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities.	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements': This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss with defined subtotals; • requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss • required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general	1 January 2027 (early adoption is permitted)

2 Basis of preparation and impact of new IFRS Accounting Standards (continued)

2.4 Application of new and revised IFRS Accounting Standards (continued)

(b) New standards and interpretations issued but not yet effective and not early adopted (continued)

The Company is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

There are no other relevant new standards and amendments to published standards or International Financial Reporting Interpretations Committee ("IFRS IC") interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on 1 January 2025 that would be expected to have a material impact on the financial statements of the Company.

3 Significant management judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgments

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

(i) IFRS 16 – Leases

The Company has applied judgement to determine certain factors used in the measurement and recognition of lease liabilities and right-of-use assets under IFRS 16 as changes in these judgements could significantly impact the balances of these assets and liabilities. In its assessment, the Company has considered several factors including:

As a lessee:

- **Lease terms and extension options:** The Company has applied judgement to determine the lease term for lease contracts in which it is a lessee, including renewal and termination options and commercial terms. The Company further considers all facts and circumstances that create an economic incentive to continue and/or terminate lease agreements. These include the value of the leasehold improvement spend, costs or penalties expected to be incurred upon termination of the lease agreements, past practice of renewal, importance of the leased asset to the business operations and other market conditions. The Company applies the same level of judgement and consideration to leases entered into regardless of whether the lessor is an external party or a related party.

- **Restoration costs:** The Company assesses the restoration costs and their impact and consider several circumstances including, defined clauses in the lease agreements, prevalent market practice and historical experience.

- **Fit-out and rent-free periods:** The Company has not considered fit-out periods in its application of IFRS 16 as the impact of these items on the financial statements of the Company is not considered to be material.

3 Significant management judgements, estimates and assumptions (continued)

3.1 Judgments (continued)

(i) IFRS 16 – Leases (continued)

As a lessor – Operating lease commitments:

The Company has entered into commercial leases on vehicles. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the asset, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Financial instruments

Estimates and judgements made in applying accounting policies that have most significant effects on the amounts recognised in the financial statements for the year ended 31 December 2024 pertain to the following:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.
- Calculation of expected credit loss (ECL): The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

Assessment of Significant Increase in Credit Risk ("SICR")

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

3 Significant management judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions (continued)

(i) Financial instruments (continued)

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 methodology (continued)

Assessment of Significant Increase in Credit Risk ("SICR") (continued)

The Company's assessment of significant increases in credit risk is being performed quarterly for each individual exposure based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

1. The Company has established thresholds for significant increases in credit risk based on movement in Probability of Default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of credit-impairment under IFRS 9 will be similar to the individual assessment of financial assets for objective evidence of impairment under IAS 39.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The estimation and application of forward-looking information requires significant judgment. Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) such as GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the Company's ECL calculation will have forecasts of the relevant macroeconomic variables.

Definition of default

The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life

When measuring the expected credit losses, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options.

3 Significant management judgements, estimates and assumptions (continued)

3.2 Estimates and assumptions (continued)

(ii) Commission income

Commission income relates to amounts earned from distribution of third-party products i.e. financial institutions, automotive and insurance companies. Commission income from finance deals is recognised when the amount of commission can be measured reliably.

There is a time lag of one to three months between the income accrued on finance deals by the Company and the amounts confirmed by the financial institutions.

At the reporting date, accrued commission income of AED 9,074 thousand (2023: AED 8,863 thousand) was yet to be confirmed by the respective financial institutions. Management has made an accrual based on the latest information available up to the reporting date.

Any differences between the amounts actually realised in future periods and the accrued amount will be recognised in the statement of comprehensive income in the period when such differences are identified.

(iii) Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets which includes property and equipment, revenue earning equipment and intangible assets for calculating depreciation and amortisation.

This estimate is determined after considering the industry averages, expected usage of the asset or physical wear and tear.

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

4 Material accounting policies

The material accounting policies adopted in the preparation of the financial statements are set out below:

4.1 Revenue from contracts with customers

Revenue is recognised when the control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(i) Commission income

Commission income relates to amounts accruing from distribution of products for financial institutions and automotive companies and is recognised when the amount of commission is earned and the amount can be reliably measured.

4 Material accounting policies (continued)

4.1 Revenue from contracts with customers (continued)

(ii) Interest income on loans to customers

Interest income on loans to customers is recorded using the effective interest method. Effective interest method is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset is adjusted if the Company revises its estimates of receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded within 'Interest income on loans to customers'.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(iii) Interest income on fixed deposits

Interest income on fixed deposits is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Interest income on fixed deposits is included in 'Other income - net' in the statement of comprehensive income.

(iv) Vehicle lease revenue

Vehicle lease revenue from operating leases arising from the revenue earning equipment is recognised in accordance with the terms of the lease contracts, over the lease term, on a straight-line basis.

(v) Principal vs Agent considerations

The Company has concluded that except for commission income earned on the distribution of products for automotive companies, it is acting as the principal for its revenue streams since it is the primary obligor, has pricing latitude and is also exposed to credit risk.

For commission income earned on the distribution of products for automotive companies, the Company was acting as an agent until 31 December 2023 given that it was not the primary obligor and did not have pricing latitude or control over the respective arrangements. The Company's role was to act as an intermediary for the automotive companies who are responsible for providing the products to its customers. Accordingly, revenue was recognised as the net consideration after paying the principal for the specified goods that were provided to the customer. Effective 1 January 2024, the Company is no longer acting as an intermediary with revenue recognised as the gross commission income earned on the distribution of products for automotive companies.

4.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. The cost of property and equipment represents the purchase cost together with any incidental expenses of acquisition. Depreciation is computed using the straight-line method at rates calculated to reduce the cost of assets to their estimated residual values over their expected useful lives as follows:

4 Material accounting policies (continued)

4.2 Property and equipment (continued)

Leasehold improvements*	up to 10 years
Office equipment and furniture	up to 10 years
Computer equipment	up to 5 years
Revenue earning equipment **	3-10 years

*Leasehold improvements are depreciated over the lower of their useful life and lease term.

**Revenue earning equipment are depreciated based upon their estimated residual values at their expected dates of disposition (3-10 years), after giving effect to anticipated conditions in the market, which are reviewed on a continuous basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Repairs and renewals are charged to the statement of comprehensive income when expenditure is incurred. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income, if any.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets commence in accordance with the Company's policies when the assets are ready for their intended use.

4.3 Intangible assets

Intangible assets comprise of computer software. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, if any, and that will probably generate economic benefits exceeding cost beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs. These costs are amortised over their estimated useful lives of up to 5 years. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Capital work-in-progress is stated at cost and includes software costs that are being developed for future use. When commissioned, capital work-in progress is transferred to the appropriate category of intangible assets and amortised in accordance with the Company's policies.

4.4 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash –generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4 Material accounting policies (continued)

4.5 Financial instruments

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Company's financial assets include cash and cash equivalents, loans to customers, amounts due from related parties and other assets (excluding prepayments and net VAT receivable).

Subsequent measurement

As at 31 December 2024 and 2023, the Company has no financial assets at fair value through profit or loss; financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) and financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

4 Material accounting policies (continued)

4.5 Financial instruments (continued)

(i) Financial assets (continued)

Derecognition

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

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

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

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

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

• Disclosures for significant assumptions	Note 3
• Financial assets	Notes 9, 10 and 19

The Company recognises an allowance for expected credit losses (ECLs) for loans to customers and cash and cash equivalents. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For amounts due from related parties and other receivables, the Company assesses on a case-by-case basis each quarter and more frequently when circumstances require whether there is any objective evidence of impairment.

4 Material accounting policies (continued)

4.5 Financial instruments (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other liabilities (excluding advance rental income, advances from customers, deferred income and net VAT payable) and amounts due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Other payables and accrued expenses

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(iii) Offsetting of financial instruments

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

(iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models, as appropriate.

4 Material accounting policies (continued)

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short-term deposits with an original maturity of three months or less.

4.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as an interest expense.

4.8 Employees' end of service benefits

A provision is made for the employees' end of service indemnity in accordance with the UAE labour law for their periods of service up to the financial position date. In addition, in accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour law. The expected liability at the date of leaving the service has been discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2024 is not materially different from the provision computed in accordance with the UAE Labour Law.

Pension and national contribution for UAE citizens are made by the Company in accordance with the UAE labour law and no further liability exists. The Company's obligations are limited to these contributions, which are expensed when due.

4.9 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

4.10 Contingencies

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

4 Material accounting policies (continued)

4.11 Leases

The Company as a lessee

The Company leases office spaces and office equipment. Rental contracts are typically made for fixed periods but may have extension or termination options that are exercisable based on the specific contract terms and conditions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Payments associated with short-term leases, i.e., leases with a lease term of 12 months or less, and leases of low-value assets, i.e., items that are considered insignificant for the statement of financial position as a whole, are recognised on a straight-line basis as an expense in profit or loss.

The Company as a lessor

The Company leases out vehicles on operating leases. The Company has classified these leases as operating leases. The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Company has applied IFRS 15 Revenue from Contracts with Customers to allocated consideration on the contract to each lease and non-lease component.

4.12 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establish provisions where appropriate.

5 Commission income

	2024 AED'000	2023 AED'000
On arrangement of auto-finance deals from panel banks	97,427	95,636
On finance products sold by related parties (Note 17)	40,038	43,566
	137,465	139,202

6 Other income

	2024 AED'000	2023 AED'000
Interest income on deposits and bank balances	2,044	1,114
Gain on disposal of revenue earning equipment	1,390	912
Amortisation of application fees for loan to customers	1,029	1,665
Early termination fees and penal interest charges	805	849
Other miscellaneous income	512	838
	5,780	5,378

Notes to the financial statements for the year ended 31 December 2024 (continued)

7a Personnel costs

	2024 AED'000	2023 AED'000
Salaries and allowances	24,171	21,694
Other staff benefits	30,075	27,163
End of service benefits (Note 14)	741	984
	54,987	49,841

7b Other expenses

	2024 AED'000	2023 AED'000
Legal and professional expenses	1,614	1,455
IT maintenance costs	1,443	2,906
Divisional cost allocation	1,378	381
Office administration expenses	1,033	556
Training and development	164	441
Utilities and communication	412	122
Write-off of intangible assets (Note 12)	-	30
	6,044	5,891

8 Cash and cash equivalents

	2024 AED'000	2023 AED'000
Bank balances	77,333	48,945

9 Loans to customers

The composition of the Company's loan portfolio is as follows:

As at 31 December 2024

Loan type	Gross carrying amount (AED'000)	Provision for impairment (AED'000)	Net carrying amount (AED'000)
Consumer personal loans	**1,840**	**(1,389)**	**451**
Corporate loans	**21,774**	**(3,579)**	**18,195**
Consumer car loans	**142,050**	**(5,777)**	**136,273**
Total	**165,664**	**(10,745)**	**154,919**

As at 31 December 2023

Loan type	Gross carrying amount (AED'000)	Provision for impairment (AED'000)	Net carrying amount (AED'000)
Consumer personal loans	2,615	(1,363)	1,252
Corporate loans	63,156	(3,461)	59,695
Consumer car loans	222,892	(5,453)	217,439
Total	288,663	(10,277)	278,386

9 Loans to customers (continued)

The movement in provision for impairment on loans to customers during the year is as follows:

	2024 AED'000	2023 AED'000
At 1 January	10,277	8,452
Charge for the year	468	2,061
Write-offs	-	(236)
At 31 December	10,745	10,277

As at 31 December, the ageing of loans to customers is as follows:

			Past due but not impaired			**Loans past due & impaired**
	Carrying amount Total AED'000	**Neither past due nor impaired** AED'000	**< = 30 days** AED'000	**31-60 days** AED'000	**61-90 days** AED'000	**> 91 days** AED'000
2024	154,919	144,083	7,034	1,661	1,388	753
2023	278,386	270,230	4,890	2,470	562	234

The above ageing is based on the instalment amounts due. Where instalments are past due, the provision for impairment is made on the total loan outstanding in line with the Central Bank regulations and the 'Expected Credit Loss' model under IFRS 9; with the higher of the two being maintained.

For consumer personal loans, it is not the practice of the Company to obtain collateral as the vast majority of the loans are unsecured. Corporate loans and consumer car loans on the other hand are fully secured and collateralised by the vehicles financed by the Company which have a fair value of AED 296,149 thousand as at 31 December 2024 (AED 467,116 thousand as at 31 December 2023) against the carrying amount of the loans as at this date. The quality and value of the collateral is continuously monitored and assessed and the Company seeks to ensure enforceability of the collateral to ensure that risks are appropriately managed.

10 Other assets

	2024 AED'000	2023 AED'000
Due from financial institutions	7,368	9,351
Accrued commission income	9,074	8,863
VAT receivable – Net	2,581	-
Prepayments and other receivables	2,121	862
Lease receivables	989	804
	22,133	19,880
Less: provision for impairment on lease receivables	(55)	-
	22,078	19,880

The movement in provision for impairment on lease receivables during the year is as follows:

	2024 AED'000	2023 AED'000
At 1 January	-	-
Charge for the year	55	-
At 31 December	55	-

11a Revenue earning equipment

	Vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost			
At 1 January 2023	111,358	-	111,358
Additions	38,278	-	38,278
Disposals	(72,406)	-	(72,406)
At 31 December 2023	77,230	-	77,230
Additions	218,727	7,572	226,299
Disposals	(69,347)	-	(69,347)
At 31 December 2024	226,610	7,572	234,182
Accumulated amortisation			
At 1 January 2023	3,999	-	3,999
Charge for the year	16,468	-	16,468
Disposals	(7,662)	-	(7,662)
At 31 December 2023	12,805	-	12,805
Charge for the year	15,806	-	15,806
Impairment for the year*	1,200	-	1,200
Disposals	(15,886)	-	(15,886)
At 31 December 2024	13,925	-	13,925
Net book value			
At 31 December 2024	212,685	7,572	220,257
At 31 December 2023	64,425	-	64,425

*During the year ended 31 December 2024, the Company carried out a review of certain vehicles that were lying idle and not being used as part of its operations. As a result of this assessment, an impairment charge of AED 1,200 thousand was recorded.

11b Property and equipment

	Leasehold improvements AED'000	Office equipment and furniture AED'000	Computer equipment AED'000	Total AED'000
Cost				
At 1 January 2023	1,072	791	190	2,053
Additions	-	-	20	20
At 31 December 2023	1,072	791	210	2,073
Additions	-	-	-	-
At 31 December 2024	1,072	791	210	2,073
Accumulated depreciation				
At 1 January 2023	1,071	692	190	1,953
Charge for the year	1	61	6	68
At 31 December 2023	1,072	753	196	2,021
Charge for the year	-	9	7	16
At 31 December 2024	1,072	762	203	2,037
Net book value				
At 31 December 2024	-	29	7	36
At 31 December 2023	-	38	14	52

12 Intangible assets

	Software AED'000	Capital Work in Progress AED'000	Total AED'000
Cost			
At 1 January 2023	12,433	152	12,585
Transfers	122	(122)	-
Write-offs	-	(30)	(30)
At 31 December 2023	12,555	-	12,555
Additions	969	-	969
At 31 December 2024	13,524	-	13,524
Accumulated amortisation			
At 1 January 2023	6,408	-	6,408
Charge for the year	3,015	-	3,015
At 31 December 2023	9,423	-	9,423
Charge for the year	3,119	-	3,119
At 31 December 2024	12,542	-	12,542
Net book value			
At 31 December 2024	982	-	982
At 31 December 2023	3,132	-	3,132

13 Other liabilities

	2024 AED'000	2023 AED'000
Staff related provisions	4,888	5,011
Advance rental income	3,004	2,275
Accrued expenses	765	1,142
Deferred income	715	1,618
Advances from customers	701	147
VAT payable – net	-	1,156
Other payables	875	682
	10,948	12,031

Other payables and accrued expenses are non-interest bearing and have an average term of six months.

14 Provision for employees' end of service benefits

In accordance with the UAE Labour Law, the Company provides for end of service benefits for its expatriate employees. Movement in the employees' end of service benefits for the year is as shown overleaf:

	2024 AED'000	2023 AED'000
At 1 January	6,166	5,515
Charge for the year (Note 7a)	741	984
Transferred from a related party (Note 17)	207	9
Payments made during the year	(954)	(342)
At 31 December	6,160	6,166

15 Share capital

	2024 AED'000	2023 AED'000
Authorised, issued and fully paid up:		
150,000,000 (2023: 150,0000,0000 shares) of AED 1 each	150,000	150,000

16 Statutory reserve

In accordance with the Company's articles of association, 10% of the annual profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. The Company transferred AED 8,779 thousand (2023: AED 9,431 thousand) to the statutory reserve during the year.

17 Related party transactions and balances

The Company enters into transactions in the ordinary course of business with related parties, defined as major shareholders, parent company, ultimate controlling company, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties ('entities under common control').

Pricing policies and terms of these transactions are mutually agreed upon and approved by the Company's management.

Income and expenses in respect of related parties included in the financial statements are shown below:

	2024 AED'000	2023 AED'000
Intermediate Parent Company		
Interest on loan from a related party*	-	6,524
Entities under common control:		
Commission income (Note 5)	40,063	43,566
Cost allocation (income) / expenses	(2,936)	9,209
Rental expenses – short term leases	995	871
Other expenses	17,412	17,635
Purchase of revenue earning equipment (Note 11a)	226,299	38,278
Disposal of revenue earning equipment (Note 11a)	69,347	72,406
Transfer of provision for employees' end of service benefits (Note 14)	207	9

* During the year ended 31 December 2023, the Company had obtained a short-term loan of AED 172,500 thousand from Al Futtaim Private Company LLC (the "Intermediate Parent Company") in order to finance its short-term working capital requirements.

The loan carried interest of EIBOR + 1.25% per annum resulting in an interest expense of AED 6,524 thousand being incurred during the year with the entire amount of the loan being settled as at 31 December 2023.

17 Related party transactions and balances (continued)

Significant balances outstanding at 31 December in respect of related parties included in the financial statements are as follows:

	2024 AED'000	2023 AED'000
Due from related parties		
Entities under common control	16,496	24,474
Due to related parties		
Entities under common control	55,224	3,656
Corporate tax payable to Intermediate Parent Company*	8,682	-
Intermediate parent company	174	3
	64,080	3,659

*As part of the Tax Group Intercompany Agreement between the Company and the Ultimate Controlling Company effective 1 January 2024, the Company is required to pay the corporate tax charge arising out of profits to Al Futtaim Private Company LLC, the Intermediate Parent Company which has been nominated by the Ultimate Controlling Company to fund the corporate tax charge that will be payable by the Tax Group to the Federal Tax Authority. Please refer to Note 24 for more details.

Outstanding balances at the year-end arise in the normal course of business and are unsecured, interest free with settlement taking place in cash.

There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2024, the Company has not recorded any impairment of amounts owed by related parties (2023: Nil).

Amounts due from related parties represent relatively low credit risk as these amounts are due from companies that are related to the Ultimate Controlling Company. Further, the Company continuously reviews and monitors credit worthiness and cash flow forecast of related parties to assess any change in the credit risk at each reporting date.

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

	2024 AED'000	2023 AED'000
Short term employee benefits	2,897	2,722
Employees' end of service benefits	116	118
	3,013	2,840

18 Maturity analysis of assets and liabilities

The below table shows an analysis of assets and liabilities analysed according to their respective contractual maturity.

	1 to 12 months AED'000	Over 1 year AED'000	Items with no maturity AED'000	Total AED'000
31 December 2024				
Assets				
Cash and cash equivalents	77,333	-	-	77,333
Other assets	22,078	-	-	22,078
Due from related parties	16,496	-	-	16,496
Loans to customers	2,343	152,576	-	154,919
Revenue earning equipment	-	-	220,257	220,257
Property and equipment	-	-	36	36
Intangible assets	-	-	982	982
Total	118,250	152,576	221,275	492,101
Liabilities				
Due to related parties	64,080	-	-	64,080
Provision for employees' end of service benefits	-	6,160	-	6,160
Other liabilities	10,948	-	-	10,948
Total	75,028	6,160	-	81,188
Net assets	43,222	146,416	221,275	410,913

	1 to 12 months AED'000	Over 1 year AED'000	Items with no maturity AED'000	Total AED'000
31 December 2023				
Assets				
Cash and cash equivalents	48,945	-	-	48,945
Other assets	19,880	-	-	19,880
Due from related parties	24,474	-	-	24,474
Loans to customers	3,454	274,932	-	278,386
Revenue earning equipment	-	-	64,425	64,425
Property and equipment	-	-	52	52
Intangible assets	-	-	3,132	3,132
Total	96,753	274,932	67,609	439,294
Liabilities				
Due to related parties	3,659	-	-	3,659
Provision for employees' end of service benefits		6,166	-	6,166
Other liabilities	12,031	-	-	12,031
Total	15,690	6,166	-	21,856
Net assets	81,063	268,766	67,609	417,438

19 Risk management

The Company's principal financial liabilities comprise amounts due to related parties and other liabilities. The main purpose of these financial liabilities is to finance the Company's working capital requirements. The Company has amounts due from related parties, other assets, loans to customers and cash and cash equivalents that are derived directly from its operations.

19 Risk management (continued)

The Company is exposed primarily to credit risk and liquidity risk. It is also subject to operational risks, compliance risks and information security risks.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by the risk management committee and credit committee that advise on financial, operational, compliance and information security risks and the appropriate risk governance framework for the Company.

The committees provide assurance to the Company's senior management that the Company's risk-taking activities are governed by appropriate policies and procedures and that financial, operation, compliance and information security are identified, measured and managed in accordance with Company's policies and Company's risk appetite whilst ensuring compliance with the applicable laws and regulations.

The Company has not engaged in any derivative activities during the current or previous year. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Such risk arises from loans, accrued commission income and other activities undertaken by the Company. Credit risk is actively monitored in accordance with the credit policies which clearly define policies and procedures.

The Company enters into loan contracts which are repaid on an instalment basis. Credit risk on consumer and corporate loans is managed through a credit quality review process to provide early identification of possible changes in the credit worthiness of the individuals and corporates.

Credit risk from balances with banks and financial institutions is managed by the Company's management in accordance with the Company's credit policy. Limits are set to minimise concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The Company's maximum exposure to credit risk is equal to the carrying amount of these financial instruments. With respect to credit risk on cash and cash equivalents, the Company is not exposed to any significant credit risk based on the review of historical internal and external factors and currently available future information and the ECL have been assessed and concluded by management as minimal.

Credit risk measurement

The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios.

The Company measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is similar to the approach used for the purpose of measuring ECL under IFRS 9.

19 Risk management (continued)

(i) Credit risk (continued)

Expected Credit Loss (ECL) measurement

IFRS 9 outlines a 'three stage model' for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in stage 1 and has its credit risk continuously monitored by the Company;
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet deemed to be credit-impaired;
- If the financial instrument is credit impaired, the financial instrument is then moved to stage 3;
- Financial instrument in stage 1 have their ECL measured at an amount equal to the portion of ECL that results from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured on a lifetime basis;
- ECL is measured after factoring forward-looking information.

Credit quality analysis

The following table sets out information about the credit quality of the components of the statement of financial position that have an exposure to credit risk without taking account of any collateral held or other credit enhancements:

	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
31 December 2024				
At amortised cost				
Cash and cash equivalents (Note 8)	77,333	-	-	77,333
Other assets* (Note 10)	17,376	-	-	17,376
Due from related parties (Note 17)	16,496	-	-	16,496
Loans to customers (Note 9)	153,473	3,642	8,549	165,664
Gross credit exposure	264,678	3,642	8,549	276,869
Less: Provision for impairment	(2,280)	(649)	(7,871)	(10,800)
Carrying amount	262,398	2,993	678	266,069

19 Risk management (continued)

(i) Credit risk (continued)

Credit quality analysis (continued)

	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
31 December 2023				
At amortised cost				
Cash and cash equivalents (Note 8)	48,945	-	-	48,945
Other assets* (Note 10)	19,018	-	-	19,018
Due from related parties (Note 17)	24,474	-	-	24,474
Loans to customers (Note 9)	279,646	3,539	5,478	288,663
Gross credit exposure	372,083	3,539	5,478	381,100
Less: Provision for impairment	(4,527)	(507)	(5,243)	(10,277)
Carrying amount	367,556	3,032	235	370,823

* Excludes 'Prepayments and other receivables' and 'VAT receivable – net'.

Banking transactions are undertaken with local banks and branches of international banks. The credit quality of balances held with banks can be assessed by reference to external credit ratings as follows:

Counter party	Moody's rating	Year ended 31 December 2024 AED'000	2023 AED'000
Bank 1	A3	11,580	12,690
Bank 2	A1	16,503	12,100
Bank 3	A2	16,479	12,011
Bank 4	A1	16,813	12,123
Bank 5	Aa3	15,873	-
Bank 6	No rating	85	21
		77,333	48,945

Loss allowance

The following table explain the changes in the loss allowance during the years ended 31 December 2024 and 31 December 2023:

31 December 2024	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance at 1 January 2024	4,527	507	5,243	10,277
Allowance for impairment on loans to customers - net	(2,247)	142	2,573	468
Allowance for impairment on other assets - net	-	-	55	55
Loss allowance at 31 December 2024	2,280	649	7,871	10,800

19 Risk management (continued)

(i) Credit risk (continued)

Credit quality analysis (continued)

31 December 2023	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance at 1 January 2023	4,729	156	3,567	8,452
Allowance for impairment on loans to customers – net	(202)	351	1,912	2,061
Write-offs during the year	-	-	(236)	(236)
Loss allowance at 31 December 2023	4,527	507	5,243	10,277

Impairment reserve under the Central Bank of UAE (CBUAE) guidance

During the year ended 31 December 2024, CBUAE issued the new Credit Risk Management Regulation and accompanying Standards ("CRMS"), vide Circular No. 3/2024 dated 25 July 2024, which apply to all financial institutions licensed by the CBUAE that provide credit facilities. As per the new CRMS issued by CBUAE, financial institutions must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for financial institution) when computing the regulatory capital.

Till 31 December 2023, the previous guidance that the CBUAE had issued relating to its IFRS 9 guidance on 30 April 2018 via notice no, CBUAE/BSD/2018/458 addressing various implementation challenges and practical implications for financial institutions adopting IFRS 9 in the UAE ("the guidance") was being followed.

The reconciliation between the general and specific provision under the Circular No. 3/2024 of CBUAE and IFRS 9 is as follows:

	2024 AED'000	2023 AED'000
Impairment reserve: General		
General provisions under CBUAE requirements	2,347	4,259
Less: Stage 1 and Stage 2 provisions under IFRS 9	2,929	5,034
General provision transferred to the impairment reserve*	-	-
Impairment reserve: Specific		
Specific provisions under CBUAE requirements	7,715	5,118
Less: Stage 3 provisions under IFRS 9 (excluding provision for impairment on lease receivables of AED 55 thousand (Note 10))	7,816	5,243
Specific provision transferred to the impairment reserve*	-	-
Total provision transferred to the impairment reserve	-	-

*In the case where provisions under IFRS 9 exceed provisions under CBUAE, no amount shall be transferred to the impairment reserve.

19 Risk management (continued)

(i) Credit risk (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral and other credit enhancements

The amount and type of collateral for corporate loans and consumer car loans required depends on an assessment of the credit risk of the counterparty and product parameters. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. Management monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses on corporate loans and consumer car loans which is further explained in Note 9.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources including funding from related parties, and assets are managed with liquidity in mind.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2024 and 2023, based on contractual payment dates and contractual interest rates.

	Less than 3 months AED'000	3 to 12 months AED'000	Total AED'000
31 December 2024			
At amortised cost			
Due to related parties (Note 17)	64,080	-	64,080
Other liabilities (Note 13)*	6,528	-	6,528
	70,608	-	70,608

	Less than 3 months AED'000	3 to 12 months AED'000	Total AED'000
31 December 2023			
At amortised cost			
Due to related parties (Note 17)	3,659	-	3,659
Other liabilities (Note 13)*	6,835	-	6,835
	10,494	-	10,494

*Excludes 'VAT payable – net', 'Deferred income', 'Advances from customers' and 'Advance rental income'.

19 Risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is currently not exposed to any significant interest rate risk as loans to customers carry fixed interest rates.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is not exposed to any significant currency risk as at the reporting date.

(v) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

20 Capital management

Capital management

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue additional capital. Capital comprises of share capital, statutory reserve and retained earnings and is measured at AED 410,913 thousand as at 31 December 2024 (2023: AED 439,294 thousand).

The Company is required to maintain a minimum capital adequacy ratio of 15% as per Central Bank's resolution number 58/3/96. At 31 December 2024, the Company has a capital adequacy ratio 93% (2023: 105%) and was in compliance with the minimum capital requirements.

21 Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and cash equivalents, loans to customers, amounts due from related parties and other receivables. Financial liabilities consist of amounts due to related parties and other liabilities excluding deferred income and provision for employees' end of service benefits.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Management assessed the fair values of the above financial assets and liabilities and conclude that their values approximate their carrying amounts.

22 Operating lease commitments – Company as a lessor

The future minimum lease receivables under non-cancellable operating leases are as follows:

	2024 AED'000	2023 AED'000
Within one year	19,845	9,472
After one year but not more than 5 years	1,133	283
Total operating lease income contracted for as at the reporting date	20,978	9,755

23 Dividends

During the year ended 31 December 2024, the Company declared and paid a dividend of AED 94,310 thousand representing AED 0.63 per share (2023: nil).

24 UAE Corporation Tax

Al Futtaim Group Single Person Company LLC; the Ultimate Controlling Company has elected to file its returns as a Tax Group which includes the Company as one of its members. The tax charge payable by Al Futtaim Group Single Person Company LLC as the head of the tax group will also include the tax charge / benefit arising from the Company's operations calculated in accordance with the provisions of the Tax Law under the 'Separate tax-payer within a group approach'. A Tax Group Intercompany Agreement is in place between the Ultimate Controlling Company and the Company effective 1 January 2024 which governs the settlement arrangement of the tax liability payable by the Company to the Ultimate Controlling Company.

The Company being a member of the tax group retains joint and several liability for all amounts owed by the tax group. Therefore, for the purposes of financial reporting, the Company has elected to adopt the 'Separate tax-payer within a group approach' where the Company computes its current and deferred taxes as if it were filing its tax returns as a standalone entity with adjustments made for matters that are assessed or determined at a tax group level. In cases where the Company incurs tax losses, any resulting income tax benefit is transferred directly to the head of the tax group i.e the Ultimate Controlling Company as a distribution, with a corresponding credit recognised in equity under 'Retained earnings'. No such adjustments were made by the Company in the financial statements for the year ended 31 December 2024.

The impact of applying the Tax law on the financial statements is as follows:

a) Components of income tax expense

The income tax expense recorded in the statement of comprehensive income comprises the following:

	2024 AED'000	2023 AED'000
Current income tax charge	8,682	-
Income tax expense for the year	**8,682**	-

24 UAE Corporation Tax (continued)

b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's income is 9% (2023: Nil). A reconciliation between the expected and the actual tax charge is provided below:

	2024 AED'000
Accounting profit for the year	96,467
Tax at statutory rate of 9%	8,682
Income tax expense	**8,682**

The effective tax rate as of 31 December 2024 is 9% (2023: Nil).

25 Global Minimum Top-up Tax

The Organisation for Economic Co-operation and Development (OECD) has published Global Anti-Base Erosion (GloBE) Model Rules, which include a minimum tax of 15% by jurisdiction (Pillar Two). Various countries intend to enact or have enacted tax legislation to either fully or partially comply with Pillar Two. The Intermediate Parent Company and its subsidiaries (together, the "Group") is within the scope of the OECD's Pillar Two rules.

The Group is in the process of assessing its exposure to Pillar Two, which did not impact the 2024 results but will impact the results from 1 January 2025 onwards. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in its next interim financial statements for the six-month period ending 30 June 2025.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to re-measure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023 and 27 June 2023, respectively, the IASB and AASB issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group has applied the temporary exception as at 31 December 2024.

26 Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements.